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

2013 Annual Report

Expanding from Energy Resources
to Industrial Materials

Cover story:

Expanding from Energy Resources to Industrial Materials

Clean use of coal is an imperative facet for the revolution of energy production and consumption in China, which is the indispensable path to achieve optimization in energy structure. As a coal-based integrated energy company, China Shenhua has accelerated its pace in the all-round development of clean coal.

While steadily developing coal as an energy resource, China Shenhua has also launched technologically-mature and profitable coal-to-olefins business, leaping a crucial stride forward in achieving the extensive utilization of coal from an energy resource to an industrial raw material.

After the introduction of the new coal chemical business, China Shenhua has further enhanced its coal-based business chain and integrated business model. China Shenhua will take this opportunity to maintain its focus on developing and utilizing coal-based energy, so as to press ahead relentlessly in achieving the strategic goal of building itself into a world-class coal-based integrated energy enterprise with global competitiveness.

Important Notice

The board of directors, supervisory committee and directors, supervisors and senior management of the Company warrant that this report does not contain any misrepresentations, misleading statements or material omissions, and jointly and severally accept full legal responsibility for the authenticity, accuracy and completeness of the information contained in this report.

This report was approved at the 43rd meeting of the second session of the board of the Company. Eight out of eight eligible directors of the Company were present at the meeting. A final dividend of RMB0.91 per share (inclusive of tax) for 2013 was proposed at the meeting, totaling approximately RMB18.1 billion (inclusive of tax). The above profit distribution proposal is pending the approval of the general meeting.

Deloitte Touche Tohmatsu has issued a standard unqualified independent auditor's report to the Company under the Hong Kong Standards on Auditing, in connection with the Company's 2013 consolidated financial statements prepared under the International Financial Reporting Standards.

There is no appropriation of the Company's funds for non-operational purpose by any controlling shareholders or its subsidiaries. Also, there is no provision of external guarantees by the Company that violates the required decision-making procedures.

In December 2013, the Company completed the acquisition of the 100% equity interests in Baotou Coal Chemical Company and the 100% equity interests in Jiujiang Power, as combined enterprises under common control. These acquired companies have been consolidated into the financial statements and operational data of the Company for 2013, and the consolidated financial statements and the related operational data for prior periods have been restated.

Dr. Zhang Yuzhuo, Vice Chairman of the Company, Ms. Zhang Kehui, Chief Financial Officer, and Mr. Hao Jianxin, General Manager of the Financial Department of the Company, warrant the authenticity, accuracy and completeness of the consolidated financial statements contained in this report.

There are certain forward-looking statements in this report made on the basis of subjective assumptions and judgments on future policies and economic conditions, which are subject to risks, uncertainties and assumptions. The actual outcome may differ materially from the forward-looking statements. Such statements do not constitute actual commitments to investors. Investors should be aware that undue reliance on or use of such information may lead to risks of investment.

Contents

Substantial Risk Warning

The Company has made detail description of existing risks of market competition, industrial policies, changes in costs, environmental protection, production safety etc. in this report. For details, please refer to the related contents set out in the section headed "Directors' Report" in this report.

Company Profile

(1)Information of the Company

Statutory Chinese Name of the Company	中國神華能源股份有限公司
Abbreviation of Statutory Chinese Name of the Company	中國神華
Statutory English Name of the Company	China Shenhua Energy Company Limited
Abbreviation of Statutory English Name of the Company	CSEC/China Shenhua
Legal Representative	Zhang Xiwu
Authorised Representatives of the Company under the Hong Kong Listing Rules	Ling Wen, Huang Qing

(2)Contacts and Contact Methods

	Secretary to the Board of Directors and Company Secretary	Representative of Securities Affairs
Name	Huang Qing	Chen Guangshui
Address	22 Andingmen Xibinhe Road, Dongcheng District, Beijing (Postal Code: 100011)	22 Andingmen Xibinhe Road, Dongcheng District, Beijing (Postal Code: 100011)
Tel	(8610) 5813 3399	(8610) 5813 3355
Fax	(8610) 5813 1804/1814	(8610) 5813 1804/1814
E-mail	1088@shenhua.cc	1088@shenhua.cc

	Investor Relations Department of the Company	Hong Kong Office of the Company
Address	22 Andingmen Xibinhe Road, Dongcheng District, Beijing (Postal Code: 100011)	Room B, 60th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong
Tel	(8610) 5813 1088/3399/3355	(852) 2578 1635
Fax	(8610) 5813 1804/1814	(852) 2915 0638

(3)Particulars

Registered and Office Address	22 Andingmen Xibinhe Road, Dongcheng District, Beijing (Postal Code:100011)
Website on the Internet	http://www.csec.com or http://www.shenhuachina.com
E-mail	1088@shenhua.cc
Registration Number of Corporate Business Licence	100000000039286
Tax Registration Number	Jing Shui Zheng Zi No.110101710933024
Organisation Code	71093302-4
Date and Location of the First Business Reigistration	8 November 2004, Beijing
Date and Location of the Latest Change in Business Registration	8 August 2011, Beijing
Changes in principal business since the listing of the Company	At the time of listing in 2005, the Company was principally engaged in production and sale of coal and power as well as railway and port transportation. In 2010 and 2013, having shipping and coal to olefins businesses incorporated into the business scope of the Company respectively, the Company's coal-based chain further extended with its competitive advantage being further enhanced.
Historical changes in controlling shareholders	N/A

(4)Information Disclosure and Location for Document Inspection

Designated Newspapers for Information Disclosure	China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily
Internet website designated for publishing regular reports	http://www.sse.com.cn and http://www.hkex.com.hk
Regular reports are available at	Investor Relations Department and Hong Kong Office of the Company

(5)Basic Information on Shares

	A Share/the PRC	H Share/Hong Kong
Listing Place	Shanghai Sock Exchange	The Stock Exchange of Hong Kong Limited
Abbreviation	China Shenhua	China Shenhua
Stock Code	601088	01088
Listing Date	9 October 2007	15 June 2005

(6)Others

		A Share/the PRC	H Share/Hong Kong
Auditors	Name	Deloitte Touche Tohmatsu Certified Public Accountants LLP	Deloitte Touche Tohmatsu
	Signing Auditor	Cui Jin, Xu Bin	–
	Address	8th Floor, Deloitte Tower, The Towers, Oriental Plaza, 1 East Chang An Avenue, Beijing	35th Floor, One Pacific Place, 88 Queensway, Hong Kong
Legal Advisor	Name	King & Wood Mallesons	Herbert Smith Freehills
	Address	40th Floor, Tower A, Fortune Plaza, 7 Dongsanhuan Zhonglu, Chaoyang District, Beijing	23rd Floor, Gloucester Tower, 15 Queen's Road Central, Hong Kong
Share Registrar and Transfer Office	Name	China Securities Depository and Clearing Corporation Limited Shanghai Branch	Computershare Hong Kong Investor Services Limited
	Address	36th Floor, China Insurance Building, 166 Lu Jia Zui Dong Lu, Pudong New Area, Shanghai	Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Sponsors	Name	China International Capital Corporation Limited	China Galaxy Securities Co., Ltd.
	Sponsor Representatives	Fang Baorong, Zhang Lu	Zheng Wei, Lu Yu
	Address	27th and 28th Floor, China World Tower Two, No. 1 Jianguomenwai Avenue, Chaoyang District, Beijing	2-6/Floor, Tower C, Corporate Square, No.35 Financial Street, Xicheng District, Beijing
Continuing supervisory period	October to December of 2007, 2008 and 2009. As at the end of the reporting period, the proceeds from the initial public offering of A Shares of the Company have not been fully utilized. Pursuant to the relevant regulations, the continuing supervisory period of the above Sponsors and Sponsor Representatives shall continue until the aforesaid proceeds are fully utilized.		

Results Highlight

Operational data

Operational indicators	Unit	2013	2012 (restated)	YoY Change (%)
(I) Coal				
1. Commercial coal production	Million tonnes	**318.1**	304.0	4.6
2. Coal sales	Million tonnes	**514.8**	464.6	10.8
Of which: Export	Million tonnes	**2.7**	3.3	(18.2)
Import	Million tonnes	**15.2**	10.7	42.1
(II) Power generation				
1. Gross power generation	Billion kwh	**225.38**	207.90	8.4
2. Total power output dispatch	Billion kwh	**210.18**	193.46	8.6
(III) Coal chemical				
1. Sales of polyethylene	Thousand tonnes	**262.4**	267.7	(2.0)
2. Sales of polypropylene	Thousand tonnes	**267.9**	277.6	(3.5)
(IV) Transportation				
1. Turnover of self-owned railway	Billion tonne km	**211.6**	176.2	20.1
2. Seaborne coal [1]	Million tonnes	**227.3**	203.2	11.9
Of which: At Huanghua Port	Million tonnes	**127.4**	95.6	33.3
At Shenhua Tianjin Coal Dock	Million tonnes	**31.1**	28.8	8.0
At Shenhua Zhuhai Coal Dock	Million tonnes	**1.5**	–	N/A
3. Shipping volume	Million tonnes	**118.6**	97.7	21.4
4. Shipment turnover	Billion tonne nautical miles	**114.9**	82.5	39.3

Note: 1. Effective from January 2013, the calculation of the "seaborne coal" indicator no longer includes the seaborne coal for sale in the domestic coal trading. "Domestic coal trading" refers to the business of domestic purchase and sales of coal, except for the self-produced coal of the Group in the PRC, and the coal purchased from third parties in the surrounding areas of the self-owned mines and railways of the Group which is shipped with the Group's transportation system.

Financial Data

	Unit	2013	2012	Change (%)
			restated	
Revenues	RMB million	**283,797**	254,575	11.5
Profit for the year	RMB million	**55,224**	57,896	(4.6)
Profit for the year attributable to equity holders of the Company	RMB million	**45,079**	49,708	(9.3)
Basic earnings per share	RMB/per share	**2.266**	2.499	(9.3)
Proposed final dividend for the year (inclusive of tax)	RMB/per share	**0.91**	0.96	(5.2)
Net cash generated from operating activities	RMB million	**54,288**	74,611	(27.2)

	Unit	As at 31 December 2013	As at 31 December 2012	Change (%)
			restated	
Total assets	RMB million	**513,298**	472,085	8.7
Total liabilities	RMB million	**178,656**	158,934	12.4
Total equity	RMB million	**334,642**	313,151	6.9
Equity attributable to equity holders of the Company	RMB million	**276,903**	263,183	5.2
Equity attributable to equity holders per share	RMB per share	**13.92**	13.23	5.2

Differences between Domestic and International Accounting Standards

Unit: RMB million

Items	Net profit attributable to equity holders of the Company		Equity attributable to equity holders of the Company	
	2013	2012	31 December 2013	31 December 2012
		restated		restated
Under China Accounting Standards for Business Enterprises	**45,678**	48,506	**272,362**	259,695
Adjustment: Adjustment to simple production maintenance, production safety and other related expenditures Note	**(599)**	1,202	**4,541**	3,488
Under International Financial Reporting Standards	**45,079**	49,708	**276,903**	263,183

Note: Pursuant to the relevant regulations of the related government authorities in the PRC, provisions for simple production maintenance, production safety and other related expenditures are accrued by the relevant entities, 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.

Board of Directors' Statement

Zhang Yuzhuo
Vice Chairman

Market capitalisation of China Shenhua achieved

USD53.8

billion

Proposed final dividend (inclusive of tax) for 2013 is

RMB0.91

/share

Dear Shareholders,

On behalf of the board of directors, I am delighted to present to all shareholders the 2013 annual report of China Shenhua and to report on the Company's performance for the year.

In 2013, the supply in the coal market eased while the growth in demand slowed down, and the coal prices declined as a result. In face of the challenging circumstances, guided by its persistent strategy of building itself into a world first-class integrated energy enterprise, China Shenhua spared no efforts and forged ahead in adopting effective measures in a vigorous manner in response to market volatility by fully capitalizing on its competitive edge in integrated operation and optimizing its business structure. The Company achieved steady growth in its operating results despite the sluggish performance of the whole industry in general.

As at 31 December 2013, the total market capitalization of China Shenhua reached USD53.8 billion, ranking the first among all listed coal companies worldwide and the fifth among all listed integrated mining companies worldwide.

Achieving continuous business growth and maintaining stable operating results

In 2013, China Shenhua adopted measures in response to volatility in the coal market in a vigorous manner, thus achieving continuous business growth and maintaining stable operating results.

- The production volume of commercial coal reached 318.1 million tonnes and sales volume reached 514.8 million tonnes, representing a year-on-year increase of 4.6% and 10.8% respectively.
- The gross power generation reached 225.38 billion kwh, representing a year-on-year increase of 8.4%; total power output dispatch reached 210.18 billion kwh, representing a year-on-year increase of 8.6%.
- The transportation turnover of self-owned railway reached 211.6 billion tonne km, representing a year-on-year increase of 20.1%; seaborne coal sales volume reached 227.3 million tonnes, representing a year-on-year increase of 11.9%; shipping volume reached 118.6 million tonnes, representing a year-on-year increase of 21.4%.
- The sales volume of coal-to-polyethylene products was 262.4 thousand tonnes; sales volume of coal-to-polypropy products was 267.9 thousand tonnes.
- Revenue reached RMB283.8 billion, representing a year-on-year increase of 11.5%.
- Profit for the year attributable to equity holders of the Company reached RMB45.08 billion, representing a year-on-year decrease of 9.3%.
- Basic earnings per share reached RMB2.266, representing a year-on-year decrease of 9.3%.
- Net cash generated from operating activities reached RMB54.288 billion, representing a year-on-year decrease of 27.2%; excluding the effects of Shenhua Finance Company, net cash generated from operating activities amounted to RMB62.023 billion, representing a year-on-year decrease of 12.2%.
- The Board recommends payment of a final dividend for 2013 of RMB0.91 per share (inclusive of tax) with a total amount of approximately RMB18.1 billion (inclusive of tax), which accounts for 40.2% of the profit for the year attributable to equity holders of the Company in 2013 under the International Financial Reporting Standards.

Proactive response on the basis of synergy resulting in effective mitigation of market risk

The Company continued to optimise the industrial structure and layout of its coal, power, transportation and coal chemical business. Based on the profit from operations of all business segments before elimination upon consolidation under the International Financial Reporting Standards, the percentages attributable to the coal, power, transportation and coal chemical segments were adjusted to 50%, 26%, 22% and 2% respectively in 2013 from 64%, 18%, 16% and 2% in 2012 (restated). Further optimisation in business structure and significant enhancement in capability for operational synergy effectively mitigated the risk of decrease in coal price.

The coal segment continued to strengthen refined management in production and impose appropriate control on overall growth in production on the basis of ensuring safe production. It also reasonably adjusted its production mix under the principles of maximising efficiency and minimising costs and increased the coal production volume in mines with high gross profit per tonne of coal, including Shendong Mines and Zhunge'er Mines. The segment also intensified efforts in coal washing and selection and increased the relevant ratio, so as to stabilise coal production volume and optimise product mix.

Adhering to the market-oriented pricing mechanism, the Company adopted flexible sales measures, continued to strengthen efforts in the sales through three south-bound railways, explored potential market demand through electronic trading platforms; and refined logistics arrangements to increase the sales proportion of seaborne coal. In 2013, the Company achieved a continuous growth in coal sales and exceeded its sales target. The sales volume of seaborne coal with the strongest profitability reached 227.3 million tonnes, representing a year-on-year increase of 11.9%. The market share of domestic sales of seaborne coal in coastal markets increased from 31.3% in the previous year to 35.2% (restated).

The power segment strengthened management in the operation of generators to increase power supply and raise operational efficiency of the generators. Stepping up efforts in marketing and actively seeking additional power quota beyond original plan resulted in a significant increase in efficiency of the power business. In 2013, the average utilisation hours of coal-fired generators reached 5,453 hours, surpassing the national average utilisation hours of coal-fired power generators by 441 hours.

The transportation segment actively promoted expansion in capacity, increase in volume and optimisation in operation. The segment strengthened dovetailing in the management of loading, transportation and unloading, effectively eliminating the bottleneck on the Shenshuo railway. The Company increased the number of trains with capacity of ten thousand tonnes and effectively reduced turnover days, and thus the transportation volume was further enhanced. The segment focused on optimising workflow and making flexible logistics arrangements to raise port handling efficiency and shipment turnover. To back up the expansion into new coal markets, the segment coordinated arrangements for outbound coal transportation and seaborne coal transportation. Therefore, in 2013, the transportation turnover of self-owned railways of the Company increased significantly. The shipment turnover reached 114.9 billion tonne nautical miles, representing a year-on-year increase of 39.3%.

The coal chemical segment remained steady in its operation. Baotou Coal Chemical Company focused on strengthening production management, and its production equipment maintained safe, steady and full load operation, achieving encouraging operating results.

Seizing opportunities to build a foundation for sustainable development

The Company actively launched key initiatives such as project construction, acquisition of equity interests and overseas investment, laying a foundation for sustainable development.

Projects including Guojiawan Coal Mine and Qinglongsi Coal Mine obtained approval from NDRC. Construction of projects including Chongqing Wanzhou Port and Power Integration Project made smooth progress as scheduled. Improvements to the Shuohuang railway and Shenshuo railway for capacity expansion as well as dual-line operations of Bazhun railway were completed, and the layout of the transportation system was further optimised with significant increase in transportation capacity. Shale gas project in Baojing witnessed steady progress in its geological exploration.

Acquisitions of Baotou Coal Chemical Company and Jiujiang Power were completed.

The PT.GH EMM Indonesia Project was under stable operation and Watermark Coal Project in Australia was progressing in an orderly manner. Shale gas project in USA and coal project in Russia achieved encouraging progress. The internationalisation strategy of the Company was pushed forward steadily.

Strengthening management with remarkable achievements in cost reduction and efficiency enhancement

To leave sufficient room for the Company to achieve its profit targets under the challenging market conditions, the Company further strengthened its refined management, continuously improved budgetary control, costs control and capital management, and thoroughly implemented measures including output expansion, quality improvement, production cost reduction and administration expenses minimisation. Significant increase in revenues and decrease in expenses were achieved by implementing monthly analysis, tracking and control.

In 2013, according to International Financial Reporting Standards, the net financial costs decreased by 6.9% compared with that of the previous year. The unit production cost of self-produced coal was RMB136.5/tonne, representing a year-on-year increase of 4.8%. The unit cost of power output dispatch decreased by 7.6% year-on-year, and the unit transportation costs of railway and shipping decreased by 8.5% and 8.9% respectively.

Insisting on safe and green development

Embracing the philosophy of "safe and efficient, clean and environment-friendly, mutual success with harmony", China Shenhua focused on strengthening the implementation of safe production, energy saving and environmental protection.

By implementing the advanced safety philosophy of 'seeking zero fatality rate and aiming at zero injury', the Company improved its intrinsic safety management system, and reinforced risk prevention and control as well as emergency response management. The fatality rate per million tonnes of raw coal production was 0.0058 in 2013, which was better than the national average of 0.293 and maintained its leading position in the coal industry worldwide.

The Company actively promoted establishment of the energy saving, environmental protection and intrinsic safety system, and invested a total of RMB4.014 billion in energy saving and environmental protection projects in the year, focusing on environmental protection projects such as desulphurisation, denitrification and dedusting, waste water treatment and utilisation and ecological construction, as well as energy saving projects such as boiler renovation and cogeneration. As at the end of 2013, the installed capacities of operating desulphurisation units and denitrification units accounted for 99.5% and 72.0% respectively of the total installed capacity of the Company's coal-fired units, surpassing the national average of 90.0% and 28.1% in the thermal power industry[1]. The total investment in ecological construction for the year was RMB379 million, adding afforestation area of 16.74 million square meters.

During the reporting period, the Company integrated the philosophy of "safe and efficient, clean and environment-friendly, mutual success with harmony" into the whole operation and management process through the establishment of a "five-model enterprise", so as to achieve a harmonious development and a win-win situation with all stakeholders. For more information, please refer to the 2013 CSR Report of the Company.

2014: Expediting to build itself into a world first-class enterprise by making steady progress, reformation and innovation

In 2014, along with the steady progress of China's economy, the supply of the coal industry is expected to continue to be slightly greater than demand. Facing opportunities and challenges, China Shenhua will take the initiative to accomplish its operating goals by making responses proactively and maintaining the stability and continuity of its development strategies and operating principles. The Company will focus on the following major endeavours:

1 The national average of the coal fired power industry is extracted from China Power Industry Annual Development Report 2013 of China Electricity Council, which discloses the industry data in 2012.

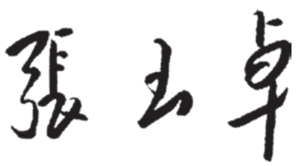
Stabilising coal production and enhancing coal sales. Committed to achieving safe and efficient production, the Company will maintain the stability of its production scale and standards, reasonably adjust its production mix and uphold the production volume of mines with higher gross profit per tonne of coal, such as Shendong Mines and Zhunge'er Mines. By playing its leading role in marketing to the fullest extent, the Company will adopt flexible sales strategies and pricing mechanisms, innovate sales models, and actively explore new markets to ensure the stability of its integrated business model.

Boosting development through optimisation and adjustment. The Company will seize opportunities on the basis of its coal business to expedite the development of its power and transportation business. The Company will also push forward the construction of projects such as Guojiawan Mine, Qinglongsi Mine, Luoyuanwan integrated port, power and storage project and Zhunchi railway. The Company will carry out the shale gas project in an orderly way to develop new areas for growth. Through launching key projects, the Company will continue to optimise its business structure to achieve coordinated development.

Continuing to enhance management, reduce costs and increase efficiency. The Company will continue to improve its business management and enhance its corporate governance standards, optimise its cost control model and improve its cost accounting system so as to reduce financial expenses and minimise non-productive expenses as far as possible. It will also impose better control on cash flow, implement better measures for risk prevention, as well as further enhance management efficiency by strictly controlling personnel expenses, so as to fortify its advantage in low-cost operation.

Achieving sustainable development by exercising the concept of energy saving and environmental protection. Adhering to its principle of green, low carbon and circular development, the Company will intensify accountability in environmental safety assessment, push forward key energy saving and environmental protection projects, enhance environmental protection management of its construction projects, so as to become a 'resource-saving, environment-friendly' enterprise and achieve sustainable development.

Looking into 2014, China Shenhua will expedite to build itself into a world first-class enterprise in a confident, realistic and pragmatic manner, and create greater value for its investors.



Zhang Yuzhuo
Vice Chairman Note

28 March 2014

Note: On 5 March 2014, Dr. Zhang Xiwu resigned from the positions of chairman of the Board and executive director of the Company. According to the Articles of Association, the vice chairman of the Board, Dr. Zhang Yuzhuo, shall perform the duties of the chairman of the Board until a new chairman of the Board is elected.

Coal sales volume in 2013 amounted to

514.8

million tonnes

Directors' Report

2013 Overview of the Company's Operating Results

Business Data Master Table

		2013	2012 (Restated)	Change %
Commercial coal production	(million tonnes)	**318.1**	304.0	4.6
Coal sales	(million tonnes)	**514.8**	464.6	10.8
Of which: Export	(million tonnes)	**2.7**	3.3	(18.2)
Import	(million tonnes)	**15.2**	10.7	42.1
Gross power generation	(billion kwh)	**225.38**	207.90	8.4
Total power output dispatch	(billion kwh)	**210.18**	193.46	8.6
Polyethylene sales	(thousand tonnes)	**262.4**	267.7	(2.0)
Polypropylene sales	(thousand tonnes)	**267.9**	277.6	(3.5)
Transportation turnover of self-owned railway	(billion tonne km)	**211.6**	176.2	20.1
Seaborne coal[1]	(million tonnes)	**227.3**	203.2	11.9
Of which: At Huanghua Port	(million tonnes)	**127.4**	95.6	33.3
At Shenhua Tianjin Coal Dock	(million tonnes)	**31.1**	28.8	8.0
At Shenhua Zhuhai Coal Dock	(million tonnes)	**1.5**	-	N/A
Shipping volume	(million tonnes)	**118.6**	97.7	21.4
Shipment turnover	(billion tonne nm)	**114.9**	82.5	39.3

Breakdown of Shipping Volume

	2013 million tonnes	2012 million tonnes	Change %
Shenhua Zhonghai Shipping Company			
The Group's internal customers	**49.9**	42.2	18.2
External customers	**68.7**	55.5	23.8
Total of shipping volume	**118.6**	97.7	21.4

Breakdown of Seaborne Coal in Ports

	2013 million tonnes	2012 million tonnes	Change %
Self-owned ports	**160.0**	124.4	28.6
Huanghua Port	**127.4**	95.6	33.3
Shenhua Tianjin Coal Dock	**31.1**	28.8	8.0
Shenhua Zhuhai Coal Dock	**1.5**	-	N/A
Third-party ports	**67.3**	78.8	(14.6)
Total seaborne coal	**227.3**	203.2	11.9

Breakdown of Coal Resources/Reserve

Mines	Recoverable coal reserve (under PRC standard) As at 31 December 2013 100 million tonnes	As at 31 December 2012 100 million tonnes	Change %	Marketable coal reserve (under JORC standard) As at 31 December 2013 100 million tonnes	As at 31 December 2012 100 million tonnes	Change %	Coal resources As at 31 December 2013 100 million tonnes	As at 31 December 2012 100 million tonnes	Change %
Shendong Mines	80.71	81.14	(0.5)	42.74	44.52	(4.0)	155.34	155.65	(0.2)
Zhunge'er Mines	34.50	35.22	(2.0)	20.62	21.24	(2.9)	41.99	42.57	(1.4)
Shengli Mines	14.42	14.22	1.4	7.61	7.78	(2.2)	20.88	20.39	2.4
Baorixile Mines	12.86	13.21	(2.6)	13.31	13.62	(2.3)	15.02	15.26	(1.6)
Baotou Mines and others[2]	5.89	7.44	(20.8)	2.97	3.26	(8.9)	16.48	17.55	(6.1)
Total of China Shenhua	148.38	151.23	(1.9)	87.25	90.42	(3.5)	249.71	251.42	(0.7)

Breakdown of Coal Sales

		2013 million tonnes	Proportion of domestic sales %	2012 million tonnes	Change %
Domestic sales		**503.8**	100.0	458.8	9.8
By coal source	Self-produced coal and purchased coal	**417.4**	82.9	399.8	4.4
	Coal purchased through domestic trade	**71.2**	14.1	48.3	47.4
	Imported coal	**15.2**	3.0	10.7	42.1
By customers	External customers	**413.2**	82.0	371.7	11.2
	Power segment of the Group	**86.4**	17.2	83.0	4.1
	Coal chemical segment of the Group	**4.2**	0.8	4.1	2.4
By region	Northern China	**209.3**	41.5	224.9	(6.9)
	Eastern China	**140.6**	27.9	175.3	(19.8)
	Central China and Southern China	**49.8**	9.9	48.1	3.6
	Northeast China	**42.2**	8.4	6.0	603.1
	Others	**61.9**	12.3	4.5	1,275.8
By usage	Thermal coal	**300.3**	59.6	353.9	(15.1)
	Metallurgy	**11.7**	2.3	8.9	31.3
	Chemical (including coal slurry)	**38.2**	7.6	23.4	63.2
	Others	**153.6**	30.5	72.6	111.6

		2013 million tonnes	Proportion of export sales %	2012 million tonnes	Change %
Export Sales		**2.7**	100.0	3.3	(18.2)
	South Korea	**1.3**	49.2	1.1	22.2
	China Taiwan	**0.4**	14.7	0.5	(20.0)
	Japan	**0.7**	25.9	1.7	(58.4)
	Others	**0.3**	10.2	-	N/A
Foreign sales		**8.3**		2.5	232.0
Total sales		**514.8**		464.6	10.8

Breakdown of Commercial Coal Production

	2013 million tonnes	2012 million tonnes	Change %
Shendong Coal Group	**177.3**	164.8	7.6
Bulianta	**27.1**	25.1	8.0
Daliuta-Huojitu	**34.7**	29.4	18.0
Yujialiang	**17.1**	17.0	0.6
Shangwan	**14.7**	14.3	2.8
Halagou	**14.8**	13.9	6.5
Baode (Kangjiatan)	**9.0**	9.0	-
Shigetai	**11.0**	10.1	8.9
Wulanmulun	**7.5**	6.9	8.7
Bu'ertai	**16.4**	14.1	16.3
Wanli No.1 mine (Changhangou)	**10.9**	11.1	(1.8)
Liuta mine	**3.9**	4.9	(20.4)
Cuncaota No. 1 mine	**4.5**	4.1	9.8
Cuncaota No. 2 mine	**4.4**	3.8	15.8
Others	**1.3**	1.1	18.2
Zhunge'er Energy Company	**30.8**	30.3	1.7
Heidaigou	**30.8**	30.3	1.7
Ha'erwusu Branch	**30.5**	28.1	8.5
Beidian Shengli Energy	**17.9**	24.9	(28.1)
Jinjie Energy	**18.8**	18.6	1.1
Shenbao Energy Company	**31.4**	30.3	3.6
Baotou Energy Company	**8.3**	4.0	107.5
Shuiquan Open-cut Mine	**2.5**	2.0	25.0
Adaohai Mine	**0.9**	0.7	28.6
Lijiahao Mine	**4.9**	1.3	276.9
Chaijiagou Mining Co., Ltd.	**1.1**	1.0	10.0
EMM Indonesia	**2.0**	2.0	-
Total production	**318.1**	304.0	4.6
By Regions			
Inner Mongolia	**209.6**	203.0	3.3
Shaanxi	**97.5**	90.0	8.3
Shanxi	**9.0**	9.0	-
Overseas	**2.0**	2.0	-

Breakdown of Railway Turnover

	2013 billion tonne km	2012 billion tonne km	Change %
Self-owned railways	**211.6**	176.2	20.1
Shenshuo Railway	**50.7**	42.9	18.2
Shuohuang-Huangwan Railway	**131.2**	106.4	23.3
Dazhun Railway	**19.7**	18.2	8.2
Baoshen Railway	**10.0**	8.7	14.9
State-owned railways	**50.7**	50.0	1.4
Total railway turnover	**262.3**	226.2	16.0

Other Assets

Name
Watermark Coal Project in Australia (under plan examination)
Xinjie Taigemiao Exploration Area (applying for permits)
Ganquan Railway (under trial operation)
Bazhun Railway (under trial operation)

Railway	Length km	Commencement date
Zhunchi Railway (under construction)	180	October 2011

Notes: (1) Seaborne coal in ports = self-produced and purchased coal for seaborne sales of domestic sales + export sales. The calculation of seaborne coal in ports does not include seaborne coal purchased through domestic trade.
(2) The data of Lijiahao Mine, Adaohai Mine, Shuiquan Open-cut Mine and Chaijiagou Mine are consolidated into "Baotou Mines and others".
(3) Shenhua Sichuan Energy operates thermal power generation and hydropower generation businesses.
(4) The standard coal consumption for power output dispatch of Yuyao Power is a converted amount.

Breakdown of Power Generation Business

Power plants	Regional grid	Location	Gross power generation 100 million kwh	Total power output dispatch 100 million kwh	Average utilisation hours hours	Standard coal consumption rate for power output dispatch g/kwh	Power tariff RMB/mwh	Total installed capacity as at 31 December 2012 MW	Increase/(decrease) in installed capacity for 2013 MW	Total installed capacity as at 31 December 2013 MW	Equity installed capacity as at 31 December 2013 MW
Cangdong Power	North China Power Grid	Hebei	144.3	137.1	5,726	312	362	2,520	-	2,520	1,285
Sanhe Power	North China Power Grid	Hebei	76.9	71.5	5,918	312	366	1,300	-	1,300	501
Dingzhou Power	North China Power Grid	Hebei	144.9	133.6	5,751	325	344	2,520	-	2,520	1,021
Panshan Power	North China Power Grid	Tianjin	60.3	56.5	5,854	328	394	1,030	-	1,030	469
Zhunge'er Power	North China Power Grid	Inner Mongolia	47.6	42.7	4,955	369	258	960	-	960	554
Shendong Power	Northwest /North China/ Shaanxi Provincial Local Power Grid	Inner Mongolia	216.1	196.6	5,187	358	257	4,167	-	4,167	3,657
Guohua Zhunge'er	North China Power Grid	Inner Mongolia	69.8	63.3	5,287	318	262	1,320	-	1,320	639
Guohua Hulunbei'er Power	Northeast Power Grid	Inner Mongolia	43.7	39.3	3,644	335	277	1,200	-	1,200	960
Beijing Thermal	North China Power Grid	Beijing	22.4	19.7	5,596	277	431	400	-	400	280
Suizhong Power	Northeast Power Grid	Liaoning	154.2	144.4	4,283	320	349	3,600	-	3,600	1,800
Zheneng Power	East China Power Grid	Zhejiang	276.2	262.6	6,276	304	414	4,400	-	4,400	2,640
Taicang Power	East China Power Grid	Jiangsu	80.0	76.2	6,351	306	362	1,260	-	1,260	630
Jinjie Energy	North China Power Grid	Shaanxi	150.6	138.6	6,275	329	312	2,400	-	2,400	1,680
Shenmu Power	Northwest Power Grid	Shaanxi	13.1	11.7	5,961	378	331	220	-	220	112
Taishan Power	South China Power Grid	Guangdong	264.0	248.9	5,281	313	439	5,000	-	5,000	4,000
Huizhou Thermal	South China Power Grid	Guangdong	37.2	33.9	5,642	327	449	660	-	660	660
Mengjin Power	Central China Power Grid	Henan	71.1	67.1	5,923	316	375	1,200	-	1,200	612
Chenjiagang Power	East China Power Grid	Jiangsu	87.6	83.3	6,638	298	353	1,320	-	1,320	726
Shenwan Energy	East China Power Grid	Anhui	147.7	139.4	5,680	326	364	2,600	-	2,600	1,326
Shenhua Sichuan Energy[3]	Sichuan Power Grid	Sichuan	48.5	44.2	3,846	338	404	1,260	-	1,260	604
Fujian Energy	East China Power Grid	Fujian	54.6	51.2	4,402	351	386	1,240	-	1,240	481
EMM Indonesia	PLN (Perusahaan Listrik Negara)	Indonesia	18.1	15.9	6,031	381	420	300	-	300	210
Total for coal-fired power plants/Weighted average			2,228.9	2,077.7	5,453	323	361	40,877	-	40,877	24,847
Other power plants											
Zhuhai Wind	South China Power Grid	Guangdong	0.3	0.3	2,015	-	599	16	-	16	12
Yuyao Power[4]	East China Power Grid	Zhejiang	18.7	18.1	2,397	232	730	780	-	780	624
Shenhua Sichuan Energy[3]	Sichuan Provincial local Power Grid	Sichuan	5.9	5.7	4,746	-	235	125	-	125	48

2013 Overview of Consolidated Operating Results

Consolidated statement of profit or loss and other comprehensive income

	2013 RMB million	2012 (Restated) RMB million	Change %
Revenue	**283,797**	254,575	11.5
Cost of sales	**(202,431)**	(174,677)	15.9
Gross profit	**81,366**	79,898	1.8
Selling, general and administrative expenses	**(10,118)**	(9,160)	10.5
Other gains and losses	**(889)**	(303)	193.4
Other income	**533**	777	(31.4)
Other expenses	**(364)**	(466)	(21.9)
Interest income	**754**	777	(3.0)
Finance costs	**(2,942)**	(3,128)	(5.9)
Share of results of associates	**588**	477	23.3
Profit before income tax	**68,928**	68,872	0.1
Income tax expense	**(13,704)**	(10,976)	24.9
Profit for the year attributable to	**55,224**	57,896	(4.6)
Equity holders of the Company	**45,079**	49,708	(9.3)
Non-controlling interests	**10,145**	8,188	23.9
Earnings per share			
-Basic (RMB)	**2.266**	2.499	(9.3)

Breakdown of revenue

	2013 RMB million	2012 (Restated) RMB million	Change %
Revenue	**256,363**	246,572	4.0
Coal revenue	**167,399**	165,989	0.8
Power revenue	**77,423**	71,096	8.9
Transportation revenue	**6,078**	5,403	12.5
Coal chemical revenue	**5,463**	4,084	33.8
Other revenue	**27,434**	8,003	242.8
Total revenue	**283,797**	254,575	11.5

Breakdown of cost of sales

	2013 RMB million	2012 (Restated) RMB million	Change %
Coal purchased	**73,876**	69,685	6.0
Materials, fuel and power	**21,857**	20,398	7.2
Personnel expenses	**11,347**	10,652	6.5
Depreciation and amortisation	**16,955**	17,757	(4.5)
Repairs and maintenance	**9,041**	7,962	13.6
Transportation charges	**18,948**	17,481	8.4
Taxes and surcharges	**4,845**	4,772	1.5
Other operating costs	**45,562**	25,970	75.4
Total cost of sales	**202,431**	174,677	15.9

Cost of sales – Breakdown of others

	2013 RMB million	2012 (Restated) RMB million	Change %
Coal selection and minery fees	**9,546**	7,878	21.2
Taxes and fees	**861**	871	(1.1)
Dredging expenses	**323**	380	(15.0)
Relocation compensation expenses	**1,373**	1,352	1.6
Operating lease charges	**360**	335	7.5
Resources compensation fees	**606**	571	6.1
Enviornmental related expenses	**3,577**	3,851	(7.1)
Cost of sale of ancillary materials and other goods, and provision of other services	**24,071**	5,680	323.8
Others	**4,845**	5,052	(4.1)
Total cost of sales-others	**45,562**	25,970	75.4

Breakdown of coal sales price

	2013			2012 (Restated)			Change	
	Sales volume million tonnes	**Percentage to total sales volume %**	**Price RMB/tonne**	Sales volume million tonnes	Percentage to total sales volume %	Price RMB/tonne	Change in sales volume %	Change in sales price %
I. Domestic sales	**503.8**	**97.9**	**385.7**	458.8	98.8	426.4	9.8	(9.5)
(I) Self-produced coal and purchased coal	**417.4**	**81.1**	**372.4**	399.8	86.1	405.0	4.4	(8.0)
1. Direct arrival	**192.8**	**37.5**	**277.4**	200.0	43.1	285.9	(3.6)	(3.0)
2. Seaborne	**224.6**	**43.6**	**453.9**	199.8	43.0	524.1	12.4	(13.4)
(II) Sales of domestic trading coal	**71.2**	**13.8**	**439.6**	48.3	10.4	566.3	47.4	(22.4)
(III) Sales of imported coal	**15.2**	**3.0**	**500.0**	10.7	2.3	595.0	42.1	(16.0)
II. Export sales	**2.7**	**0.5**	**598.7**	3.3	0.7	744.3	(18.2)	(19.6)
III. Overseas coal sales	**8.3**	**1.6**	**623.0**	2.5	0.5	266.5	232.0	133.8
1. EMM Indonesia	**2.0**	**0.4**	**92.0**	2.0	0.4	69.3	–	32.8
2. Re-export trade	**6.3**	**1.2**	**787.9**	0.5	0.1	1,142.7	1,160.0	(31.0)
Total sales volume/weighted average price	**514.8**	**100.0**	**390.7**	464.6	100.0	427.8	10.8	(8.7)
Of which: Sales to external customers	**422.2**	**82.0**	**397.1**	377.5	81.2	436.8	11.8	(9.1)
Sales to internal power segment	**88.4**	**17.2**	**358.8**	83.0	17.9	395.0	6.5	(9.2)
Sales to internal coal chemical segment	**4.2**	**0.8**	**265.4**	4.1	0.9	261.8	2.4	1.4

Statement of cash flows from operating activities

	2013 RMB million	2012 (Restated) RMB million	Change %
Profit before income tax	**68,928**	68,872	0.1
Adjustments for: Depreciation and amortization	**19,187**	19,856	(3.4)
Other gains and losses	**889**	303	193.4
Interest income	**(754)**	(777)	(3.0)
Share of results of associates	**(588)**	(477)	23.3
Interest expense	**3,685**	3,622	1.7
Fair value loss on derivative financial instruments and trading debt securities	**156**	14	1,014.3
Exchange gain, net	**(899)**	(508)	77.0
Other income	**(4)**	-	N/A
Operating cash flows before movements in working capital	**90,600**	90,905	(0.3)
Increase in inventories	**(1,992)**	(1,891)	5.3
Increase in accounts and bills receivable	**(7,218)**	(5,380)	34.2
Increase in prepayments and other assets	**(15,554)**	(2,162)	619.4
Increase in accounts and bills payable	**6,169**	2,238	175.6
Increase in accrued expenses and other payables	**36**	5,601	(99.4)
Cash generated from operations	**72,041**	89,311	(19.3)
Income tax paid	**(17,753)**	(14,700)	20.8
Net cash generated from operating activities	**54,288**	74,611	(27.2)

2013 Overview of Operating Conditions by Segment

Segment results

	Coal 2013 RMB million	Coal 2012 (Restated) RMB million	Power 2013 RMB million	Power 2012 (Restated) RMB million	Railway 2013 RMB million	Railway 2012 (Restated) RMB million	Port 2013 RMB million	Port 2012 (Restated) RMB million
Revenue from external customers	192,176	170,381	78,436	71,776	3,278	3,051	159	124
Revenue from inter segment transactions	37,166	36,216	472	487	26,691	21,955	3,579	2,918
Sub-total of segment revenue	229,342	206,597	78,908	72,263	29,969	25,006	3,738	3,042
Segment cost of sales	(188,276)	(156,910)	(57,781)	(57,191)	(15,102)	(13,579)	(1,770)	(1,860)
Segment profit/(loss) from operations	35,919	45,164	18,459	12,880	13,590	10,283	1,649	848
	As at 31 December 2013 RMB million	As at 31 December 2012 (Restated) RMB million	As at 31 December 2013 RMB million	As at 31 December 2012 (Restated) RMB million	As at 31 December 2013 RMB million	As at 31 December 2012 (Restated) RMB million	As at 31 December 2013 RMB million	As at 31 December 2012 (Restated) RMB million
Segment total assets	224,803	259,595	178,457	153,302	104,061	83,411	20,709	16,442
Segment total liabilities	(115,964)	(124,916)	(106,656)	(99,680)	(54,601)	(43,349)	(10,877)	(8,161)

	Shipping 2013 RMB million	Shipping 2012 (Restated) RMB million	Coal chemical 2013 RMB million	Coal chemical 2012 (Restated) RMB million	Unallocated items 2013 RMB million	Unallocated items 2012 (Restated) RMB million	Eliminations 2013 RMB million	Eliminations 2012 (Restated) RMB million	Total 2013 RMB million	Total 2012 (Restated) RMB million
Revenue from external customers	3,045	2,609	5,990	5,907	713	727	–	–	283,797	254,575
Revenue from inter segment transactions	2,042	1,711	–	–	716	266	(70,666)	(63,553)	–	–
Sub-total of segment revenue	5,087	4,320	5,990	5,907	1,429	993	(70,666)	(63,553)	283,797	254,575
Segment cost of sales	(4,686)	(3,704)	(4,307)	(4,612)	(164)	(104)	69,655	63,283	(202,431)	(174,677)
Segment profit/(loss) from operations	317	533	1,510	1,136	262	24	(946)	(243)	70,760	70,625
	As at 31 December 2013 RMB million	As at 31 December 2012 (Restated) RMB million	As at 31 December 2013 RMB million	As at 31 December 2012 (Restated) RMB million	As at 31 December 2013 RMB million	As at 31 December 2012 (Restated) RMB million	As at 31 December 2013 RMB million	As at 31 December 2012 (Restated) RMB million	As at 31 December 2013 RMB million	As at 31 December 2012 (Restated) RMB million
Segment total assets	8,114	5,394	13,340	14,720	320,241	291,291	(356,427)	(352,070)	513,298	472,085
Segment total liabilities	(2,643)	(1,082)	(7,780)	(8,165)	(137,031)	(170,650)	256,896	297,069	(178,656)	(158,934)

Cost of sales of coal segment

	2013 Cost RMB million	2013 Volume million tonnes	2013 Unit cost RMB/tonne	2012 (Restated) Cost RMB million	2012 (Restated) Volume million tonnes	2012 (Restated) Unit cost RMB/tonne	Change in unit cost %
Coal purchased	73,876	201.2	367.2	69,685	157.8	441.6	(16.8)
Production cost of self-produced coal	42,794	313.6	136.5	39,939	306.8	130.2	4.8
Materials, fuel and power	8,341	313.6	26.6	7,915	306.8	25.8	3.1
Personnel expenses	4,766	313.6	15.2	4,445	306.8	14.5	4.8
Repairs and maintenance	2,884	313.6	9.2	2,508	306.8	8.2	12.2
Depreciation and amortisation	5,793	313.6	18.5	6,350	306.8	20.7	(10.6)
Others	21,010	313.6	67.0	18,721	306.8	61.0	9.8
Taxes and surcharges	2,882	514.8	5.6	3,095	464.6	6.7	(16.4)
Cost of coal transportation[1]	42,510	514.8	82.6	37,428	464.6	80.6	2.5
Other operating costs	26,214			6,763			
Total cost of sales of coal segment	188,276			156,910			

Cost of sales of power segment

	2013 Cost RMB million	2013 Power output dispatch 100 million kwh	2013 Unit cost RMB/mwh	2012 (Restated) Cost RMB million	2012 (Restated) Power output dispatch 100 million kwh	2012 (Restated) Unit cost RMB/mwh	Change of unit cost %
Cost of power output dispatch	56,238	2,101.8	267.6	56,025	1,934.6	289.6	(7.6)
Materials, fuel and power	40,812	2,101.8	194.2	41,279	1,934.6	213.4	(9.0)
Personnel expenses	3,191	2,101.8	15.2	3,058	1,934.6	15.8	(3.8)
Repairs and maintenance	2,622	2,101.8	12.5	2,135	1,934.6	11.0	13.6
Depreciation and amortisation	7,400	2,101.8	35.2	7,727	1,934.6	40.0	(12.0)
Others	2,213	2,101.8	10.5	1,826	1,934.6	9.4	11.7
Taxes and surcharges	683			608			
Other operating costs	860			558			
Total cost of sales of power segment	57,781			57,191			

Cost of sales of railway segment

	2013 Cost RMB million	2012 (Restated) Cost RMB million	Change %
Cost of internal transportation business	12,178	10,785	12.9
Materials, fuel and power	2,915	2,535	15.0
Personnel expenses	2,367	2,306	2.6
Repairs and maintenance	2,777	2,490	11.5
Depreciation and amortisation	2,018	1,864	8.3
External transportation charges	465	383	21.4
Others	1,636	1,207	35.5
Cost of external transportation	1,617	1,679	(3.7)
Sub-total	13,795	12,464	10.7
Taxes and surcharges	980	848	15.6
Other operating costs	327	267	22.5
Total cost of sales of railway segment	15,102	13,579	11.2

Cost of sales of port segment

	2013 Cost RMB million	2012 (Restated) Cost RMB million	Change %
Cost of internal transportation business	1,614	1,671	(3.4)
Materials, fuel and power	257	246	4.5
Personnel expenses	213	169	26.0
Repairs and maintenance	112	140	(20.0)
Depreciation and amortisation	494	597	(17.3)
Others	538	519	3.7
Cost of external transportation	72	76	(5.3)
Sub-total	1,686	1,747	(3.5)
Taxes and surcharges	72	101	(28.7)
Other operating costs	12	12	-
Total cost of sales of port segment	1,770	1,860	(4.8)

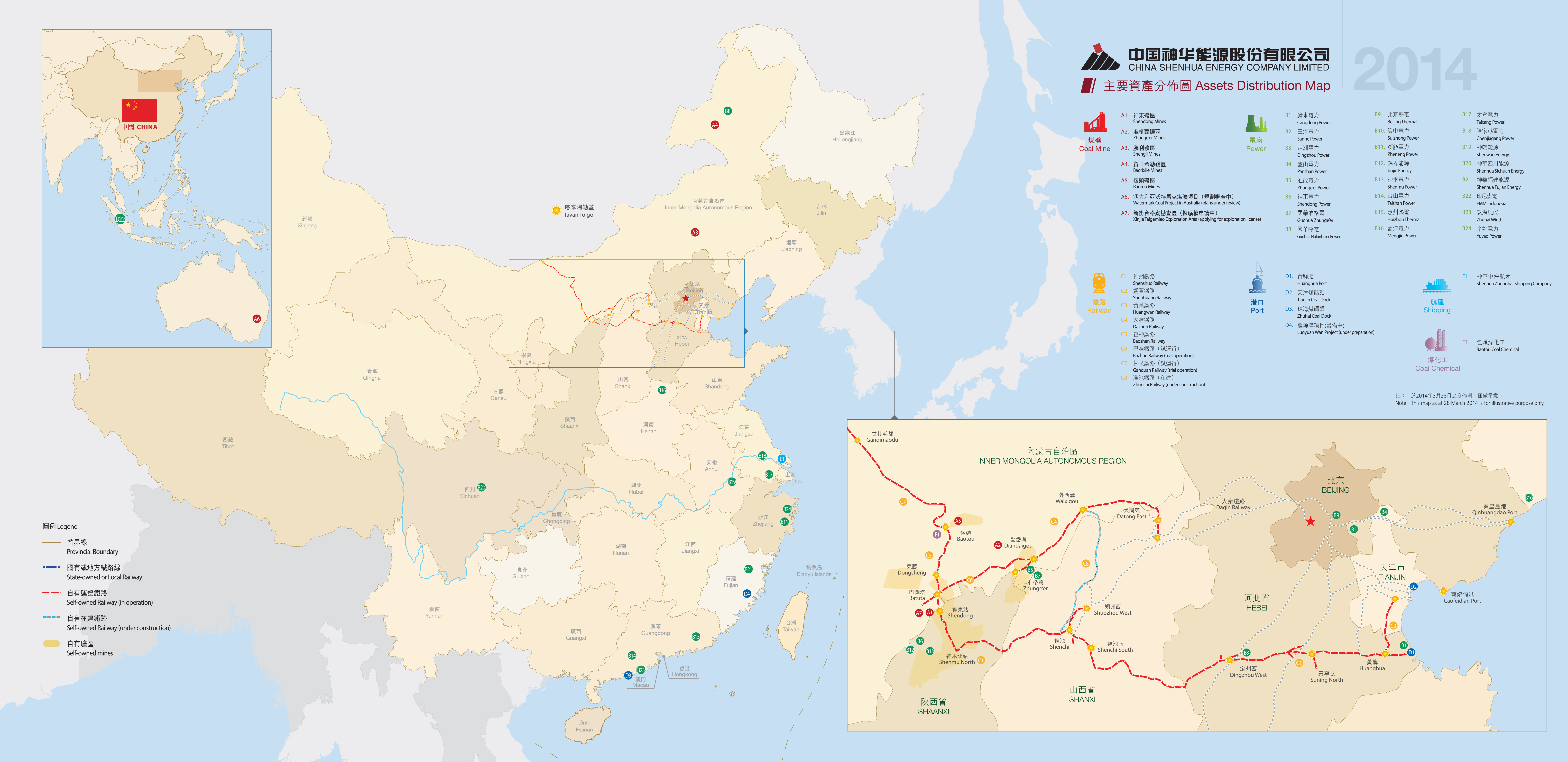
Cost of sales of shipping segment

	2013 RMB million	2012 (Restated) RMB million	Change %
Cost of internal transportation business	1,694	1,332	27.2
Materials, fuel and power	265	202	31.2
Personnel expenses	18	30	(40.0)
Repairs and maintenance	11	16	(31.3)
Depreciation and amortisation	98	83	18.1
External transportation charges	1,176	907	29.7
Others	126	94	34.0
Cost of external transportation	2,989	2,365	26.4
Taxes and surcharges	3	7	(57.1)
Total cost of sales of shipping segment	4,686	3,704	26.5

Cost of sales of coal chemical segment

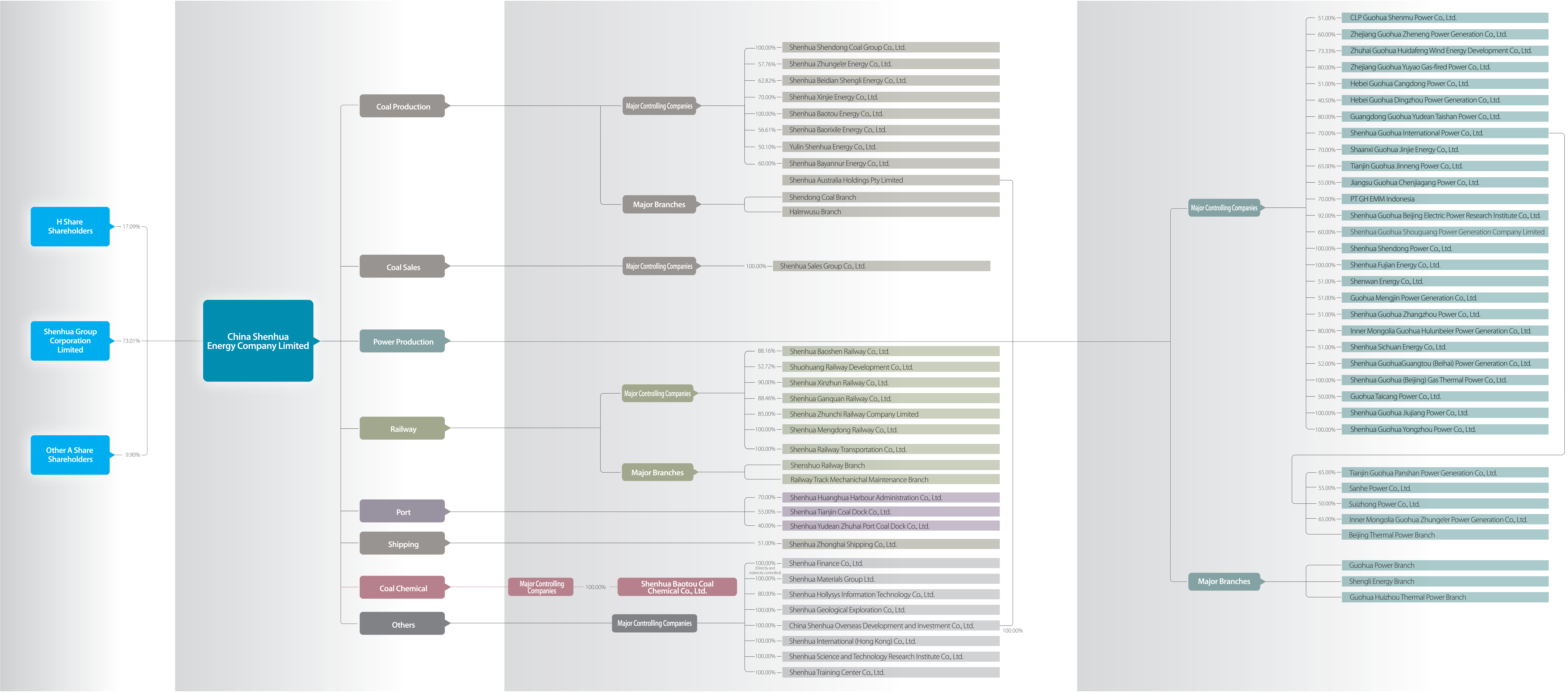
	2013 Cost RMB million	2012 (Restated) Cost RMB million	Change %
Cost of coal chemical product	3,722	4,048	(8.1)
Materials, fuel and power	1,960	1,998	(1.9)
Personnel expenses	284	283	0.4
Repairs and maintenance	377	496	(24.0)
Depreciation and amortization	761	960	(20.7)
Others	340	311	9.3
Other operating costs	524	555	(5.6)
Taxes and surcharges	61	9	577.8
Total cost of sales of coal chemical segment	4,307	4,612	(6.6)

Note: (1) Cost of coal transportation refers to the transportation cost before elimination on consolidation.



中国神华能源股份有限公司
CHINA SHENHUA ENERGY COMPANY LIMITED
主要資產分佈圖 Assets Distribution Map
2014
煤礦
Coal Mine
A1. 神東礦區 Shendong Mines
A2. 准格爾礦區 Zhunge'er Mines
A3. 勝利礦區 Shengli Mines
A4. 寶日希勒礦區 Baorixile Mines
A5. 包頭礦區 Baotou Mines
A6. 澳大利亞沃特馬克煤礦項目（規劃審查中） Watermark Coal Project in Australia (plans under review)
A7. 新街台格廟勘查區（探礦權申請中） Xinjie Taigemiao Exploration Area (applying for exploration license)
電廠
Power
B1. 滄東電力 Cangdong Power
B2. 三河電力 Sanhe Power
B3. 定洲電力 Dingzhou Power
B4. 盤山電力 Panshan Power
B5. 准能電力 Zhunge'er Power
B6. 神東電力 Shendong Power
B7. 國華准格爾 Guohua Zhunge'er
B8. 國華呼電 Guohua Hulunbeier Power
B9. 北京熱電 Beijing Thermal
B10. 綏中電力 Suizhong Power
B11. 浙能電力 Zheneng Power
B12. 錦界能源 Jinjie Energy
B13. 神木電力 Shenmu Power
B14. 台山電力 Taishan Power
B15. 惠州熱電 Huizhou Thermal
B16. 孟津電力 Mengjin Power
B17. 太倉電力 Taicang Power
B18. 陳家港電力 Chenjiagang Power
B19. 神皖能源 Shenwan Energy
B20. 神華四川能源 Shenhua Sichuan Energy
B21. 神華福建能源 Shenhua Fujian Energy
B22. 印尼煤電 EMM Indonesia
B23. 珠海風能 Zhuhai Wind
B24. 余姚電力 Yuyao Power
鐵路
Railway
C1. 神朔鐵路 Shenshuo Railway
C2. 朔黃鐵路 Shuohuang Railway
C3. 黃萬鐵路 Huangwan Railway
C4. 大准鐵路 Dazhun Railway
C5. 包神鐵路 Baoshen Railway
C6. 巴准鐵路（試運行） Bazhun Railway (trial operation)
C7. 甘泉鐵路（試運行） Ganquan Railway (trial operation)
C8. 准池鐵路（在建） Zhunchi Railway (under construction)
港口
Port
D1. 黃驊港 Huanghua Port
D2. 天津煤碼頭 Tianjin Coal Dock
D3. 珠海煤碼頭 Zhuhai Coal Dock
D4. 羅源灣項目(籌備中) Luoyuan Wan Project (under preparation)
航運
Shipping
E1. 神華中海航運 Shenhua Zhonghai Shipping Company
煤化工
Coal Chemical
F1. 包頭煤化工 Baotou Coal Chemical
註： 於2014年3月28日之分佈圖，僅做示意。
Note: This map as at 28 March 2014 is for illustrative purpose only.
圖例 Legend
省界線 Provincial Boundary
國有或地方鐵路線 State-owned or Local Railway
自有運營鐵路 Self-owned Railway (in operation)
自有在建鐵路 Self-owned Railway (under construction)
自有礦區 Self-owned mines
中國 CHINA
塔本陶勒蓋 Tavan Tolgoi
黑龍江 Heilongjiang
吉林 Jilin
遼寧 Liaoning
內蒙古自治區 Inner Mongolia Autonomous Region
新疆 Xinjiang
西藏 Tibet
青海 Qinghai
甘肅 Gansu
寧夏 Ningxia
北京 Beijing
天津 Tianjin
河北 Hebei
山西 Shanxi
山東 Shandong
陝西 Shaanxi
河南 Henan
江蘇 Jiangsu
安徽 Anhui
上海 Shanghai
湖北 Hubei
四川 Sichuan
重慶 Chongqing
浙江 Zhejiang
湖南 Hunan
江西 Jiangxi
貴州 Guizhou
福建 Fujian
釣魚島 Diaoyu Islands
雲南 Yunnan
廣西 Guangxi
廣東 Guangdong
台灣 Taiwan
香港 Hongkong
澳門 Macau
海南 Hainan
甘其毛都 Ganqimaodu
內蒙古自治區 INNER MONGOLIA AUTONOMOUS REGION
外西溝 Waixigou
大同東 Datong East
大秦鐵路 Daqin Railway
北京 BEIJING
秦皇島港 Qinhuangdao Port
包頭 Baotou
點岱溝 Diandaigou
東勝 Dongsheng
准格爾 Zhunge'er
天津市 TIANJIN
巴圖塔 Batuta
神東站 Shendong
朔州西 Shuozhou West
河北省 HEBEI
曹妃甸港 Caofeidian Port
神池 Shenchi
神池南 Shenchi South
神木北站 Shenmu North
定州西 Dingzhou West
肅寧北 Suning North
黃驊 Huanghua
陝西省 SHAANXI
山西省 SHANXI

Equity structure diagram



Note: The equity structure diagram of China Shenhua (including major branches/subsidiaries) as at 31 December 2013 is for illustrative purpose only.

M anagement Discussion and Analysis[1]

Discussion and Analysis on Operations during the Reporting Period

Summary of Operations

In 2013, the management of China Shenhua adhered to its strategy, drawing upon its strength of integrated synergy, continuously optimising industrial structure, focusing on coordination of production and transportation while stepping up its efforts in marketing and sales measures refinement, and thus fulfilled the business and production target of 2013 and realised stable operating results.

Continuously growing operations

In 2013, the Company's commercial coal production volume reached 318.1 million tonnes (2012: 304.0 million tonnes (restated)), representing a year-on-year increase of 4.6% and completing 101.0% of the annual target. Coal sales volume reached 514.8 million tonnes (2012: 464.6 million tonnes (restated)), representing a year-on-year increase of 10.8% and completing 110.8% of the annual target. The Company's total power output dispatch was 210.18 billion kwh (2012: 193.46 billion kwh (restated)), representing a year-on-year increase of 8.6% and completing 102.5% of the annual target. Through capacity expansion and optimization of transportation organization, the Company achieved stable growth of transportation capability and operation volume, with transportation turnover of self-owned railway reaching 211.6 billion tonne km (2012: 176.2 billion tonne km (restated)), representing a year-on-year increase of 20.1%; seaborne coal sales volume reached 227.3 million tonnes (2012: 203.2 million tonnes (restated)), representing a year-on-year increase of 11.9%; and shipment turnover reached 114.9 billion tonne nm (2012: 82.5 billion tonne nm (restated)), representing a year-on-year increase of 39.3%. The Company acquired Baotou Coal Chemical Company. Its coal chemical products, namely polyethylene and polypropylene, recorded sales volume of 530.3 thousand tonnes (2012: 545.3 thousand tonnes (restated)), representing a year-on-year decrease of 2.8%.

1 China Shenhua was awarded the title of Outstanding Enterprise in Disclosure of "Management Discussion and Analysis" in 2012 Annual Report (ranked the first of the public appraisal) by the Shanghai Stock Exchange in 2013.

Maintaining stable business performance

To address the challenging external market conditions and to offset the adverse impact resulted from declining coal price, the Company further strengthened its refined management by taking various measures including output expansion, quality improvement, materials consumption cuts, enhanced capital management and stringent control over costs and expenses, and thus notable effect was achieved in term of increase in revenue and decrease in expense.

In accordance with the International Financial Reporting Standard, the Group's revenue for 2013 was RMB283,797 million (2012: RMB254,575 million (restated)), representing a year-on-year increase of 11.5%. Profit for the year attributable to equity holders of the Company was RMB45,079 million (2012: RMB49,708 million (restated)), representing a year-on-year decrease of 9.3%. Basic earnings per share [1] were RMB2.266 (2012: RMB2.499 per share (restated)), representing a year-on-year decrease of 9.3%.

As at 31 December 2013, the equity attributable to equity holders of the Group per share was RMB13.92, representing an increase of 5.2% from RMB13.23 (restated) as at 31 December 2012. As at 31 December 2013, the Group's return on total assets[2] was 10.8%. Return on net assets[3] for 2013 was 16.3% (2012: 18.9% (restated)), representing a year-on-year decrease of 2.6 percentage points. EBITDA[4] amounted to RMB100,614 million (2012: RMB99,567 million (restated)), representing a year-on-year increase of 1.1%. As at 31 December 2013, the Group's liability to asset ratio (total liabilities/total asset) was 34.8%, representing an increase of 1.1 percentage points from 33.7% as at 31 December 2012. Total debt to equity ratio[5] was 21.6%, representing an increase of 3.7 percentage points as compared to 17.9% (restated) as at 31 December 2012.

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1 Basic earnings per share are calculated on the basis of profit for the year attributable to equity holders of the Company and the weighted average number of shares for the year.

2 Return on total assets is calculated on the basis of the aggregate of profit for the year and the total assets at the end of the year.

3 Return on net assets is calculated on the basis of equity attributable to equity holders of the Company and the profit for the year attributable to equity holders of the Company.

4 EBITDA is a method for the management to assess the performance of the Company. It is defined as profit for the year plus net finance costs, income tax expense and depreciation and amortization, and net of share of results of associates. The EBITDA presented herein by the Company is used as extra reference for investors with regard to business performance, as management of the Company considers EBITDA is popularly used by securities analysts, investors and other parties concerned as a criterion for the evaluation of the performance of mining companies, which is believed to be helpful to investors. EBITDA is not yet an item acknowledged by the International Financial Reporting Standards. You should not take it as an alternative indicator of profit for the relevant accounting period to evaluate achievements or performances, nor shall it be taken as an alternative indicator for cash flows generated from operating activities to evaluate liquidity. The calculation of EBITDA by the Company may be different from that of other companies; therefore comparability may be limited. In addition, EBITDA is not intended to be the basis for free cash flows that may be used by the management at their discretion, because it does not reflect requirements for cash such as interest expenses, tax payment and repayment of debts, etc.

5 Total debt to equity ratio = [long-term interest bearing debts + short-term interest bearing debts (including bills payable)] / [long-term interest bearing debts + short-term interest bearing debts (including bills payable) + total equity]

Review on Consolidated Operating Results

1. Consolidated operating results

(1) Items of consolidated statement of profit or loss and other comprehensive income

No.	Item	2013	2012 (restated)	Percentage change	Main reasons for changes
		RMB million	RMB million	%	
1	Revenue	**283,797**	254,575	11.5	Increase in coal sales volume, power output dispatch and material trading volume
2	Cost of sales	**(202,431)**	(174,677)	15.9	Increase in commercial coal production, power output dispatch, material trading volume and purchased coal volume
3	Selling, general and administrative expenses	**(10,118)**	(9,160)	10.5	The increase in labour costs as a result of the increased number of administrative institutions attributable to expansion of business scale
4	Other gains and losses	**(889)**	(303)	193.4	Increased loss from disposal of property, plant and equipment as well as asset impairment
5	Other income	**533**	777	(31.4)	Decrease in refund of value added tax
6	Other expenses	**(364)**	(466)	(21.9)	Decrease in donation expenses
7	Share of results of associates	**588**	477	23.3	Increase in profit from investment of the Company in associates
8	Income tax expense	**(13,704)**	(10,976)	24.9	The average income tax rate for the Group was 19.9%, representing an increase of 4.0 percentage points as compared to 15.9% of the same period of last year, mainly attributable to: in 2012, the carrying amounts of income tax payable and deferred tax assets and liabilities in 2011 were adjusted as a result of the implementation of the preferential tax policies; and the increase in profits of certain companies of power generation segment and transportation segment that were not entitled to preferential tax rates.
9	Profit for the year attributable to non-controlling interests	**10,145**	8,188	23.9	The profits from the business of power, railway and ports in which non-controlling equity holders have a relatively high proportion of interests increased during the reporting period

(2) Research and development expenditure

		2013	2012 (restated)	Changes
Expensed research and development expenditure in the period	RMB million	**703**	420	67.4%
Capitalized research and development expenditure in the period	RMB million	**836**	335	149.6%
Total research and development expenditure	RMB million	**1,539**	755	103.8%
Percentage of total research and development expenditure to net assets	%	**0.46**	0.24	Increased by 0.22 percentage point
Percentage of total research and development expenditure to revenues	%	**0.54**	0.30	Increased by 0.24 percentage point

The Group's total research and development expenditure for 2013 was RMB1,539 million, representing a year-on-year increase of 103.8% which was mainly related to the researches on safety production technologies, technologies on energy saving and emission reduction, and complete technologies on heavy-haul railways, as well as comprehensive use of coal ash after combustion. The increase in research and development expenditure is in line with the Group's strategic guideline of leveraging on technological advancement to secure safe and efficient production, which is positive for the Group to enhance its core competitiveness and sustainability.

(3) Major customers[1]

Top five customers			
No.	Name of customer	2013	
		Revenues	Percentage to revenues
		RMB million	%
1	Guangdong Power Grid Corporation	12,457	4.4
2	Zhejiang Electric Power Corporation	12,183	4.3
3	Hebei Electric Power Corporation	9,221	3.3
4	State Grid Corporation of China	8,056	2.8
5	Zhejiang Zheneng Fuxing Fuel Co., Ltd.	5,734	2.0
Total		**47,651**	**16.8**

The above customers did not have any affiliated relations with the Company.

(4) Major suppliers[1]

During the reporting period, the total procurement from the top five suppliers of the Company amounted to RMB29.208 billion, accounting for 17.7% of the total procurement for the year. The purchases from the largest supplier were RMB13.418 billion, accounting for 8.2% of the total procurement for the year. The above suppliers did not have any affiliated relations with the Company, and the transactions were exempted connected transactions under the Hong Kong Listing Rules.

1 The statistics include major customers and suppliers other than Shenhua Group. For details of amounts of the transactions between the Group and Shenhua Group in relation to products, labor services and financial services during the reporting period, please refer to the chapter headed "Significant Events" of this report.

2. Consolidated assets and liabilities

(1) Items of consolidated statement of financial position

No.	Item	As at 31 December 2013		As at 31 December 2012 (restated)		Percentage change	Main reasons for changes
		Amount	Percentage to total assets	Amount	Percentage to total assets		
		RMB million	%	RMB million	%	%	
1	Property, plant and equipment	**262,116**	**51.1**	247,031	52.3	6.1	The newly-built railways and ports got ready for their intended use during the reporting period
2	Construction in progress	**76,065**	**14.8**	61,737	13.1	23.2	Increased investments in construction of new railways, as well as renovation and expansion projects such as construction of power plants and shipbuilding and expansion of ports
3	Exploration and evaluation of assets	**2,251**	**0.4**	2,722	0.6	(17.3)	The exchange loss arising from translating the amount of exploration rights of Australia Pty into Renminbi due to weakness in Australian dollars
4	Intangible assets	**1,446**	**0.3**	982	0.2	47.3	Mainly attributable to the increase in software
5	Deferred tax assets	**1,723**	**0.3**	1,106	0.2	55.8	Increase in deferred income tax assets due to unrealized profit and asset impairment loss
6	Inventories	**17,641**	**3.4**	15,722	3.3	12.2	Increase in coal inventory and ancillary materials and spare parts of coal segment and power segment
7	Accounts and bills receivable	**27,221**	**5.3**	20,000	4.2	36.1	Increase in receivables from coal sales and material trading, and settlement by way of bank acceptance bills
8	Prepaid expenses and other current assets	**30,274**	**5.9**	15,817	3.4	91.4	Increase in prepayments for purchased coal and material costs and increase in loans granted by Shenhua Finance Company
9	Time deposits with original maturity over three months	**1,292**	**0.3**	3,972	0.8	(67.5)	Decrease in time deposits with a maturity of over three months during the reporting period
10	Cash and cash equivalents	**38,332**	**7.5**	51,637	10.9	(25.8)	Decrease in deposits placed with and increase in loans granted by Shenhua Finance Company
11	Borrowings	**38,503**	**7.5**	28,103	6.0	37.0	Mainly attributable to the increase in short-term bank borrowings
12	Short-term debentures	**9,982**	**1.9**	–	–	N/A	Issuance of super short-term debentures
13	Medium-term notes	**4,958**	**1.0**	–	–	N/A	Issuance of medium-term notes
14	Long-term payables	**1,867**	**0.4**	9,158	1.9	(79.6)	The transfer of the long-term payables of Baotou Coal Chemical Company to long-term borrowings according to the spin-off proposal of Coal Liquefaction and Chemical Company
15	Non-controlling interests	**57,739**	**11.2**	49,968	10.6	15.6	The profits from the business of power, railway and ports in which minority shareholders have a higher proportion of interests increased during the reporting period.

As at 31 December 2013, the Group's liability to asset ratio (total liabilities/total assets) was 34.8% (31 December 2012: 33.7% (restated)), representing a year-on-year increase of 1.1 percentage points. The interest coverage ratio (profit before interest and tax/interest expenses) was 15.82 times (2012: 16.97 times (restated)).

(2) Financial assets and liabilities denominated in foreign currencies

Unit: RMB million

Item	Balance at the beginning of the period (restated)	Gains or losses arising from change in fair value for the period	Cumulative changes in fair value reported in equity	Impairment provided for the period	Other changes in the period	Balance at the end of the period
Financial assets						
Of which: 1. Derivative financial assets	324.19	(149.69)	–	–	(68.04)	(106.46)
2. Loans and receivables	1,230.55	–	–	–	63.58	1,294.13
Sub-total of financial assets	1,554.74	(149.69)	–	–	(4.46)	(1,400.59)
Financial liabilities	7,825.05	–	–	–	(769.88)	7,055.17

(3) Charge over assets of the Group

During the reporting period, the Group has not placed any charge over its assets.

(4) During the reporting period, there was no material change in measurement attributes for major assets of the Group.

3. Consolidated cash flows

No.	Item	2013	2012 (restated)	Percentage change	Reasons for changes
		RMB million	RMB million	%	
1	Net cash inflow generated from operating activities	**54,288**	74,611	(27.2)	Mainly attributable to the decrease in deposits placed with Shenhua Finance Company, the increase in loans granted and the increase in operating receivables
	Of which: Net cash inflow (outflow) from the operating activities of Shenhua Finance Company Note	**(7,735)**	3,969	294.9	
	Net cash inflow from operating activities excluding the effects of Shenhua Finance Company	**62,023**	70,642	(12.2)	
2	Net cash outflow from investing activities	**(47,773)**	(57,840)	(17.4)	Decrease in cash payment for acquisition and construction of fixed assets and time deposits placed with banks
3	Net cash outflow from financing activities	**(19,796)**	(26,869)	(26.3)	Increase in borrowing and cash received due to issuance of bonds during the reporting period

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 generated by this business.

Review on Operating Results by Business Segment

(I) Coal Segment

I. Overview of production and operations

In 2013, the Company improved production efficiency by scheduling production in a scientific manner and enhancing refined production management in accordance with its annual production plan. The Company also made further adjustments to product mix so as to increase the production volume of coal mines with high gross profit per tonne of coal and reduce the production volume of coal mines with low gross profit per tonne of coal. In addition, the Company strengthened its management of coal quality with more efforts for higher ratio of coal washing and selection. As a result, the market competitive edge of the Company's coal products was further sharpened.

(1) Coal production volume

The Company exercised moderate control over its growth in total coal production volume. Commercial coal production volume for the year reached 318.1 million tonnes (2012: 304.0 million tonnes (restated)), representing a year-on-year increase of 4.6%, which was mainly contributed by Shendong Mines, Zhunge'er Mines and Baotou Mines.

Shendong Mines (including Jinjie Mine) enhanced its management and control efforts in the whole process covering organization of mine production, coal washing and selection, coal loading, outbound shipment coordination and dispatching command, and further improved equipment utilization rates and production efficiency by strengthening refined management in equipment operation, system coordination and on-site management. Its commercial coal production volume reached 196.1 million tonnes in 2013, representing a year-on-year growth of 6.9%, mainly due to increase in production volume of Daliuta-Huojitu Mine and Bu'ertai Mine.

Heidaigou Mine and Ha'erwusu Mine, being two open-cut mines located in Zhunge'er Mines, effectively improved their production efficiency by implementing a series of measures including making reasonable adjustments to layering mining techniques and optimizing blasting parameters. The commercial coal production volume reached 61.3 million tonnes, representing a year-on-year growth of 5.0%.

Baorixile Mines resolved difficulties such as limited construction period caused by bad weather, and reasonably pushed forward stripping works, thereby ensuring continuous production. Its commercial coal production volume reached 31.4 million tonnes, representing a year-on-year growth of 3.6%.

Commercial coal production volume of Baotou Mines (including Lijiahao Mine) reached 8.3 million tonnes, representing a year-on-year growth of 107.5%, mainly due to the increase in production volume of Lijiahao Mine.

Commercial coal production volume of Shengli Mines reached 17.9 million tonnes, representing a year-on-year decline of 28.1%.

The PT.GH EMM Indonesia Project recorded commercial coal production volume of 2.0 million tonnes.

(2) Footage of advancing tunnels

During the reporting period, the coal segment of China Shenhua accomplished total footage of advancing tunnels of 707 thousand meters, representing a year-on-year growth of 1.3%. Specifically, Shendong Mines recorded total footage of advancing tunnels of 681 thousand meters, representing a year-on-year growth of 2.0%; and Baotou Mines recorded total footage of advancing tunnels of 26 thousand meters, representing a year-on-year decline of 13.2%.

(3) Environmental Protection

Upholding the philosophy of "producing environmental-friendly coal and constructing ecological mines", the Company actively launched campaigns including conservation of soil and water, land reclamation and reforestation. In 2013, mining waste water consumption amounted to 63.2 million tonnes, representing an increase of 21.8% from 51.9 million tonnes in 2012. Both comprehensive utilization rate of coal gangue and mining waste water consumption of the Company are among the forefront in the industry. The Company invested a total of RMB379 million in conservation of soil and water and ecological construction in respect of ecological construction, thereby expanding afforested areas of 16.74 million square meters. As at the end of 2013, balance of the "accrued reclamation obligations" amounted to RMB1.973 billion, serving as strong financial guarantee for ecological construction.

II. Coal sales

In 2013, market share of the Company continuously increased as coal sales volume of the Company amounted to 514.8 million tonnes, representing a year-on-year growth of 10.8%.

In 2013, in accordance with the State's reform direction to revoke the key thermal coal contract mechanism and to implement the market-oriented thermal coal pricing policy, the Company adopted a market-oriented pricing strategy to determine its coal sales price by making reference to the Bohai Bay Thermal Coal Price Index. In 2013, the weighted average coal sales price of the Company was RMB390.7/tonne (2012: RMB427.8/tonne (restated)), representing a year-on-year decrease of 8.7%.

A. By sales types

	2013			2012 (restated)			Change	
	Sales volume	Proportion of total sales	Price	Sales volume	Proportion of total sales	Price	Change in sales volume	Change in price
	million tonnes	%	RMB/tonne	million tonnes	%	RMB/tonne	%	%
I. Domestic sales	**503.8**	**97.9**	**385.7**	458.8	98.8	426.4	9.8	(9.5)
(1) Self-produced coal and purchased coal	**417.4**	**81.1**	**372.4**	399.8	86.1	405.0	4.4	(8.0)
1. Direct arrival	**192.8**	**37.5**	**277.4**	200.0	43.1	285.9	(3.6)	(3.0)
2. Seaborne	**224.6**	**43.6**	**453.9**	199.8	43.0	524.1	12.4	(13.4)
(2) Sales of domestic trading coal	**71.2**	**13.8**	**439.6**	48.3	10.4	566.3	47.4	(22.4)
(3) Sales of imported coal	**15.2**	**3.0**	**500.0**	10.7	2.3	595.0	42.1	(16.0)
II. Export Sales	**2.7**	**0.5**	**598.7**	3.3	0.7	744.3	(18.2)	(19.6)
III. Overseas coal sales	**8.3**	**1.6**	**623.0**	2.5	0.5	266.5	232.0	133.8
1. EMM Indonesia	**2.0**	**0.4**	**92.0**	2.0	0.4	69.3	0.0	32.8
2. Re-export trade	**6.3**	**1.2**	**787.9**	0.5	0.1	1142.7	1160.0	(31.0)
Total sales volume/weighted average price	**514.8**	**100.0**	**390.7**	464.6	100.0	427.8	10.8	(8.7)

In 2013, domestic coal sales volume of the Company amounted to 503.8 million tonnes (2012: 458.8 million tonnes (restated)), representing a year-on-year increase of 9.8% and accounting for 97.9% of the total coal sales volume. Among which, the Company's domestic seaborne coal sales volume of self-produced coal and purchased coal amounted to 224.6 million tonnes while the coal outbound shipment for domestic coal sales through China's domestic major ports was 638 million tonnes[1], based on which the market share of the seaborne coal of China Shenhua in coastal coal markets was estimated at approximately 35.2% (2012: 31.3% (restated)), representing a year-on-year increase of 3.9 percentage points.

In 2013, total sales volume of domestic trading coal and imported coal amounted to 86.4 million tonnes, representing an increase of 46.4% from 59.0 million tonnes (restated) in 2012, and its percentage in total sales volume grew from 12.7% (restated) in 2012 to 16.8% in 2013.

In 2013, the sales volume of the Company to the top five domestic customers of coal was 52.1 million tonnes, which accounted for 10.3% of the total domestic sales volume. Among which, the sales volume to the largest customer was 12.4 million tonnes, which accounted for 2.5% of the total domestic sales volume. The top five domestic customers of coal were primarily power generation companies.

1 Source: China Coal Resource

The coal sales business of each mine of the Group is mainly coordinated by Shenhua Trading Group; and the majority of the coal products sold by the Company is thermal coal. For details of the operations of the major subsidiaries of the coal segment, please refer to "Major subsidiaries and associated companies" in this chapter.

Shenhua Coal Trading Network (www.e-shenhua.com), the electronic coal trading platform of the Company, has effectively coordinated the production, transportation and sales of coal, thus lowering the threshold for transactions and reducing transaction costs. In 2013, the electronic coal trading platform recorded a total of 95.5 million tonnes of coal sales.

B. By internal and external customers

	2013			2012 (restated)			Change in price
	Sales volume	Percentage	Price	Sales volume	Percentage	Price	
	million tonnes	%	RMB/ tonne	million tonnes	%	RMB/ tonne	%
Sales to external customers	**422.2**	**82.0**	**397.1**	377.5	81.2	436.8	(9.1)
Sales to internal power segment	**88.4**	**17.2**	**358.8**	83.0	17.9	395.0	(9.2)
Sales to internal coal chemical segment	**4.2**	**0.8**	**265.4**	4.1	0.9	261.8	1.4
Total coal sales volume/weighted average price	**514.8**	**100.0**	**390.7**	464.6	100.0	427.8	(8.7)

In 2013, the coal sales volume of the Company to external customers amounted to 422.2 million tonnes (2012: 377.5 million tonnes (restated)), representing a year-on-year increase of 11.8%. Coal sales price to external customers decreased by 9.1% to RMB397.1/tonne from RMB436.8/tonne (restated).

In 2013, the coal sales volume of the Company to the power segment of the Group was 88.4 million tonnes (2012: 83.0 million tonnes (restated)), accounting for 17.2% of the total coal sales volume, a year-on-year decrease of 0.7 percentage point. The sales price decreased by 9.2% to RMB358.8/tonne from RMB395.0/tonne (restated).

The coal chemical segment refers to the coal chemical business of Baotou Coal Chemical Company, which was once held by Shenhua Group Corporation (the controlling shareholder of the Company) and acquired by the Company on 23 December 2013. In 2013, coal sales volume to the coal chemical segment amounted to 4.2 million tonnes.

III. Production safety

In 2013, the fatality rate per million tonnes of raw coal production of the Company was 0.0058, helping the Company to maintain its internationally leading position. Efforts in ensuring safe coal production are detailed in the 2013 CSR Report of the Company.

IV. Project progress

The inauguration of the construction project of Jinjie Digital Mine Demonstrative Project of Shendong Mines has improved informatization of mines and is instrumental to business synergy and downsizing for higher efficiency. Watermark Coal Project in Australia has completed the environmental assessment report for public opinion and responded to proposals from the public, and is currently subject to review by NSW Planning Assessment Commission and public hearing. Both Guojiawan Coal Project (with a designed capacity of 8 million tonnes/year) and Qinglongsi Coal Project (with a designed capacity of 3 million tonnes/year) have been approved by the National Development and Reform Commission, and will continue to push forward the underground mine construction. The application for the exploration license of Xinjie Mines with expected coal resource of 13 billion tonnes is being actively processed, while the overall planning of the mining area is being revised and improved.

V. Coal resources

As at 31 December 2013, the Group had coal resource of 24.971 billion tonnes and recoverable coal reserve of 14.838 billion tonnes under the PRC Standard; the Group's marketable coal reserve was 8.725 billion tonnes under the JORC Standard.

In 2013, the Company's exploration expenses[1] amounted to approximately RMB144 million (2012: RMB215 million (restated)), which was mainly attributed to the relevant exploration expenses of the Watermark Coal Project in Australia.

In 2013, the Company's relevant capital expenditures of mining development and exploration amounted to approximately RMB8.017 billion (2012: RMB8.514 billion (restated)). The capital expenditures were mainly related to the expenditures arising from the continuation mining works and additional coal mining equipment at Shendong Mines, and the capacity expansion works of Baorixile Mines, etc.

Characteristics of the commercial coal produced by the Company's major domestic mines are as follows:

No.	Mines	Major types of coal	Calorific value of major commercial coal products[2] (kcal/kg)	Sulphur content
1	Shendong Mines	Long flame coal/non-caking coal	>5250kcal/kg	≤0.6%
2	Zhunge'er Mines	Long flame coal	>4500kcal/kg	≤0.6%
3	Shengli Mines	Lignite	>3200kcal/kg	≤0.8%
4	Baorixile Mines	Lignite	>3600kcal/kg	≤0.8%
5	Baotou Mines	Long flame coal/non-caking coal	>4300kcal/kg	≤0.8%

1 Exploration expenses, which are incurred before the conclusion of feasibility study, represent the expenses related to exploration and evaluation of coal resources.

2 The calorific value relates to major commercial coal products produced by each mining area, which may be inconsistent with the characteristics of the commercial coal products produced by individual mines in a mining area and those of the commercial coal products sold by the Company due to factors such as geological conditions, mining area, coal washing, selecting and processing, transportation loss and coal blending ratio.

VI. Operating results

(I) The operating results of the coal segment of the Group before elimination on consolidation in 2013 are as follows:

		2013	2012 (restated)	Change (%)	Main reasons for changes
Revenue	RMB million	**229,342**	206,597	11.0	Increase in coal sales volume year-on-year
Cost of sales	RMB million	**188,276**	156,910	20.0	Increase in coal production volume and volume of domestically-purchased coal and trading coal
Of which:					
1. Production cost of self-produced coal	RMB million	**42,794**	39,939	7.1	
2. Production cost of coal purchased from third parties	RMB million	**73,876**	69,685	6.0	
Gross profit margin	%	**17.9**	24.1	Decreased by 6.2 percentage points	
Profit from operations	RMB million	**35,919**	45,164	(20.5)	
Profit margin from operations	%	**15.7**	21.9	Decreased by 6.2 percentage points	

(II) Unit production cost of self-produced coal

In 2013, unit production cost of self-produced coal in the coal segment was RMB136.5/tonne (2012: RMB130.2/tonne (restated)), representing a year-on-year increase of 4.8%. The main reasons affecting the unit production cost are:

A. costs of materials, fuel and power were RMB26.6/tonne (2012: RMB25.8/tonne (restated)), representing a year-on-year increase of 3.1%. This increase was mainly due to the footage extension of advancing tunnels and increasing number of relevant mining and conveying equipment resulting from the changes in mining and tunneling conditions, leading to an increase in consumption of materials and accessories;

B. staff costs were RMB15.2/tonne (2012: RMB14.5/tonne (restated)), representing a year-on-year increase of 4.8%;

C. repairs and maintenance expenses were RMB9.2/tonne (2012: RMB8.2/tonne), representing a year-on-year increase of 12.2%. The increase was mainly due to the growth in maintenance arising from rising workload of equipment;

D. depreciation and amortization were RMB18.5/tonne (2012: RMB20.7/tonne (restated)), representing a year-on-year decrease of 10.6%, which was mainly due to the adjustment of the depreciation periods of certain fixed assets so as to approximate to their service life[1];

E. other costs were RMB67.0/tonne (2012: RMB61.0/tonne (restated)), representing a year-on-year increase of 9.8%.The increase was mainly due to the increase in mining engineering expenses, coal washing and preparation fee and relocation compensation. Other costs consist of the following three components: (1) expenses directly related to production, including maintenance and safety expenses, coal washing, selecting and processing expenses, and mining engineering expenses, etc., accounting for 64%; (2) auxiliary production expenses, accounting for 8%; (3) land requisition and surface subsidence compensation, environmental protection expenses, fees levied by local government, etc., accounting for 28%.

(III) Cost of coal purchased from third parties

In 2013, costs of coal purchased from third parties were RMB73,876 million (2012: RMB69,685 million (restated)), representing a year-on-year increase of 6.0%.

The Company's coal purchased from third parties refers to coal purchased by the Company from third parties, including coal purchased from the surrounding areas of the self-owned mines and railways, domestic trading coal and imported coal. The main reasons for developing the business on coal purchased from third parties are to consolidate coal sales by blending coal purchased from third parties with self-produced coal and to expand market share. The sales volume of coal purchased from third parties increased to 201.2 million tonnes in 2013 from 157.8 million tonnes (restated) in 2012, representing a year-on-year increase of 27.5%, and its proportion of total sales volume increased to 39.1% in 2013 from 34.0% (restated) in 2012.

Unit purchasing cost of coal purchased from third parties decreased to RMB367.2/tonne in 2013 from RMB441.6/tonne (restated) in 2012, representing a year-on-year decrease of 16.8%.

(II) Power segment

I. Overview of production and operations

In 2013, facing the unfavourable external factors including slowdown of national economic growth and fierce competition in the power generation market, the Company's power segment boosted its power generation volume by strengthening the management of production activities of generators and maximizing the utilisation hours of power generation facilities, explored the power market and stepped up its efforts in marketing, thereby further demonstrating the synergy effects resulting from the integration of the Group. Hence, the power segment achieved a total power output dispatch of 210.18 billion kwh, representing a year-on-year increase of 8.6%.

1 Such changes will have no impact on the disclosed consolidated financial statements of the Company and, after proper evaluation, it is believed that there will be no material impact on the Group's overall business performance and financial position for the current accounting period.

As of the end of 2013, the total installed capacity of the Company was 41,798 MW. The Company controlled and operated 100 coal-fired generators, with an average capacity per unit of 409 MW.

In 2013, the coal-fired generators of the Company operated in high loading ratio, with power generation of 222.89 billion kwh and average utilisation hours of 5,453 hours, 441 hours above the national average of 5,012 hours for thermal power plants during the same period.

		China Shenhua[1]	National[2]	Difference
Year-on-year growth in power generation of coal-fired generators in 2013	%	8.6	7.0	1.6 percentage points
Average utilization hours of coal-fired generators in 2013	hour	5,453	5,012	441

In 2013, the power segment consumed a total of 88.2 million tonnes of the Group's coal, accounting for 88.9% of the 99.2 million tonnes of the thermal coal consumption of the power segment of the Group for the year, increasing by 0.7 percentage point as compared to 88.2% (restated) of the same period of last year.

II. Environmental protection

The Company strived to improve combustion efficiency and reduce pollutant emissions. In 2013, the Company completed the denitrification renovation for 26 coal-fired generators in operation and the desulfurization renovation for two coal-fired generators. As at the end of 2013, the installed capacity of desulfurization generators of the Company amounted to 40,680 MW, accounting for 99.5% of the total capacity of its coal-fired generators. The installed capacity of denitrification generators amounted to 29,420 MW, accounting for 72.0% of the total capacity of coal-fired generators and 33.0 percentage points higher than that of last year, which has brought the Company to a leading position among its peers.

III. Project progress

In 2013, Phase I of Shenhua Chongqing Wanzhou Port and Power Integration Project (construction of 2x1,000 MW power generating units) made smooth progress, and 37.4% of the total investment of the project was completed as at the end of 2013.

Four new power projects, namely Luoyuanwan Power Plant Project in Fujian, Wucai Bay Thermal Power Plant in Xinjiang, Shenhua Hequ Power Project fuelled by low calorific value coal in Shanxi and Tuyou Power Project fuelled by low calorific value coal in Inner Mongolia (with an aggregate installed capacity of 3,900 MW) have been approved by the National Development and Reform Commission. Relevant construction will be carried out based on the approval progress of the feasibility study and preliminary design of the respective projects.

Note: 1 In 2012, the Company's average utilization hours of coal-fired generators were 5,261 hours (restated).

2 National data is derived from the "Analysis on the Operation of the Power Industry in the PRC in 2013 and Outlook for 2014" published by China Electricity Council.

IV. Operating results

The operating results of the power segment of the Group before elimination on consolidation in 2013 are as follows:

		2013	2012 (restated)	Change (%)	Main reasons for changes
Revenue	RMB million	**78,908**	72,263	9.2	Increase in power output dispatch
Cost of sales	RMB million	**57,781**	57,191	1.0	Decrease in cost of fuel and increase in power output dispatch
Gross profit margin	%	**26.8**	20.9	Increased by 5.9 percentage points	
Profit from operations	RMB million	**18,459**	12,880	43.3	
Profit margin from operations	%	**23.4**	17.8	Increased by 5.6 percentage points	

Benefiting from the decreased fuel costs of power plants due to declined thermal coal prices, the power segment recorded better operating profitability. The gross profit margin of power segment in 2013 was 26.8% (2012: 20.9% (restated)), representing a year-on-year increase of 5.9 percentage points.

The average power tariff of the Company's thermal power plants in 2013 was RMB361/mwh, remaining the same as that of last year. The unit cost of power output dispatch was RMB267.6/mwh (2012: RMB289.6/mwh (restated)), representing a year-on-year decrease of 7.6%. The decrease was mainly due to the decrease in fuel cost.

(III) Railway Segment

I. Overview of production and operations

In 2013, the Company further improved transport efficiency through strengthened collaboration in loading, transporting and unloading, optimized transportation arrangement and increased the number of trains with capacity of ten thousand tonnes under refined management of the railway segment, thus effectively safeguarding stable operations of the integrated business chain and realizing growth in operational performance. The launch of new high-powered locomotives and the increase in the number of trains with capacity of ten thousand tonnes continuously enhanced the capacity of Shuohuang and Shenshuo railways. In 2013, the transportation turnover of self-owned railways of the Group reached 211.6 billion tonne km, representing a year-on-year increase of 20.1%, which accounted for 80.7% of the total turnover, representing an increase of 2.8 percentage points as compared to 77.9% (restated) of 2012.

II. Project progress

Bazhun Railway, which ran dual-line operations, develops Shendong Mines and Zhunge'er Mines into a transportation network by connecting Baoshen Railway with Dazhun Railway. Zhunchi Railway, connecting Dazhun Railway and Shuohuang Railway with an overall length of 180 kilometers, has seen the construction of its northern section completed, and will pursue the construction of its southern section in the next phase. The construction of the new Huanghua South-Dajiawa Railway (which runs an overall length of 223.7 kilometers) project has been approved by the National Development and Reform Commission and preparatory work for project construction has been underway.

III. Operating results

The operating results of the railway segment of the Group before elimination on consolidation in 2013 are as follows:

		2013	2012 (restated)	Change (%)	Main reasons for changes
Revenue	RMB million	**29,969**	25,006	19.8	Increase in turnover of railway transportation
Cost of sales	RMB million	**15,102**	13,579	11.2	Increase in turnover of railway transportation
Gross profit margin	%	**49.6**	45.7	Increased by 3.9 percentage points	
Profit from operations	RMB million	**13,590**	10,283	32.2	
Profit margin from operations	%	**45.3**	41.1	Increased by 4.2 percentage points	

In 2013, the revenue generated from the internal transportation services provided by the railway segment for the Group amounted to RMB26,691 million (2012: RMB21,955 million (restated)), representing a year-on-year increase of 21.6%, accounting for 89.1% of the revenue of the railway segment (2012: 87.8% (restated)). Meanwhile, certain railway lines of the Group utilized their spare transportation capacity to provide transportation services for third parties and generated transportation revenue.

In 2013, the unit transportation cost in the railway segment was RMB0.065/tonne km (2012: RMB0.071/tonne km (restated)), representing a year-on-year decrease of 8.5%.

(IV) Port Segment

I. Overview of production and operations

In 2013, the port segment improved loading efficiency by further enhancing coordination with the coal sales, railway and shipping segments as well as optimizing workflows. Huanghua Port pushed forward dual-way navigation, optimized the stock management of the coal yard and released the capacity of the Phase III Project in a prompt manner, thus achieving safe and efficient operation. Seaborne coal of Huanghua Port amounted to 127.4 million tonnes, representing a year-on-year increase of 33.3% and seaborne coal of Tianjin Coal Dock amounted to 31.1 million tonnes, representing a year-on-year increase of 8.0%. The seaborne coal sales through the self-owned ports of the Company accounted for 70.4% of the total seaborne coal sales, representing an increase of 9.2 percentage points as compared to 61.2% in the same period of last year.

The construction of the Phase I Project of Zhuhai Coal Dock has been completed, which will serve as a new transit, distribution and dispatching base for the Group in Southern China. The preliminary approval work of the Phase IV Project of Huanghua Port, with a designed annual passing capacity of approximately 55 million tonnes, has been pursued proactively.

II. Operating results

The operating results of the port segment of the Group before elimination on consolidation in 2013 are as follows:

		2013	2012 (restated)	Change (%)	Main reasons for changes
Revenue	RMB million	**3,738**	3,042	22.9	Increase in loading and unloading volume
Cost of sales	RMB million	**1,770**	1,860	(4.8)	Decrease in dredging expenses
Gross profit margin	%	**52.6**	38.9	Increased by 13.7 percentage points	
Profit from operations	RMB million	**1,649**	848	94.5	
Profit margin from operations	%	**44.1**	27.9	Increased by 16.2 percentage points	

In 2013, the revenue generated from the internal transportation services provided by the port segment for the Group amounted to RMB3,579 million (2012: RMB2,918 million (restated)), representing a year-on-year increase of 22.7% and accounting for 95.7% of the revenue of the port segment (2012: 95.9% (restated)). The cost of internal transportation services provided for the Group was RMB1,614 million.

(V) Shipping Segment

I. Overview of production and operations

Despite the continuous adverse situation of the sluggish shipping market in 2013, Shipping Company actively coordinated with the entities of the Group such as sales units, ports and power plants by flexibly arranging vessels and improving coal-loading efficiency. In 2013, the shipping volume amounted to 118.6 million tonnes, representing a year-on-year increase of 21.4%. The shipment turnover amounted to 114.9 billion tonne nautical miles, representing a year-on-year increase of 39.3%.

II. Operating results

The operating results of the shipping segment of the Group before elimination on consolidation in 2013 are as follows:

		2013	2012 (restated)	Change (%)	Main reasons for changes
Revenue	RMB million	**5,087**	4,320	17.8	Increase in shipment turnover
Cost of sales	RMB million	**4,686**	3,704	26.5	Increase in shipment turnover
Gross profit margin	%	**7.9**	14.3	Decreased by 6.4 percentage points	
Profit from operations	RMB million	**317**	533	(40.5)	
Profit margin from operations	%	**6.2**	12.3	Decreased by 6.1 percentage points	

In 2013, the unit transportation cost of the shipping segment was RMB0.041/tonne nautical mile (2012: RMB0.045/tonne nautical mile (restated)), representing a year-on-year decrease of 8.9%.

(VI) Coal Chemical Segment

I. Overview of production and operations

With strengthened management of production arrangement of Baotou Coal Chemical Company, relevant production facilities were operated in a safe, stable and full-capacity manner in the year, and product quality remained stable. In 2013, the coal chemical segment recorded sales of coal-to-polyethylene products of 262.4 thousand tonnes and coal-to-polypropylene products of 267.9 thousand tonnes.

With the goal of producing environmental-friendly green products and complying with emission standards, Baotou Coal Chemical Company strengthened the quantitative monitoring of pollutants and enhanced on-site supervision and inspection to secure the normal operation of environmental protection facilities. As a result, the coal-to-olefins project has passed the environmental protection completion verification of the State Environmental Protection Ministry during the year.

	2013		2012 (restated)		Year-on-year change	
	Sales volume	Price	Sales volume	Price	Change in sales volume	Change in price
	Thousand tonnes	RMB/tonne	Thousand tonnes	RMB/tonne	%	%
1. Polyethylene	**262.4**	**8,836.1**	267.7	8,227.6	(2.0)	7.4
2. Polypropylene	**267.9**	**8,746.7**	277.6	8,605.9	(3.5)	1.6

II. Operating results

(I) The operating results of the coal chemical segment of the Group before elimination on consolidation in 2013 are as follows:

		2013	2012 (restated)	Change (%)	Main reasons for changes
Revenue	RMB million	**5,990**	5,907	1.4	Increase in sales price
Cost of sales	RMB million	**4,307**	4,612	(6.6)	Decrease in depreciation expenses
Gross profit margin	%	**28.1**	21.9	Increased by 6.2 percentage points	
Profit from operations	RMB million	**1,510**	1,136	32.9	
Profit margin from operations	%	**25.2**	19.2	Increased by 6.0 percentage points	

(II) Unit production cost

	2013		2012 (restated)		Year-on-year change	
	Production volume	Unit production cost	Production volume	Unit production cost	Change in production volume	Unit production cost
	Thousand tonnes	RMB/tonne	Thousand tonnes	RMB/tonne	%	%
1. Polyethylene	**269.7**	**6,112.7**	266.7	6,587.2	1.1	(7.2)
2. Polypropylene	**275.3**	**5,866.9**	277.7	6,362.7	(0.9)	(7.8)

In 2013, the unit production costs of coal-to-polyethylene products and coal-to-polypropylene products in the coal chemical segment were RMB6,112.7/tonne and RMB5,866.9/tonne respectively. The change in unit production costs was mainly due to a decrease in depreciation expenses.

Core Competitiveness

The Company principally engages in production and sales of coal, production and sales of power, railway, port and shipping transportation, as well as coal-based chemical processing business such as coal-to-olefins, etc. The Company also has a professional management team, technical staff, facilities and land use rights, all of which are relevant to the businesses engaged by the Company. The Company also possesses or is licensed to use the related patents free of charge. The core competitiveness of the Company is manifested in:

1. **Unique operation and profitability:** The integration of coal, power, transportation and coal chemical into one unified operation chain is the Company's unique operation and profitability model, which enables deepened cooperation, shared resources, synergy, low-cost operation, a one-stop operation chain of production, transportation and sales, and a standardized, professional and all-rounded development, as well as maximizing profits driven by every stage of coal-based production. A unified operation chain ensures a stable and reliable supply and internal demand, and provides a relative edge for the competition for new projects, resources and markets.

   In 2013, the Company continued to strengthen the cooperation among business segments and optimize the linkage among production, transportation and sales processes to secure a sound business performance by offsetting the adverse effects brought by the weakening demand and descending coal price. With the newly added coal-to-olefins business, the advantageous edge brought by the unified operation chain has been further consolidated, perfected and developed.

2. **Coal mining rights:** The Company possesses an abundant pool of high-quality coal resources, which makes it suitable for the exploitation and operation of large-scale mechanized coal mines. As at the end of 2013, under the coal mining rights possessed and controlled by China Shenhua, it had coal resource reserve of 24.971 billion tonnes and recoverable coal reserve of 14.838 billion tonnes under the PRC Standard; the Company's marketable coal reserve was 8.725 billion tonnes under the JORC Standard.

   In 2013, the Company continued to proceed with its resource acquisition including its Xinjie Taigemiao Mines, and expand its coal reserve by selectively seizing appealing business opportunities, so as to guarantee a sustainable business growth.

3. **Management team and operating principle focusing on coal-based integrated energy business:** Adhering to the development strategy of the Company, China Shenhua's experienced management team with extensive industry knowledge continues to place the focus on the development and acquisition of coal-based integrated energy business, while handling investments in non-coal-based business with prudence.

   In 2013, China Shenhua's management team adhered to such operating principle and focused on the management and operation of the principal activities.

4. **Advanced technology and innovation:** With consistent efforts in advancing its technology and innovation, China Shenhua's technology in coal exploitation and safe production has secured a leading position in the global market, while that of clean energy power, heavy-loaded transportation, etc. has secured a leading position in the domestic market, and has preliminarily established an integrated operation system fused with technology resources in scientific decision-making, system management, research and development and transformation of achievements, as well as an innovation-driven development mode.

   In 2013, with the significant strides made by the Company through a series of significant projects of industrial technology and technological innovation such as the digitalized mine model project and the transportation technology of heavy-loaded railway, it was one of the companies to be certified as the first batch of "influential national enterprises with intellectual property rights advantages". During the reporting period, the Company was granted 399 patents, 75 of which are invention patents.

5. **Option and pre-emptive right to acquire:** Pursuant to the Non-Competition Agreement signed between the Company and its controlling shareholder Shenhua Group Corporation, the Group is granted an option and pre-emptive right to acquire retained businesses and certain potential businesses from Shenhua Group.

   In 2013, China Shenhua completed the acquisition of the 100% equity interests in Baotou Coal Chemical Company and Jiujiang Power from Shenhua Group and its subsidiaries, and will continue to progress on new acquisitions of assets from its controlling shareholder.

Investments

1. Completion status of capital expenditures and plans for 2014

	Accomplishment in 2013	Plans for 2014	Percentage change of plans for 2014 to accomplishment in 2013	Percentage of each business plan to overall plans for 2014
	RMB100 million	RMB100 million	%	%
Coal segment	85.6	**69.6**	(18.7)	13.8
Power segment	110.8	**195.0**	76.0	38.7
Transportation segment	273.0	**226.6**	(17.0)	45.0
Of which: Railway	192.7	**177.8**	(7.7)	35.3
Port	56.8	**39.0**	(31.3)	7.7
Shipping	23.5	**9.8**	(58.3)	2.0
Coal chemical business	4.5	**10.3**	128.9	2.0
Others	6.1	**2.3**	(62.3)	0.5
Total	480.0	**503.8**	5.0	100.0

Total capital expenditures of 2013 amounted to RMB48.00 billion, which were mainly used in the renovation projects for capacity expansion of Shendong Mines, construction of Zhunchi Railway and Bazhun Railway, purchase of locomotives and wagons, Phase IV Project of Huanghua Port, denitrification renovation for power plants and Phase II Project of Fujian Hongshan, etc.

Total capital expenditures of 2014 amounted to RMB50.38 billion, which were mainly used in construction of the Zhunchi and Huangda railways, acquisition of mining equipment and power plant denitrification renovation, and the Chongqing Wanzhou Port and Power Project, etc.

The current plans of the Company in relation to capital expenditures in 2014 are subject to the development of business plans (including potential acquisitions), progress of investment projects, market conditions, outlook for future operation conditions and obtaining of the requisite permissions and regulatory approvals. Unless required by laws, the Company shall not assume any responsibility for updating the data of its capital expenditure plans. The Company intends to finance capital expenditures by cash generated from operating activities, short-term and long-term borrowings, part of the proceeds from the initial public offering of A shares and other debt and equity financing.

2. External equity investments

The equity investments of the Company in 2013 amounted to RMB22.717 billion, representing an increase of RMB7.177 billion or 46.18% from RMB15.540 billion (restated) last year. Equity investments in the year mainly included the acquisition of 100% equity interest in Baotou Coal Chemical Company, 100% equity interest in Jiujiang Power and capital increase in Shenhua Finance Company and Shendong Power Company, etc.

For information on the principal business of major subsidiaries of the Company and the percentages of equity interest held by the Company, please refer to Note 20 to the consolidated financial statements in this report.

3. Use of proceeds

In September 2007, the Company issued 1.8 billion A shares at the price of RMB36.99 per share via an initial public offering, and raised net proceeds of RMB65.988 billion. As of 31 December 2012, the accumulated amount of proceeds used by the Company was RMB64.209 billion, of which an accumulated amount of RMB62.608 billion was used for investments. During the reporting period, the Company had used RMB10.347 billion in the proceeds.

On the 36th meeting of the second session of the Board of the Company, the Board considered and approved using RMB6.500 billion of the proceeds for temporary liquidity replenishment for the period from 10 April 2013 to 9 April 2014. On the 38th meeting of the second session of the Board of the Company, the Board approved using RMB8.310 billion of the proceeds for temporary liquidity replenishment for the period from 31 May 2013 to 9 April 2014.

At the 2012 annual general meeting, the Company resolved to approve the appropriation of RMB1,024.00 million out of the proceeds of A share issue, which had not been utilized in the investment and renovation of coal, power and transportation systems as scheduled, to the construction project of Shenhua Wanzhou Power Plant in Chongqing. On 1 August 2013, an amount of RMB1,024.00 million was transferred from the above-mentioned liquidity replenishment to the construction project of Shenhua Wanzhou Power Plant. The project is still in the construction stage and has not generated profit yet.

On 31 December 2013, RMB9.323 billion out of the above-mentioned liquidity replenishment was utilized in the acquisition of 100% equity interest of Baotou Coal Chemical Company, and 100% equity interest of Jiujiang Power. Details of the acquisitions are disclosed in the section headed "Significant Events".

As at 31 December 2013, the balance of unused proceeds of the Company was RMB1,780.00 million. On 31 December 2013, the balance of proceeds after replenishment of working capital was RMB4,487.00 million and the balance of the designated account for the proceeds was RMB3.66 million (the difference being interest on deposit).

For progress of projects funded by the proceeds, please refer to "Special Report on Deposit and Actual Use of Proceeds".

Name of project committed	Whether it is an amended project	Amount committed	Actual amount invested from the date of the proceeds received to the end of the reporting period	Of which: amount invested in the reporting period	Return (total profit) generated during the reporting periods under the Accounting Standards for Business Enterprises	Percentage of the return generated to the total consolidated profits of the Group for the same periods under the Accounting Standards for Business Enterprises	Whether progress is on schedule	Whether the anticipated return is achieved
		RMB million	RMB million	RMB million	RMB million	%		
I. Investments and renovation of coal, power and transportation systems	No	16,688.75	16,402.57	1,024.38	N/A	N/A		N/A
Of which: Halagou Mine project	No	1,693.00	1,693.00	–	781.61	1.12	Yes	Yes
Bu'ertai mine construction project	No	3,448.15	3,448.15	–	2,231.45	3.20	Yes	Yes
Ha'erwusu open-cut mine project	No	5,386.00	5,386.00	–	2,215.33	3.18	Yes	Yes
Baoshen Railway TDCS Dispatching Command System	No	20.28	20.28	–	N/A	N/A	Yes	N/A
The 2nd extension line of Baoshen Railway, from Shigetai to Ciyaowan	No	45.53	45.53	–	N/A	N/A	Yes	N/A
The 2nd extension line of Baoshen Railway, from Dongsheng to Shigetai	No	53.11	53.11	–	N/A	N/A	Yes	N/A
Purchase of locomotives	No	168.00	168.00	–	N/A	N/A	Yes	N/A
Yijing substation, treatment of pollution of power generation	No	36.49	36.49	–	N/A	N/A	Yes	N/A
Truck management information system	No	5.47	5.47	–	N/A	N/A	Yes	N/A
Shenshuo Railway infrared detecting encryption works	No	3.00	3.00	–	N/A	N/A	Yes	N/A
Purchase coal wagon C70	No	1,600.00	1,592.00	–	N/A	N/A	Yes	N/A
Huanghua Port cargo dumper improvement works	Amended	44.26	–	–	N/A	N/A	N/A	N/A
Hebei Sanhe power plant phase II	Amended	316.02	–	–	N/A	N/A	N/A	N/A
Inner Mongolia Guohua Zhunge'er power plant expansion project	No	354.00	333.94	–	64.83	0.09	Yes	Yes
Zhejiang Ninghai power plant phase II	No	1,058.22	918.83	–	1,443.46	2.07	Yes	Yes
Phase II of Shaanxi Jinjie coal and power integration project	No	640.50	640.50	–	1,303.85	1.87	Yes	Yes
Hebei Huanghua power plant phase II	No	486.90	408.24	–	598.39	0.86	Yes	Yes
Hebei Dingzhou power plant phase II	No	455.00	414.93	–	656.83	0.94	Yes	Yes
Liaoning Suizhong power plant phase II	Amended	874.82	210.72	–	594.50	0.85	N/A	Yes
Chongqing Shenhua Wanzhou power plant	Yes	–	1,024.38	1,024.38	N/A	N/A	N/A	N/A
II. Supplement working capital of the Company and for general business purpose	No	16,000.00	16,000,00	–	N/A	N/A	N/A	N/A
III. Acquisition of strategic assets	No	33,299.63	31,805.95	9,322.82	N/A	N/A	N/A	N/A
Total		65,988.38	64,208.52	10,347.20				

4. Significant investments using funds other than proceeds

As at 31 December 2013, the Group has no significant investment using funds other than proceeds, which has a total investment amount exceeding 10% and above of the Group's latest audited net assets.

5. Asset management on trust and entrusted loans

As at 31 December 2013, the Group was not involved in any major asset management on trust.

As at 31 December 2013, the Group has not granted entrusted loans with an amount exceeding 10% and above of the Group's latest audited net assets to any individual party. The Company did not utilize the proceeds raised to grant entrusted loans, nor was there entrusted loan that was involved in litigations.

As at the end of the reporting period, the balance of entrusted loans that the Company granted to its non-wholly owned subsidiaries amounted to RMB41.831 billion; the relevant interest income generated by the foregoing entrusted loans during the reporting period was RMB1.930 billion.

Under centralised capital management of the Group, the entrusted loans were provided to subsidiaries and their affiliates which were short of funds to meet operating and development needs. As at the end of the reporting period, among the above entrusted loans, four had been extended on the condition of duly payment of interest, while all other borrowers of the entrusted loans have shown good repayment ability and are repaying the principal with interest on schedule as shown in the table below.

The entrusted loans provided by the Company to its non-wholly owned subsidiaries are set out as follows:

Name of borrower	Balance of entrusted loans at the end of the reporting period	Maturity	Interest rate	Connected relations	Whether it is extended	Expected income during the remaining period	Gain or loss from investment for the period
	RMB million					RMB million	RMB million
20 subsidiaries of the Company including Taishan and Ninghai	18,625	Six months	5.04%	Subsidiary (lender is controlling shareholder)	Yes	232	297
20 subsidiaries of the Company including Taishan and Ninghai	7,436	One year	5.40%	Subsidiary (lender is controlling shareholder)	No	103	910
Suizhong Power Co., Ltd.	1,400	Three years	5.19%	Subsidiary (lender is controlling shareholder)	No	13	74

Name of borrower	Balance of entrusted loans at the end of the reporting period	Maturity	Interest rate	Connected relations	Whether it is extended	Expected income during the remaining period	Gain or loss from investment for the period
	RMB million					RMB million	RMB million
Suizhong Power Co., Ltd., Guohua Mengjin Power Generation Co., Ltd.	1,435	One year	5.10%	Subsidiary (lender is controlling shareholder)	No	22	136
Shenhua Baoshen Railway Co., Ltd.	135	Six to eight years	5.202%-5.4315%	Subsidiary (leader is controlling share holder)	No	9	36
Shenhua Baoshen Railway Co., Ltd.	1,280	Five years	5.66%	Subsidiary (lender is controlling shareholder)	No	352	10
Shenhua Xinzhun Railway Co., Ltd.	2,000	Three years	5.54%	Subsidiary (lender is controlling shareholder)	No	221	112
Hulunbeier Shenhua Clean Coal Co., Ltd.	230	Three years	0.00%	Subsidiary (lender is controlling shareholder)	No	–	–
Hulunbeier Shenhua Clean Coal Co., Ltd.	40	One year	5.40%	Subsidiary (lender is controlling shareholder)	No	2	–
Hulunbeier Shenhua Clean Coal Co., Ltd.	290	One year	0.50%	Subsidiary (lender is controlling shareholder)	Yes	–	1
Shenhua Ganquan Railway Co., Ltd.	990	Five years	5.66%	Subsidiary (lender is controlling shareholder)	No	273	18
Shenhua Tianjin Coal Dock Co., Ltd.	156	One year	5.40%	Subsidiary (lender is controlling shareholder)	Yes	–	6
Shenhua Tianjin Coal Dock Co., Ltd.	225	One year	5.28%	Subsidiary (lender is controlling shareholder)	Yes	–	5
Shenhua Tianjin Coal Dock Co., Ltd.	250	Five years	5.66%	Subsidiary (lender is controlling shareholder)	No	69	2
Shenhua Sichuan Energy Co., Ltd.	130	Five years	5.66%	Subsidiary (lender is controlling shareholder)	No	36	1
Shenhua Sichuan Energy Co., Ltd.	600	One year	0.50%	Subsidiary (lender is controlling shareholder)	No	2	2
Shenhua Zhunchi Railway Company Limited	200	One year	5.40%	Subsidiary (lender is controlling shareholder)	No	11	38
Shenhua Zhunchi Railway Company Limited	185	Five years	5.66%	Subsidiary (lender is controlling shareholder)	No	51	1
PT.GH EMM INDONESIA	272	Two years	libor+400bps	Subsidiary (lender is controlling shareholder	No	17	19
PT.GH EMM INDONESIA	198	Two years	libor+280bps	Subsidiary (lender is controlling shareholder)	No	4	
Shenhua Bayannur Energy Co., Ltd.	361	Three years	5.54%	Subsidiary (lender is controlling shareholder)	No	56	4
Shenhua Bayannur Energy Co., Ltd.	150	One year	5.40%	Subsidiary (lender is controlling shareholder)	No	1	8
Shenhua Xinjie Energy Co., Ltd.	65	Three years	5.54%	Subsidiary (lender is controlling shareholder)	No	11	0

Name of borrower	Balance of entrusted loans at the end of the reporting period	Maturity	Interest rate	Connected relations	Whether it is extended	Expected income during the remaining period	Gain or loss from investment for the period
	RMB million					RMB million	RMB million
Shenhua Zhuanlongwan Coal Transportation Co., Ltd.	370	Two years	5.23%	Subsidiary (lender is controlling shareholder)	No	31	8
Shenwan Energy Company Limited	200	Five years	5.66%	Subsidiary (lender is controlling shareholder)	No	55	2
Shenwan Energy Company Limited	1,000	One year	5.40%	Subsidiary (lender is controlling shareholder)	No	22	33
Yulin Shenhua Energy Co., Ltd.	364	Three years	5.54%	Subsidiary (lender is controlling shareholder)	No	60	2
Yulin Shenhua Energy Co., Ltd.	500	One year	5.40%	Subsidiary (lender is controlling shareholder)	No	25	2
Shenhua Huanghua Harbour Administration Co., Ltd.	1,320	Five years	5.66%	Subsidiary (lender is controlling shareholder)	No	363	10
Shenhua Zhonghai Shipping Co., Ltd.	500	One year	0.00%	Subsidiary (lender is controlling shareholder)	No	0	0
Shenhua Yudean Zhuhai Port Coal Dock Co., Ltd.	926	One year	5.40%	Subsidiary (leader is controlling shareholder)	No	12	13

6. Derivative transactions

The subject matter of the swap transaction conducted by the Company is the loans denominated in Japanese Yen and the purpose of the said transaction is to hedge the risk exposure of the loans denominated in Japanese Yen, instead of procuring profits. The specific measures adopted were in the nature of risk-hedging with risk under control. Further, the amount of swap transaction only related to a proportion of loans denominated in Japanese Yen owed by the Company. The swap transactions conducted by the Company were not involved in any litigation.

As at the end of the reporting period, the amounts of swap contracts of the Company were RMB106.46 million. Loss from swap contracts for the reporting period amounted to RMB149.69 million.

7. Major subsidiaries and associated companies

No.	Company	Registered capital	Total assets	Net assets	Net profit
		RMB million	RMB million	RMB million	RMB million
1	Shenhua Shendong Coal Group Co., Ltd.	4,548	34,721	26,838	20,038
2	Shuohuang Railway Development Co., Ltd.	5,880	28,406	21,392	6,489
3	Shaanxi Guohua Jinjie Energy Co., Ltd.	2,278	10,118	6,046	2,654
4	Guangdong Guohua Yudean Taishan Power Co., Ltd.	2,700	14,986	7,795	2,335
5	Shenhua Zhunge'er Energy Co., Ltd.	7,102	25,429	19,623	2,144
6	Zhejiang Guohua Zheneng Power Generation Co., Ltd.	3,255	13,262	6,029	2,049
7	Shenhua Baorixile Energy Co., Ltd.	1,169	6,089	3,852	1,489
8	Shenhua Trading Group Ltd.	1,705	37,672	4,985	1,163
9	Hebei Guohua Cangdong Power Co., Ltd.	2,136	7,602	2,877	856
10	Yulin Shenhua Energy Co., Ltd.	1,000	4,045	2,006	800

Notes: 1. The financial information of the major subsidiaries and associated companies disclosed in the above table was prepared in accordance with the Accounting Standards for Business Enterprises. "Net profit" refers to net profit attributable to the owners of the parent company. The data have not been audited or reviewed.

2. Shendong Coal Group Corporation recorded an operating income of RMB62,050 million, and operating profit of RMB23,626 million in 2013.

3. Shuohuang Railway Company recorded an operating income of RMB14,841 million, and operating profit of RMB8,974 million in 2013.

4. Trading Group recorded a net profit of RMB1,163 million (2012: RMB8,356 million) in 2013, dropping 86.1% year-on-year, primarily due to the falling price of coal in 2013.

Details regarding the Company's acquisition of subsidiaries are set out in Note 5, 20 and 41 to the consolidated financial statements. The Group has no control over any special purpose vehicle.

8. Shenhua Finance Company

As at the end of 2013, the Group directly and indirectly controls 100% equity interest in Shenhua Finance Company. In 2013, Shenhua Finance Company recorded net profit of RMB707.0 million, representing a year-on-year increase of 20.5% under the Accounting Standards for Business Enterprises.

According to the "Approval of Change of Shareholdings, Increase of Capital and Amendment of Articles of Association from Beijing Office of China Banking Regulatory Commission" (Jing Yin Jian Fu [2013] No. 213), the registered capital of Shenhua Finance Company was increased from RMB700 million to RMB5 billion, and the relevant procedures of change of business registration information have been completed.

On 25 March 2011, the 12th meeting of the second session of the board of directors of China Shenhua considered and approved the Resolution on Matters regarding Shenhua Finance Company, pursuant to which the Company would maintain the existing operation policies and strategies of Finance Company and strictly control the deposits placed by China Shenhua and its subsidiaries (branches) with Finance Company. Details of the resolution are set out in the relevant announcement of H Shares dated 25 March 2011 and the "Announcement on Resolutions of the 12th Meeting of the Second Session of the Board of Directors" dated 26 March 2011 (Lin 2011-012) (A Shares). During the reporting period, Shenhua Finance Company strictly implemented the aforementioned resolution passed at the 12th meeting of the second session of the board of directors of China Shenhua without any violation.

(1) Board of Directors of Shenhua Finance Company

The board of directors of Shenhua Finance Company currently comprises seven members, namely Dr. Ling Wen as chairman, Ms. Mei Xueyan as executive director and general manager, Mr. Che Jianming as executive director and deputy general manager, Mr. Hao Jianxin and Mr. Feng Ning as non-executive directors, Mr. Wang Debin as independent director and Ms. Zhang Donghui as employee director.

After following relevant approval procedures, Mr. Feng Ning was appointed as a director on 29 September 2013, and Mr. Shao Xiaotong ceased to be a director of Shenhua Finance Company.

Each of the three executive directors has extensive experience in credit and risk management in large commercial banks. Dr. Ling Wen served as deputy general manager of the international business department of Industrial and Commercial Bank of China and deputy general manager of Industrial and Commercial Bank of China (Asia) Limited. He has extensive experience in management of financial institutions and enterprises, and led the design and development of credit risk management system of Industrial and Commercial Bank of China. Biographical details of Dr. Ling Wen are set out in the relevant section of this report.

Ms. Mei Xueyan, executive director and general manager, has served as a director and general manager of Shenhua Finance Company since January 2005 and July 2006 respectively. Ms. Mei Xueyan had overseen capital planning, finance investment and internal control at the headquarters of China Construction Bank for eight years.

Mr. Che Jianming, the executive director and deputy general manager, has served as a director of Shenhua Finance Company since January 2005. Mr. Che Jianming had worked in investment banks for ten years, responsible for credit approval, project approval and assets management, etc. He had also taken up assets management in Zhongxing Trust & Investment Co., Ltd. for four years.

Mr. Wang Debin, the independent director, has served as independent director of Shenhua Finance Company since July 2012. Mr. Wang Debin had worked in Industrial and Commercial Bank of China for over 30 years, and has extensive experience in finance and bank management.

The two non-executive directors, namely Mr. Hao Jianxin and Mr. Feng Ning, and Ms. Zhang Donghui as employee director participated in the decision-making process of the company by attending board meetings.

The board of directors of Shenhua Finance Company performs their duties in accordance with the "Articles of Association of Shenhua Finance Company Limited. Any resolution passed at the board meetings of Shenhua Finance Company will only be valid if consent is obtained from two-thirds or more of directors present at the meeting, at which more than one-half of all directors shall be present in person.

In 2013, the board of directors of Shenhua Finance Company held four meetings.

(2) Board Committees/Groups

The board of directors of Shenhua Finance Company has four board committees, namely the Related Party Transaction Committee, Risk Management Committee, Credit Approval Committee and Investment Decision Committee.

A. Related Party Transaction Committee

Shenhua Finance Company established the Related Party Transaction Control Committee on 15 January 2012. The committee is responsible for administration over the related party transactions, including identification, statistics, forecast, reporting, limit management and recommendations in respect of the related party transactions.

In 2013, the Related Party Transaction Control Committee held one meeting.

B. Risk Management Committee

The original Risk Management Team of Shenhua Finance Company was promoted and became the Risk Management Committee on 15 January 2012. The Risk Management Committee is responsible for assisting the board of directors to review Shenhua Finance Company's risk strategy, risk management policies, risk management procedures and internal control processes, and monitor and assess the risk management endeavors of relevant senior management members and the risk management function.

In 2013, the Risk Management Committee held three meetings.

C. Credit Approval Committee

The original Credit Approval Team of Shenhua Finance Company was promoted and became the Credit Approval Committee on 15 January 2012. The major duties of the committee are: (1) to review credit issues within its responsibility; and (2) to monitor the implementation of all credit issues by relevant departments upon approval.

In 2013, the Credit Approval Committee held 23 meetings.

D. Investment Decision Committee

Shenhua Finance Company established the Investment Decision Committee on 29 December 2012. The major duties of the committee are: (1) to implement the guidelines and policies of the board of directors, and consider the investment management system proposed by business unit; (2) to consider and propose the investment scale, investment plan and strategy and the asset allocation scheme for a given period; (3) to organize the implementation of the stop-loss limits for investment securities, and review the stop-loss limits for specific categories; (4) to review the proposed adjustments to stop-loss and stop-profit limits for specific categories; (5) to determine and adjust the securities pool; (6) to approve each investment with accumulated balance of principal exceeding the limit authorized by the committee; (7) to consider the granting of credit lines relevant to the investment activities and other significant matters; (8) to authorize investment business as appropriate; and (9) to consider other issues to be determined by the committee.

No meeting was held by the Investment Decision Committee in 2013.

(3) Risk Management and Internal Control

In 2013, the risk control department monitored the performance indicators on both regular and random basis. No abnormality in operation of capital and non-performing assets of Shenhua Finance Company has been identified so far. Indicators including capital adequacy ratio, non-performing loan ratio and current ratio outperformed the regulatory standards. Credits have been granted in compliance with the regulatory requirements of the People's Bank of China. Amount of related party transactions met the requirements of the Financial Services Agreement and the documents of China Shenhua.

(4) Deposits and Borrowings of Shenhua Finance Company during the reporting period

A. Total deposits and borrowings at the end of the reporting period

	As at 31 December 2013	**As at 31 December 2012**	**Changes**
	RMB million	RMB million	%
Balance of deposits	**38,272.79**	31,515.41	21.44
Balance of borrowings	**30,734.30**	17,634.80	74.28
Of which: balance of guaranteed borrowings	**400.00**	400.00	–

B. Balance of deposits and borrowings of the top ten customers

(a) Balance of deposits of the top ten customers

No.	Name of customer	As at 31 December 2013	Change in 2013
		RMB million	RMB million
1	China Shenhua Energy Company Limited	**17,389.81**	4,795.34
2	Shenhua Group Corporation Limited	**11,209.06**	766.55
3	Shenhua Guoneng Group Company Limited	**3,735.44**	2,916.89
4	Shenhua International Trading Co., Ltd.	**1,091.74**	337.88
5	Guohua Energy Investment Co., Ltd.	**1,003.80**	409.74
6	Shenhua Science and Technology Developing Co., Ltd.	**920.72**	(26.14)
7	Beijing Guohua Power Company Limited	**595.51**	431.12
8	Shenhua Xinjiang Energy Company Co., Ltd.	**544.92**	394.07
9	Shenhua Ningxia Coal Industry Group Co., Ltd.	**425.96**	(504.23)
10	Shenhua Coal Trading Company Limited	**298.23**	(86.72)
	Total	**37,215.19**	9,434.50

(b) Balance of borrowings of the top ten customers

No.	Name of customer	As at 31 December 2013	Change in 2013
		RMB million	RMB million
1	Shenhua Guoneng Group Company Limited	**4,530.00**	2,080.00
2	Shenhua Ningxia Coal Industry Group Co., Ltd.	**3,500.00**	2,000.00
3	Shenhua Xinzhun Railway Co., Ltd.	**2,900.00**	1,900.00
4	Shenhua Yili Energy Co., Ltd.	**2,603.00**	2,603.00
5	State Grid Energy Hami Coal and Electricity Co., Ltd.	**2,400.00**	2,400.00
6	Shenhua Bayannur Energy Co., Ltd.	**2,282.00**	512.00
7	Shenhua Ganquan Railway Co., Ltd.	**1,815.85**	925.85
8	Shaanxi Shenyan Coal Co., Ltd.	**1,500.00**	–
9	Shenhua Materials Group Ltd.	**1,250.00**	1,100.00
10	China Shenhua Coal Liquefaction and Chemical Company Limited	**1,000.00**	1,000.00
	Total	**23,780.85**	14,520.85

C. Approval of borrowings during the reporting period

Item	2013
	RMB million
Amount of contracted borrowings	31,921.00
Amount of granted borrowings (including discounted assets) Note	23,319.75
Of which: amount of guaranteed borrowings (including discounted assets) Note	–
Amount of rejected borrowings	–

Note: The amount of granted borrowings refers to the balance as at 31 December 2013 of the borrowings granted in the current year in connection with the borrowings contracts signed in 2013.

Reasons for and impacts of the changes in accounting policies, accounting estimates or correction of significant accounting errors

During the report period, the Company has made no material change in accounting policies and accounting estimates or correction of significant accounting errors.

Explanation for the selection of major accounting policies and significant accounting estimates

During the reporting period, the Company has made no significant change in major accounting policies and significant accounting estimates. Please refer to Note 2 and 3 to the consolidated financial statements in this report.

Directors' Discussion and Analysis in relation to Future Development

Review and Prospect of Business Environment[1]

1. Macroeconomic Conditions

Review for 2013

Addressing the complicated domestic and international economic environment in 2013, the Chinese government focused on the improvement of the quality and efficiency of economic growth to reasonably formulate an overall plan for steady growth, structural adjustment and reform promotion, enhancing national economy steadily with positive social economic progress. In 2013, the gross domestic product (GDP) of China grew by 7.7% year-on-year to RMB56,884.5 billion, and consumer price index (CPI) recorded a year-on-year increase of 2.6%, the same level of increase as that of the previous year.

1 This section is for reference only and does not constitute any investment advice. The Company has used its best endeavors 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. The content in this section may contain certain forward-looking statements based on subjective assumptions and judgments of future political and economic developments; therefore there may exist uncertainties in these statements. The Company does not undertake any responsibility for updating the information or correcting any subsequent error that may appear. The opinions, estimates and other data set out herein can be amended or withdrawn without further notice. The data contained in this section is mainly derived from sources such as the National Bureau of Statistics, China Coal Market Network, China Coal Resource Network and China Electricity Council, etc.

Prospect for 2014

Looking into 2014, the Chinese government will continue to adhere to the key note of "Making Progress While Maintaining Stability", and thoroughly intertwine reform and innovation with all aspects of economic and social development, maintain continuity and stability in macroeconomic policies, comprehensively advance its reform, expand the scope for opening up, and adopt innovation as a driver. GDP growth is expected to be around 7.5% in 2014, with CPI increase maintaining at around 3.5%. Stability in macroeconomic development will be conducive to maintaining stability and growth in the demand for coal and other types of energy.

2. Market environment of the coal industry

(1) Thermal coal market in China

Review for 2013

In 2013, due to various factors including the sluggish global economy, excessive coal supply and continuous increase in imported coal, China's coal market was generally oversupplied. Coal price experienced great volatility, dropping substantially in the second and third quarters and rebounding in the fourth quarter, demonstrating a "U" shape. As at the end of 2013, the average price of Bohai Bay Thermal Coal Price Index had dropped to RMB590/tonne, representing a year-on-year decrease of RMB114/tonne.

Item	2013	2012	Year-on-year change
			(%)
Raw coal output (million tonnes)	**3,680**	3,650	0.8
Coal transportation by railway (million tonnes)	**2,320**	2,260	2.7
Coal import (million tonnes)	**327**	289	13.1
Coal export (million tonnes)	**7.51**	9.26	(18.9)

In 2013, due to the continuous sluggish demand, the overall profitability of coal enterprises declined, leading to a remarkable slowdown in the growth of coal production, as witnessed by suspended or reduced production in some small- or medium-sized coal mines. China produced 3.68 billion tonnes of coal in 2013, representing a year-on-year increase of 0.8%. The rate of increase represented a year-on-year decrease of 3 percentage points.

Due to the impact of various factors including the domestic economic slowdown, in 2013, China consumed 3.61 billion tonnes of coal, representing a year-on-year increase of 2.6%, basically with the same level of increase as that of the previous year.

The volume of China's coal import in 2013 was 327 million tonnes, representing a year-on-year growth of 13.1%. The increase in the volume of imported coal led to higher volatility in domestic coal price.

In 2013, as the coal market was relatively on the oversupply side, transportation of coal did not experience substantial tension in general. During the year, coal transportation volume through railways of China was 2.32 billion tonnes, representing a year-on-year increase of 2.6%. Coal outbound shipment through major ports in northern areas was 617 million tonnes, representing a year-on-year increase of 9.6%.

Prospect for 2014

In 2014, the Chinese Government will focus on maintaining steady economic development and economic growth is estimated at around 7.5%. A steady and progressive real economy will be conducive to maintaining a steady demand for coal.

The three provinces of Western China "Three Xi" (including Inner Mongolia, Shanxi, and Shaanxi) are still main growth drivers. It is expected that domestic coal production capacity will increase in 2014. The coal production growth is, however, expected to slow down due to the implementation of environmental protection policies and control on output increase by the Chinese government.

Due to the impacts of coal demand and supply and price fluctuations in the international market, it is expected that the volume of imported coal will increase slightly in 2014.

To effectively tackle environmental problems, the central government of China will take further proactive measures to speed up the adjustment to the energy structure and to encourage the use of clean use and clean energy. In the long run, it is conducive to the promotion of clean development of coal.

The tension in railway transportation over the past two years will be eased to a certain extent. As regions with increased coal production are concentrated, transportation capacity is expected to be under stress at certain periods in 2014.

Demand for coal is expected to witness a slower growth in 2014. However, due to various factors including the strengthened production capacity and the volume of imported coal remaining high, the coal market will continue to see an oversupply in 2014, with regional or occasional coal surplus or deficit.

(2) Thermal coal market in Asia Pacific region

Review for 2013

In 2013, dragged by international economic conditions, coal demand was relatively weak while supply continued to increase. Supply in the international coal market was ample, pushing coal prices down. The spot price of Australian BJ thermal coal lowered from US$94.45/tonne at the beginning of 2013 to US$86.35/tonne at the end of the year. The market witnessed an overall oversupply due to the depressed demands from traditional coal importing countries.

In 2013, Australia exported a total of 358 million tonnes of coal, representing a year-on-year increase of 13.5%. Indonesia exported 295 million tonnes of coal, representing a year-on-year increase of 9%. Russia expanded its coal export scale to a total of 142.90 million tonnes, representing a year-on-year increase of 12.6%. The United States exported 108.66 million tonnes of coal, representing a year-on-year decrease of 4.7%.

The coal demand growth in the Asia Pacific region was mainly contributed by China and India. In 2013, India imported 152 million tonnes of thermal coal, representing a year-on-year growth of 21%. Japan and South Korea maintained a stable level of coal import. Japan imported 191 million tonnes of coal, representing a year-on-year increase of 3.4%; South Korea imported 118 million tonnes of coal, representing a year-on-year increase of 0.4%.

Prospect for 2014

The coal supply in the Asia Pacific region will continue to increase in 2014. Major suppliers will be Indonesia and Australia. The supply from Russia, Mongolia Republic, the United States and other countries will witness a growing trend.

China and India will remain to be major coal consuming countries in 2014, but the growth in coal import will slow down. The coal consumption in countries such as Japan and South Korea is expected to remain steady in general.

In 2014, it is expected that on the basis of an oversupply in the international coal market, coal prices will remain stable on the whole and exhibit seasonal fluctuations.

(3) Market environment of the power industry

Review for 2013

In 2013, power consumption in China was 5,322.3 billion kwh, representing a year-on-year growth of 7.5%. The power supply and demand in China were in overall balance, and could safely and steadily meet the demands at peak periods in summer. The growth in monthly power consumption in China increased in the beginning and fell subsequently, as witnessed by the gradual increase from 1.9% in March to 13.7% in August and the continuous decline since September.

In 2013, the power consumption of the primary industry remained stable basically, with a year-on-year growth of 0.7%; the power consumption of the secondary industry saw a year-on-year growth of 7.0%, lower than that of GDP; the power consumption of the tertiary industry and urban and rural residents saw a year-on-year growth of 10.3% and 9.2% respectively, maintaining a high level of growth.

Due to the uncommon hot weather, the power consumption demand in the third quarter maintained at a high level. With the reduction in hydropower output, the annual utilization hours of thermal power equipment reached 5,012 hours, representing a year-on-year increase of 30 hours.

As at the end of 2013, the national installed capacity of thermal power generators amounted to 862 million kw, representing an increase of 36.8 million kw over that at the end of 2012, or an increase of 4.4%. Power generation through hydropower and new energies grew rapidly, with hydropower installed capacity of 29.93 million kw added in 2013, or an increase of 12.3% over that at the end of 2012. Installed capacity of wind power, solar power and nuclear power increased by 24.5%, 335.0% and 16.2% respectively from those at the end of 2012; and output power dispatch grew 36.3%, 143.0% and 14.0% respectively year-on-year, significantly higher than the national growth in total output power dispatch.

Prospect for 2014

The progressive macroeconomy in 2014 will be conducive to growth in electricity demand in China, but due to factors such as environmental protection and energy saving policies, and the high base in the summer peak in 2013, electricity consumption growth of China is expected to slow down in 2014.

On the basis of adjusting energy structure and implementing environmental protection policies, clean energy will witness good development opportunities. It is expected that hydropower, nuclear power, wind power and solar power will maintain rapid growth in 2014.

The thermal energy investment was RMB92.8 billion in 2013, representing a year-on-year decrease of 7.4%, and continued the gradual downward trend since "the 11th Five-Year Plan". It is expected the growth in the number of generators commencing operation will continue to slow down in 2014, which is conducive to steadily raising the utilization hours of thermal power generators.

In 2014, on the basis of stabilising growth and adjusting structure, power supply and demand in China will be in overall balance in 2014, and power consumption will maintain a stable development.

Development Strategy

(I) China Shenhua's main opportunities for future development:

China's consistent economic growth, industrialization and urbanization will drive the demand for energies such as coal and power and the development of related businesses.

With the significance of coal in China's energy reserve and consumption structure remaining unchanged in the foreseeable future, new development opportunities are brought by the price reforms of energies such as coal and power.

Despite the shrinking market share of coal-fired power generation due to the optimization of power structure, coal-fired power generation still secures a leading position and there is an upward trend in its installed capacity.

Macroeconomic requirements of acceleration of the transformation of economic growth pattern and adjustment of the economic structure and reform of the transportation industry will catalyze business upgrade and will be beneficial to the new growth in transportation and logistics industry.

Against the backdrop of the coexistence of diminishing demand growth of coal and sustained rapid growth of production capacity, promoting the development of coal chemical business will be beneficial to combating overcapacity of coal supply. Such solution is also an inevitable choice for PRC coal enterprises during the period of transformation and upgrading.

The merger and acquisition among coal enterprises eliminates obsolete capacity, promotes group-wide development to achieve economy of scale as well as a market-driven pricing mechanism; the power industry implements the "expand big enterprises and eliminate small enterprises" policy and facilitate the marketalization of pricing mechanism; and the construction of national and regional railways and transportation channels will bring new opportunities for acquisition and investment.

(II) China Shenhua's main challenges ahead:

The structural change brought by the control of total energy consumption and non-traditional fossil fuels and new energy sources will affect the potential development of coal and coal-fired power in overall energy sources; various factors, including the relatively excessive supply, the increase in net coal import and the decrease in coal demand growth will add fluctuations to coal market and coal prices to some extent.

With regard to the tightening regulations on energy and the environment, the potential risks encountered by energy development in terms of environmental and ecological protection will gradually increase; by issuing the "Air Pollution Prevention and Control Action Plan" and "Implementation Rules of Action Plan against Air Pollution in Beijing, Tianjin, Hebei and Surrounding Areas", the government begins to carry out regional coal consumption cap pilot schemes, which will limit the total demand for coal. The entry requirements for coal exploitation and coal-fired power development and standards for energy saving and environmental protection and production safety, etc. are tightening, thus the approval of projects and rights will become more difficult.

The government steps up its efforts to adjust the power structure, and imposes a strict limit on the newly-installed capacity of coal-fired power; regulatory trends in quota on renewable energy sources and domestic compulsory carbon-emission reduction, as well as the reform of the pricing mechanisms for coal and power, will bring future uncertainties.

Restraints on water resources and significant investment in basic infrastructure are the key factors that hinder the development of the coal chemical business.

In the course of the Group's rapid expansion, the Company will face challenges in the in-depth and organic integration of corporate governance, operation management, production safety and human resources, etc.

(III) Development Strategy of China Shenhua

The development strategy of China Shenhua is to **build itself into a world first-class coal-based integrated energy enterprise with global competitiveness.**

Adhering to its strategy and with a focus on development, China Shenhua will optimize its integrated model and resource allocation on an ongoing basis, expand development potential and promote synergy among principal businesses, so as to enhance its competitiveness, profitability and risk resilience capacity. Meanwhile, China Shenhua will fulfill its social responsibilities and build itself into a reputable international company and create more value for its shareholders.

Stick to the principle that coal is the basis of the Company's integrated development. On the premise of ensuring production safety, the Company will strengthen production of its self-produced coal, augment its production capacity, construct new mining areas, coordinate its suppliers of purchased coal and realize the sustainable development of coal production. Meanwhile, the Company will further implement its Mega-sales Strategy, in order to build Shenhua into the "Walmart" in China's coal industry.

Make full play of the role of power as both the stabilizer and the economic growth pole of the Company's coal business. The Company will continue to optimize its power structure, energy portfolio and development as well as extending the utilization of self-consumed coal and raising the proportion of clean energy sources for power generation. By leveraging on the advantages brought by the integration of coal, power and transportation, the Company will develop an integrated project of coal, power, port and storage along the coastal areas in East China, innovate the integration of coal and power in North-west China, set up an integrated business of coal, power, storage and logistics in Central China and along the rivers, and be alert to trends in new energy sources and react promptly to develop such potential sources, so as to strengthen the sustainable development of its power segment in all aspects.

Speed up the development of transportation business. Transportation is a pillar business which converts the Company's resource advantage into a development advantage. Grasping any suitable opportunities to speed up the development, the Company will optimize its transportation network, map out, construct and operate its principal railways, ports and piers, and shipping channels in seas and rivers along key regional markets, which are all connected to its coal reserve bases, so as to consolidate and develop its unique resource advantage.

Develop coal chemical business in an appropriate manner. The Company will promote the development of its coal chemical business according to national policies and its own capacity, with a focus on improving the "safety, stability and full-loading" of projects and enhancing profitability. Taking strategic security of national energy and national layout of development priority zones as major considerations, the Company will deploy itself in more resourceful areas with higher water resource and environmental carrying capacity according to the overall development strategy of the coal business of China Shenhua.

Reasonably plan overseas development and proactively explore new businesses. The Company will improve its current overseas projects and coal import businesses in an active yet prudent manner after thorough planning and research. Basing on business integration, it will also nurture new economic growth poles by proceeding with its logistics, trade, safety, environmental protection and green energy projects, as well as its oxidized aluminium and shale gas projects.

Through the implementation of its development strategies, the Company will further enhance the controlling power, influence and leading role of its coal business, expand the market share and augment the support to coal business from its power business, leverage on and enhance the unique advantages of its transportation business, and exploit new businesses which are highly related to its principal businesses.

Business Targets for 2014

In 2014, striving to "make progress while maintaining stability, be innovative and build itself into a world first-class enterprise", the Company will step up its effort on cost control and implement countermeasures against risks to bring into full play the advantages of its integrated business model. Emphasis will be placed on further strengthening the marketing endeavors to develop coal sales market, leveraging on preferential policies and favourable opportunities to increase power generation, accelerating the railway capacity expansion projects and construction of new railways with multiple measures to tap on capacity and mitigate the bottleneck of transportation, and stabilising the operation of its coal-to-olefins operations. The Company strives to accomplish its business targets for 2014 through coordinating and balancing growths in production, transportation and sales, and stepping up on efforts in control over expenditure and consumption.

Item	Unit	Target of 2014	Accomplishment in 2013	Target of 2013 (Adjusted)	Percentage change of the target of 2014 to the accomplishment in 2013 (%)
Commercial coal production	million tonnes	318.1	318.1	315.0	–
Coal sales	million tonnes	514.8	514.8	464.6	–
Power output dispatch	billion kwh	210.18	210.18	205.00	–
Revenues	RMB100 million	2,741	2,837.97	2,568	(3.4)
Cost of sales	RMB100 million	2,077	2,024.31	1,803	2.6
Total of selling, general and administrative expenses and net finance costs	RMB100 million	135	123.06	119	9.7

Note: The above business targets are subject to risks, uncertainties and assumptions. Actual outcome may differ materially from these statements. Such statements do not constitute actual commitments to investors. Investors should be aware that undue reliance on or use of such information may lead to investment risks.

Capital requirement and funding sources

For the Company's capital expenditure plan and funding sources in 2014, please refer to the chapter headed "The Company's Investments".

At the 2012 first extraordinary general meeting and the 2012 annual general meeting of the Company, the Board of the Company was authorized:

(1) a mandate on equity financing: to, by reference to market conditions and in accordance with needs of the Company, issue allot, and deal with, either separately or concurrently, additional domestic shares (A shares) and overseas-listed foreign invested shares (H shares) not exceeding 20% of each of the number of domestic shares (A shares) and the number of overseas-listed foreign invested shares (H shares) in issue at the time of passing this resolution at the annual general meeting. Pursuant to PRC laws and regulations, the Company will seek further approval from its shareholders at the general meeting for each issuance of domestic shares (A shares) even when this general mandate is approved.

(2) a mandate on debt financing: to determine the proposed issue of debt financing instruments of the Company within the limit of issuance, including but not limited to short-term debentures, medium-term notes, super short-term commercial papers, corporate bonds and enterprise bonds in the domestic market as well as Renminbi denominated bonds and foreign currency denominated bonds, etc. in overseas market (excluding convertible bonds that may be converted into equity securities).

As at the end of the reporting period, the Company successfully issued the first tranche of super short-term debentures for 2013 with proceeds of RMB10 billion and the first tranche of medium-term notes with proceeds of RMB5 billion[1]; the Company has not exercised the mandate on equity financing.

Major risk exposures and their effects in 2014

(I) Risk of macroeconomic fluctuations

The coal and power industries, in which the Company operates, are two of the fundamental sectors of the national economy and are closely correlated to the prosperity of the national economy. Albeit with a stable and upward trend and vast potential in 2014, China's economy will be confronted by unfavorable factors such as subdued momentum of demand growth, less competitive export and serious overcapacity. Uncertainties will still remain amid the steady paces of macroeconomy, which may materially affect the Company's results.

To cope with the risk of macroeconomic fluctuations, the Company will further strengthen the studies on relevant industrial trends, optimize business structure and press ahead with scientific management in line with the laws of economics to continuously upgrade the quality of development.

1 Medium-term notes and super short-term debentures are debt financing instruments of non-financial enterprises regulated by the Administrative Measures for Debt Financing Instruments of Non-Financial Enterprises issued by the People's Bank of China. Debt financing instruments of non-financial enterprises refer to marketable securities issued by non-financial enterprises qualified as legal persons in the inter-bank bond market, with principal and interest agreed to be paid within a certain period of time.

(II) Risk of market competition

On the coal market, the uncertainties will become more complicated due to the prolonged coal oversupply and structural surplus, mainly attributable to historically high investment in the coal industry and coal import, national policies to mitigate overcapacity and control total coal consumption, and structural decrease in and environmental restriction on coal consumption. On the power market, despite the continuous expansion of power demand, competition in thermal power market will be more intense under the stricter regulatory policies due to structural adjustment, environmental requirements and application of ultra-high voltage power transmission technology. Such factors in market competition may have adverse impacts on the Company, such as lower sales prices of coal products and lower power generation than expected, and therefore affect the Company's business results.

Responding to the risks in market competition, the Company will enhance surveys and studies on coal and power markets to increase the accuracy of market forecast. To optimize the mix of coal sales, transportation capacity will be scheduled in a centralized manner and coal trading and sale will be restructured. Innovative coal sale models will be promoted, including e-bidding procurement and futures to hedge risks, coupled with more efforts in new market development. To implement power plans more effectively through guidelines on power generation scheduling in major regions, the Company will carry forward direct supply to major clients and transactions on power generation rights, while accelerating development of clean energy sources including construction of wind power projects. Under a sound working plan against market risks, efforts will be stepped up for the prompt alert of market anomalies to enhance resistance against market risks.

(III) Risk of changes in industry policies

The Company's business activities are subject to the industrial regulatory policies in China. For the coal industry, there are major guidelines put forward by China's government such as "increasing the consumption proportion of non-fossil energy to 11.4%" and "decreasing the emission of carbon dioxide per unit GDP by 17% compared to 2010" by year 2015[1], as well as "decreasing the consumption proportion of coal to below 65% by 2017" and "seeking a negative growth in total coal consumption in Beijing, Tianjin and Hebei provinces, the Yangtze River Delta and the Pearl River Delta"[2]. Such policies have an objective impact on the authorization of the Company's new expansion projects.

To cope with the risk of changes in industry policies, the Company will strengthen its research on the latest industry policies and regulations in the PRC, while pushing forward communications with the competent authorities and local governments as well as the organization and coordination of project authorization work. Meanwhile, the Company will press forward industrial upgrading and structural adjustment through a rational investment portfolio across the business segments, and strengthen the training and communications for project preparation teams to effectively advance the project authorization progress.

1 Notice of the State Council on Circulation of the Twelfth Five-year Plan on Energy Development (Guo Fa [2013] No. 2)

2 Notice of the State Council on Circulation of the Action Plan on Air Pollution Control (Guo Fa [2013] No. 37)

(IV) Risk of rising costs

As the mining process proceeds further and production conditions become increasingly complicated, the Company's unit mining cost may increase gradually. Furthermore, a number of factors including rigidity in price increase of productive resources, increase in resource and environmental constraints and changes in fiscal and taxation policies may lead to an increase in the Company's costs, and thus may have a significant impact on the Company's business.

To cope with the risk of rising costs, the Company will optimize its budget management, and improve the coordination among annual business plans, daily dispatching schedules and financial budgets. Cost benchmarking management will be implemented under a cost management indicator system. While seeking to reduce finance costs with a view to minimizing capital cost, the Company will exercise stringent control over excessive growth in labor costs. Also the Company will strengthen its taxation planning based on serious studies on national fiscal and taxation policies.

(V) Risk of environmental protection

The Company has been operating in China for many years. The increasingly stringent national environmental regulations, standards and policies are posing more environmental pressures on the Company's coal, coal chemical, power and transportation segments. In addition to environmental regulations such as pollutant discharge standards, environmental impact assessment on projects and the requirements on simultaneously passing environmental impact assessment, water conservation and energy assessment, the Company is subject to the assessments on energy conservation and emission reduction by the SASAC and on emission reduction of total pollutants for the Twelfth Five-year Period by the Ministry of Environmental Protection. The PRC government put forward further control requirements on thermal power plants, energy restructuring and other aspects in 2013. Under the existing legislation, the management of the Company believes that, other than those already accounted for in the financial statements, there are currently no environmental protection obligations that may have material adverse effect on the Company's financial position.

To cope with the risk of environmental protection, the Company will continuously improve the working mechanism for environmental risk control, which will be promoted as a corporate strategy. Under the improved systems on "statistics, inspection and assessment", the Company will enhance benchmarking activities and deepen application of information technology in energy conservation and environmental management. Comprehensive inspections and rectifications to potential environmental safety hazards will be carried out with strengthened accountability for environmental safety assessment. Investment in environmental protection will be increased to fuel key energy conservation and environmental protection projects. In addition, the Company will reinforce project environmental management on simultaneously passing environmental impact assessment, water conservation and energy assessment, in order to meet the energy conservation and emission reduction targets and prevent major environmental pollution accidents.

(VI) Risk of production safety for coal mines

The Company has established the safety production target of "Preventing serious work-related accidents, seeking zero fatality rate and aiming at zero injury rate". Although the Company has been sustaining stable performance in safe production for its coal mines, there are uncertainties in the course of safe production and any major safety accident would have a material impact on the Company.

To cope with the risk of production safety for coal mines, the Company will enhance its safety risk prevention and control system for coal mines, further fulfill production safety responsibilities and strengthen assessment and training while reinforcing process management and source control, focusing on the control over major disasters and advancing the safety assurance system to achieve the safe production targets.

(VII) Risk of integrated operations

The Company's advantages in integrated coal mines, power, transportation and coal chemical operations come along with considerable operating risks. In case of poor organization or coordination or a discontinuation of any link in integrated operations, the balance and high efficiency of integrated organization and operations will be affected and the impact may be amplified, which may in turn adversely affect the Company's business results.

To cope with the risk of integrated operations, the Company will take an array of measures, based on production safety, including scientific scheduling and plan management, to seek stable and high output of coal backed by sound transportation operations. Based on sound market studies and forecast, the Company will introduce innovative sales models to develop, take over and consolidate market shares. At the same time, the Company will promote the ERP information system to facilitate integrated financial operations, with an aim at balanced production and uninterrupted integrated operations to maximize its competitiveness.

(VIII) Risk of international operations

The slow global recovery course will be intertwined with instabilities and uncertainties. Due to the complex economic, social and political conditions in the globe and the fluctuations in exchange rates, the risk of investments in different countries varies significantly. Given the highly competitive energy market worldwide, the investment options generally available have high technical requirements and demanding resource and mining conditions. The uncertainties in the Company's international operations may have an impact on its business.

To cope with the risk of international operations, the Company will conscientiously carry out overseas resource evaluation and project assessment based on sound information analysis prior to making any decision on overseas project investment. Furthermore, the Company will strengthen the cultivation and introduction of interdisciplinary talents to lay a solid cornerstone for its "Going overseas" strategy.

(IX)Risk of natural disasters

The production and operation activities of the Company will be affected by factors including natural disasters and bad weather. Certain particularly major natural disasters which occurred in China in recent years had adversely affected the Company's operations to a certain extent. Factors such as unforeseeable natural disasters and bad weather may bring certain losses to the Company's operations.

To cope with the risk of natural disasters, the Company will further strengthen the early warning of major natural disasters, develop emergency response plans, allocate necessary resources and diligently carry out relevant emergency drills, in order to minimize the impact of natural disasters.

With centralized management of commercial property insurance, the Company reviews and assesses risk exposure and risk portfolio on an ongoing basis, and makes necessary and appropriate adjustments to its insurance policy and coverage in accordance with its needs and practices of the insurance industry in China.

Profit distribution plan

Profit distributions for the past three years

In accordance with the requirements of relevant laws and regulations and the Articles of Association, the profit distribution of the Company focuses on reasonable investment returns for investors and on the maintenance of sustainability and stability of the profit distribution policy. Pursuant to the Articles of Association, the profit distribution of the Company shall be made based on the distributable profits in the financial statements prepared under the Accounting Standards for Business Enterprises or the International Financial Reporting Standards, whichever is lower.

During the reporting period, the Company has made amendments to its Articles of Association according to the securities regulatory requirements and established specific standards and proportion of cash dividend. With full respect to the opinions of shareholders, especially the minority shareholders, the said amendments have been endorsed by independent directors and approved by the Board and general meeting of the Company through legitimate procedures.

Dividend	Distribution date	Dividend per share (inclusive of tax)	Total dividend (inclusive of tax)	Net Profit for the indicated year attributable to equity holders of the Company (Not restated)	Ratio
		RMB per share	RMB million	RMB million	%
Final dividend for 2010	June and August 2011	0.75	14,917	37,187	40.1
Final dividend for 2011	June and July 2012	0.90	17,901	44,822	39.9
Final dividend for 2012	July and August 2013	0.96	19,094	47,661	40.1

Profit distribution plan for the reporting period

1. Net profit attributable to equity holders of the Company for 2013 under the Accounting Standards for Business Enterprises amounted to RMB45.678 billion, with basic earnings per share of RMB2.297/share; profit for the year attributable to equity holders of the Company under the International Financial Reporting Standards amounted to RMB45.079 billion, with basic earnings per share of RMB2.266/share. As at 31 December 2013, the retained earnings which is available for distribution to shareholders of the Company was RMB107.284 billion. The Board recommends the payment of a final dividend for 2013 of RMB0.91 per share (inclusive of tax), totalling approximately RMB18.1 billion (inclusive of tax), which represents 39.6% of net profit attributable to equity holders of the Company under the Accounting Standards for Business Enterprises and 40.2% of profit attributable to equity holders of the Company under the International Financial Reporting Standards.

   The abovementioned plans are in compliance with the requirement of the Articles of Association and endorsed by the independent directors and approved by the Board of the Company. The Company will hold the 2013 annual general meeting on 27 June 2014 (Friday) to consider and approve the relevant resolutions, including the above final dividend for the year 2013 as proposed by the Board.

2. According to the Articles of Association of China Shenhua, dividends distributed by the Company is denominated and announced in RMB. Dividends to holders of domestic shares are paid in RMB, and dividends to holders of foreign shares are paid in HKD. The dividend paid in HKD is calculated according to the exchange rate based on the average benchmark rate of RMB against HKD as published by the Bank of China five business days preceding the date of declaration of such dividend.

3. According to the Articles of Association of China Shenhua:

    (1) After the Shanghai Stock Exchange is closed in the afternoon on 28 May 2014 (Wednesday), the shareholders of A shares of the Company and the proxies of shareholders as registered in the China Securities Depository and Clearing Corporation Limited Shanghai Branch are entitled to attend and vote at the 2013 annual general meeting of the Company;

    (2) Under relevant regulations of China Securities Depository and Clearing Corporation Limited Shanghai Branch and according to the market practice adopted for final dividend distribution for A shares, the Company will publish a separate announcement in respect of final dividend distribution to holders of A shares for the year 2013 after the annual general meeting of 2013 to determine the record date and ex-rights date for final dividend distribution to holders of A shares for the year 2013.

4. The register of members of H Shares of the Company shall be closed during the following periods:

    (1) The register of members will be closed from 28 May 2014 (Wednesday) to 27 June 2014 (Friday) (both days inclusive) to determine the identity of the shareholders of H shares who are entitled to attend and vote at the 2013 annual general meeting. In order to be eligible for attending and voting at the 2013 annual general meeting, shareholders of H shares shall lodge the share certificates and the instruments of transfer with Computershare Hong Kong Investor Services Limited, the Company's share registrar for H shares no later than 4:30 pm on 27 May 2014 (Tuesday) to effect the transfer of shares.

    (2) The register of members will be closed from 7 July 2014 (Monday) to 11 July 2014 (Friday) (both days inclusive) to determine the identity of the shareholders of H shares who are entitled to the proposed final dividend for the year 2013. In order to be eligible for receiving the proposed 2013 final dividend, shareholders of H shares shall lodge the share certificates and the instruments of transfer with Computershare Hong Kong Investor Services Limited, the Company's share registrar for H shares no later than 4:30 pm on 4 July 2014 (Friday) to effect the transfer of shares.

5. In accordance with the Enterprise Income Tax Law of the People's Republic of China and its implementation regulations which came into effect on 1 January 2008, the Company is required to withhold and pay enterprise income tax at the rate of 10% on behalf of the non-resident enterprise shareholders whose names appear on the register of members for H shares of the Company when distributing final dividends to them. Any H shares of the Company not registered under the name of an individual shareholder, including under the name of HKSCC Nominees Limited, other nominees, trustees, or other organizations or groups, shall be deemed as shares held by non-resident enterprise shareholders. Therefore, on this basis, enterprise income tax shall be withheld from dividends payable to such shareholders. After receiving dividends, non-resident enterprise shareholders may apply, personally or by proxy, to the competent taxation authorities to enjoy the treatment under taxation agreements (arrangement), and provide materials proving their eligibility to be the actual beneficiaries under the taxation agreements (arrangement) for tax refund.

   Investors are advised to read the above content carefully. Should there be any changes to their status as shareholders, they should consult their agent or custodian organisation for the relevant procedures. The Company shall withhold and pay enterprise income tax for the non-resident enterprise shareholders whose name would appear on the register of members for H shares of the Company on 11 July 2014.

6. According to Guo Shui Han [2011] No.348 issued by the State Administration of Taxation, the Company shall withhold and pay individual income tax for dividend payable to the individual shareholders of H shares. The individual shareholders of H shares are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements entered into between their countries of residence and China or the tax arrangements between mainland China and Hong Kong (Macau). If the individual shareholders of the H shares who are Hong Kong or Macau residents or residents of the countries which have an agreed tax rate of 10% for dividend with China, the Company should withhold individual income tax at a rate of 10%.

   Should the individual shareholders of the H shares be residents of countries which have an agreed tax rate of less than 10% with China, the Company shall apply for the relevant agreed preferential tax treatment in accordance with the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative) (Guo Shui Fa [2009] No.124). Should the individual shareholders of the H shares be residents of countries which have an agreed tax rate of over 10% but less than 20% with China, the Company shall pay the individual income tax at the agreed actual rate. In case the individual shareholders of the H shares are residents of countries which have not entered into any tax agreement with China, or the agreed tax rate with China is 20% or otherwise, the Company shall pay the individual income tax at a rate of 20%.

The Company shall take the registered address (hereinafter referred to as "registered address") as recorded in the register of members of H shares on 11 July 2014 as the criterion in determining the residence of the individual shareholders of H shares, and withhold and pay individual income tax accordingly. Should the residence of the individual shareholders of H shares be inconsistent with the registered address, they should notify the Company's share registrar for H shares at or before 4:30 pm on 4 July 2014 with relevant evidence at Computershare Hong Kong Investor Services Limited of 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. For individual shareholders of H shares who failed to provide relevant evidence to the Company's share registrar for H shares before the above deadline, the Company shall determine their residence according to the registered address as recorded in the register of members on 11 July 2014.

7. The Company assumes no responsibility and will not entertain any claims arising from any delay in, or inaccurate determination of, the status of the shareholders or any dispute over the mechanism of withholding. Shareholders should consult their tax advisers regarding the PRC, Hong Kong and other tax implications of owning and disposing of the Company's H shares.

Daily operations of the Board

Please refer to the section headed "Corporate Governance Structure and Corporate Governance Report" herein.

Fulfillment of corporate social responsibilities

During the reporting period, there were no material environmental protection or other social safety issues for the Company. For details of the Company's CSR endeavors in relation to matters such as environmental protection and safety, please refer to the Company's 2013 CSR report which is disclosed in conjunction with this report.

Changes in Equity and Shareholdings of Substantial Shareholders

Changes in equity

Changes in number of shares and the shareholding structure during the reporting period

	At the beginning of the period		Change in the reporting period Increase(+)/Decrease(-)					At the end of the period	
	Number of shares	Percentage (%)	Issue of new shares	Bonus issue	Transfer from reserve	Others	Subtotal	Number of shares	Percentage (%)
I. Shares with selling restrictions									
1. State-owned shares	180,000,000	0.90	–	–	–	–180,000,000	–180,000,000	–	–
2. Domestic legal person shares	–	–	–	–	–	–	–	–	–
Total number of shares with selling restrictions	180,000,000	0.90	–	–	–	–180,000,000	–180,000,000	–	–
II. Shares without selling restrictions									
1. RMB ordinary shares	16,311,037,955	82.01	–	–	–	+180,000,000	+180,000,000	16,491,037,955	82.91
2. Overseas listed foreign shares	3,398,582,500	17.09	–	–	–	–	–	3,398,582,500	17.09
Total number of shares without selling restrictions	19,709,620,455	99.10	–	–	–	+180,000,000	+180,000,000	19,889,620,455	100.00
III. Total number of shares	19,889,620,455	100.00	–	–	–	–	–	19,889,620,455	100.00

Changes in shares with selling restrictions

Shareholders	Number of shares with selling restrictions at the beginning of the year	Number of shares released from selling restrictions in the year	Increase in number of shares with selling restrictions in the year	Number of shares with selling restrictions at the end of the year	Reasons for selling restrictions	Date of release from selling restrictions
Account No. 1 of National Council for Social Security Fund (全國社會保障基金理事會轉持一戶)	180,000,000	180,000,000	–	–	Article 13 of the "Implementation Measure for the Transfer of Part of the State-owned Shares to the National Social Security Fund in Domestic Securities Market" (《境內證券市場轉持部分國有股充實全國社會保障基金實施辦法》)	9 October 2013
Total	180,000,000	180,000,000	–	–	–	–

Repurchase, sale or redemption of shares by the Company and its subsidiaries

For the year ended 31 December 2013, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Company's securities as defined under the Hong Kong Listing Rules.

Issuance and listing of securities

A. Issuance of securities in the last three years

There were no securities issued and/or listed by the Company during the last three years.

B. Changes in total number of shares and shareholding structure

There were no changes in the total number of shares, shareholding structure and assets and liabilities structure of the Company due to bonus issue, capital conversion, placing, issue of new shares, nonpublic offering of shares, exercise of warrants, implementation of share options incentive plan, business combination, conversion of convertible bonds, reduction of share capital, listing of shares held by internal employees or otherwise during the reporting period.

As at the end of the reporting period, the Company successfully issued the first tranche of super short-term debentures and the first tranche of medium-term notes in 2013 with proceeds of RMB10 billion and RMB5 billion respectively. The aforesaid issuance of bonds did not affect the total number of shares and shareholding structure of the Company.

C. Shares held by internal employees and convertible corporate bonds

During the reporting period, the Company did not issue any shares to internal employees or convertible bonds nor were there any existing shares held by internal employees or convertible corporate bonds.

D. Pre-emptive rights

There are no provisions for pre-emptive rights under the Articles of Association of the Company and PRC laws which would entitle the existing shareholders to have priority to subscribe for new shares on a pro rata basis in the event of new share issuance by the Company.

Shareholders

Total number of shareholders

Unit: accounts

	31 December 2013	21 March 2014
Total number of shareholders	308,278	308,328
Of which: Registered holders of A shares (including Shenhua Group Corporation)	305,728	305,778
Registered holders of H shares	2,550	2,550

The Company has fulfilled the minimum public float requirement of Rule 8.08 of the Hong Kong Listing Rules.

Top ten shareholders

A shares of the Company are underlying securities listed on the Shanghai Stock Exchange for margin trading. In accordance with the securities disclosure requirements, the Company has consolidated ordinary securities accounts and credit securities accounts of holders of A shares based on the shareholders' registration records provided by China Securities Depository and Clearing Corporation Limited for the purpose of calculating the number of shares held by such holders and increase/decrease in shareholdings.

Statements on the connected relationships of shareholders and whether they are parties acting in concert are as follows: China Pacific Life Insurance Co., Ltd. – Dividend – Individual Dividend, and China Pacific Life Insurance Co., Ltd. – Conventional – General Insurance Product are both investment products of China Pacific Life Insurance Co., Ltd. Other than the above, the Company is not aware of whether any connected relationship existing among the top ten shareholders, and whether they are parties acting in concert under the "Measures for the Administration of Acquisition of Listed Companies".

Unit: Shares

No.	Name of shareholder	Increase(+)/ decrease(-) during the reporting period	Total number of shares held at the end of the reporting period	Shareholding percentage (%)	Number of shares subject to pledge or lock-up	Nature of shareholders	Type of shares
1	Shenhua Group Corporation	0	14,521,846,560	73.01	Nil	State - owned	RMB ordinary shares
2	HKSCC NOMINEES LIMITED	–276,490	3,390,433,627	17.05	Unknown	Overseas corporate	Overseas listed foreign shares
3	Account No. 1 of National Council for Social Security Fund	0	180,000,000	0.90	Nil	State - owned	RMB ordinary shares
4	Industrial & Commercial Bank of China –Shanghai Index 50 Trading Open-end Index Securities Investment Fund	+3,878,560	30,318,742	0.15	Nil	Others	RMB ordinary shares
5	China Pacific Life Insurance Co., Ltd. – Dividend – Individual Dividend	+18,494,453	20,454,443	0.10	Nil	Others	RMB ordinary shares
6	Shenzhen City Dragon No.1 Investment Co., Ltd.	+4,000,000	18,800,000	0.09	Nil	Others	RMB ordinary shares
7	Bank of China Limited – Jia Shi Hu Shen 300 Trading Open-end Index Securities Investment Fund	–8,396,087	17,744,449	0.09	39,200	Others	RMB ordinary shares
8	CSOP Asset Management Limited – CSOP FTSE China A50 ETF	+5,646,619	17,641,523	0.09	Nil	Others	RMB ordinary shares
9	Bank of Communications – E Fund 50 Index Securities Investment Fund	–8,850,000	16,558,283	0.08	Nil	Others	RMB ordinary shares
10	China Pacific Life Insurance Co., Ltd – Conventional – General Insurance Product	+12,551,507	16,472,315	0.08	Nil	Others	RMB ordinary shares

Note: H shares held by HKSCC Nominees Limited are held on behalf of a number of its clients.

As at the end of the reporting period, no statutory or publicly undertaken selling restrictions were attached to issued shares of the Company.

Substantial shareholders' interests and short positions in the shares of the Company

As at 31 December 2013, persons shown in the table below had an interest and/or short position in the shares or underlying shares of the Company which is required to be recorded in the register of equity interests and/or short positions pursuant to section 336 of Part XV of the Securities and Futures Ordinance (the "SFO", Chapter 571 of the Laws of Hong Kong):

No.	Name of shareholders	Capacity	H shares/ Domestic shares	Nature of interest	Number of H shares/ domestic shares	Percentage of H shares/ domestic shares over total issued H shares/ domestic shares respectively	Percentage of total issued share capital of the Company
					shares	%	%
1	Shenhua Group Corporation	Beneficial owner	Domestic shares	N/A	14,521,846,560	89.03	73.01
2	JPMorgan Chase & Co.	Beneficial owner; Investment manager; Custodian-corporation/ Approved lending agent	H Shares	Long position	474,623,783	13.96	2.39
				Short position	35,117,305	1.03	0.18
				Lending pool	262,354,210	7.71	1.32
3	BlackRock, Inc.	Interest of corporation controlled by the substantial shareholder	H Shares	Long position	315,759,852	9.29	1.59
				Short position	9,006,000	0.26	0.05
4	Walter Scott & Partners Limited	Investment manager	H Shares	Long position	176,584,372	5.20	0.89

Note: Information disclosed above is based on information available on the website of the Hong Kong Stock Exchange (www.hkex.com.hk).

Save as disclosed above, as at 31 December 2013, no other person held any interest and/or short position in the shares or underlying shares of the Company which is required to be recorded in the register to be kept thereunder, or was a substantial shareholder of the Company.

Controlling Shareholder and De Facto Controller

Controlling shareholder

A. Basic information of the controlling shareholder as at the end of the reporting period

Name of the controlling shareholder	:	Shenhua Group Corporation Limited
Legal representative	:	Zhang Xiwu
Date of incorporation	:	23 October 1995
Organization code	:	10001826-7
Registered capital	:	RMB39,409,561,000
Principal operating activities	:	State-owned assets operating activities within the scope authorized by the State Council; investment and management activities in various sectors, including resource products (such as coal), coal liquefaction, coal chemical, power, thermal, port, various transportation, finance, domestic and international trade and logistics, real estate, advanced technology and information consultation and etc; planning, organizing, coordinating and managing the production and operating activities of the companies in the Shenhua Group in such sectors; and sales of chemical materials and chemical products (excluding hazardous chemicals), textiles, construction materials, machinery, electronic equipment and office equipment.

B. Consolidated operating result, financial position and cash flow of Shenhua Group

Unit: RMB million

Major accounting data (prepared in accordance with Accounting Standards for Business Enterprises, unaudited)	For the year 2013
Total operating revenue	363,520
Operating profit	78,464
Net profit	62,572
Of which: net profit attributable to the owner of parent company	38,777
Net cash flow from operating activities	73,514
	As at 31 December 2013
Total assets	883,525
Total liabilities	382,708
Total owner's interest	500,817
Of which: interest attributable to the owner of parent company	333,667

C. Development strategy of Shenhua Group

Development strategy of Shenhua Group Corporation: to pursue scientific development, rebuild Shenhua with an aim of building the Company into a world first-class coal-based integrated energy company with global competitiveness

D. Shareholding in other listed companies held directly by Shenhua Group Corporation

Name of listed company	No. of shares held as at the end of the reporting period	Percentage of shareholding of that listed company
China National Chemical Engineering Co., Ltd.	143,068,000	2.90%
Bank of China Limited	99,999,900	0.04%

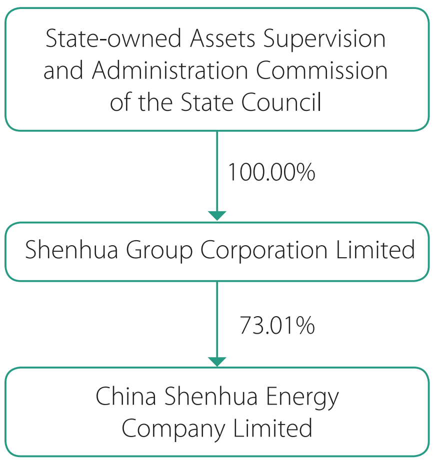
De facto controller

Name of the de facto controller: State-owned Assets Supervision and Administration Commission of the State Council ("SASAC")

Changes in controlling shareholder and de facto controller

There was no change in the controlling shareholder and the de facto controller of the Company during the reporting period.

Diagram of the equity and controlling relationship between the Company and the de facto controller as at the end of the reporting period



Material contracts entered into between the Company and the controlling shareholder or de facto controller

Please refer to the Prospectus and the details disclosed in the section of "Significant Events" in this report.

Other corporate shareholders with more than 10% shareholding in the Company

As at the end of the reporting period, there was no other corporate shareholder with more than 10% shareholding in the Company.

Corporate Governance Structure and Corporate Governance Report

Brief Information on Corporate Governance

During the reporting period, the Company further improved its standard of corporate governance by establishing a standardized and comprehensive corporate governance structure in strict compliance with the PRC Company Law, Securities Law and other laws and regulations as well as domestic and foreign regulatory requirements.

The Company's compliance with domestic regulatory requirements

During the reporting period, in accordance with the documentary requirements of the China Securities Regulatory Commission ("CSRC") and its detached offices, the Company further regulated its corporate governance, improved insider information management and information disclosure, strengthened the independence of the listed company and internal control and business management, perfected the management of raised funds and financial accounting, sorted out shareholder commitments, and raised the standard of corporate governance of the Company. As at the end of the reporting period, there was no material difference between the corporate governance of the Company and the corporate governance requirements under the relevant rules and requirements of the CSRC.

During the reporting period, the Company and its directors, supervisors and senior management have neither been subject to any inspection, administrative punishment and notice of criticism by the CSRC nor have they been penalized by any other regulatory authorities or publicly censured by any stock exchanges.

The Company's compliance with the Corporate Governance Code

The board of directors is responsible for corporate governance of the Company. The Company has adopted the corporate governance policies as set out in Appendix 14 of the Hong Kong Listing Rules, and established its own system of corporate governance. As of 31 December 2013, the Company has been in full compliance with the provisions and most of the recommended best practices as specified therein. For the terms of reference of the board of directors and the Board Committees to perform duties under the Corporate Governance Code, please refer to the Articles of Association, Rules of Procedure of Meetings of the Board of Directors and rules of procedure of the Board Committees, which have been published on the websites of the stock exchanges where the Company is listed and on the Company's website.

The convening, voting and disclosure procedures of board meetings of the Company, rules of procedure of the board of directors and procedures for nomination and appointment of directors are in compliance with relevant requirements. The board of directors is a standing decision-making body of the Company. The Articles of Association sets out in detail the respective duties of the Chairman of the Board and the President.

Members of the board of directors of the Company are from a variety of backgrounds, which guarantees the rationality and reasonableness of decisions made by the board of directors. Members of the board of directors are individuals from various domestic and overseas industries, including one female director. The number of non-executive directors accounts for more than half of all directors. Each director's knowledge base and field of expertise are professional and complementary in the overall board structure.

For further details of the information required to be disclosed in accordance with the requirements as set out in Appendix 14 of the Hong Kong Listing Rules, please refer to the relevant sections of this chapter and the relevant information set out in the Directors' Report.

Explanations for certain special issues

(I) Amendments to rules and regulations during the reporting period

No.	Target of Amendments	Date of Approval	Procedure for effective approval
1	Articles of Association	21 June 2013	2012 Annual General Meeting
2	Rules on the Management of the Use of Proceeds	31 May 2013	38th meeting of the second session of the board of directors

Amendments to Articles of Association were made mainly to the approval procedure of profit distribution plan, the basic principle of profit distribution policy, the specific policy of profit distribution and the proportion of cash dividend. For details, please refer to the Announcement on Amendments to Articles of Association (H shares) dated 24 August 2012 and the Announcement on Resolutions passed at the 30th Meeting of the Second Session of the Board dated 25 August 2012 (Lin 2012-037) (A shares).

The Company's main regulatory documents in respect of corporate governance are:

1. "Articles of Association"*

2. "Rules of Procedure of General Meeting"

3. "Rules of Procedure of Meetings of the Board of Directors"*

4. "Rules of Procedure of Meetings of the Strategy Committee of the Board of Directors"

5. "Rules of Procedure of Meetings of the Remuneration Committee of the Board of Directors"*

6. "Rules of Procedure of Meetings of the Nomination Committee of the Board of Directors"*

7. “Rules of Procedure of Meetings of the Safety, Health and Environment Committee”

8. “Rules of Procedure of Meetings of the Audit Committee of the Board of Directors”*

9. “Rules on Work of the Audit Committee of the Board of Directors”*

10. “Rules on Work of Annual Report of the Audit Committee of the Board of Directors”*

11. “Independent Directors System”*

12. “Rules of Procedure of Meetings of the Supervisory Committee”

13. “Rules on Work of the President”

14. “Rules on Work of the Secretary to the Board of Directors”*

15. “Related Party Transactions Decision Making Systems”*

16. “Provisional Measures for the Management of Provision of Guarantees”*

17. “Provisional Measures for Investment Management”

18. “Management System for Regulating Fund Transfers with Related Parties”*

19. “Measures for the Management of the Use of Proceeds”*

20. “Information Disclosure System” *

21. “Internal Reporting System of Significant Events”

22. “Investor Relations Management System”

23. “Model Code on Securities Trading by Directors”

24. “The Accountability System for Material Errors of Information Disclosure in Annual Report”*

25. “Measures for the Administration of Preventing Insider Dealing”*

26. “Measures for the Management of Dealings in the Shares of the Company by Employees”

Note: The policies marked * are disclosed on the website of Shanghai Stock Exchange or the Hong Kong Stock Exchange.

The Company has formulated and disclosed The Accountability System for Material Errors of Information Disclosure in Annual Report. As of the date of this report, we are not aware of any material error of information disclosure in annual report.

(II) The establishment and improvement of management system of external users of information

The Measures for the Administration of Preventing Insider Dealing of China Shenhua include matters such as information disclosure and registration and management of external users of information under the management of the system. During the reporting period, the Company prevented insider dealings by adopting Measures for the Administration of Preventing Insider Dealing. During the reporting period, there were no cases of dealings in the shares of the Company using inside information before the disclosure of material sensitive information that could affect the share price of the Company.

1. Reminder and Registration. An individual reminder is made to particular insiders before the price sensitive period of results announcement, by way of e-mails and short message service and a public reminder is made to potential insiders via the Company's internal website. The Company clarifies responsibilities of the relevant departments according to the procedures of insider information flows and business allocation, implements the registration of informed external insiders such as intermediaries and improves the control of insider dealings.

2. Voluntary disclosure. The Company disclosed the adjusted 2013 business targets and capital expenditure plan in October 2013, and the major operational data of 2013 in January 2014. The Company voluntarily discloses the monthly major operational data and business progress of major projects. The above disclosure initiatives help reduce unequal distribution of information, eliminate insider dealings and prevent unusual fluctuations of share price.

(III) Independence of the Company from its controlling shareholder

China Shenhua has an independent and complete business system as well as a market-oriented self-operation capability. The Company is independent from its controlling shareholder in terms of business, personnel, assets, organization and finance.

As a transitional measure for the prevention of competition, the Company was entrusted by Shenhua Group Corporation upon the completion of relevant procedures to provide daily operation management services for existing assets and businesses of Shenhua Group. The Company engaged eight vice general managers of Shenhua Group Corporation as president and senior vice presidents of the Company.

While preserving the independent and complete business system and the market-oriented self-operation capability, the Company will further regulate related party transactions, minimize possible competition and strive to maximize the interest of the shareholders.

(IV) Explanations for issues regarding competition

The Company and Shenhua Group Corporation entered into a Non-competition Agreement on 24 May 2005. As of 31 December 2013, pursuant to the said agreement, Shenhua Group has abided by its commitments on avoiding horizontal competition, which is mainly reflected in:

1. Renewal of the Agreement on Asset and Business Entrusted Management Services. As a transitional arrangement to avoid competition, China Shenhua has been entrusted by Shenhua Group Corporation since 2011 to provide daily operation management services for the existing assets and businesses of Shenhua Group. In 2013, China Shenhua renewed the Agreement on Asset and Business Entrusted Management Services for the period from 2014 to 2016 with Shenhua Group Corporation.

2. Continuous promotion of asset injections which meet the requirements of the listed company. Since the listing of H shares in 2005, five rounds of asset injections have been carried out. In 2013, China Shenhua acquired Baotou Coal Chemical Company and Jiujiang Power from Shenhua Group and its subsidiaries.

3. Continuous implementation of the integration of existing and continuing assets. For coal and power assets remaining in Shenhua Group that China Shenhua has decided not to exercise its pre-emptive rights of acquisition, Shenhua Group will keep on promoting the enhancement of the management of those enterprises and actively create conditions for fulfilling the requirements of injection into the listed company.

As at 31 December 2013, some relevant assets of Shenhua Group have not yet been injected into China Shenhua. According to regulatory requirements, Shenhua Group and China Shenhua intended to further regulate the performance of non-competition undertakings in accordance with the provisions under the Non-competition Agreement, relevant information in the Company's A-Share prospectus and the actual operating conditions of Shenhua Group's relevant assets,.

Establishment, improvement and assessment of internal control system

The board of directors of the Company is responsible for the establishment, improvement and effective implementation of internal control, evaluating the effectiveness of internal control and disclosing the evaluation of internal control truthfully. The supervisory committee monitors the board of directors on its establishment and implementation of internal control. The management team is responsible for organizing and leading the daily operation of the Company's internal control.

The objectives of the Company's internal control are providing reasonable assurance that the Company's operations comply with the laws and regulations, the assets are safe, financial reports and relevant information are true, increasing operating efficiency and results, and facilitating the achievement of development strategies. Only reasonable assurance can be provided for the above objectives due to the inherent limitations of internal control. Besides, as changing circumstances may render the internal control inappropriate or the level of compliance with the control policy and procedure lowered, certain risks may appear when predicting the effectiveness of future internal control by referring to the result of the internal control evaluation.

According to the 2013 Assessment Report on Internal Control: based on the identification of material deficiencies in internal control of the Company's financial reporting, no material deficiencies in internal control over financial reporting existed at the benchmark date of the Assessment Report on Internal Control. The board of directors is of the view that the Company has maintained effective internal control over its financial reporting in all material aspects in accordance with the requirements of the "Basic Standard for Enterprise Internal Control" and its supplementary guidelines as well as other regulatory requirements on internal control. Based on the identification of material deficiencies in internal control over the Company's non-financial reporting, the Company did not identify any material deficiencies in internal control over non-financial reporting at the benchmark date of the Assessment Report on Internal Control. Nothing which would affect the evaluation result of the effectiveness of internal control occurred from the benchmark date of the Assessment Report on Internal Control to the date of issuance of the Assessment Report on Internal Control.

Deloitte Touche Tohmatsu Certified Public Accountants LLP, engaged by the Company, have issued the standard unqualified Audit Report on Internal Control. They are of the opinion that as at 31 December 2013, China Shenhua has maintained effective internal control over its financial reporting in all material aspects in accordance with the "Basic Standard for Enterprise Internal Control" and the relevant requirements.

Please refer to the section "Amendments to rules and regulations during the reporting period" for the establishment of a sound internal control system. Please refer to the relevant announcement published on the website of Shanghai Stock Exchange on 29 March 2014 for the 2013 Assessment Report on Internal Control and Audit Report on Internal Control.

Directors, Supervisors, Senior Management and Employees

Basic information of current directors, supervisors and senior management

Name	Position	Gender	Age	Total remuneration received from the Company during the Reporting Period (before tax)	Whether remuneration or allowance was paid by a shareholder of the Company or other associated companies during term of office in the year
				RMB 10,000	
Zhang Yuzhuo	Vice chairman, Executive director	Male	51	–	yes
Ling Wen	Executive director, President	Male	50	159.56	no
Han Jianguo	Executive director, Senior vice president	Male	55	156.48	no
Fan Hsu Lai Tai	Independent non-executive director	Female	68	45.00	no
Gong Huazhang	Independent non-executive director	Male	67	45.00	no
Guo Peizhang	Independent non-executive director	Male	64	45.00	no
Kong Dong	Non-executive director	Male	65	–	yes
Chen Hongsheng	Non-executive director	Male	63	–	yes
Sun Wenjian	Chairman of Supervisory Committee	Male	58	–	yes
Tang Ning	Supervisor	Male	58	106.21	no
Zhao Shibin	Supervisor (Employee representative)	Male	44	97.37	no
Wang Xiaolin	Senior vice president	Male	50	151.46	no
Li Dong	Senior vice president	Male	53	151.20	no
Hao Gui	Senior vice president	Male	51	148.71	no
Xue Jilian	Senior vice president	Male	59	149.46	no
Wang Pingang	Senior vice president	Male	52	149.41	no
Wang Jinli	Senior vice president	Male	54	117.33	no
Zhai Guiwu	Vice president	Male	50	100.81	no
Huang Qing	Secretary to the Board	Male	48	110.23	no
Zhang Kehui	Chief financial officer	Female	50	106.22	no
Total	/	/	/	1,839.45	/

Note: 1. The remuneration package of the above Directors and Supervisors for the year 2013 is subject to approval by the Company at the 2013 annual general meeting; the remuneration package of the senior management was approved by the board of directors. The remuneration of Ling Wen, Han Jianguo, Wang Xiaolin, Li Dong, Hao Gui, Xue Jilian and Wang Pingang included deferred performance remuneration for 2010-2012, amounting to an aggregate of RMB3.8517 million.

2. The personnel mentioned above did not hold any shares of the Company as at the end of the reporting period.

3. Directors of the second session of the board of directors of the Company and supervisors of the second session of the Supervisors Committee carry a term of office of three years (from 18 June 2010 to 17 June 2013). In accordance with Articles of Association, incumbent directors and supervisors of the Company shall continue to perform their duties before the election of new directors and supervisors.

4. Dr. Zhang Xiwu resigned from the positions of chairman of the Board and executive director of the Company on 5 March 2014. He did not receive any remuneration from the Company in 2013 and received his remuneration from the units of the controlling shareholders.

Major working experience of the directors, supervisors and senior management in the last five years

Biographies of the current directors, supervisors and senior management

Directors

Dr. Zhang Yuzhuo
aged 51, Chinese
Vice chairman and executive director

Dr. Zhang has served as the vice chairman of the Company since May 2011 and an executive director of the second session of the board of directors of the Company since June 2010. Dr. Zhang is also a director and general manager of Shenhua Group Corporation. Dr. Zhang previously served as a non-executive director of the first session of the board of directors of the Company, deputy general manager of Shenhua Group Corporation, chairman of China Shenhua Coal Liquefaction Company Limited, chairman of Shenhua International (Hong Kong) Company Limited and executive director of Shenhua Hulunbeier Coal Processing Company Limited. Prior to joining Shenhua Group Corporation in December 2001, Dr. Zhang served as the president of the China Coal Research Institute, chairman of China Coal Technology Corporation, chairman of Tiandi Science & Technology Co., Ltd. and deputy general manager of Shandong Yankuang Group Co., Ltd. Dr. Zhang is a researcher, a fellow of Chinese Academy of Engineering, and is experienced in management of research and development and has rich experience in enterprise management of the coal industry in China. He graduated in 1982 from Shandong University of Science and Technology with a bachelor's degree, received a master's degree from China Coal Research Institute in 1985 and a Ph.D. degree from the University of Science and Technology of Beijing in 1989. From 1992 to 1996, Dr. Zhang conducted postdoctoral studies and research in clean coal technology at the University of Southampton in the UK and Southern Illinois University in the USA.

Dr. Ling Wen
aged 50, Chinese
Executive director and president

Dr. Ling has served as an executive director of the second session of the board of directors of the Company since June 2010 and the president of the Company since August 2006. Dr. Ling is also a director and deputy general manager of Shenhua Group Corporation, and the chairman of the board of directors of Shenhua Finance Company, a subsidiary of the Company. Dr. Ling had previously served as an executive director of the first session of the board of directors of the Company, the executive vice president and chief financial officer of the Company. Prior to joining Shenhua Group in December 2001, Dr. Ling served as the deputy general manager of the International Business Department of the Industrial and Commercial Bank of China, deputy general manager of Industrial and Commercial Bank of China (Asia) Limited and chairman of UB China Business Management Company Limited. Dr. Ling has in-depth and extensive experience in financial institution and enterprise management. He is a professor and mentor for doctoral students at Renmin University of China and China University of Mining and Technology. Dr. Ling graduated from Shanghai Jiao Tong University with a bachelor's degree in science in 1984, received a master's degree in systems engineering from Harbin Institute of Technology in 1987 and received a Ph.D. degree in management engineering in 1991. From 1992 to 1994, Dr. Ling conducted postdoctoral research in macroeconomics in the Department of Automation of Shanghai Jiao Tong University.

Mr. Han Jianguo
aged 55, Chinese
Executive director and senior vice president

Mr. Han has served as an executive director and senior vice president of the Company since May 2011. Mr. Han is also the vice general manager and chief information officer of Shenhua Group Corporation. Previously, he served as a non-executive director of the first session and second session of the board of directors of the Company, chairman and general manager of Shenhua Coal Trading Company Limited. Prior to joining Shenhua Group in April 1998, Mr. Han served as the secretary to the vice minister of the former State Development and Planning Commission. Mr. Han is a senior engineer and is experienced in the PRC coal industry, macroeconomics and enterprise management. He graduated from Fuxin College of Mining and Technology in Liaoning Province with a bachelor's degree in 1983 and received a master's degree from Tongji University in 1999. In 2006, he obtained an MBA degree at the China Europe International Business School.

Ms. Fan Hsu Lai Tai
aged 68, Chinese
Independent non-executive director

Ms. Fan has served as an independent non-executive director of the second session of the board of directors of the Company since June 2010. Ms. Fan is also a member of the Standing Committee of the 12th National People's Congress of China, an independent non-executive director of China COSCO Holdings Company Limited, Cosco Pacific Limited and China Overseas Land & Investment Ltd. Ms. Fan previously served as director of Career Centre of the University of Hong Kong, assistant dean of Hong Kong Polytechnic Institute, member of Preliminary Working Committee for Preparatory Committee for Hong Kong Special Administrative Region, committee member of Preparatory Committee for Hong Kong Special Administrative Region, president of the Legislative Council of the Hong Kong Special Administrative Region, deputy to the ninth and tenth National People's Congress of China and member of the Standing Committee of the 11th National People's Congress. Ms. Fan has extensive experience in legislative and supervision affairs. She received a bachelor's degree in 1967 and a master's degree in 1973 from the University of Hong Kong respectively.

Mr. Gong Huazhang

aged 67, Chinese

Independent non-executive director

Mr. Gong has served as an independent non-executive director of the Company since June 2009. Mr. Gong is also an external director of COFCO Corporation, an independent non-executive director of Nanyang Commercial Bank (China) Limited, China Railway Group Limited and China Southern Airlines Company Limited, an external director of Dongfang Electric Corporation Limited, a member of China Valuation Standards Committee, a special councilor of China Valuation Society, a consultant of the Accounting Society of China, a consultant of the Pricing Association of China, a part-time professor at Tsinghua University, Nankai University, Xiamen University, Shanghai National Accounting Institute, Xiamen National Accounting Institute, China University of Petroleum (Beijing) and a professor of Beijing National Accounting Institute. Mr. Gong previously served as a non-executive director of China Southern Airlines Company Limited, a director of China Yangtze Power Co., Ltd., the chief accountant of China National Petroleum Corporation, a director of PetroChina Company Limited and the chairman of China Petroleum Finance Co., Ltd. Mr. Gong graduated from Jiangsu Yangzhou Business School in 1965. He is a professor-level senior accountant and has over 40 years' experience in accounting.

Mr. Guo Peizhang

aged 64, Chinese

Independent non-executive director

Mr. Guo has served as an independent non-executive director of the second session of the board of directors of the Company since June 2010. Mr. Guo is also an external director of Dongfang Electric Corporation. Mr. Guo had served as deputy director of Department of Planning and Policies of State Economy Commission and Bureau of Economy, director of Division of Integrated Utilization under Department of Resource Conservation and Integrated Utilization of State Planning Commission, director of Division of Integrated Resource Utilization under the Department of Raw Materials and Integrated Resource Utilization of State Planning Commission, deputy supervisor of Planning Committee of Xinjiang Autonomous Region, assistant counsel of Department of Raw Materials and Integrated Resource Utilization of State Planning Commission, deputy director and director of Department of Regional Economic Development of State Development and Planning Commission, director of Department of Regional Economy of National Development and Reform Commission, the chairman of China Guodian Material Corporation, the head of disciplinary inspection panel of China Guodian Corporation and the chairman of the supervisory committee of GD Power Development Co., Ltd. Mr. Guo is a senior economist and has extensive experience in macroeconomics and enterprise management. He graduated from Renmin University of China in 1982 with a bachelor's degree.

Mr. Kong Dong

aged 65, Chinese

Non-executive director

Mr. Kong has served as a non-executive director of the second session of the Board of the Company since May 2012. Mr. Kong is also an external director of Shenhua Group Corporation and China Telecommunications Corporation, a vice chairman of China National Aviation Corporation (Group) Limited and a member of the 11th National Committee of Chinese People's Political Consultative Conference. He previously served as an assistant to the general manager and deputy general manager of China Offshore Helicopter Service Corporation, general manager of Shenzhen Airport Group Corporation, president of China National Aviation Corporation, president of China National Aviation Corporation (Group) Limited, general manager of China National Aviation Holding Company, chairman and non-executive director of Air China Limited and non-executive director and vice chairman of the board of directors of Cathay Pacific Airways Limited. Mr. Kong is a senior economist and has extensive experience in business operation and management. He graduated from Jiangxi University of Technology in 1977.

Mr. Chen Hongsheng

aged 63, Chinese

Non-executive director

Mr. Chen has served as a non-executive director of the second session of the Board of the Company since May 2012. He is also an external director of Shenhua Group Corporation, Sinotrans & CSC Holdings Corporation Limited and State Development and Investment Corp. of the PRC. Mr. Chen's previous positions included general manager of Shipping Department of China Ocean Shipping Agency Co., Ltd., general manager of COSCO Beijing International Freight Forwarding Company, vice president of China Ocean Shipping (Group) Company, chairman of COSCO Shipping Co., Ltd., executive director, general manager and non-executive director of China COSCO Holdings Company Limited, and director, chairman of the board of directors and non-executive director of COSCO Pacific Limited. Mr. Chen is a senior economist with rich experience in the production, operation and management of shipping. He graduated from Sichuan International Studies University in 1975 and from Capital University of Economics and Business in 2001, with a postgraduate diploma in business administration.

Supervisors

Mr. Sun Wenjian
aged 58, Chinese
Chairman of the Supervisory Committee

Mr. Sun has served as the chairman of the second session of the Supervisory Committee of the Company since June 2010. Mr. Sun is also the head of disciplinary team, union chairman of Shenhua Group Corporation and employee director. Mr. Sun had served as committee member of education division of Ministry of Supervision, deputy director and director of training branch under education division of Ministry of Supervision, deputy supervisor of education division of Ministry of Supervision, deputy supervisor of the 2nd disciplinary and supervisory division of Ministry of Supervision, director-general level disciplinary and supervisory officer, deputy supervisor, head of foreign affairs of Ministry of Supervision and supervisor of the 8th disciplinary and supervisory division of Ministry of Supervision. Mr. Sun graduated from Beijing Normal University with a master's degree in law in January 1985.

Mr. Tang Ning
aged 58, Chinese
Supervisor

Mr. Tang has served as a supervisor of the second session of the Supervisory Committee of the Company since June 2010. He is the managing director of the first division of the delegated Supervisory Committee of Shenhua Group Corporation. Mr. Tang had served as the deputy director of Property Ownership Administration of Shenhua Group Corporation, a director and general manager of Shenhua International (Hong Kong) Co., Ltd., head of board office, deputy supervisor and office supervisor of Shenhua Group Corporation. Prior to joining Shenhua Group Corporation, Mr. Tang served as director of the office to control the purchasing power of social entities under the Ministry of Finance. Mr. Tang graduated from the Party School of the Central Committee of CPC in 1998.

Mr. Zhao Shibin
aged 44, Chinese
Employees' representative supervisor

Mr. Zhao has served as an employees' representative supervisor of the second session of the Supervisory Committee of the Company since June 2010. Mr. Zhao is also the deputy general manager, secretary of disciplinary inspection committee and the chairman of the union of Guohua Power Branch of the Company. Mr. Zhao has been the member of the Fuzhou City Committee and the member of Standing Committee (a temporary post for two years) under the Communist Party of China since 20 December 2013 and the vice mayor of Jiangxi Fuzhou City Municipal Government since 13 January 2014. Previously, Mr. Zhao had worked as a cadre in the teacher qualifications division of the academic registry of the Beijing Power Engineering and Economics Institute and served as senior staff member of the statistics division of planning department of Ministry of Power (State Power Corporation), second rank officer of the secretary division of general manager department of State Power Corporation, deputy director of the secretary division of general manager department of State Power Corporation and deputy director (departmental level) of the secretary division of the general office of State Grid Corporation of China. Mr. Zhao is a senior engineer. He graduated from Beijing Water and Electricity Economics Management Institute with a bachelor's degree in economics in 1992 and graduated from School of Economics and Management of Tsinghua University in 2002.

Senior Management

Dr. Ling Wen
aged 50, Chinese
Executive director and president

Dr. Ling has served as an executive director of the second session of the board of directors of the Company since June 2010 and the president of the Company since August 2006. Dr. Ling is also a director and deputy general manager of Shenhua Group Corporation, and the chairman of the board of directors of Shenhua Finance Company, a subsidiary of the Company. Dr. Ling had previously served as an executive director of the first session of the board of directors, the executive vice president and chief financial officer of the Company. Prior to joining Shenhua Group in December 2001, Dr. Ling served as the deputy general manager of the International Business Department of the Industrial and Commercial Bank of China, deputy general manager of Industrial and Commercial Bank of China (Asia) Limited and chairman of UB China Business Management Company Limited. Dr. Ling has in-depth and extensive experience in financial institution and enterprise management. He is a professor and mentor for doctoral students at Renmin University of China and China University of Mining and Technology. Dr. Ling graduated from Shanghai Jiao Tong University with a bachelor's degree in science in 1984, received a master's degree in systems engineering from Harbin Institute of Technology in 1987 and received a Ph.D. degree in management engineering in 1991. From 1992 to 1994, Dr. Ling conducted postdoctoral research in macroeconomics in the Department of Automation of Shanghai Jiao Tong University.

Mr. Han Jianguo
aged 55, Chinese
Executive director and senior vice president

Mr. Han has served as an executive director and senior vice president of the Company since May 2011. Mr. Han is also the vice general manager and chief information officer of Shenhua Group Corporation. Previously, he served as a non-executive director of the first session and second session of the board of directors of the Company, and chairman and general manager of Shenhua Coal Trading Company Limited. Prior to joining Shenhua Group in April 1998, Mr. Han served as the secretary to the vice director of the former State Development and Planning Commission. Mr. Han is a senior engineer and has accumulated extensive experience in the coal industry, macro-economics and business management in the PRC. He graduated from Fuxin College of Mining and Technology in Liaoning Province with a bachelor's degree in 1983 and received a master's degree from Tongji University in 1999. In 2006, he obtained an MBA degree at the China Europe International Business School.

Mr. Wang Xiaolin
aged 50, Chinese
Senior vice president

Mr. Wang has served as a senior vice president of the Company since May 2011. Mr. Wang is also a deputy general manager and secretary to the board of directors of Shenhua Group Corporation Limited. Mr. Wang previously served as an assistant to the general manager and director of the General Dispatching Office of Shenhua Group Corporation Limited, vice chairman and general manager of Shenhua Huanghua Harbour Administration Company Limited, and manager and deputy manager of the Planning Department of Shenhua Group Corporation Limited. Prior to joining Shenhua Group in 1995, Mr. Wang held several positions in Huaneng Refined Coal Company, including deputy manager of the Production Department and deputy manager of the Planning Department. Mr. Wang is a senior engineer. He has extensive knowledge about China's coal industry. Mr. Wang graduated from China University of Mining and Technology in 1983 with a bachelor's degree.

Dr. Li Dong
aged 53, Chinese
Senior vice president

Dr. Li has served as a senior vice president of the Company since May 2011. Dr. Li is also a deputy general manager and chief legal adviser of Shenhua Group Corporation Limited. Dr. Li previously served as deputy chief engineer of Shenhua Group Corporation Limited, chairman of Shenhua Zhunge'er Energy Co., Ltd. and head of General Manager's Office of Shenhua Group Corporation Limited. Prior to joining Shenhua Group in 1995, he held posts in the General Office of Ministry of Coal Industry, the General Office of China National Coal Corporation, the Division of Production Technology under the Department of Production of Northeast Inner Mongolia Coal United Industry Company, etc. Dr. Li is a professor-level senior engineer with rich experience in the management of coal enterprises in China. He obtained a bachelor's degree from Fuxin Mining Institute in 1982, a master's degree from Liaoning Technical University in 1997, an MBA degree from China Europe International Business School in 2005 and a Ph.D. degree from Liaoning Technical University in 2005.

Dr. Hao Gui
aged 51, Chinese
Senior vice president

Dr. Hao has served as a senior vice president of the Company since May 2011. Dr. Hao is also a deputy general manager of Shenhua Group Corporation Limited. Dr. Hao served as vice president of the Company, deputy chief economist of Shenhua Group, chairman of Shenhua Mengxi Coal Chemical Company Limited, chairman of Zhonglian Economic and Technological Development Company, and chief economist of Shenhua Shenfu Fine Coal Company. Prior to joining Shenhua Group in May 1996, Dr. Hao served as the deputy director of the Yanzi Mountain Coal Mine of Datong Mining Bureau and lecturer of the Institute of Economics and Trade of China University of Mining and Technology, etc. Dr. Hao is a senior economist and a professor. He has in-depth industry knowledge with over 20 years of operational and managerial experience in the coal industry in China. He received from China University of Mining and Technology a bachelor's degree in 1984, a master's degree in 1987 and a Ph.D. degree in 2006, respectively.

Mr. Xue Jilian
aged 59, Chinese
Senior vice president

Mr. Xue has served as a senior vice president of the Company since May 2011. Mr. Xue is a deputy general manager of Shenhua Group Corporation Limited and chairman and general manager of Shuohuang Railway Development Company Limited, a subsidiary of the Company. Mr. Xue had served as vice president of the Company. Prior to joining Shenhua Group in April 1999, Mr. Xue served as deputy director and chief engineer of No.16 Construction Bureau of the Ministry of Railways, among other positions. Mr. Xue is a professor-level senior engineer. He has extensive operational and managerial experience in large-scale railway construction and rail transportation enterprises. He graduated from Southwest Jiaotong University with a bachelor's degree in 1993, received a master's degree from Southwest Jiaotong University in 2001, and obtained an MBA degree from Cheung Kong Graduate School of Business in September 2008.

Mr. Wang has served as a senior vice president of the Company since May 2011. Mr. Wang is also a deputy general manager of Shenhua Group Corporation Limited and a director of Greengen Corporation Limited. Mr. Wang served as vice president of the Company, chairman, chief engineer, deputy chief engineer, and manager of Power Operations Department of Beijing Guohua Power Company Limited and general manager, deputy general manager and chief engineer of Suizhong Power Co., Ltd. Prior to joining Shenhua Group in March 1999, he served as, among other positions, assistant to head, deputy head of Yuanbao Mountain Power Plant. Mr. Wang is a senior engineer. He has extensive operational and managerial experience in large-scale power enterprises. He graduated from Northeast Power Institute of China with double bachelor's degrees in 1987.

Mr. Wang Pingang
aged 52, Chinese
Senior vice president

Dr. Wang has served as a senior vice president of the Company since September 2013. He is also the deputy general manager of Shenhua Group Corporation Limited, chairman of Shenhua Coal Trading Co., Ltd., a subsidiary of Shenhua Group and the chairman of Shenhua Trading Group Limited, a subsidiary of the Company. Mr. Wang previously served as vice president of the Company and chairman of Shenhua Australia Holdings Pty Limited. Prior to joining the Company, Dr. Wang served as chairman, general manager and deputy general manager of Shenhua Shendong Coal Company, director of Shenhua Port Company, director of the Changchun Coal Technology Centre and director of the Huichun Coal Mining Bureau, etc. Dr. Wang is a researcher and senior engineer and has approximately 30 years of operational and management experience in the coal industry in China. He graduated from Jilin University with a bachelor's degree in 1992 and received a master's degree from Liaoning University of Engineering and Technology in 2002. In 2006, he graduated from Liaoning University of Engineering and Technology and obtained a Ph.D. degree. He graduated from the School of Economics and Management in Tsinghua University in February 2009 with an EMBA degree.

Dr. Wang Jinli
aged 54, Chinese
Senior vice president

Mr. Zhai has served as a vice president of the Company since May 2011. Mr. Zhai previously served as the chairman of Shenhua Shendong Coal Group Co., Ltd., and deputy general manager and general manager of China Shenhua Energy Company Limited Shendong Coal Branch. Prior to joining Shenhua Group in 1999, Mr. Zhai also served as deputy chief engineer of Dayan Mining Bureau. Mr. Zhai is a professor-level senior engineer. He has extensive experience in the management of coal production safety. He graduated from Liaoning Technical University with a bachelor's degree in 1997, received an MBA degree from Tsinghua University in 2008 and a Ph.D. degree, from China University of Mine and Technology in 2010.

Mr. Zhai Guiwu
aged 50, Chinese
Vice president

Mr. Huang Qing
aged 48, Chinese
Secretary to the Board

Mr. Huang has served as the secretary to the Board of the Company since November 2004 and is also the company secretary of the Company. Prior to joining the Company, Mr. Huang served as the deputy director of the General Office of Shenhua Group since 2002 and secretary to the chairman of Shenhua Group since July 2003. Prior to joining Shenhua Group in 1998, Mr. Huang served as the deputy general manager of Hubei Provincial Railway Company and secretary to the deputy governor of the Hubei provincial government. Mr. Huang obtained a board secretary certification from Shanghai Stock Exchange in 2004. Mr. Huang is a senior engineer. He graduated from the National University of Defense Technology with a bachelor's degree in 1988 and received a master's degree from Guangxi University in 1991.

Ms. Zhang Kehui,
aged 50, Chinese
Chief financial officer

Ms. Zhang has served as the chief financial officer of the Company since January 2007. Ms. Zhang had previously served as head of internal control and auditing department of the Company. Prior to joining the Company, Ms. Zhang served as the deputy manager of financial department of Shenhua Group and assistant to the general manager of Shuohuang Railway Development Company Limited. Being a researcher, a certified accountant in China as well as a fellow of certified public accountants of Australia (FCPA), Ms. Zhang has extensive experience in financial management. Ms. Zhang graduated from Shanxi University with a bachelor's degree in Arts in 1985 and received a master's degree in engineering from China University of Mining and Technology in 1994.

Changes in directors, supervisors and senior management

On 25 October 2013, the Resolution on the Appointment of Mr. Guo Peizhang as the Chairman of the Nomination Committee of the Board was approved at the 41st meeting of the second session of the board of directors, pursuant to which Mr. Guo Peizhang, an independent non-executive director of the Company, was approved to be appointed as the chairman of the Nomination Committee under the second session of the board of directors. Dr. Zhang Xiwu, the chairman of the Company, ceased to be the chairman of the Nomination Committee while other members of the Nomination Committee remained unchanged.

On 27 September 2013, the Resolution on the Appointment of Senior Vice President of the Company was approved at the 40th meeting of the second session of the board of directors of the Company, pursuant to which Dr. Wang Jinli was appointed as senior vice president of the Company.

On 5 March 2014, Dr. Zhang Xiwu resigned from the posts of chairman of the Board and executive director of the Company. His appointments as the chairman of the Strategy Committee of the Board and member of the Nomination Committee of the Board terminated at the same time. Dr. Zhang Yuzhuo, the Vice Chairman of the Board, shall perform the duties of the chairman of the Board until a new chairman of the Board is elected.

Positions of current directors, supervisors and senior management held in the shareholders of the Company and other entities

Positions held in shareholders and their subsidiaries

Name	Name of shareholder	Position held	Commencement of term of office	Expiry of term of office	Whether remuneration or allowance was paid by a shareholder of the Company during term of office in the year
Zhang Yuzhuo	Shenhua Group Corporation	Director and general manager	2008-12	–	Yes
Ling Wen	Shenhua Group Corporation	Director and deputy general manager	2010-04	–	No
Han Jianguo	Shenhua Group Corporation	Deputy general manager	2003-08	–	No
		Chief information officer	2009-03	–	
Kong Dong	Shenhua Group Corporation	External director	2012-02	–	Yes
Chen Hongsheng	Shenhua Group Corporation	External director	2012-02	–	Yes
Sun Wenjian	Shenhua Group Corporation	Head of Disciplinary Team	2008-12	–	Yes
		Union chairman	2009-03	–	
		Employee director	2010-08	–	
Tang Ning	Shenhua Group Corporation	Managing director of the division of delegated Supervisory Committee	2013-06	–	No
Wang Xiaolin	Shenhua Group Corporation	Deputy general manager	2006-08	–	No
		Secretary to the Board	2005-12	–	

Name	Name of shareholder	Position held	Commencement of term of office	Expiry of term of office	Whether remuneration or allowance was paid by a shareholder of the Company during term of office in the year
Li Dong	Shenhua Group Corporation	Deputy general manager	2006-08	–	No
		Chief legal adviser	2011-12	–	
Hao Gui	Shenhua Group Corporation	Deputy general manager	2010-04	–	No
Xue Jilian	Shenhua Group Corporation	Deputy general manager	2010-04	–	No
Wang Pingang	Shenhua Group Corporation	Deputy general manager	2010-04	–	No
	Beijing Guohua Power Company Limited	Chairman	2011-11	2013-03	
Wang Jinli	Shenhua Group Corporation	Deputy general manager	2013-07	–	No
	Shenhua Coal Trading Company Limited	Chairman	2010-12	–	

Positions held in other entities

Name	Name of other entities	Position held	Commencement of term of office	Expiry of term of office	Whether remuneration or allowance was paid
Fan Hsu Lai Tai	China Overseas Land & Investment Limited	Independent non-executive director	2009-02	–	Yes
	COSCO Pacific Limited	Independent non-executive director	2009-01	–	Yes
	China COSCO Holdings Company Limited	Independent non-executive director	2011-05	–	Yes
Gong Huazhang	COFCO Corporation	External director	2011-04	–	Yes
	Dongfang Electric Corporation Limited	External director	2009-04	–	Yes
	Nanyang Commercial Bank (China) Limited	Independent non-executive director	2007-12	–	Yes
	China Railway Group Limited	Independent non-executive director	2007-09	–	Yes
	China Southern Airlines Company Limited	Independent non-executive director	2007-06	2013-12	Yes
Guo Peizhang	Dongfang Electric Corporation Limited	External director	2010-12	–	Yes
Kong Dong	China Telecom Corporation	External director	2012-04	–	Yes
	China National Aviation Corporation (Group) Limited	Vice chairman	2004-06	–	Yes
Chen Hongsheng	SINOTRANS & CSC Holdings Co., Ltd.	External director	2011-12	–	Yes
	State Development & Investment Corp.	External director	2012-04	–	Yes

Remuneration policy and determination for current directors, supervisors and senior management and appraisal system and incentive mechanism for senior management

The remuneration of directors and supervisors of the Company are proposed by the Remuneration Committee under the board of directors of the Company, in accordance with international and domestic practices and with reference to the remuneration of directors and supervisors of large-scale listed companies in China, and approved by the annual general meeting of the Company after consideration and approval by the board of directors of the Company. The remuneration of senior management of the Company is proposed by the Remuneration Committee of the board of directors of the Company in accordance with the Company's operating conditions in 2013 and the "Provisional Measures for the Administration of the Annual Remuneration of the Senior Management" formulated by the Company, and is considered and approved by the board of directors of the Company.

Please refer to the section "Directors, Supervisors, Senior Management and Employees" in this chapter for the particulars on remuneration of directors and supervisors of the Company. The proposed remuneration package of the directors and supervisors is subject to approval by the Company's shareholders at the 2013 Annual General Meeting. Details of remuneration are set out in note 11 of the financial statements for the year prepared in accordance with IFRS.

Zhang Yuzhuo, the Vice Chairman of the board of directors, Kong Dong and Chen Hongsheng, both directors, and Sun Wenjian, the Chairman of supervisory committee, do not receive any remuneration from the Company.

The Company has adopted a performance appraisal system for senior management which combines annual appraisal of operational performance and appraisal of operational performance over the terms of office. Such annual appraisal and appraisal over the terms of office are conducted based on the letter of responsibility of operational performance signed by the board of directors and senior management.

The Company has adopted a share appreciation rights scheme, the grantees of which include the management and key administrative officers of the Company. The cash remuneration of the management is determined in accordance with the "Provisional Measures for the Administration of the Annual Remuneration of the Senior Management". In addition to the basic salary, the board of directors of the Company conducts appraisal based on the performance of the management, and a performance bonus is determined based on the results of such appraisal. During the reporting period, the Company did not grant any share appreciation rights to the management.

Other significant matters in relation to directors, supervisors and senior management

As at 31 December 2013, none of the directors, supervisors or senior management had any interest or short position in the shares or underlying shares of the Company or any of its associated corporations within the meaning of Part XV of the SFO (Chapter 571 of the Laws of Hong Kong).

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") set out in Appendix 10 of the Hong Kong Listing Rules, which requires the securities transactions of the directors of the Company to be carried out in accordance with the Model Code. The Model Code is also applicable to the supervisors and senior management of the Company. After specific inquiries conducted by the Company, all the directors, supervisors or senior management have confirmed that they have fully complied with the Model Code throughout 2013 or during their terms of office.

All the directors and supervisors have provided relevant training records to the Company, and, in accordance with relevant requirements, participated in the training on internal control and the listing rules governing A shares. The Secretary to the board of directors of the Company has participated in training programs organized by a number of institutions including the stock exchanges where the shares are listed and The Hong Kong Institute of Chartered Secretaries for more than 15 hours in accordance with relevant requirements.

When considering any matters or transactions at any board meeting, the directors are required to declare any direct or indirect interests and recuse oneself where appropriate.

Save for their service contracts with the Company, none of the directors and supervisors of the Company has any material personal interests, directly or indirectly, in material contracts entered into by the Company or any of its subsidiaries in 2013 and subsisting during or at the end of the year of 2013; the directors and supervisors of the Company have confirmed that they and their associates have not entered into any connected transaction with the Company and its subsidiaries.

The Company has entered into service contracts with all of its directors and supervisors. None of the directors or supervisors has entered into or proposed to enter into any service contract with members of the Group which cannot be terminated by the Group within one year without any compensation (other than the statutory compensation). The Company has maintained appropriate liability insurance for its directors, supervisors and senior management.

Other than their working relationships in the Company, none of the directors, supervisors or the senior management has any financial, business or family relationship or any relationship in other material aspects with each other. For the year ended 31 December 2013, the Company had not granted any equity securities or warrants to its directors, supervisors and senior management or their respective spouses or children under the age of 18.

Employees of the Company

As at 31 December 2013, the Company had 91,487 employees in total. The total number of retired employees in respect of which the Group bore cost was 9,670, of which the numbers of employees of the headquarters and five major branches and subsidiaries of the Company are as follows:

No.	Name of entity	No. of employees (person)
1	China Shenhua (headquarters)	684
2	Shendong Coal Group Corporation	25,998
3	Guohua Power Branch	13,831
4	Zhunge'er Energy Company	9,209
5	Shuohuang Railway Development Company	7,675
6	Shenshuo Railway Branch	6,640

The composition of the Group's employees is as follows:

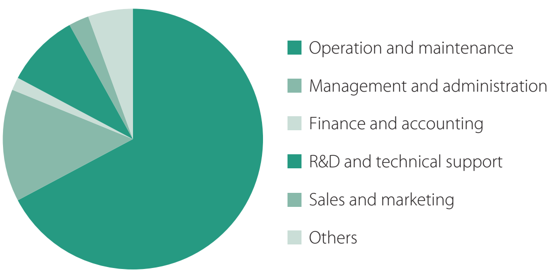
By function

No.	Function	As at 31 December 2013	As at 31 December 2012	Change
		person	person	%
1	Operation and maintenance	**60,762**	59,813	1.6
2	Management and administration	**12,769**	12,613	1.2
3	Finance and accounting	**1,531**	1,416	8.1
4	R&D and technical support	**9,587**	8,044	19.2
5	Sales and marketing	**2,302**	2,331	(1.2)
6	Others	**4,536**	4,927	(7.9)
	Total	**91,487**	89,144	2.6

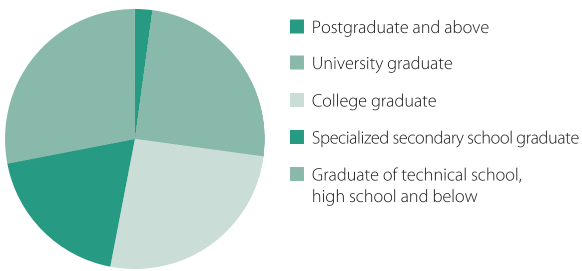
By education level

No.	Education	As at 31 December 2013	As at 31 December 2012	Change
		person	person	%
1	Postgraduate and above	**2,440**	2,071	17.8
2	University graduate	**24,155**	22,140	9.1
3	College graduate	**24,201**	23,025	5.1
4	Specialized secondary school graduate	**15,330**	16,971	(9.7)
5	Graduate of technical school, high school and below	**25,361**	24,937	1.7
	Total	**91,487**	89,144	2.6

By function



By education level



Explanatory notes:

1. During the reporting period, no changes in the composition of core technical teams or key technical personnel (who are not directors, supervisors or senior management) that would significantly affect the core competitiveness of the Company.
2. The Company adopted a competitive remuneration policy for employees and established a training system with different levels and channels to provide the employees with appropriate training in job skills, safe production and group management etc. During 2013, the accrued capital used for training was approximately RMB156 million. The number of participants in training was approximately 867,000 with training hours of approximately 5.4 hours/participant. For details, please refer to the Report on Corporate Social Responsibility of the Company for the Year 2013.
3. During the reporting period, the payment for outsourced work made by the Group was RMB3.04 billion in aggregate.

Operation of General Meetings, Board of Directors and Supervisory Committee of the Company

Information on General Meetings

(I) Shareholders' rights

As owners of the Company, the shareholders of the Company are entitled to the rights as stipulated in laws, administrative regulations and the Articles of Association of China Shenhua. The shareholders' general meeting is the highest authority of the Company, through which shareholders can exercise their rights. The controlling shareholder takes part in the Company's operations and decisions through shareholders' general meetings and the board of directors.

Pursuant to Articles 68 and 74 of the Articles of Association of China Shenhua, shareholders may submit written request to the board of directors for the convening of extraordinary general meetings or class meetings. Upon providing the Company with written evidence of the class and number of shares of the Company held, and following verification of the shareholders' identity by the Company, shareholders are entitled to inspect the relevant information of the Company or obtain the Articles of Association, the register of members, minutes of general meetings, resolutions of meetings of the board of directors and the supervisory committee, regular reports and financial and accounting reports, etc.

The Company discloses information in strict compliance with the listing rules of its places of listing. The Company makes its investor relations hotline, fax and email available. The Company has established an effective communication channel with shareholders through an information disclosure system and a investor reception system.

(II) Convening of General Meetings

Details of the general meetings held during the reporting period are as follows:

Name of meeting	Date	Venue	Number of shareholders/ proxies present at the meeting	Total number of shares represented by attendees	Percentage of total share capital/class share capital
			persons	shares	%
2012 Annual General Meeting	21 June 2013	Beijing	55	16,495,935,248	82.94
2013 First Class Meeting of the Holders of A Shares	21 June 2013	Beijing	31	14,576,626,253	88.39
2013 First Class Meeting of the Holders of H Shares	21 June 2013	Beijing	3	1,613,245,207	47.47

Apart from accepting registration of shareholders' attendance by way of facsimile, the Company also actively invited holders of A shares and H shares as well as fund analysts to attend general meetings. Sufficient time was given to shareholders for consideration of proposals and for Q&A session. Shareholders actively participated in such meetings and were fully entitled to exercise their various rights, such as the right to know, the right of speech, the right to question and the right to vote. The meetings enabled good communication between the management and shareholders. Resolutions proposed at the above meetings were passed. For voting results of the resolutions proposed at the meetings, please refer to the relevant announcements disclosed by the Company on the websites of the stock exchanges where the Company is listed on the date and the following day of the meetings.

The shareholders' representative, supervisors' representative, witness lawyers and the representative of Computershare Hong Kong Investor Services Limited acted as scrutineers at general meetings. The PRC legal advisor of the Company, King & Wood, issued the Legal Opinion on the 2012 Annual General Meeting and the 2013 First Class Meeting of the Holders of A Shares and the 2013 First Class Meeting of the Holders of H Shares of China Shenhua Energy Company Limited. Representatives of KPMG and KPMG Huazhen (Special General Partnership), both being the auditors of the Company for 2012, were present at the 2012 Annual General Meeting and read their audit opinions.

(III) Implementation of resolutions passed at the general meetings by the Board

During the reporting period, the board of directors and director groups have strictly implemented resolutions passed at the general meetings. Among these resolutions, resolutions involving authorisation and granting of mandates are as follows:

No.	General Meeting	Event	Status
1	2012 First Extraordinary General Meeting	To approve the mandate to the board of directors of the Company to determine the proposed issue of debt financing instruments of the Company within the limit of issuance; to delegate the mandate to Dr. Ling Wen, an executive director and President of the Company, and Ms. Zhang Kehui, Chief Financial Officer, within the scope of this mandate for determining other matters related to such issuance and implementing specific measures upon determining the type, principal, term and use of proceeds of each issuance of the debt financing instruments by the board of directors of the Company.	The Company successfully issued the first tranche of 2013 super short-term debentures and the first tranche of 2013 medium-term notes on 13 September and 7 November 2013 respectively to raise a total of RMB15 billion.

No.	General Meeting	Event	Status
2	2012 Annual General Meeting	To approve the profit distribution plan of the Company for the year 2012 and authorize a director group comprising Zhang Xiwu, Zhang Yuzhuo and Ling Wen to implement the above profit distribution.	Implementation of 2012 profit distribution plan was completed in the third quarter of 2013.
3	2012 Annual General Meeting	To approve the appointment of external auditors for the year 2013 and authorize a director group comprising Zhang Xiwu, Zhang Yuzhuo, Ling Wen and Gong Huazhang to determine the remuneration of the auditors.	For details of the appointment and remuneration of auditors for the year 2013, please refer to the section "Significant Events" of this report.
4	2012 Annual General Meeting	To approve the Company to change the use of part of the proceeds from A shares and authorize a director group comprising of Zhang Xiwu, Zhang Yuzhuo and Ling Wen to implement the related matters on change of investment project for the proceeds, including but not limited to executing and amending (if appropriate and necessary) the related documents, etc.	For details, please refer to the special report on deposit and actual use of the proceeds in 2013.
5	2012 Annual General Meeting	To authorize a director group comprising Zhang Xiwu, Zhang Yuzhuo and Ling Wen to make such amendments as they may consider necessary and appropriate to the Amendments to Articles of Association, subject to request for amendment by regulatory authorities from time to time during the course of application for approval/filing of such documents.	During the course of approval/filing, the regulatory authorities have not raised any request for amendment to the Amendments to Articles of Association.
6	2012 Annual General Meeting	To approve the general mandate granted to the board of directors to, by reference to market conditions and in accordance with needs of the Company, issue additional A shares and H shares of the Company.	Such mandates have not been exercised based on market conditions and needs of the Company.
7	2012 Annual General Meeting, the 2013 first class meeting of the holders of A shares and the 2013 first class meeting of the holders of H shares	To approve the general mandate granted to the board of directors to, by reference to market conditions and in accordance with needs of the Company, repurchase A shares and H shares of the Company.	Such mandates have not been exercised based on market conditions and needs of the Company.

Daily Work of the Board of Directors of the Company

The board of directors conducts its daily work in strict compliance with the Articles of Association. The Company has established five Board Committees, including the Strategy Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Safety, Health and Environment Committee.

After having reviewed the implementation particulars over the year and taking into account the opinion of senior management and supervisory committee's report, the board of directors considers that all directors have effectively performed their duties to safeguard the interests of the shareholders and the Company as a whole.

All the directors have acted in a diligent manner by actively participating in the board meetings and the general meetings, conducting business investigation and research in the Company and its subsidiaries, updating themselves with the Company's business and financial information set out in the Newsletters to the Directors and Supervisors provided by the Company on a monthly basis and fulfilling directors' duties in accordance with relevant regulatory requirements. The Company is of the opinion that all directors have devoted necessary and adequate time to performing their duties based on their personal circumstances.

(I) Board meetings of the Company:

In 2013, the Board held a total of eight meetings, at which all the resolutions were passed after consideration. Details of the meetings are as follows. For details of resolutions, please refer to the corresponding announcements.

No	Name	Date	Methods
1	The 35th meeting of the second session of the Board	22 February 2013	Correspondence
2	The 36th meeting of the second session of the Board	22 March 2013	On-site with correspondence
3	The 37th meeting of the second session of the Board	26 April 2013	On-site with correspondence
4	The 38th meeting of the second session of the Board	31 May 2013	Correspondence
5	The 39th meeting of the second session of the Board	23 August 2013	On-site
6	The 40th meeting of the second session of the Board	27 September 2013	Correspondence
7	The 41st meeting of the second session of the Board	25 October 2013	On-site
8	The 42nd meeting of the second session of the Board	23 December 2013	On-site

Number of board meetings held during the year	8
Of which: Number of meetings held on-site	3
Number of meetings held on-site with correspondence	2
Number of meetings held via correspondence	3

Details of the attendance of directors at Board meetings and general meetings in 2013 are set out in the table below:

No.	Name of director	Capacity (Independent director, chairman of Board committee)	Attendance of Chairman of the Board							Attendance at general meetings (number of meetings attended/ number of general meetings)
			Required attendance at Board meetings	Attendance in Person	Attendance via correspondence		Attendance by proxy	Absence	Absent at two meetings in a row	
					Attendance and voting in writing	Attendance of live meeting over the phone				
1	Zhang Xiwu	Chairman of the Strategy Committee	8	7	3	1	1	0	No	3/3
2	Zhang Yuzhuo	–	8	8	3	0	0	0	No	3/3
3	Ling Wen	–	8	8	3	2	0	0	No	3/3
4	Han Jianguo	–	8	8	3	1	0	0	No	3/3
5	Fan Hsu Lai Tai	Independent director, Chairman of the Remuneration Committee	8	8	3	0	0	0	No	3/3
6	Gong Huazhang	Independent director, Chairman of the Audit Committee	8	8	3	0	0	0	No	3/3
7	Guo Peizhang	Independent director, Chairman of the Safety, Health and Environment Committee, Chairman of the Nomination Committee	8	8	3	0	0	0	No	3/3
8	Kong Dong	–	8	8	3	0	0	0	No	3/3
9	Chen Hongsheng	–	8	8	3	0	0	0	No	3/3

Note: Unlike attendance by proxy or absence, attending board meetings in writing, through telephone or on-site shall be regarded as attendance in person and counted in attendance.

(II) Operation of Board Committees of the Company

1. Performance of duties by the Strategy Committee

At the end of the reporting period, the Strategy Committee of the second session of the Board was comprised of Dr. Zhang Xiwu, Dr. Zhang Yuzhuo and Dr. Ling Wen, with Dr. Zhang Xiwu as the chairman. During the reporting period, there was no change of the chairman and members of the Strategy Committee.

The principal duties of the Strategy Committee are to conduct researches and to submit proposals regarding the long-term development strategies and material investment decisions of the Company; conduct researches and submit proposals regarding material investments and financing plans which require approval from the Board; conduct researches and submit proposals regarding material capital operations and assets operation projects which require approval from the Board; conduct researches and submit proposals regarding other material matters that may affect the Company's development; carry out examination on the implementation of the above matters; and carry out other matters as authorised by the Board.

In 2013, the Strategy Committee held two meetings, and all members of the Committee attended all meetings in person. The details of the meetings are as follows:

No.	Meeting	Date	Method	Attendee	Subject matter
1	The fifth meeting of the Strategy Committee of the second session of the Board	24 October 2013	Correspondence	Entire Members	To consider the "Resolution on Amendment to the Capital Expenditure Plan of China Shenhua Energy Company Limited for the Year 2013"
2	The sixth meeting of the Strategy Committee of the second session of the Board	20 December 2013	Correspondence	Entire members	To consider the "Resolution on Acquisition of Certain Equity Interests Held by the Controlling Shareholder Shenhua Group and its Subsidiaries and on the Capital Expenditure Plan of China Shenhua for the Year 2014"

Note: All resolutions of the meetings were passed.

2. Performance of duties by the Audit Committee

At the end of the reporting period, the Audit Committee of the second session of the Board was comprised of Mr. Gong Huazhang (with professional qualifications and experience in accounting and other fields of financial management), Mr. Guo Peizhang and Mr. Chen Hongsheng, with Mr. Gong Huazhang as the chairman. During the reporting period, there was no change of the chairman and members of the Audit Committee.

During the reporting period, the Audit Committee carried out its duties strictly in accordance with the "Rules of Procedure of Meetings of the Audit Committee of the Board of Directors", "Rules on Work of the Audit Committee of the Board of Directors" and "Rules on Work of Annual Reports of the Audit Committee of the Board of Directors" of China Shenhua. As at the end of the reporting period, the principal duties of the Audit Committee were:

(1) to examine the internal audit plan of the Company for the year;

(2) to supervise the system and implementation of internal audit, review the financial information of the Company and its disclosure, and review the quarterly, interim and annual financial statements before submission to the Board;

(3) to supervise the appointment and removal of the person-in-charge of the Company's internal auditing organisation and provide any relevant advice;

(4) to review and monitor whether the external auditors are independent and objective and the audit procedures are effective in accordance with applicable criteria, and the Audit Committee should discuss with the auditors on the nature and scope of the audit and the related responsibilities on reporting before the commencement of the audit;

(5) to formulate and implement policies for appointment of external auditors to provide non-auditing services;

(6) to make recommendations to the Board on appointment, re-appointment and removal of external auditors, approve the remuneration and terms of appointment of external auditors, and deal with any matters regarding the resignation or dismissal of those auditors;

(7) to monitor the completeness of the Company's financial statements, annual reports and accounts, interim reports and, if to be issued, quarterly reports, and review any significant opinion on financial reporting set out in the financial statements and reports. Members of the Audit Committee should liaise with the Board, the President, other senior management and the qualified accountants of the Company. The Audit Committee must meet with the external auditors of the Company at least once a year. Members of the Audit Committee should consider any significant or unusual items that are, or need to be, reflected in the reports and accounts, and should give due consideration to any matters that have been raised by the qualified accountants, compliance officers and auditors of the Company;

(8) to review the financial reporting, financial monitoring, internal control and risk management systems of the Company, and examine the internal control system of the Company;

(9) to discuss the internal control system with the management to ensure that the management has performed its duty to establish an effective internal control system;

(10) to consider major investigation findings on internal control matters on its own initiative or as designated by the Board and the management's response to such findings;

(11) serve as the bridge of communication between the internal and the external auditors, and to ensure coordination between the internal and the external auditors, and also to ensure that the internal audit function is adequately resourced for operations and has appropriate standings within the Company, and to review and monitor its effectiveness;

(12) to review the financial and accounting policies and practices of the Company;

(13) to review the "Letter to the Management for Reporting the Status of the Audit" submitted by the external auditors to the management, any material queries raised by the auditors to the management regarding accounting records, financial accounts or systems of control and the response from the management;

(14) to ensure that the Board will provide a timely response to the issues raised in the "Letter to the Management for Reporting the Status of the Audit" submitted by the external auditors to the management; and

(15) to consider other topics as defined by the Board.

In 2013, the Audit Committee held ten meetings, and all members attended all meetings in person. The details of the meetings are as follows:

No.	Meeting	Date	Method	Attendee	Subject matter
1	The 26th meeting of the Audit Committee of the second session of the Board	24 January 2013	Written	Entire members	To consider the "Resolution on the Issuance of Letter of Understanding in Favour of Industrial Bank Financial Leasing Co., Ltd."
2	The 27th meeting of the Audit Committee of the second session of the Board	7 March 2013	Written	Entire members	1. To consider the "Resolution on the 2012 Assessment Report on the Internal Control of China Shenhua Energy Company Limited (Draft)" 2. To consider the "Resolution on Major Risk Exposures and Countermeasures (Disclosure in Annual Report for the Year 2012) (Draft) of China Shenhua Energy Company Limited" 3. To consider the "Resolution on Financial Report (Domestic and International) of China Shenhua Energy Company Limited for the Year 2012 (Draft)"
3	The 28th meeting of the Audit Committee of the second session of the Board	12 March 2013	On-site	Entire members	1. To receive the audit progress report submitted by the Company's auditor of the year – KPMG 2. To receive the report on the accounting policies, the preparation of the financial statements and the financial position in 2012 submitted by the Financial Department 3. To consider the "Resolution on the audited financial report of China Shenhua Energy Company Limited for the Year 2012" 4. To consider the "Resolution on the Profit Distribution Plan of China Shenhua Energy Company Limited for 2012" 5. To consider the "Resolution on the Special Report on Deposit and Actual Use of Proceeds of China Shenhua Energy Company Limited" 6. To consider the "Resolution on the Provisional Use of Partial Idle Proceeds as Working Capital" 7. To consider the "Resolution on the 2012 Assessment Report on the Internal Control of China Shenhua Energy Company Limited" 8. To consider the "Resolution on Major Risk Exposures and Countermeasures (Disclosure in Annual Report for the Year 2012) of China Shenhua Energy Company Limited" 9. To consider the "Resolution on the Audit Fee of the Auditor of the Company for the Year 2012 and the Term of Service of the Auditor" 10. To consider the "Resolution on Increase of the 2013 Annual Cap for the Transactions under the Mutual Coal Supply Agreement with Shenhua Group" 11. To consider the "Resolution on Entering into the Supplemental Agreement to Financial Services Agreement with Shenhua Group" 12. To consider the "Resolution on Entering into the Mutual Coal Supply Agreement for 2014 to 2016 with Shenhua Group" 13. To consider the "Resolution on Entering into the Mutual Supplies and Services Agreement for 2014 to 2016 with Shenhua Group" 14. To consider the "Resolution on Entering into the Financial Services Agreement for 2014 to 2016 with Shenhua Group" 15. To consider the "Resolution on Entering into the Transportation Service Framework Agreement for 2014 to 2016 with Taiyuan Railway Bureau" 16. To consider the "Resolution on Change of Use of a Portion of the Proceeds from the A Share Offering" 17. To consider the "Resolution on Withdrawal of Submiting the Proposal on Continuing to Provide Counter Guarantee to PT.GH EMM INDONESIA to the General Meeting" 18. To consider the "Resolution on the Summary Report on the Performance of Duties by the Audit Committee of the Board for the Year 2012" 19. To consider the "Resolution on the Highlight of the Audit on Internal Control of China Shenhua Energy Company Limited in 2013" 20. To consider the "Resolution on the 2012 CSR Report of China Shenhua Energy Company Limited" 21. To consider the "Resolution on Granting a General Mandate to the Board of Directors for Issuance of A shares and H shares" 22. To consider the "Resolution on Granting a General Mandate to the Board of Directors for Repurchase of A shares and H shares" 23. To consider the "Resolution on the Explanatory Notes to Appropriation of Fund to Related Parties" 24. Private Discussion between the Audit Committee and the Auditor – KPMG"

No.	Meeting	Date	Method	Attendee	Subject matter
4	The 29th meeting of the Audit Committee of the second session of the Board	19 April 2013	On-site	Entire members	1. To consider the "Resolution on the First Quarterly Financial Statements (Unaudited) of China Shenhua Energy Company Limited for the Year 2013" 2. To consider the "Resolution on the Interim Review Plan of China Shenhua Energy Company Limited for the Year 2013"
5	The 30th meeting of the Audit Committee of the second session of the Board	14 May 2013	Written	Entire members	1. To consider the "Resolution on the Amendment to the Rules on the Management of the Use of Proceeds of China Shenhua Energy Company Limited" 2. To consider the "Resolution on the Provisional Use of Idle Proceeds to Replenish the Working Capital"
6	The 31st meeting of the Audit Committee of the second session of the Board	19 August 2013	On-site	Entire members	1. To receive the interim review progress report submitted by the auditor – Deloitte 2. To consider the "Resolution on the 2013 Interim Financial Report of the Company" 3. To consider the "Resolution on the Special Report on Deposit and Actual Use of Proceeds Raised by the Company (draft for consideration)" 4. To consider the "Resolution on the Internal Control Appraisal Mechanism of the Company (Interim)"
7	The 32nd meeting of the Audit Committee of the second session of the Board	18 October 2013	On-site	Entire members	1. To consider the "Resolution on the 2013 Third Quarterly Financial Report of China Shenhua Energy Company Limited" 2. To consider the "Resolution on the Adjustments to the 2013 Operating Plan of China Shenhua" 3. To consider the "Resolution on Entering into the Assets and Business Entrusted Management Services Agreement for 2014 to 2016 with Shenhua Group Corporation Limited" 4. To receive the explanatory notes to risks in relation to the PT.GH EMM INDONESIA Project
8	The 33rd meeting of the Audit Committee of the second session of the Board	13 November 2013	Written	Entire members	1. To consider the "Resolution on the Work Plan for the 2013 Assessment Report on the Internal Control of China Shenhua Energy Company Limited" 2. To consider the "Resolution on the Audit Proposal of China Shenhua Energy Company Limited for the Year 2013"
9	The 34th meeting of the Audit Committee of the second session of the Board	26 November 2013	On-site	Entire members	To consider the "Resolution on Acquisition of Certain Equity Interests Held by the Controlling Shareholder Shenhua Group and its Subsidiaries"
10	The 35th meeting of the Audit Committee of the second session of the Board	17 December 2013	Written	Entire members	1. To consider the "Resolution on the Operating Plan of China Shenhua Energy Company Limited for the Year 2014" 2. To consider the "Resolution on the Amendments to the Management Measures on Internal Audit of China Shenhua Energy Company Limited (Tentative)"

Note: All resolutions of the meetings were passed

The Audit Committee has performed necessary procedures for the preparation of the 2013 annual report of the Company:

1. On 13 November 2013, before the accounting firm for 2013 proceeded with on-site auditing, the Audit Committee had communicated with the accounting firm to determine the timing of the Company's 2013 audit, and reviewed the Company's plans for the audit and internal control inspection and assessment for 2013.

2. On 5 March 2014, after the accounting firm had issued its preliminary audit opinions, the Audit Committee reviewed the unaudited China Shenhua Energy Company Limited 2013 Assessment Report on Internal Control (Draft) and China Shenhua Energy Company Limited 2013 Financial Statements (Draft) prepared by the Company.

3. On 14 March 2014, the Audit Committee received a briefing by the management of the Company on the accounting policies and the preparation of the financial statements.

4. On 14 March 2014, the Audit Committee voted on the audited financial statements, the assessment report on internal control and the corporate social responsibility report for the year 2013 and agreed to submit these reports to the Board for consideration. The accounting firm completed all audit procedures within the agreed time and intended to issue a standard unqualified audit report for 2013 to the Audit Committee.

The Audit Committee discussed independently with the external auditors and no inconsistency was found in the briefings by the management.

3. Performance of duties by the Remuneration Committee

At the end of the reporting period, the Remuneration Committee of the second session of the Board was comprised of Ms. Fan Hsu Lai Tai, Mr. Gong Huazhang and Mr. Kong Dong, with Ms. Fan Hsu Lai Tai as the chairman. During the reporting period, there was no change of the chairman and members of the Remuneration Committee.

The main duties of the Remuneration Committee are to make recommendations to the Board on formulation of the remuneration plan or proposal for directors, supervisors, the president and other senior management, including but not limited to the criteria, procedures and the major systems of performance assessment, key incentive and punishment plans and systems; examine how directors, supervisors, the president and other senior management of the Company perform their duties and carry out annual performance assessment on them; and supervise the implementation of the remuneration system of the Company. The Remuneration Committee is delegated by the Board to determine the specific remuneration package, including nonmonetary benefits, pension and compensation (including compensation for loss or termination of office or appointment) for all executive directors, supervisors, the president and other senior management, ensures that none of the directors or any of their associates can determine their own remuneration; and carries out other matters as authorised by the Board.

In 2013, the Remuneration Committee held two meetings, and all members attended all of the meetings in person. The details of the meetings are as follows:

No	Meeting	Date	Method	Attendee	Subject matter
1	The sixth meeting of the Remuneration Committee of the second session of the Board	21 March 2013	Correspondence	Entire members	1. To consider the "Resolution on the Remuneration of the Directors and Supervisors of China Shenhua Energy Company Limited for the Year 2012" 2. To consider the "Resolution on the Remuneration of the Senior Management of China Shenhua Energy Company Limited for the Year 2012" 3. To consider the "Resolution on the performance of duties of the Remuneration Committee of China Shenhua Energy Company Limited"
2	The seventh meeting of the Remuneration Committee of the second session of the Board	21 December 2013	Correspondence	Entire members	To consider the "Resolution on the Letter of Responsibility of Performance Assessment of China Shenhua Energy Company Limited for the Year 2014"

Note: All resolutions of the meetings were passed

During the reporting period, the Remuneration Committee reviewed the remuneration management system of the Company and the remuneration level for directors, supervisors, the president and other senior management for the relevant period.

The Remuneration Committee is of the view that the Company has a well-established remuneration management system which reflects the economic benefit-oriented philosophy of a listed company and political, social and economic responsibility of a state-owned enterprise. The Remuneration Committee agrees to the various remuneration management systems of the Company.

4. Performance of duties by the Nomination Committee

At the reporting period, the Nomination Committee of the second session of the Board was comprised of Mr. Guo Peizhang, Dr. Zhang Xiwu and Ms. Fan Hsu Lai Tai. During the reporting period, there was no change of members of the Nomination Committee. Mr. Guo Peizhang has served as the chairman since October 2013 in succession to Dr. Zhang Xiwu.

The main duties of the Nomination Committee are to regularly review the structure, size and composition (including skills, knowledge and experience) of the Board, and to make recommendations to the Board with regard to any proposed changes; assess and verify the independence of independent non-executive directors; draft procedures and criteria for election and appointment of directors, the president and other senior management and make recommendations to the Board; extensively seek for qualified candidates of directors, the president and other senior management; examine candidates of directors, the president and other senior management and make recommendations; nominate candidates for members of the Board Committees (other than members of the Nomination Committee and the chairman of any Board Committee); draft development plans for the president, other senior management and key reserve talent; and carry out any other matter as authorised by the Board.

In 2013, the Nomination Committee held one meeting, and all members attended the meeting in person. The details of the meeting are as follows:

No.	Meeting	Date	Method	Attendee	Subject matter
1	The fifth meeting of the Nomination Committee of the second session of the Board	23 September 2013	Correspondence	Entire Members	To consider the "Resolution on the Appointment of Senior Vice President of the Company"

Note: The resolution of the meeting was passed

5. Performance of duties by the Safety, Health and Environment Committee

At the end of the reporting period, the Safety, Health and Environment Committee of the second session of the Board was comprised of Mr. Guo Peizhang, Dr. Zhang Yuzhuo, Dr. Ling Wen and Mr. Han Jianguo, with Mr. Guo Peizhang as the chairman. During the reporting period, there was no change of the chairman and members of the Safety, Health and Environment Committee.

The principal duties of the Safety, Health and Environment Committee are to supervise the implementation of health, safety and environmental protection plans of the Company; make recommendations to the Board or the president on material issues of the Company in respect of health, safety and environmental protection; inquire into the material incidents regarding the Company's production, operations, property assets, staff or other facilities; as well as review and supervise the resolution of such incidents and carry out other matters as authorised by the Board.

In 2013, the Safety, Health and Environment Committee held one meeting, and all members attended the meeting in person. The details of the meeting are as follows:

No.	Meeting	Date	Method	Attendee	Subject matter
1	The fifth meeting of the Safety, Health and Environment Committee of the second session of the Board	21 March 2013	Correspondence	Entire members	To consider the "Resolution on the Report on Social Responsibility of China Shenhua Energy Company Limited for the Year 2012"

Note: The resolution of the meeting was passed

Performance of duties by independent directors

During the reporting period, the Company had three independent non-executive directors, of whom Mr. Gong Huazhang is an accounting professional. The Company has received written confirmations from each of the independent non-executive directors confirming their independence. The Company is of the view that all of the independent non-executive directors are independent. The number and background of the independent directors are in compliance with the requirements of the listing rules of the places of listing. The three existing independent non-executive directors have served the Company continuously for a term of less than six years.

During the reporting period, the independent directors of the Company strictly complied with the requirements of relevant laws and regulations, the Articles of Association of China Shenhua, relevant rules of procedure of meetings and the Independent Directors System of China Shenhua. They maintained their independence of being independent directors, performed their functions of supervision, participated in the making of various important decisions of the Company and reviewed regular reports and financial reports of the Company. Therefore the independent directors of the Company played an important role in the regulated operation of the Company and protected the legitimate interests of minority shareholders.

The Company ensured that proper conditions are in place for independent directors to perform their duties. The Company formulated the Independent Directors System to provide, in a systematic way, guarantee for the independent directors to perform their duties, and designated departments to undertake work related to independent directors' affairs and independent board committee, assisting the independent directors in conducting research and investigation, convening meetings and expressing independent opinions.

For the attendance of independent directors at Board meetings and general meetings, please refer to the sections on the attendance at Board meetings and general meetings of the Company.

Dissenting views of independent directors on matters of the Company

During the reporting period, the independent directors of the Company did not raise any dissenting views on the Board resolutions of the Company for the year.

Independent opinions of independent directors on matters of the Company

No.	Date	Occasion	Details of the independent opinion of independent directors
1	22 February 2013	The 35th meeting of the second session of the Board	Approval of issuing a letter of undertaking to Industrial Bank Financial Leasing Co., Ltd.
2	22 March 2013	The 36th meeting of the second session of the Board	1. Approval of upward adjustment of the 2013 annual transaction caps under the Mutual Coal Supply Agreement with Shenhua Group; 2. Approval of signing of the Supplemental Agreement to the Financial Services Agreement with Shenhua Group; 3. Approval of signing of the 2014 to 2016 Mutual Coal Supply Agreement, Mutual Supply of Products and Services Agreement and Financial Services Agreement with Shenhua Group; 4. Approval of signing of the 2014 to 2016 Transportation Service Framework Agreement with Taiyuan Railway Bureau; 5. Approval of the 2012 Profit Distribution Plan of the Company; 6. Approval of change in part of the investment projects using proceeds from initial public offering of A shares and provisional use of part of the idle proceeds as working capital; 7. Approval of the remuneration of directors, supervisors and senior management for 2012; 8. Approval of the 2012 financial report and internal control report of the Company
3	31 May 2013	The 38th meeting of the second session of the Board	Approval of provisional use of the remaining idle proceeds as working capital
4	27 September 2013	The 40th meeting of the second session of the Board	Approval of appointment of Dr. Wang Jinli as senior vice president of the Company
5	25 October 2013	The 41st meeting of the second session of the Board	Approval of signing of the 2014 to 2016 Assets and Business Entrusted Management Services Agreement with Shenhua Group Corporation
6	23 December 2013	The 42nd meeting of the second session of the Board	Approval of acquisition of part of the equity interest held by Shenghua Group, the controlling shareholder, and its subsidiaries by the Company and related arrangements

During the preparation of the annual report, the independent directors conducted the following tasks in accordance with the relevant regulatory requirements:

1. Before the accounting firm for 2013 proceeded with on-site auditing, the Audit Committee and independent directors had consulted with the accounting firm to determine the timing of the Company's 2013 audit.

2. The independent directors received briefings by the management to understand the overall operation of the Company in the reporting period. On 14 March 2014, through on-site meeting and written review, the independent directors received a briefing by the management of the Company on the accounting policies and the preparation of the financial statements.

3. The independent directors discussed independently with the external auditors and no inconsistency was found in the briefings by the management.

Through the above means, the independent directors duly carried out their duties during the preparation of the annual report.

Operation of the Supervisory Committee

Please refer to the Supervisory Committee's Report in this report for more information.

Supervisory Committee's Report

All members of the Supervisory Committee of the Company had, based on the attitude of being responsible to all shareholders, performed their supervisory duties faithfully and carried out their work proactively and effectively to protect the lawful interests of the Company and its shareholders in accordance with the relevant requirements under the "Company Law" and the "Articles of Association".

Operation of the Supervisory Committee

During the reporting period, in compliance with the requirements of the "Articles of Association" and the "Rules of Procedures of Meetings of the Supervisory Committee", the Supervisory Committee attended all meetings of the board of directors, conducted duly supervisions and examinations on the operations, financial position and the performance of duties of the board of directors and the management of the Company.

In 2013, the Supervisory Committee held five meetings in total.

Meeting	Date	Venue	Method of meeting	Attendance of supervisors	Subject matter	Voting results
The 15th meeting of the second session of the Supervisory Committee	22 March	Beijing	On-site	All	1. Resolution on the 2012 annual report of the Company 2. Resolution on the social responsibility report of the Company for the year 2012 3. Resolution on the 2012 financial report of the Company 4. Resolution on the 2012 profit distribution plan of the Company 5. Resolution on the "Special Report on Deposit and Actual Use of the Proceeds of the Company" 6. Resolution on the provisional use of a portion of the idle raised funds as working capital 7. Resolution on the change of use of the proceeds from the A Share offering 8. Resolution on the "2012 Assessment Report on Internal Control of the Company" 9. Resolution on the Supervisory Committee's report of the Company for the year 2012	Approved Unanimously

Meeting	Date	Venue	Method of meeting	Attendance of supervisors	Subject matter	Voting results
The 16th meeting of the second session of the Supervisory Committee	26 April	Beijing	On-site	All	Resolution on the 2013 first quarterly report of the Company	Approved Unanimously
The 17th meeting of the second session of the Supervisory Committee	31 May	Beijing	Written	All	Resolution on the provisional use of the remaining idle raised funds as working capital	Approved Unanimously
The 18th meeting of the second session of the Supervisory Committee	23 August	Beijing	On-site	All	1. Resolution on the 2013 interim report of the Company 2. Resolution on the 2013 interim financial statements of the Company 3. Resolution on the "Special Report on Deposit and Actual Use of the Proceeds of the Company"	Approved Unanimously
The 19th meeting of the second session of the Supervisory Committee	25 October	Beijing	On-site	All	Resolution on the 2013 third quarterly report of the Company	Approved Unanimously

Independent opinion of the Supervisory Committee on the lawful operation of the Company

The Supervisory Committee is of the opinion that the board of directors and the management of the Company have acted in strict accordance with the Company Law, the Securities Law, the Articles of Association and the relevant regulations of the jurisdiction where the Company is listed, have performed their duties with integrity and diligence and conscientiously implemented the resolutions of, and exercised the power granted by, the general meetings; and that the decisions and operations are in compliance with the laws and regulations and the Articles of Association. During the reporting period, the Supervisory Committee is not aware of any act committed by the board of directors and the management of the Company during their performance of duties which were in breach of laws, regulations and the Articles of Association or prejudicial to the interests of the Company.

Independent opinion of the Supervisory Committee on the financial position of the Company

The Supervisory Committee is of the opinion that the financial statements of the Company give an objective, true and fair view of the financial position and the operating results of the Company in all material aspects and are true and reliable with its regulated financial audit and sound internal control system.

Independent opinion of the Supervisory Committee on the actual use of the proceeds from the latest fund-raising exercise of the Company

The Company changed the use of a portion of the proceeds to finance the construction of the new Chongqing Shenhua Wanzhou Power Plant Project after performing relevant procedures. Apart from the change of use of proceeds, the Supervisory Committee is of the opinion that the actual use of the proceeds from the latest fund-raising exercise of the Company was in line with that disclosed in the prospectus.

Independent opinion of the Supervisory Committee on the acquisitions or disposals of assets by the Company

During the reporting period, the 42nd meeting of the second session of the board of directors of the Company held on 23 December 2013 considered and approved the resolution in relation to the acquisition of certain equity interest held by Shenhua Group, the controlling shareholder of the Company, and its subsidiaries, pursuant to which the Company was approved to use the proceeds from its initial public offering of A shares to finance the acquisition of 100% equity interest in Baotou Coal Chemical Company and 100% equity interest in Jiujiang Power held by Shenhua Group Corporation and its subsidiaries. The Supervisory Committee is of the opinion that the consideration of the transaction is fair and reasonable and is not aware of any insider trading or of any situation prejudicial to the interests of shareholders or resulting in loss of assets of the Company.

During the reporting period, no significant assets were disposed by the Company.

Independent opinion of the Supervisory Committee on connected transactions of the Company

The Supervisory Committee is of the opinion that the connected transactions of the Company have been carried out in strict compliance with the principles of fairness, equality and openness under the statutory decision-making procedures, the connected transactions carried out are in accordance with the requirements of the Listing Rules, and the disclosure of information is transparent. The Supervisory Committee is not aware of any act prejudicial to the interest of the Company.

Independent opinion of the Supervisory Committee on the self-assessment report on internal control of the Company

Having taken due care in the consideration of the assessment report on internal control of the Company by the Board, the Supervisory Committee is of the opinion that the internal control system of the Company is sound and effective and the assessment report has truthfully reflected the establishment and implementation of the internal control of the Company.

Independent opinion of the Supervisory Committee on the establishment and implementation of the measures on insider management

Having taken due care in the inspection of the establishment and implementation of the measures on insider management of the Company, the Supervisory Committee is of the opinion that the measures on insider registration is sound and effective and is able to keep all insider information confidential.

The Supervisory Committee of the Company will continue to perform its duties with due care to further facilitate the standard operation of the Company and to protect the lawful interests of the Company and its shareholders in strict compliance with the "Company Law", the "Articles of Association" and the relevant laws and regulations of the PRC.

Significant Events

Material Litigation, Arbitration and Major Events Generally Questioned by the Media

As at the end of the reporting period, the Group was not involved in any material litigation or arbitration. As far as the Group was aware, the Group had no material litigation or claim which was pending or threatened against the Group. As at 31 December 2013, the Group was the defendant of certain non-material litigations, and also a party to certain litigations arising from the ordinary course of business. The likely outcome of these contingent liabilities, litigations or other legal proceedings cannot be ascertained at present, but the management of the Group believes that, any possible legal liability which may be incurred from the aforesaid cases will not have any material adverse impact on the financial position of the Group.

During the reporting period, the Group was not involved in any major events generally reported by the media. During the reporting period, media attention towards the Group's earnings performance, business operations and market operations was relatively high. The Company has a news and publicity department, providing news and information services for the media and maintaining a good work relationship with the media.

Appropriation of funds during reporting period

As at the end of the reporting period, there was no appropriation of any of the Company's funds for nonoperational purpose by its controlling shareholders or the controlling shareholder's affiliated enterprises. The special explanations issued by the auditors of the Company for the matter was separately published on the website of the Shanghai Stock Exchange.

Insolvency or Restructuring Related Matters

During the reporting period, the Group did not have any insolvency or restructuring related matters.

Material Transactions involving Acquisition and Disposal of Assets

Please refer to the section headed "Material Connected Transactions" for details.

Details of the Implementation of the Equity Incentive Plan

During the reporting period, the Company did not implement any equity incentive plan which would involve the issue of new shares of the Company or which would have an impact on the shareholding structure of the Company.

Donation

During the reporting period, the donations from the Group amounted to approximately RMB34.00 million.

Material Connected Transactions

Summary of the management of connected transactions

Pursuant to the requirements under the Guidelines of Shanghai Stock Exchange on Connected Transactions of Listed Companies, the Audit Committee of the Board of the Company shall perform the duties of control and daily management of connected transactions of listed companies. The Company has a connected transaction team under the direct leadership of the Chief Financial Officer, which is responsible for the management of connected transactions; and has established a business process, which properly delineates the responsibilities of the Company, its subsidiaries and branches in the management of connected transactions. The team has also established routine examinations, reporting systems and accountability system in the subsidiaries and branches of the Company.

Material Connected Transactions

1. Non-exempt connected transaction

On 23 December 2013 the second session of the Board of Directors of the Company considered and passed at its 42nd meeting the Resolution on Acquiring Part of the Equity Interest Held by the Controlling Shareholder Shenhua Group and Its Subsidiary, approving the Company's acquisition of 100% equity interest in Baotou Coal Chemical Company held by the controlling shareholder Shenhua Group Corporation and 100% equity interest in Jiujiang Power held by Guohua Power Company at a consideration of approximately RMB9.32 billion. For details of the transactions, please refer to the Company's Announcement on Acquisition of Baotou Company and Jiujiang Power dated 23 December 2013 (H Shares) and the Announcement on Acquisition of Assets and Connected Transaction dated 24 December 2013 (A Shares). The transactions were completed on 31 December 2013.

The companies acquired under the Acquisitions achieved the following during this reporting period: (1) sales of coal-to-polyethylene products and coal-to-polypropylene products of 530.3 thousand tonnes; (2) net profit attributable to equity owners of the parent company under Accounting Standards for Business Enterprises totalled RMB986.4 million, representing a year-on-year growth of 20.0%.

2. Agreements and Implementation of Non-exempt Continuing Connected Transactions

During the Reporting Period, the non-exempt continuing connected transaction agreements implemented between the Company and connected parties are as follows:

(1) Non-exempt continuing connected transactions between the Company and Shenhua Group

In order to ensure a reliable, quality-assured provision of materials and services for the Company, lower operation risks and costs, and allow Shenhua Finance Company, in which the listed company has an absolute controlling shareholding, to provide financial services to the companies under the Group and Shenhua Group Corporation so that it can fully leverage on its functions as an internal financing platform and capital management platform, further contain risks and increase income. The Company entered into the following continuing connected transaction agreements with Shenhua Group Corporation:

A. Mutual Coal Supply Agreement

The Company entered into the Mutual Coal Supply Agreement with Shenhua Group Corporation on 12 March 2010. The Mutual Coal Supply Agreement was effective from 1 January 2011 to 31 December 2013. Pursuant to the Mutual Coal Supply Agreement, the Group and Shenhua Group mutually supplied various types of coal with a pricing policy as follows: (1) market price will be adopted for the mutual supply of coal; (2) priority will be given to each other when one party purchases coal products from the other party unless the terms of sale provided by a third party are more favorable.

B. Mutual Supply of Products and Services Agreement

On 12 March 2010, the Company entered into the Mutual Supply of Products and Services Agreement with Shenhua Group Corporation. The Mutual Supply of Products and Services Agreement was effective from 1 January 2011 to 31 December 2013. In accordance with the Mutual Supply of Products and Services Agreement, the Group and Shenhua Group provided production materials and ancillary services for each other with a pricing policy as follows: price prescribed by the state should apply if applicable; where there is no state-prescribed price but there is a state-guidance price, the state-guidance price should apply; where there is neither a state-prescribed price nor a state-guidance price, the market price (including bidding price) should apply; where none of the above is applicable or where it is not practical to apply the above pricing principles to the actual transactions, the price shall be the contractual price (i.e. "the costs incurred + a profit margin of 5% of such costs").

C. Financial Services Agreement

On 20 December 2010, the Company entered into the Financial Services Agreement with Shenhua Group Corporation. The Financial Services Agreement was effective from 1 January 2011 to 31 December 2013. In accordance with the Financial Services Agreement, the Company provided related financial services to Shenhua Group through Shenhua Finance Company. For details, please refer to the cap and implementation of the agreement in the following table:

The pricing policy of the Financial Services Agreement is as follows:

a. Deposits and loans: The interest rate for deposits placed by Shenhua Group Corporation and its subsidiaries with Shenhua Finance Company shall not be lower than the lowest rate allowed by the PBOC for the same type of deposit; in addition to the above, the interest rate shall be determined by reference to the rate payable by normal commercial banks for comparable deposits and shall be determined on normal commercial terms. The interest rate for loans provided by Shenhua Finance Company to Shenhua Group Corporation and its subsidiaries shall not be higher than the highest rate allowed by the PBOC for the same type of loan; in addition to the above, the interest rate shall be determined by reference to the rate receivable by normal commercial banks for comparable loans and shall be determined on normal commercial terms;

b. Paid services: Shenhua Finance Company may provide paid finance leasing services, bill acceptance or discount services, letter of credit services, guarantee services, online banking services and other related services to Shenhua Group Corporation and its subsidiaries. The fees receivable by Shenhua Finance Company for the provision of the above financial services to Shenhua Group Corporation and its subsidiaries shall comply with the relevant requirements on fees standard (if any) stipulated by the PBOC or CBRC; in addition to the above, the fees shall be determined by reference to the fees receivable by normal commercial banks for comparable financial services and shall be determined on normal commercial terms.

D. Supplementary Agreement to the Financial Services Agreement

On 22 March 2013, the Company entered into the Supplementary Agreement to the Financial Services Agreement with Shenhua Group Corporation. The Supplementary Agreement to the Financial Services Agreement was effective from 1 January 2013 to 31 December 2013. The Supplementary Agreement to the Financial Services Agreement amended and supplemented the contents of a number of financial services based on actual operational needs. For details, please refer to the cap and implementation of the agreement in the following table.

The pricing policy of the Supplementary Agreement to the Financial Services Agreement is identical to that of the Financial Services Agreement.

(2) Non-exempt continuing connected transactions between the Company and other parties

E. Coal Supply Framework Agreement between the Company and Tianjin Jinneng Investment Company ("Jinneng Investment")

Since Jinneng Investment is a substantial shareholder of Tianjin Guohua Jinneng Power Co., Ltd., a subsidiary of the Company, Jinneng Investment is a connected person of the Company under the Hong Kong Listing Rules. Therefore, the Coal Supply Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Hong Kong Listing Rules.

In order to sell coal to multiple power plants owned by Jinneng Investment Group, the Company entered into the Coal Supply Framework Agreement with Jinneng Investment on 12 March 2010. The Coal Supply Framework Agreement was effective from 1 January 2011 to 31 December 2013. Pursuant to the Coal Supply Framework Agreement, the Group supplied coal to Jinneng Investment Group at a price determined based on and after having taken into consideration the current market price.

F. Transportation Service Framework Agreement between the Company and Taiyuan Railway Bureau

Taiyuan Railway Bureau is the parent company of Daqin Railway Co., Ltd., which is a substantial shareholder of and holds more than 10% equity interest in Shuohuang Railway, a subsidiary of the Company, and thus Taiyuan Railway Bureau is a connected person of the Company under the Hong Kong Listing Rules. Therefore, the Transportation Service Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Hong Kong Listing Rules.

In order to secure coal transportation service for the Group, the Company entered into the Transportation Service Framework Agreement with Taiyuan Railway Bureau on 12 March 2010. The Transportation Service Framework Agreement was effective from 1 January 2011 to 31 December 2013. Pursuant to the Transportation Service Framework Agreement, Taiyuan Railway Bureau provided railway transportation and other related services to the Group. The transportation fee payable by the Group was determined in accordance with the following pricing policy: (a) state-prescribed price (if applicable); (b) where there is no state-prescribed price but there is a state-guidance price, the state-guidance price is used; and (c) where there is neither a state-prescribed price nor a state-guidance price, the market price is used.

The agreements A to D above are daily connected transactions under the Shanghai Listing Rules, while the agreements A to F above are continuing connected transactions under the Hong Kong Listing Rules.

(3) Implementation of and review opinion on the non-exempt continuing connected transactions

During the reporting period, the implementation of the agreements A to F above is set out in the table below. The total amount of connected transactions for sale of products and provision of services by the Group to Shenhua Group during the reporting period amounted to RMB12,726.91 million, which accounted for 4.5% of the operating revenue of the Group during the reporting period.

No. of agreement	Execution basis	Provision of products and services by the Group to Connected Persons and other inflows			Purchase of products and services from Connected Persons by the Group and other outflows		
		Prevailing transaction cap Note	Transaction amount during the reporting period	Percentage of amount of similar transactions	Prevailing transaction cap	Transaction amount during the reporting period	Percentage of amount of similar transactions
		RMB million	RMB million	%	RMB million	RMB million	%
A	Mutual Coal Supply Agreement between the Company and Shenhua Group	17,500.00	5,530.73	3.3	16,000.00	5,218.09	7.1
B	Mutual Supplies and Services Agreement between the Company and Shenhua Group	10,400.00	7,196.18	21.7	10,400.00	3,921.92	2.4
	Including: (1) Products	–	6,000.53	22.8	–	3,794.00	2.5
	(2) Services	–	1,195.65	17.3	–	127.92	1.4
E	Coal Supply Framework Agreement between the Company and Jinneng Investment	4,800.00	1,047.56	0.6	–	–	–
F	Transportation Service Framework Agreement between the Company and Taiyuan Railway Bureau	–	–	–	9,300.00	4,978.98	26.1

Note: The Resolution on the Upward Revision of the 2013 Annual Cap under the Mutual Coal Supply Agreement was considered and approved by the 2012 Annual General Meeting of the Company on 21 June 2013, which revised the 2013 annual cap upward to RMB17,500.00 million in respect of the value of coal sales by the Group to Shenhua Group under the Mutual Coal Supply Agreement. Further details are set out in the Announcement on Revision of Annual Cap under the Current Mutual Coal Supply Agreement dated 22 March 2013 (H Shares) and the Announcement on Daily Connected Transactions (Lin 2013-012) dated 23 March 2013 (A Shares).

No. of agreement	Execution basis	Prevailing transaction cap Note	Implementation during the reporting period	Percentage of similar transactions
		RMB million	RMB million	%
C, D	Financial Services Agreement and Supplementary Agreement to the Financial Services Agreement between the Company and Shenhua Group			
	1. guarantee provided to Shenhua Group Corporation, the subsidiaries of Shenhua Group and the associates of Shenhua Group Corporation ("Shenhua Group and its associates")	2,500	–	–
	2. annual total transaction amount of bill acceptance and discount services handled for Shenhua Group and its associates	15,000	1,747.28	–
	3. daily balance of deposits from Shenhua Group and its associates	45,000	22,243.50	–
	4. balance of loans, consumption credit, buyer's credit and financial leasing (including relevant accrued interests incurred) granted to Shenhua Group and its associates at any time	28,000	17,440.64	–
	5. sum of agency fees, handling fees or other service charges in respect of the financial services (including but not limited to rendering services such as consultancy, agency, settlement, account transfer, investment, financial leasing, letter of credit, online banking and entrusted loans) rendered to Shenhua Group and its associates	290	94.64	2.8
	6. daily balance of entrusted loans (including relevant accrued interests incurred) granted by Shenhua Group through Shenhua Finance Company to the Group	19,500	600.54	–

Note: The Resolution on Entering into the Supplementary Agreement to the Financial Services Agreement with Shenhua Group was considered and passed at the 2012 Annual General Meeting of the Company on 21 June 2013, which revised the 2013 annual cap of maximum daily balance of entrusted loans (including relevant accrued interests incurred) upward to RMB19,500.00 million in respect of entrusted loans granted by Shenhua Group to the Group through Shenhua Finance Company under the Supplementary Agreement to the Financial Services Agreement, and set out that the 2013 annual total fees (including agency fees, handling fees or other service charges) shall not exceed RMB290.00 million in respect of financial services (including but not limited to rendering services such as consultancy, agency, settlement, transfer, investment, financial leasing, letter of credit, online banking, entrusted loans) provided by Shenhua Finance Company to Shenhua Group and its associates. Further details are set out in the Announcement on Entering into the Supplementary Agreement to the Current Financial Services Agreement dated 22 March 2013 (H Shares) and the Announcement on Daily Connected Transactions (Lin 2013-012) dated 23 March 2013 (A Shares).

The above continuing connected transactions were settled in cash or bills and carried out in the ordinary course of business of the Company, and were subject to strict procedures of review and approval by independent directors and independent shareholders as well as of disclosure. The Company's business did not become reliant on its controlling shareholder as a result of those transactions.

The Independent Non-executive Directors of the Company have confirmed to the Board of the Company that they have reviewed the transactions contemplated under the agreements A to F above and are of the view that (1) those transactions were in the ordinary course of business of the Group; (2) those transactions were on ordinary commercial terms, or if comparable transactions were not sufficient to judge whether the terms of those transactions were ordinary commercial terms, then as far as the Group is concerned, those transactions were on terms no less favorable than the terms obtained from or provided (as the case may be) by independent third party; and (3) those transactions were conducted on the terms of the relevant transactions and the terms of the transactions were fair and reasonable and in the interest of the shareholders of the Company as a whole.

Deloitte Touche Tohmatsu, the international auditors of the Company, have reviewed the transactions contemplated under the agreements A to F above and issued a letter to the Board, indicating that they were not aware of any matter for which they would consider that the continuing connected transactions above (1) had not been approved by the Board; (2) were not proceeded with in accordance with the Company' s pricing policy in all material aspects; (3) were not proceeded with pursuant to the terms of relevant agreements in all material aspects; and (4) the total amount of those transactions for the year ended 31 December 2013 exceeded the annual cap amount as disclosed in the Company's announcements on the continuing connected transactions.

Certain related party transactions set out in Note 36 of the Financial Statements prepared under IFRSs also constituted connected transactions under the Hong Kong Listing Rules and were required to be disclosed in accordance with Chapter 14A of the Hong Kong Listing Rules. The Company has complied with the disclosure requirements of Chapter 14A of the Hong Kong Listing Rules in respect of the above connected transactions and continuing connected transactions.

3. Transaction caps for 2014 to 2016

Except for the newly executed Patent Licensing Agreement, the agreements mentioned in the following table all expired on 31 December 2013 and were renewed between the Company and the relevant parties of the connected transactions in 2013.

No.	Agreement	Counterparty	Subject matter of the connected transaction	Date of the Agreement	Transaction cap (RMB million)			Approval process
					2014	2015	2016	
1	Mutual Coal Supply Agreement	Shenhua Group Corporation	Sales of a variety of coal by the Group to Shenhua Group	22 March 2013	25,500.00	30,300.00	34,800.00	Approved at 2012 annual general meeting held on 21 June 2013
			Purchase of a variety of coal by the Group from Shenhua Group		24,400.00	31,800.00	38,400.00	
2	Mutual Supply of Products and Services Agreement	Shenhua Group Corporation	Provision of production materials and ancillary services by the Group to Shenhua Group	22 March 2013	16,300.00	19,200.00	22,300.00	
			Purchase of production materials and ancillary services by the Group from Shenhua Group		12,400.00	12,400.00	12,400.00	
3	Transportation Service Framework Agreement	Taiyuan Railway Bureau	Provision of railway transportation services by Taiyuan Railway Bureau and its subsidiaries to the Group	22 March 2013	12,400.00	12,400.00	12,400.00	Approved by the Board on 22 March 2013
4	Coal Agency Export Agreement	Shenhua Group Corporation	Agency export of coal of the Group by Shenhua Group	22 March 2013	240.00	240.00	240.00	Approved at the standing committee of the President on 1 March 2013
5	Coal Agency Sales Agreement	Shenhua Group Corporation	Agency sales of coal of Shenhua Group by the Group	22 March 2013	240.00	240.00	240.00	
6	Property Leasing Agreement	Shenhua Group Corporation	Provision of property leasing by the Group to Shenhua Group	22 March 2013	240.00	240.00	240.00	
		Shenhua Group Corporation	Provision of property leasing by Shenhua Group to the Group	22 March 2013	240.00	240.00	240.00	
7	Trademarks License Agreement	Shenhua Group Corporation	Adoption of trademark of Shenhua Group by the Group	22 March 2013	0.00	0.00	0.00	
8	Patent Licensing Agreement	Shenhua Group Corporation, Coal Liquefaction and Chemical Company, Shenhua Baotou Coal Chemical Co., Ltd	Use of patents of Shenhua Group and China Shenhua Coal to Liquid and Chemical Co., Ltd by Baotou Coal Chemical Co., Ltd at nil consideration	23 December 2013	0.00	0.00	0.00	Approved by the Board on 23 December 2013

Note: Renewal of the agreements 1-3 above were disclosed in the relevant announcements of H Shares of the Company on 22 March 2013, and the Announcement on Connected Transactions (Lin 2013-012)) dated 23 March 2013 (A Shares). The transactions 4-8 constituted exempt continuing connected transactions. The Assets and Business Entrusted Management Services Agreement entered into under the Mutual Supply of Products and Services Agreement between the Group and Shenhua Group was approved at the 41st meeting of the second session of the Board held on 25 October 2013.

No	Agreement	Counterparty	Subject matter of the connected transaction	Date of the Agreement	Transaction cap (RMB million)			Approval process
					2014	2015	2016	
9	Financial Services Agreement	Shenhua Group Corporation	1. Annual total transaction amount of bill acceptance and discount services handled for Shenhua Group and its associates	22 March 2013	19,500	26,000	26,000	Approved at the 2012 annual general meeting held on 21 June 2013
			2. Daily balance of deposits (including relevant accrued interests incurred) from Shenhua Group and its associates		78,000	91,000	104,000	
			3. Daily balance of loans, consumption credit, buyer's credit and financial leasing (including relevant accrued interests incurred) granted to Shenhua Group and its associates		45,500	58,500	71,500	
			4. Daily balance of entrusted loans (including relevant accrued interests incurred) granted by Shenhua Group through Shenhua Finance Company to the Group		39,000	58,500	78,000	
			5. Annual sum of agency fees, handling fees or other service charges in respect of the financial services (including but not limited to rendering services such as consultancy, agency, settlement, account transfer, investment, financial leasing, letter of credit, online banking and entrusted loans) rendered to Shenhua Group and its associates		350	430	520	

Note: Renewal of the above agreements were disclosed in the relevant announcements of H Shares of the Company on 22 March 2013, and the Announcement on Regular Connected Transactions (Lin 2013-012)) dated 23 March 2013 (A Shares).

4. Connected transactions regarding acquisition and disposal of assets

Please refer to the section headed "Material Connected Transactions" of this chapter for more details.

5. Material connected transactions regarding joint external investment

During the reporting period, the Company did not enter into any material connected transactions regarding joint external investment.

6. Debts and liabilities due from/owed to Connected Persons

Unit: RMB million

Related party	Affiliated relations	Funds provided to Connected Persons			Funds provided by Connected Persons		
		At the beginning of the period (restated)	Amount of Change	Balance	At the beginning of the period (restated)	Amount of Change	Balance
Shenhua Group Corporation and its subsidiaries	Holding company and its subsidiaries	–	–	–	623.00	6,262.85	6,885.85
Other related parties		783.28	(40.00)	743.28	–	–	–
Total	–	783.28	(40.00)	743.28	623.00	6,262.85	6,885.85

The amount and balance of the above debts and liabilities only include other receivables, other payables, short-term loans, long-term loans due within one year, long-term loans, other non-current assets due within one year, other current assets and other non-current assets of a non-operational nature between the Group and related parties.

The above debts and liabilities due from/to related parties mainly represent entrusted loans provided by the Group to associated companies of subsidiaries of the Company, together with long-term and short-term loans borrowed by the Group from Shenhua Group Corporation and its subsidiaries. The Group performed its internal decision making procedures in accordance with the relevant requirements. Currently, the abovementioned entrusted loans and loans are under normal repayment plan with repayment on both principal and interests as scheduled.

The balance of the above debts and liabilities has accrued a provision for impairment of RMB86.72 million.

Material contracts and performance thereof

1. Trust, contract and lease

During the reporting period, the Company has not established any material trust arrangement on, acted as contractor for or leased assets of other companies and no other company has established any material trust arrangement on, acted as contractor for or leased any of the Company's assets. Further, none of such arrangement subsisted in the reporting period.

2. Guarantee

(1) Material guarantees

Unit: RMB million

A. Guarantee provided by the Company to external parties (excluding guarantee given by the Company for the benefit of its subsidiaries)								
Guarantor	**Relationship between the guarantor and the listed company**	**Guaranteed party**	**Date of provision of guarantee (execution date of agreement)**	**Guaranteed amount**	**Type of guarantee**	**Period of guarantee**	**Whether performance has been completed**	**Whether the guarantee is for the benefit of related parties (Yes or No)**
Shenbao Energy Company	Subsidiary (guarantor is controlling shareholder)	Hulunbeier Liangyi Railway Company Limited	30 August 2008	113.9	Joint and several liability guarantee	20 years	No	No
Shenhua Sichuan Energy	Subsidiary (guarantor is controlling shareholder)	Sichuan Baima Circulating Fluidized Bed Demonstration Power Plant Co., Ltd.	16 May 2003	30.7	Joint and several liability guarantee on a pro-rata basis	11-20 years	No	Yes
Total guaranteed amount provided during the reporting period								(7.6)
Total guaranteed balance at the end of the reporting period								144.6
B. Guarantee given by the Company for the benefit of its subsidiaries								
Total guaranteed amount provided to the Company's subsidiaries during the reporting period								(1,822.4)
Total guaranteed balance given to the Company's subsidiaries at the end of the reporting period								–
C. Aggregated guaranteed amount given by the Company (including guarantee given by the Company for the benefit of its subsidiaries)								
Total guaranteed amount								144.6
Percentage of total guaranteed amount to net assets of the Company								0.04%
Including:								
Amount of guarantees provided for the benefit of shareholders, de facto controller and their related parties								30.7
Amount of guarantees directly or indirectly provided for the benefit of parties with a gearing ratio in excess of 70%								144.6
Portion of the total guaranteed amount in excess of 50% of net assets								–
Aggregated amount of the above three guaranteed amount (double counting discounted)								144.6

Notes:1. Of the total guaranteed balance, the guaranteed balance provided by the Company's subsidiaries (of which the Company is a controlling shareholder) to external parties at the end of the reporting period refers to the guaranteed amount provided by such subsidiary to external parties multiplies the Company's shareholding in such subsidiary.

2. Percentage of total guaranteed amount to net assets of the Company = Total guaranteed amount/Equity attributable to equity holders of the Company under Accounting Standards for Business Enterprises.

(2) Details of material guarantees

At the end of the reporting period, the balance of the guaranteed amount provided by the Company for the benefit of its subsidiaries (of which the Company is a controlling shareholder) and the guaranteed amount of the Company and its subsidiaries (of which the Company is a controlling shareholder) to external parties amounted to RMB144.6 million in total, including:

A. At the end of the reporting period, the guarantee provided by Shenbao Energy Company, a subsidiary owned as to 56.61% by the Company, to external parties was: prior to the acquisition of Shenbao Energy Company by the Company in 2011 and pursuant to the "Guarantee Agreement on the Syndicated Loan in RMB for the Cooperative Railway Project Connecting Yimin and Yiershi Newly Constructed by Hulunbeier Liangyi Railway Company Limited", Shenbao Energy Company, as one of the guarantors, provided joint and several liability guarantee in 2008 to Hulunbeier Liangyi Railway Company Limited (hereinafter referred to as the "Liangyi Railway Company", owned as to 14.22% by Shenbao Energy Company) for the syndicated loans. The major liability guaranteed was the debts due to the lender with a maximum balance of RMB207.5 million from 2008 to 2027, regardless of whether the debt is due when the above period expires. As of the date of publication of this report, Shenhua Group Corporation has confirmed the compensation as at 31 December 2013 as agreed in accordance with the Equity Transfer Agreement regarding Shenhua Baorixile Energy Co., Ltd. entered into between the Company and Shenhua Group Corporation on 20 December 2010 and paid the full amount of compensation.

   Liangyi Railway Company failed to pay the interests on loans in a timely manner due to the deterioration in operation. All guarantors performed their liabilities during the reporting period to repay the loans and interests amounted to RMB113.5 million for Liangyi Railway Company, with Shenbao Energy Company repaying RMB16.1 million. The balance of loans of Liangyi Railway Company was RMB1,414.9 million. As at 31 December 2013, the gearing ratio of Liangyi Railway Company was 95%. Shenbao Energy Company has made full provision for impairment on its 14.22% equity interests in Liangyi Railway Company and the repayment of RMB16.1 million on its behalf.

B. At the end of the reporting period, the guarantee provided by Shenhua Sichuan Energy Company (formerly known as Bashu Power Company), owned as to 51.0% by the Company, was: prior to the acquisition of Bashu Power Company in 2012, on 16 May 2003, Bashu Power Company and other shareholders of that company provided joint and several liability guarantee for the benefit of Sichuan Baima Circulating Fluidized Bed Demonstration Power Plant Co., Ltd. ("Baima Power Plant Company", owned as to 20% by Bashu Power Company) on a pro-rata basis for a loan with an aggregate amount of RMB770.7 million. As agreed in the maximum guarantee contract, the guarantee period shall be a two-year period from the next day after the due date of each loan specified in its respective loan agreement. The due date of the last loan is 14 May 2021.

As of 31 December 2013, the balance of loan of Baima Power Plant Company under the guarantee contract was RMB301 million, decreased by RMB40 million compared with that at the beginning of the year. The pro-rata amount guaranteed by Sichuan Energy Company was RMB60.2 million. As of 31 December 2013, the gearing ratio of Baima Power Plant Company was 79%, and its operations were running normally.

C. At the end of the reporting period, the counter-guarantee provided by the Company for loans of no more than US$231.7 million to EMM Indonesia, a subsidiary of which the Company is a controlling shareholder, expired. During the period of counter-guarantee, there was no matter giving rise to the assumption of guarantee liability by the Company.

D. On 22 February 2013, the 35th meeting of the second session of the board of directors of the Company considered and approved the issue of a letter of undertaking by the Company in favor of Industrial Bank Financial Leasing Co., Ltd. in relation to the potential equity transfers arising from the facilities totalling RMB1.0 billion as applied by Ordos State-owned Assets Investment Holdings Group Co., Ltd. and Ordos City Construction Investment Holdings Limited. As of the end of the reporting period, the Company revoked the letter of undertaking as the facilities had not been utilised. The Company did not provide any guarantee for the facilities.

E. At the beginning of the reporting period, the Company provided guarantee with joint and several liability for bank loans of Huanghua Harbour Administration Company, a 70%-owned subsidiary of the Company, amounting to RMB366.0 million. Huanghua Harbour Administration Company repaid the above loans during the reporting period, and the guarantee liability of the Company was released.

(3) Opinion of independent directors on material guarantees

The Independent Non-executive Directors of the Company are of the view that:

A. The guarantee on the syndicated loan of Liangyi Railway Company by Shenbao Energy Company was the continuation of the events that took place before the Company's acquisition of the equity interest in Shenbao Energy Company in 2011. Shenhua Group Corporation had already paid the compensation in accordance with the relevant agreement. The Company should maintain its concern on the guarantee to protect the interests of the Company and its shareholders as a whole.

B. The guarantee on the loan of Baima Power Plant Company by Shenhua Sichuan Energy Company was the continuation of the events that took place before the Company's acquisition of the equity interest in Bashu Power Company in 2012. The Company should maintain its concern on the guarantee to protect the interests of the Company and its shareholders as a whole.

C. The guarantee liability of the Company in favour of Huanghua Harbour Administration Company and EMM Indonesia, both being subsidiaries of which the Company is a controlling shareholder, was released during the reporting period, and there was no incident triggering the assumption of guarantee liability by the Company.

Material Investments

For details please refer to the subsection headed "The Company's investments" of the "Directors' Report".

Commitments by the Shareholders

The commitments made by Shenhua Group Corporation, the controlling shareholder of the Company, during or subsisting in the reporting period and the performance of such commitments are as follows:

Commitment Background	Type of Commitment	Committed Parties	Commitment	Time and Duration of Commitment	Any Time Limit for Commitment	Timely Performance of Commitment
Commitment in relation to initial public offer	Non-competition undertaking	Shenhua Group Corporation	The Company and Shenhua Group have 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 in competition.	24 May 2005, long-term	To be regulated in accordance with the securities regulatory requirements	Yes. Entrusted by Shenhua Group Corporation, the Company has provided entrusted management services for Shenhua Group. During the reporting period, Shenhua Group continued to pursue asset injections into China Shenhua which meet the requirements of the listed company, while carrying out the restructuring and consolidation of its retained assets on an ongoing basis.

Appointment and removal of accounting firms and other intermediate service institute

1. Auditors: Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu were appointed as the domestic and international auditors of the Company respectively for 2013 at the Company's 2012 annual general meeting held on 21 June 2013. Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu have provided auditing services to the Company for a consecutive period of 1 year.

   The auditors' remuneration of the Company relating to audit services in 2013 amounted to RMB15.47 million (including a remuneration of RMB1.59 million for internal control audit). Audit services mainly included financial statements related audits for 2013, review of interim financial statements, internal control audit and audit of subsidiaries. There was no remuneration relating to non-audit services during the reporting period.

2. Sponsors: China International Capital Corporation Limited and China Galaxy Securities Co., Ltd. were appointed by the Company as its sponsors for the initial public offer of its A Shares in 2007. As the proceeds from the Company's initial public offer of A Shares have not been used up, the above sponsors remain obliged to supervise the use of the proceeds in accordance with the relevant requirements of the Shanghai Stock Exchange. During the reporting period, the Company shall pay RMB0 for such continuing supervision services.

Sanctions and Rectifications Imposed on the Company, its Directors, Supervisors, Senior Management, Shareholders with 5% or More Shareholding and De Facto Controller

During the reporting period, none of the Company, its directors, supervisors, senior management and shareholders with 5% or more shareholding was subject to any investigations conducted by any competent authorities, mandatory measures imposed by any judicial or discipline inspection departments, judicial authority proceedings, or charged for any criminal liabilities, examination conducted by the CSRC, administrative sanctions imposed by CSRC, denial of admission to any stock market, regarded as improper person by the CSRC, sanctions imposed by other administrative authorities, or public censure by any stock exchange.

Other Material Matters

Save for the disclosed information, there was no other material matter of the Company that would require disclosure.

Investor Relations

During 2013, China Shenhua maintained ongoing communications with investors and analysts in an extensive and candid manner via multiple channels such as result announcements and roadshows. The communications between the Company and the investors were participated by more than 1,000 persons, among which more than 400 persons were from roadshows, more than 300 persons were from forums and more than 300 persons were from company visits and telephone conferences.

Strengthen professional research and emphasize introduction on the Company's investment value

During 2013, the sliding coal price stirred pessimism among investors towards the coal segment. Against this backdrop, the Company continued to embrace its strengths in integrated operation, and devoted efforts in organizing the Company's business and conducting research on the Company's value based on the characteristics of the capital market, and regarded boosting market confidence and strengthening the advantage of the Company's integrated operation as the priorities for annual investor relations work.

The Company conducted systematic research and organization on the characteristics of its integrated operation model, constantly made horizontal comparisons with peer companies, and focused on the study of the representative listed companies in various segments participated by the Company, so as to highlight the core competitive strength such as low-cost operation and synergy, which makes the difference between Shenhua and peer companies, and provide investors with ongoing education on investment value.

The Company provided customized services to various investors in the market, such as existing investors, potential investors, institutional investors and individual investors, according to their respective needs and natures, so as to enhance the efficiency and professionalism of investor relations communications. The Company also made systematic introduction to investors by preparing professional and detailed materials, with a view to give prominence to the investment highlights, such as risk resilience, stability of result and coordination brought by the company's integrated operation.

Constantly improving the work on investor relations

During 2013, in order to further standardize investor reception work so as to enhance the efficiency and quality of investor relations management, the Company modified and optimized some systems and workflows in light of actual conditions, discarded inefficient and time-consuming workflows and made the work on investor relations more compliant and professional. The Company would like to provide investors, especially small and medium investors, with convenient services to the utmost extent.

Expanding communication channels, realizing effective communications

During 2013, the Company upheld the principle of "providing investors with first-class services" and continued to improve the refined services. Professionalism and efficiency of the investor relations services of the Company had been improved by adhering to the philosophy of "professional business, systematic services and positive attitude".

The Company was committed to enhancing the daily reception of investors' calls and visits; and secured existing investors through constant update and maintenance of the investor database, explored potential investors, diversified investors' network, and sent information such as announcements and reverse roadshow materials to investors from time to time, so as to form a positive and dynamic interactive communication system for investors.

During 2013, the Company focused on strengthening interactive communications on the internet platform taking into account the characteristics of small and medium investors especially for matters of significance in terms of investor relations. In the second half of the year, the Company organised on-line investors communication activities through the internet platform provided by Shanghai Stock Exchange, with a view to facilitate the investor's participation in the Company's purchase of CTO project from its parent company. This endeavour had received positive response from the investors. The Company disseminated information to the market in a timely manner on its own initiative such as holding briefings on relevant projects via the internet platform and disclosing the Q&A session of monthly investors' meetings.

The professional and bidirectional investor relations activities not only deepened investors' knowledge and understanding of the Company, but also absorbed numerous suggestions and advice on the Company. These activities also established convenient and unimpeded bidirectional communication channels and platforms for investors, which maximized the interest of the Company and investors as a whole.

With its professional investor relations services, China Shenhua was awarded the Best Investor Relations Company in the Coal Industry across the Greater China Region by Institutional Investor in 2013.

Index to Information Disclosure

No.	Event	Date of publication	Website of publication
1	Overseas Regulatory Announcement	2013-1-3	Website of Hong Kong Stock Exchange
2	"China Shenhua Energy Company Limited" (the Company) – Announcement on Implementation of Plan for Shareholding Increase by Controlling Shareholder	2013-1-4	Website of Shanghai Stock Exchange
3	Overseas Regulatory Announcement	2013-1-4	Website of Hong Kong Stock Exchange
4	"China Shenhua Energy Company Limited" (the Company) – Announcement on Verification and Approval of Shenhua Hequ Power Project Fueled by Low Calorific Value Coal	2013-1-5	Website of Shanghai Stock Exchange
5	Overseas Regulatory Announcement	2013-1-11	Website of Hong Kong Stock Exchange
6	"China Shenhua Energy Company Limited" (the Company) – Announcement on Verification and Approval of New Construction Project of Shenhua Wucaiwan Thermal Power Plant	2013-1-12	Website of Shanghai Stock Exchange
7	"China Shenhua Energy Company Limited" (the Company) – Announcement on the Winning of Shale Gas Exploration Concession Tender by Shenhua Geological Exploration Company	2013-1-12	Website of Shanghai Stock Exchange
8	Announcement on the Major Operational Data December of 2012	2013-1-21	Website of Hong Kong Stock Exchange
9	"China Shenhua Energy Company Limited" (the Company) – Announcement on Major Operational Data in December 2012	2013-1-22	Website of Shanghai Stock Exchange
10	Overseas Regulatory Announcement	2013-1-24	Website of Hong Kong Stock Exchange
11	Legal Opinion from King & Wood Mallesons, Beijing, in Relation to the Increase of Shareholding in China Shenhua Energy Company Limited by Shenhua Group Corporation Limited	2013-1-25	Website of Shanghai Stock Exchange
12	Monthly Return of Equity Issuer on Movements in Securities for the Month ended 31 January 2013	2013-1-31	Website of Hong Kong Stock Exchange
13	Announcement on the Major Operational Data January of 2013	2013-2-22	Website of Hong Kong Stock Exchange
14	Overseas Regulatory Announcement	2013-2-22	Website of Hong Kong Stock Exchange

No.	Event	Date of publication	Website of publication
15	"China Shenhua Energy Company Limited" (the Company) – Announcement on Major Operational Data in January 2013	2013-2-23	Website of Shanghai Stock Exchange
16	"China Shenhua Energy Company Limited" (the Company) – Announcement on Issuing Commitment Letter	2013-2-23	Website of Shanghai Stock Exchange
17	Monthly Return of Equity Issuer on Movements in Securities for the Month ended 28 February 2013	2013-3-1	Website of Hong Kong Stock Exchange
18	Date of Board Meeting	2013-3-11	Website of Hong Kong Stock Exchange
19	Announcement on the Major Operational Data February of 2013	2013-3-15	Website of Hong Kong Stock Exchange
20	"China Shenhua Energy Company Limited" (the Company) – Announcement on Major Operational Data in February 2013	2013-3-16	Website of Shanghai Stock Exchange
21	Continuing Connected Transactions – Revision of Annual Cap under the Current Mutual Coal Supply Agreement	2013-3-22	Website of Hong Kong Stock Exchange
22	Continuing Connected Transactions – Entering into the Supplementary Agreement to the Current Financial Services Agreement	2013-3-22	Website of Hong Kong Stock Exchange
23	Continuing Connected Transactions – Entering into Mutual Coal Supply Agreement	2013-3-22	Website of Hong Kong Stock Exchange
24	Continuing Connected Transactions – Entering into Financial Services Agreement	2013-3-22	Website of Hong Kong Stock Exchange
25	Continuing Connected Transactions – Entering into Mutual Supplies And Services Agreement	2013-3-22	Website of Hong Kong Stock Exchange
26	Continuing Connected Transactions – Entering into Transportation Service Framework Agreement	2013-3-22	Website of Hong Kong Stock Exchange
27	Announcement of Annual Results for the Year Ended 31 December 2012	2013-3-22	Website of Hong Kong Stock Exchange
28	"China Shenhua Energy Company Limited" (the Company) – Special Report on Deposit and Actual Use of Proceeds for 2012	2013-3-23	Website of Shanghai Stock Exchange
29	"China Shenhua Energy Company Limited" (the Company) – Audit Report	2013-3-23	Website of Shanghai Stock Exchange
30	"China Shenhua Energy Company Limited" (the Company) – Special Explanations on the Appropriation of Non-operational Funds and Inflows and Outflows of Other Related Funds for the Year 2012	2013-3-23	Website of Shanghai Stock Exchange

No.	Event	Date of publication	Website of publication
31	"China Shenhua Energy Company Limited" (the Company) – Audit Report on Internal Control	2013-3-23	Website of Shanghai Stock Exchange
32	"China Shenhua Energy Company Limited" (the Company) – Work Report of the Independent Directors for the Year 2012	2013-3-23	Website of Shanghai Stock Exchange
33	"China Shenhua Energy Company Limited" (the Company) – Special Explanations and Independent Opinion from Independent Non-executive Directors in Relation to Guarantee Provided by the Company to External Parties	2013-3-23	Website of Shanghai Stock Exchange
34	"China Shenhua Energy Company Limited" (the Company) – 2012 Special Audit Report on Deposit and Use of Proceeds	2013-3-23	Website of Shanghai Stock Exchange
35	"China Shenhua Energy Company Limited" (the Company) – Special Report on Deposit and Actual Use of Proceeds for 2012	2013-3-23	Website of Shanghai Stock Exchange
36	"China Shenhua Energy Company Limited" (the Company) – 2012 Assessment Report on Internal Control	2013-3-23	Website of Shanghai Stock Exchange
37	"China Shenhua Energy Company Limited" (the Company) – Audit Opinion from China International Capital Corporation Limited and China Galaxy Securities Co., Ltd. in Relation to the Change of Use of Partial Proceeds from Initial Public Offering of A Shares by China Shenhua Energy Company Limited	2013-3-23	Website of Shanghai Stock Exchange
38	"China Shenhua Energy Company Limited" (the Company) – Announcement on Daily Related Party Transactions	2013-3-23	Website of Shanghai Stock Exchange
39	"China Shenhua Energy Company Limited" (the Company) – Announcement on Change of Use of Proceeds in Financing Investment Projects	2013-3-23	Website of Shanghai Stock Exchange
40	"China Shenhua Energy Company Limited" (the Company) – Announcement on Resolutions of 15th Meeting of 2nd Session of the Board of Supervisors	2013-3-23	Website of Shanghai Stock Exchange
41	"China Shenhua Energy Company Limited" (the Company) – Announcement on Resolutions of 36th Meeting of 2nd Session of the Board of Directors	2013-3-23	Website of Shanghai Stock Exchange
42	"China Shenhua Energy Company Limited" (the Company) – 2012 CSR Report	2013-3-23	Website of Shanghai Stock Exchange
43	"China Shenhua Energy Company Limited" (the Company) – Annual Report	2013-3-23	Website of Shanghai Stock Exchange
44	"China Shenhua Energy Company Limited" (the Company) – Summary of Annual Report	2013-3-23	Website of Shanghai Stock Exchange

No.	Event	Date of publication	Website of publication
45	Overseas Regulatory Announcement	2013-3-24	Website of Hong Kong Stock Exchange
46	Overseas Regulatory Announcement	2013-3-24	Website of Hong Kong Stock Exchange
47	Overseas Regulatory Announcement	2013-3-24	Website of Hong Kong Stock Exchange
48	Overseas Regulatory Announcement	2013-3-24	Website of Hong Kong Stock Exchange
49	2012 CSR Report	2013-3-24	Website of Hong Kong Stock Exchange
50	2012 Annual Report	2013-3-24	Website of Hong Kong Stock Exchange
51	Monthly Return of Equity Issuer on Movements in Securities for the Month ended 31 March 2013	2013-4-1	Website of Hong Kong Stock Exchange
52	Overseas Regulatory Announcement	2013-4-8	Website of Hong Kong Stock Exchange
53	Notification Letter and Request Form to Registered Holder	2013-4-9	Website of Hong Kong Stock Exchange
54	Notification Letter and Request Form to Non Registered Holder	2013-4-9	Website of Hong Kong Stock Exchange
55	Revision of Annual Caps under the Current Mutual Coal Supply Agreement, Entering into the Supplementary Agreement to the Current Financial Services Agreement, Entering into Mutual Coal Supply Agreement, Entering into Mutual Supplies and Services Agreement, Entering into Financial Services Agreement, Appointment of Auditors for 2013, Amendments to the Articles of Association, Change of Use of a Portion of the Proceeds From the A Share Offering in Financing Investment Projects, and Proposal for General Mandate to Repurchase A Shares and H Shares	2013-4-9	Website of Hong Kong Stock Exchange
56	"China Shenhua Energy Company Limited" (the Company) – Sponsor Opinion on the Use of a Portion of Idle Proceeds for Temporary Replenishment of Current Capital	2013-4-9	Website of Shanghai Stock Exchange
57	"China Shenhua Energy Company Limited" (the Company) – Announcement on Repayment of Idle Proceeds Used for Temporary Replenishment of Current Capital upon Expiration and Another Replenishment of Current Capital	2013-4-9	Website of Shanghai Stock Exchange
58	"China Shenhua Energy Company Limited" (the Company) – H Shares Circular	2013-4-10	Website of Shanghai Stock Exchange

No.	Event	Date of publication	Website of publication
59	Notice of Board Meeting	2013-4-16	Website of Hong Kong Stock Exchange
60	Announcement on the Major Operational Data March of 2013	2013-4-17	Website of Hong Kong Stock Exchange
61	"China Shenhua Energy Company Limited" (the Company) – Announcement on Major Operational Data in March 2013	2013-4-18	Website of Shanghai Stock Exchange
62	First Quarterly Report for the Year 2013	2013-4-26	Website of Hong Kong Stock Exchange
63	Notice of 2013 First Class Meeting of the Holders of H Shares	2013-4-26	Website of Hong Kong Stock Exchange
64	Notice of Annual General Meeting	2013-4-26	Website of Hong Kong Stock Exchange
65	Overseas Regulatory Announcement	2013-4-26	Website of Hong Kong Stock Exchange
66	Notification Letter and Request Form to Registered Holder	2013-4-26	Website of Hong Kong Stock Exchange
67	Notification Letter and Request Form to Non Registered Holder	2013-4-26	Website of Hong Kong Stock Exchange
68	Reply Slip Annual General Meeting	2013-4-26	Website of Hong Kong Stock Exchange
69	Form of Proxy for Annual General Meeting	2013-4-26	Website of Hong Kong Stock Exchange
70	Reply Slip 2013 First Class Meeting of the Holders of H Shares	2013-4-26	Website of Hong Kong Stock Exchange
71	Form of proxy for 2013 First Class Meeting of the Holder of H Shares	2013-4-26	Website of Hong Kong Stock Exchange
72	"China Shenhua Energy Company Limited" (the Company) – First Quarterly Report	2013-4-27	Website of Shanghai Stock Exchange
73	"China Shenhua Energy Company Limited" (the Company) – Notice of Convening 1st Shareholders' Meetings of A Shares of 2013	2013-4-27	Website of Shanghai Stock Exchange
74	"China Shenhua Energy Company Limited" (the Company) – Notice of Convening Annual General Meeting of 2012	2013-4-27	Website of Shanghai Stock Exchange
75	Monthly Return of Equity Issuer on Movements in Securities for the Month ended 30 April 2013	2013-5-2	Website of Hong Kong Stock Exchange

No.	Event	Date of publication	Website of publication
76	Announcement on the Major Operational Data April of 2013	2013-5-15	Website of Hong Kong Stock Exchange
77	"China Shenhua Energy Company Limited" (the Company) – Announcement on Major Operational Data in April 2013	2013-5-16	Website of Shanghai Stock Exchange
78	Monthly Return of Equity Issuer on Movements in Securities for the Month ended 31 May 2013	2013-5-31	Website of Hong Kong Stock Exchange
79	Overseas Regulatory Announcement	2013-5-31	Website of Hong Kong Stock Exchange
80	Overseas Regulatory Announcement	2013-5-31	Website of Hong Kong Stock Exchange
81	"China Shenhua Energy Company Limited" (the Company) – Particulars on 2013 First Class Meeting of the Holders of A Shares	2013-6-1	Website of Shanghai Stock Exchange
82	"China Shenhua Energy Company Limited" (the Company) – Particulars on the 2012 Annual General Meeting	2013-6-1	Website of Shanghai Stock Exchange
83	"China Shenhua Energy Company Limited" (the Company) – Measures on the Use of Proceeds (2013 Revision)	2013-6-1	Website of Shanghai Stock Exchange
84	"China Shenhua Energy Company Limited" (the Company) – Audit Opinion on the Use of the Remaining Idle Proceeds for Temporary Replenishment of Current Capital	2013-6-1	Website of Shanghai Stock Exchange
85	"China Shenhua Energy Company Limited" (the Company) – Announcement on Using Idle Proceeds for Temporary Replenishment of Current Capital	2013-6-1	Website of Shanghai Stock Exchange
86	"China Shenhua Energy Company Limited" (the Company) – Announcement on Resolutions of 17th Meeting of 2nd Session of the Board of Supervisors	2013-6-1	Website of Shanghai Stock Exchange
87	"China Shenhua Energy Company Limited" (the Company) – Announcement on Resolutions of 38th Meeting of 2nd Session of the Board of Directors	2013-6-1	Website of Shanghai Stock Exchange
88	Announcement on the Major Operational Data May of 2013	2013-6-17	Website of Hong Kong Stock Exchange
89	"China Shenhua Energy Company Limited" (the Company) – Announcement on Major Operational Data in May 2013	2013-6-18	Website of Shanghai Stock Exchange
90	Voting Results of 2012 Annual General Meeting, 2013 First Class Meeting of the Holders of A Shares and 2013 First Class Meeting of the Holders of H Shares	2013-6-21	Website of Hong Kong Stock Exchange
91	Announcement – Notice to Creditors in Relation to a General Mandate to Repurchase of Shares of the Company	2013-6-21	Website of Hong Kong Stock Exchange

No.	Event	Date of publication	Website of publication
92	Overseas Regulatory Announcement	2013-6-21	Website of Hong Kong Stock Exchange
93	Articles of Association	2013-6-21	Website of Hong Kong Stock Exchange
94	"China Shenhua Energy Company Limited" (the Company) – Notice to Creditors in Relation to a General Mandate Obtained by the Board of Directors to Repurchase Shares of the Company	2013-6-22	Website of Shanghai Stock Exchange
95	"China Shenhua Energy Company Limited" (the Company) – Legal Opinion on 2012 Annual General Meeting and 2013 First Class Meeting of the Holders of A Shares and 2013 First Class Meeting of the Holders of H Shares	2013-6-22	Website of Shanghai Stock Exchange
96	"China Shenhua Energy Company Limited" (the Company) – Articles of Association (2013 Revision)	2013-6-22	Website of Shanghai Stock Exchange
97	"China Shenhua Energy Company Limited" (the Company) – Announcement on Resolutions of 2013 First Class Meeting of the Holders of A Shares and 2013 First Class Meeting of the Holders of H Shares	2013-6-22	Website of Shanghai Stock Exchange
98	"China Shenhua Energy Company Limited" (the Company) – Announcement on Resolutions of 2012 Annual General Meeting	2013-6-22	Website of Shanghai Stock Exchange
99	Overseas Regulatory Announcement	2013-6-27	Website of Hong Kong Stock Exchange
100	"China Shenhua Energy Company Limited" (the Company) – Announcement on Final Dividend Distribution for 2012	2013-6-28	Website of Shanghai Stock Exchange
101	Monthly Return of Equity Issuer on Movements in Securities for the Month ended 30 June 2013	2013-7-2	Website of Hong Kong Stock Exchange
102	Announcement on the Major Operational Data June of 2013	2013-7-16	Website of Hong Kong Stock Exchange
103	"China Shenhua Energy Company Limited" (the Company) – Announcement on Major Operational Data in June 2013	2013-7-17	Website of Shanghai Stock Exchange
104	Monthly Return of Equity Issuer on Movements in Securities for the Month ended 31 July 2013	2013-8-1	Website of Hong Kong Stock Exchange
105	Notice of Board Meeting	2013-8-13	Website of Hong Kong Stock Exchange
106	Announcement on the Major Operational Data July of 2013	2013-8-19	Website of Hong Kong Stock Exchange

No.	Event	Date of publication	Website of publication
107	"China Shenhua Energy Company Limited" (the Company) – Announcement on Major Operational Data in July 2013	2013-8-20	Website of Shanghai Stock Exchange
108	Overseas Regulatory Announcement	2013-8-23	Website of Hong Kong Stock Exchange
109	Overseas Regulatory Announcement	2013-8-23	Website of Hong Kong Stock Exchange
110	Overseas Regulatory Announcement – 2013 Interim Report	2013-8-23	Website of Hong Kong Stock Exchange
111	Announcement of Interim Results for the Six Months Ended 30 June 2013	2013-8-23	Website of Hong Kong Stock Exchange
112	"China Shenhua Energy Company Limited" (the Company) – Special Report on Deposit and Actual Use of Proceeds for the First Half of 2013	2013-8-24	Website of Shanghai Stock Exchange
113	"China Shenhua Energy Company Limited" (the Company) – Summary of Interim Report	2013-8-24	Website of Shanghai Stock Exchange
114	"China Shenhua Energy Company Limited" (the Company) – Announcement on Resolutions of 39th Meeting of 2nd Session of the Board of Directors	2013-8-24	Website of Shanghai Stock Exchange
115	"China Shenhua Energy Company Limited" (the Company) – Announcement on Resolutions of 18th Meeting of 2nd Session of the Board of Supervisors	2013-8-24	Website of Shanghai Stock Exchange
116	"China Shenhua Energy Company Limited" (the Company) – Interim Report	2013-8-24	Website of Shanghai Stock Exchange
117	2013 Interim Report	2013-8-25	Website of Hong Kong Stock Exchange
118	Monthly Return of Equity Issuer on Movements in Securities for the Month ended 31 August 2013	2013-9-2	Website of Hong Kong Stock Exchange
119	Notification Letter and Request Form to Registered Holder	2013-9-5	Website of Hong Kong Stock Exchange
120	Notification Letter and Request Form to Non Registered Holder	2013-9-5	Website of Hong Kong Stock Exchange
121	Announcement on the Major Operational Data August of 2013	2013-9-12	Website of Hong Kong Stock Exchange
122	Overseas Regulatory Announcement	2013-9-12	Website of Hong Kong Stock Exchange

No.	Event	Date of publication	Website of publication
123	"China Shenhua Energy Company Limited" (the Company) – Announcement on Major Operational Data in August 2013	2013-9-13	Website of Shanghai Stock Exchange
124	"China Shenhua Energy Company Limited" (the Company) – Announcement Regarding the Acceptance of Registration of the Medium-term Notes and Super Short-term Debentures	2013-9-13	Website of Shanghai Stock Exchange
125	Overseas Regulatory Announcement	2013-9-16	Website of Hong Kong Stock Exchange
126	Overseas Regulatory Announcement	2013-9-16	Website of Hong Kong Stock Exchange
127	"China Shenhua Energy Company Limited" (the Company) – Announcement on Results of Issuance of the First Tranche of Super Short-term Debentures in 2013	2013-9-17	Website of Shanghai Stock Exchange
128	"China Shenhua Energy Company Limited" (the Company) – Announcement on Verification and Approval of New Construction of Huangda Railway Project	2013-9-17	Website of Shanghai Stock Exchange
129	Overseas Regulatory Announcement	2013-9-26	Website of Hong Kong Stock Exchange
130	"China Shenhua Energy Company Limited" (the Company) – Indicative Announcement on Listing and Trading of Shares with Selling Restrictions	2013-9-27	Website of Shanghai Stock Exchange
131	Overseas Regulatory Announcement	2013-9-27	Website of Hong Kong Stock Exchange
132	Overseas Regulatory Announcement	2013-9-27	Website of Hong Kong Stock Exchange
133	Changes in Senior Management	2013-9-27	Website of Hong Kong Stock Exchange
134	"China Shenhua Energy Company Limited" (the Company) – Announcement on Changes in Senior Management	2013-9-28	Website of Shanghai Stock Exchange
135	"China Shenhua Energy Company Limited" (the Company) – Announcement on Resolutions of 40th Meeting of 2nd Session of the Board of Directors	2013-9-28	Website of Shanghai Stock Exchange
136	Monthly Return of Equity Issuer on Movements in Securities for the Month ended 30 September 2013	2013-9-30	Website of Hong Kong Stock Exchange
137	Notice of Board Meeting	2013-10-15	Website of Hong Kong Stock Exchange

No.	Event	Date of publication	Website of publication
138	Announcement on the Major Operational Data September of 2013	2013-10-16	Website of Hong Kong Stock Exchange
139	"China Shenhua Energy Company Limited" (the Company) – Announcement on Major Operational Data in September 2013	2013-10-17	Website of Shanghai Stock Exchange
140	Overseas Regulatory Announcement	2013-10-18	Website of Hong Kong Stock Exchange
141	"China Shenhua Energy Company Limited" (the Company) – Announcement on Verification and Approval of New Construction of Power Project Fuelled by Low Calorific Value Coal in Right Tumete Banner of Inner Mongolia	2013-10-19	Website of Shanghai Stock Exchange
142	Overseas Regulatory Announcement	2013-10-23	Website of Hong Kong Stock Exchange
143	"China Shenhua Energy Company Limited" (the Company) – Announcement on Adjustments to Power Tariffs	2013-10-24	Website of Shanghai Stock Exchange
144	Overseas Regulatory Announcement	2013-10-25	Website of Hong Kong Stock Exchange
145	Overseas Regulatory Announcement	2013-10-25	Website of Hong Kong Stock Exchange
146	Positions Held by Current Directors at the Board and the Board Committees	2013-10-25	Website of Hong Kong Stock Exchange
147	Change of Chairman of the Nomination Committee under the Board	2013-10-25	Website of Hong Kong Stock Exchange
148	Adjustments to the 2013 Business Targets and Capital Expenditure Plan	2013-10-25	Website of Hong Kong Stock Exchange
149	Third Quarterly Report for the Year 2013	2013-10-25	Website of Hong Kong Stock Exchange
150	"China Shenhua Energy Company Limited" (the Company) – Announcement on Change of Chairman of the Nomination Committee under the Board	2013-10-26	Website of Shanghai Stock Exchange
151	"China Shenhua Energy Company Limited" (the Company) – Announcement on Adjustments to the 2013 Business Targets and Capital Expenditure Plan	2013-10-26	Website of Shanghai Stock Exchange
152	"China Shenhua Energy Company Limited" (the Company) – Announcement on the Signing of Assets and Business Entrusted Management Service Agreement	2013-10-26	Website of Shanghai Stock Exchange
153	"China Shenhua Energy Company Limited" (the Company) – Third Quarterly Report	2013-10-26	Website of Shanghai Stock Exchange

No.	Event	Date of publication	Website of publication
154	"China Shenhua Energy Company Limited" (the Company) – Announcement on Resolutions of 41st Meeting of 2nd Session of the Board of Directors	2013-10-26	Website of Shanghai Stock Exchange
155	Monthly Return of Equity Issuer on Movements in Securities for the Month ended 31 October 2013	2013-10-31	Website of Hong Kong Stock Exchange
156	Overseas Regulatory Announcement	2013-11-11	Website of Hong Kong Stock Exchange
157	"China Shenhua Energy Company Limited" (the Company) – Announcement on Results of Issuance of First Tranche of Medium-term Debentures in 2013	2013-11-12	Website of Shanghai Stock Exchange
158	Announcement on the Major Operational Data October of 2013	2013-11-15	Website of Hong Kong Stock Exchange
159	"China Shenhua Energy Company Limited" (the Company) – Announcement on Major Operational Data in October 2013	2013-11-16	Website of Shanghai Stock Exchange
160	Monthly Return of Equity Issuer on Movements in Securities for the Month ended 30 November 2013	2013-12-2	Website of Hong Kong Stock Exchange
161	Overseas Regulatory Announcement	2013-12-2	Website of Hong Kong Stock Exchange
162	"China Shenhua Energy Company Limited" (the Company) – Announcement on Verification and Approval of Guojiawan and Qinglongsi Coal Mine Projects	2013-12-3	Website of Shanghai Stock Exchange
163	Overseas Regulatory Announcement	2013-12-16	Website of Hong Kong Stock Exchange
164	"China Shenhua Energy Company Limited" (the Company) – Announcement on Verification and Approval of New Construction Project of Shenhua Luoyuanwan Power Plant in Fujian	2013-12-17	Website of Shanghai Stock Exchange
165	Announcement on the Major Operational Data November of 2013	2013-12-17	Website of Hong Kong Stock Exchange
166	"China Shenhua Energy Company Limited" (the Company) – Announcement on Major Operational Data in November 2013	2013-12-18	Website of Shanghai Stock Exchange
167	Overseas Regulatory Announcement	2013-12-19	Website of Hong Kong Stock Exchange
168	"China Shenhua Energy Company Limited" (the Company) – Announcement on Obtaining Use Right of Coal Resource at Zashulanskoye Mining Area by Razrez Ugol LLC	2013-12-20	Website of Shanghai Stock Exchange
169	Overseas Regulatory Announcement	2013-12-23	Website of Hong Kong Stock Exchange
170	Overseas Regulatory Announcement	2013-12-23	Website of Hong Kong Stock Exchange

No.	Event	Date of publication	Website of publication
171	Acquisition of Baotou Company and Jiujiang Power	2013-12-23	Website of Hong Kong Stock Exchange
172	"China Shenhua Energy Company Limited" (the Company) – Written Review Opinion from the Audit Committee in Relation to Connected Transactions Arising from Acquisition by the Company of Certain Equity Interests Held by Shenhua Group Corporation Limited (Being the Company's Controlling Shareholder) and Its Subsidiaries	2013-12-24	Website of Shanghai Stock Exchange
173	"China Shenhua Energy Company Limited" (the Company) – Financial Statements of and Audit Report on Shenhua Guohua Jiujiang Power Co., Ltd.	2013-12-24	Website of Shanghai Stock Exchange
174	"China Shenhua Energy Company Limited" (the Company) – Announcement on Acquisition of Assets and Connected Transaction	2013-12-24	Website of Shanghai Stock Exchange
175	"China Shenhua Energy Company Limited" (the Company) – Announcement on Co-development of Shale Gas Project in the United States	2013-12-24	Website of Shanghai Stock Exchange
176	"China Shenhua Energy Company Limited" (the Company) – Independent Opinion from Independent Non-executive Directors in Relation to Connected Transactions Arising from Acquisition by the Company of Certain Equity Interests Held by Shenhua Group Corporation Limited (Being the Company's Controlling Shareholder) and Its Subsidiaries	2013-12-24	Website of Shanghai Stock Exchange
177	"China Shenhua Energy Company Limited" (the Company) – Assessment Report on Proposed Transfer by Beijing Guohua Power Co., Ltd. of Equity Interests Held in Shenhua Guohua Jiujiang Power Co., Ltd. to China Shenhua Energy Company Limited	2013-12-24	Website of Shanghai Stock Exchange
178	"China Shenhua Energy Company Limited" (the Company) – Assessment Report on Proposed Transfer by Shenhua Group Corporation Limited of Equity Interests Held in Shenhua Baotou Coal Chemical Co., Ltd. to China Shenhua Energy Company Limited	2013-12-24	Website of Shanghai Stock Exchange
179	"China Shenhua Energy Company Limited" (the Company) – Pro Forma Financial Statements of and Audit Report on Shenhua Baotou Coal Chemical Co., Ltd.	2013-12-24	Website of Shanghai Stock Exchange
180	"China Shenhua Energy Company Limited" (the Company) – Announcement on Resolutions of 42nd Meeting of 2nd Session of the Board of Directors	2013-12-24	Website of Shanghai Stock Exchange
181	Overseas Regulatory Announcement	2013-12-26	Website of Hong Kong Stock Exchange
182	"China Shenhua Energy Company Limited" (the Company) – Announcement Regarding Online Discussion Forum for Investors	2013-12-26	Website of Shanghai Stock Exchange

Note: Website of Hong Kong Stock Exchange: www.hkex.com.hk; website of Shanghai Stock Exchange: www.sse.com.cn.

Independent Auditor's Report

Deloitte.
德勤

To the Board of Directors of China Shenhua Energy Company Limited
(Incorporated in The People's Republic of China with limited liability)

We have audited the consolidated financial statements of China Shenhua Energy Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 151 to 242, which comprise the consolidated and company statements of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

28 March 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2013

	NOTES	Year ended 31 December **2013** **RMB million**	 *2012* *RMB million* *(Restated)*
Revenue	6	**283,797**	254,575
Cost of sales	7	**(202,431)**	(174,677)
Gross profit		**81,366**	79,898
Selling, general and administrative expenses		**(10,118)**	(9,160)
Other gains and losses		**(889)**	(303)
Other income		**533**	777
Other expenses		**(364)**	(466)
Interest income		**754**	777
Finance costs	8	**(2,942)**	(3,128)
Share of results of associates		**588**	477
Profit before income tax		**68,928**	68,872
Income tax expense	9	**(13,704)**	(10,976)
Profit for the year	10	**55,224**	57,896
Other comprehensive (expense) income for the year, net of income tax, that may be reclassified subsequently to profit or loss:			
Exchange differences		**(802)**	80
Total comprehensive income for the year		**54,422**	57,976
Profit for the year attributable to:			
Equity holders of the Company		**45,079**	49,708
Non-controlling interests		**10,145**	8,188
		55,224	57,896
Total comprehensive income for the year attributable to:			
Equity holders of the Company		**44,293**	49,782
Non-controlling interests		**10,129**	8,194
		54,422	57,976
Earnings per share (RMB)	15		
– Basic		**2.266**	2.499

Consolidated Statement of Financial Position

at 31 December 2013

	NOTES	**31 December 2013 RMB million**	*31 December 2012 RMB million (Restated)*	*1 January 2012 RMB million (Restated)*
Non-current assets				
Property, plant and equipment	16	**262,116**	247,031	234,922
Construction in progress	17	**76,065**	61,737	34,597
Exploration and evaluation assets	18	**2,251**	2,722	2,396
Intangible assets	19	**1,446**	982	987
Interest in associates	21	**4,938**	4,690	3,992
Available-for-sale investments	22	**960**	960	835
Other non-current assets	23	**28,148**	25,482	19,785
Lease prepayments	24	**14,243**	14,097	12,421
Deferred tax assets	29	**1,723**	1,106	933
Total non-current assets		**391,890**	358,807	310,868
Current assets				
Inventories	25	**17,641**	15,722	13,421
Accounts and bills receivable	26	**27,221**	20,000	13,832
Prepaid expenses and other current assets	27	**30,274**	15,817	14,722
Restricted bank deposits		**6,648**	6,130	4,115
Time deposits with original maturity over three months		**1,292**	3,972	3,508
Cash and cash equivalents	28	**38,332**	51,637	61,732
Total current assets		**121,408**	113,278	111,330
Current liabilities				
Borrowings	30	**38,503**	28,103	16,489
Short-term debenture	31	**9,982**	–	–
Accounts and bills payable	32	**37,800**	31,632	24,431
Accrued expenses and other payables	33	**42,692**	41,825	39,894
Current portion of long-term payables	34	**311**	824	310
Income tax payable		**2,221**	4,697	7,940
Total current liabilities		**131,509**	107,081	89,064
Net current (liabilities) assets		**(10,101)**	6,197	22,266
Total assets less current liabilities		**381,789**	365,004	333,134

Consolidated Statement of Financial Position (continued)

at 31 December 2013

	NOTES	**31 December 2013 RMB million**	*31 December 2012 RMB million (Restated)*	*1 January 2012 RMB million (Restated)*
Non-current liabilities				
Borrowings	30	**37,084**	39,624	45,443
Medium-term notes	31	**4,958**	–	–
Long-term payables	34	**1,867**	9,158	10,978
Accrued reclamation obligations	35	**1,973**	1,921	1,724
Deferred tax liabilities	29	**1,265**	1,150	1,131
Total non-current liabilities		**47,147**	51,853	59,276
Net assets		**334,642**	313,151	273,858
Equity				
Share capital	36	**19,890**	19,890	19,890
Reserves		**257,013**	243,293	214,053
Equity attributable to equity holders of the Company		**276,903**	263,183	233,943
Non-controlling interests		**57,739**	49,968	39,915
Total equity		**334,642**	313,151	273,858

The consolidated financial statements on pages 151 to 242 were approved and authorised for issue by the Board of Directors on 28 March 2014.

Zhang Yuzhuo
Vice Chairman

Ling Wen
Director and President

Statement of Financial Position

at 31 December 2013

	NOTES	31 December 2013 RMB million	31 December 2012 RMB million
Non-current assets			
Property, plant and equipment	16	**55,505**	63,256
Construction in progress	17	**9,643**	6,907
Intangible assets	19	**84**	51
Investments in subsidiaries	20	**107,129**	84,263
Investments in associates	21	**1,065**	1,203
Available-for-sale investments	22	**885**	885
Other non-current assets	23	**38,437**	19,109
Lease prepayments	24	**2,712**	2,780
Total non-current assets		**215,460**	178,454
Current assets			
Inventories	25	**5,789**	5,705
Accounts and bills receivable	26	**8,963**	5,804
Prepaid expenses and other current assets	27	**57,740**	56,260
Restricted bank deposits		**174**	166
Time deposits with original maturity over three months		**580**	–
Cash and cash equivalents	28	**37,176**	43,789
Total current assets		**110,422**	111,724
Current liabilities			
Borrowings	30	**29,790**	24,078
Short-term debenture	31	**9,982**	–
Accounts payable	32	**9,078**	8,951
Accrued expenses and other payables	33	**31,789**	71,535
Current portion of long-term payables	34	**247**	139
Income tax payable		**553**	821
Total current liabilities		**81,439**	105,524
Net current assets		**28,983**	6,200
Total assets less current liabilities		**244,443**	184,654
Non-current liabilities			
Borrowings	30	**4,554**	4,972
Medium-term notes	31	**4,958**	–
Long-term payables	34	**1,285**	1,578
Accrued reclamation obligations	35	**1,051**	988
Deferred tax liabilities	29	**375**	329
Total non-current liabilities		**12,223**	7,867
Net assets		**232,220**	176,787
Equity			
Share capital	36	**19,890**	19,890
Reserves	37	**212,330**	156,897
Total equity		**232,220**	176,787

Consolidated Statement of Changes in Equity

for the year ended 31 December 2013

	Equity attributable to equity holders of the Company								Non-controlling interests RMB million	Total equity RMB million
	Share capital RMB million (Note 36)	Share premium RMB million (note (i))	Capital reserve RMB million (note (ii))	Exchange reserve RMB million	Statutory reserves RMB million (note (iii))	Other reserves RMB million	Retained earnings RMB million	Total RMB million		
At 1 January 2012 (as previously reported)	19,890	85,001	3,612	660	16,013	(4,457)	107,480	228,199	39,915	268,114
Adjustments for acquisitions from Shenhua Corporation Limited ("Shenhua Group") in 2013 (Note 5)	–	–	–	–	11	5,182	551	5,744	–	5744
At 1 January 2012 (restated)	19,890	85,001	3,612	660	16,024	725	108,031	233,943	39,915	273,858
Profit for the year	–	–	–	–	–	–	49,708	49,708	8,188	57,896
Other comprehensive income for the year	–	–	–	74	–	–	–	74	6	80
Total comprehensive income for the year	–	–	–	74	–	–	49,708	49,782	8,194	57,976
Dividend declared (Note 14)	–	–	–	–	–	–	(17,901)	(17,901)	–	(17,901)
Appropriation of maintenance and production funds (note (iii))	–	–	–	–	4,264	–	(4,264)	–	–	–
Utilisation of maintenance and production funds (note (iii))	–	–	–	–	(3,886)	–	3,886	–	–	–
Appropriation of general reserve (note (iii))	–	–	–	–	152	–	(152)	–	–	–
Contributions from then shareholders in relation to the acquisitions from Shenhua Group in 2012 ("2012 Acquisitions")	–	–	–	–	–	150	–	150	–	150
Distributions to then shareholders in relation to 2012 Acquisitions	–	–	–	–	–	–	(81)	(81)	(81)	(162)
Capital contributions from non-controlling shareholders	–	–	–	–	–	–	–	–	5,395	5,395
Distributions to non-controlling shareholders	–	–	–	–	–	–	–	–	(5,034)	(5,034)
Consideration for 2012 Acquisitions	–	–	–	–	–	(2,710)	–	(2,710)	–	(2,710)
Acquisition of subsidiary	–	–	–	–	–	–	–	–	1,579	1,579
At 31 December 2012 (restated)	19,890	85,001	3,612	734	16,554	(1,835)	139,227	263,183	49,968	313,151

Consolidated Statement of Changes in Equity (continued)

for the year ended 31 December 2013

	Equity attributable to equity holders of the Company									
	Share capital RMB million (Note 36)	Share premium RMB million (note (i))	Capital reserve RMB million (note (ii))	Exchange reserve RMB million	Statutory reserves RMB million (note (iii))	Other reserves RMB million	Retained earnings RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2013 (restated)	19,890	85,001	3,612	734	16,554	(1,835)	139,227	263,183	49,968	313,151
Profit for the year	-	-	-	-	-	-	45,079	45,079	10,145	55,224
Other comprehensive expense for the year	-	-	-	(786)	-	-	-	(786)	(16)	(802)
Total comprehensive income for the year	-	-	-	(786)	-	-	45,079	44,293	10,129	54,422
Dividend declared (Note 14)							(19,094)	(19,094)	-	(19,094)
Appropriation of maintenance and production funds (note (iii))	-	-	-	-	4,656	-	(4,656)	-	-	-
Utilisation of maintenance and production funds (note (iii))	-	-	-	-	(6,308)	-	6,308	-	-	-
Appropriation of general reserve (note (iii))	-	-	-	-	127	-	(127)	-	-	-
Acquisition of subsidiaries in 2013 (Note 5)	-	-	-	-	-	(9,323)	-	(9,323)	-	(9,323)
Distributions to then shareholders in relation to the 2013 Acquisitions	-	-	-	-	-	-	(2,026)	(2,026)	-	(2,026)
Contributions from non-controlling shareholders	-	-	-	-	-	17	-	17	2,843	2,860
Distributions to non-controlling shareholders	-	-	-	-	-	-	-	-	(5,172)	(5,172)
Acquisition of non-controlling interests	-	-	-	-	2	1	-	3	(18)	(15)
Others	-	-	-	-		(150)	-	(150)	(11)	(161)
At 31 December 2013	19,890	85,001	3,612	(52)	15,031	(11,290)	164,711	276,903	57,739	334,642

Notes:

(i) Share premium represents the difference between the total amount of the par value of shares issued and the amount of the net proceeds received upon the global initial public offering of H shares in 2005 and the issue of A shares in 2007.

(ii) The capital reserve represents the difference between the total amount of the par value of shares issued and the amount of the net assets, net of other reserves, transferred from Shenhua Group in connection with the Restructuring (as defined in Note 1).

(iii) Statutory reserves

Statutory surplus reserve

According to the PRC Company Law and the Company's Articles of Association, the Company is required to transfer 10% of its net profit as determined in accordance with the China Accounting Standards for Business Enterprises ("China Accounting Standards") to its statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

The statutory surplus reserve has reached 50% of the registered capital in 2009. Accordingly, no appropriation of net profit to the statutory surplus reserve has been proposed since 1 January 2010.

Statutory surplus reserve can be used to make up losses, if any, or to expand the Company's business, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital of the Company. The statutory surplus reserve is not distributable.

Specific reserve for production and maintenance funds

Pursuant to the relevant PRC regulations, the Group is required to transfer production and maintenance funds at fixed rates based on production volume to a specific reserve accounts. The production and maintenance funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of production and maintenance funds utilised would be transferred from the specific reserve account to retained earnings.

General reserve

Pursuant to relevant regulations issued by the Ministry of Finance, the Group's subsidiary, Shenhua Finance Co., Ltd., is required to set aside a general reserve by the end of the financial year through appropriations of profit after tax as determined in accordance with China Accounting Standards at a certain ratio of the ending balance of gross risk-bearing assets to cover potential losses against such assets.

The directors of the Company (the "Directors") have proposed appropriation to the general reserve of RMB127 million for the year ended 31 December 2013 (2012: RMB152 million).

Discretionary surplus reserve

The appropriation to the discretionary surplus reserve is subject to the shareholders' approval. The utilisation of the reserve is similar to that of the statutory surplus reserve.

The Directors have not proposed any appropriation to the discretionary surplus reserve in 2013 and 2012.

Consolidated Statement of Cash Flows

for the year ended 31 December 2013

	Year ended 31 December	
	2013 **RMB million**	*2012* *RMB million* *(Restated)*
Operating Activities		
Profit before income tax	**68,928**	68,872
Adjustments for:		
Depreciation and amortisation (Note 10)	**19,187**	19,856
Other gains and losses (Note 10)	**889**	303
Interest income	**(754)**	(777)
Share of results of associates	**(588)**	(477)
Interest expense	**3,685**	3,622
Fair value loss on derivative financial instruments and trading debt securities	**156**	14
Exchange gain, net	**(899)**	(508)
Other income	**(4)**	–
Operating cash flows before movements in working capital	**90,600**	90,905
Increase in inventories	**(1,992)**	(1,891)
Increase in accounts and bills receivable	**(7,218)**	(5,380)
Increase in prepaid expenses and other current assets	**(15,554)**	2,162
Increase in accounts and bills payable	**6,169**	2,238
Increase in accrued expenses and other payables	**36**	5,601
Cash generated from operations	**72,041**	89,311
Income tax paid	**(17,753)**	(14,700)
Net Cash Generated from Operating Activities	**54,288**	74,611
Investing Activities		
Acquisition of property, plant and equipment, intangible assets, exploration and evaluation assets, additions to the construction in progress and other non-current assets	**(51,148)**	(53,516)
Increase in lease prepayments	**(517)**	(1,113)
Proceeds from disposal of property, plant and equipment, and lease prepayments	**167**	515
Payment for acquisition of subsidiaries from third parties, net of cash received	**–**	(574)
Proceeds from disposal of an associate	**229**	–
Investments in associates	**(196)**	(260)
Purchase of available-for-sale investments	**–**	(116)
Dividend received from associates	**720**	151
Interest received	**766**	750
Proceeds from available-for-sale investments	**4**	82
Increase in restricted bank deposits	**(518)**	(2,015)
Increase in time deposits with original maturity over three months	**(1,109)**	(4,497)
Maturity of time deposits with original maturity over three months	**3,789**	4,033
Entrusted loan to a third party	**–**	(1,310)
Entrusted loan to an associate	**(40)**	–
Repayment of entrusted loans	**80**	30
Net Cash Used in Investing Activities	**(47,773)**	(57,840)

Consolidated Statement of Cash Flows (continued)

for the year ended 31 December 2013

	Year ended 31 December	
	2013 **RMB million**	2012 RMB million (Restated)
Financing Activities		
Interest paid	**(4,321)**	(3,861)
Proceeds from borrowings	**53,681**	36,109
Repayments of borrowings	**(51,439)**	(36,075)
Net proceeds from short-term debentures and medium-term notes	**14,927**	–
Contributions from non-controlling shareholders	**2,860**	3,959
Distributions to non-controlling shareholders	**(5,046)**	(4,764)
Dividend paid to equity holders of the Company	**(19,094)**	(17,901)
Payment for acquisitions from Shenhua Group in 2013, 2012 and 2011	**(9,323)**	(4,324)
Contributions from then shareholders in relation to 2012 Acquisitions	**–**	150
Distributions to then shareholders in relation to acquisitions from Shenhua Group in 2013 and 2012 Acquisitions	**(2,026)**	(162)
Acquisition of non-controlling interests	**(15)**	–
Net Cash Used in Financing Activities	**(19,796)**	(26,869)
Net decrease in cash and cash equivalents	**(13,281)**	(10,098)
Cash and cash equivalents, at the beginning of the year	**51,637**	61,732
Effect of foreign exchange rate changes	**(24)**	3
Cash and cash equivalents, at the end of the year	**38,332**	51,637

1. Principal Activities and Organisation

Principal activities

China Shenhua Energy Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in: (i) the production and sale of coal; and (ii) the generation and sale of coal-based power to provincial/regional electric grid companies in the People's Republic of China (the "PRC"). The Group operates an integrated railway network and seaports that are primarily used to transport the Group's coal sales from its mines. The primary customers of the Group's coal sales include power plants and metallurgical producers in the PRC. In 2013, the Company acquired coal chemical business from Shenhua Group (Note 5).

Organisation

The Company was established in the PRC on 8 November 2004 as a joint stock limited company as part of the Restructuring (as defined below) of Shenhua Group, a state-owned enterprise under the direct supervision of the State Council of the PRC.

Effective on 31 December 2003, the coal production and power generation operations previously operated by various entities wholly-owned or controlled by Shenhua Group were restructured and managed separately (the "Restructuring"), and those assets and liabilities related to the operations and businesses that were transferred to the Company were revalued by China Enterprise Appraisal Co., Ltd., an independent valuer registered in the PRC, as at 31 December 2003 as required by the PRC rules and regulations.

On 8 November 2004, in consideration for Shenhua Group transferring the coal mining and power generating assets and liabilities to the Company, the Company issued 15,000,000,000 domestic state-owned ordinary shares with a par value of RMB1.00 each to Shenhua Group. The shares issued to Shenhua Group represented the entire registered and paid-up share capital of the Company at that date.

In 2005, the Company issued 3,089,620,455 H shares with a par value of RMB1.00 each, at a price of HKD7.50 per H share by way of a global initial public offering. In addition, 308,962,045 domestic state-owned ordinary shares of RMB1.00 each owned by Shenhua Group were converted into H shares. A total of 3,398,582,500 H shares were listed on The Stock Exchange of Hong Kong Limited.

In 2007, the Company issued 1,800,000,000 A shares with a par value of RMB1.00 each, at a price of RMB36.99 per A share in the PRC. The A shares were listed on the Shanghai Stock Exchange.

Immediate parent and ultimate controlling party

At 31 December 2013, the Directors consider the immediate parent and ultimate controlling party of the Group to be Shenhua Group.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs")

In the current year, the Group has applied, for the first time, certain new, revised or amendments to IFRSs ("new and revised IFRSs") that are mandatorily effective for the current year. The application of these new and revised IFRSs in the current year, except for those described below, has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures* together with the amendments to IFRS 10, IFRS 11 and IFRS 12 regarding the transitional guidance. The Group had not entered into any arrangement with other parties where two or more parties have joint control during the current or prior years, and hence the adoption of IFRS 11 during the current year had has no impact to the Group's consolidated financial statements. The application of IFRS 12 will result in more disclosures in the consolidated financial statements for the year ended 31 December 2013.

Impact of the application of IFRS 10

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and SIC Interpretation 12 *Consolidation – Special Purpose Entities*. IFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee, and (c) has the ability to use its power to affect its returns. All three of these criteria, with additional guidance provided in IFRS 10, must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Directors has made an assessment as at 1 January 2013 as to whether the initial application of IFRS 10 has resulted in a change of control over the existing subsidiaries of the Company. Previously, the Directors concluded that the Group has control over the existing subsidiaries because the Group has power to govern the financial and operating policies of these subsidiaries so as to obtain benefits from their activities by virtue of its ability to cast majority votes at the board of directors meeting. Additionally, the Group has the power over these entities including but not limited to power to appoint, reassign, remove the key management personnel such as executive director of an entity, who has ability to direct relevant activities of that entity which include primarily the sale and purchase, working capital, investments and financing activities. Accordingly, the Directors concluded that the adoption of IFRS 10 had has no material impact of the Group's consolidated financial statements for the current or prior years because the Group's control over the existing subsidiaries remained unchanged in accordance with the new definition of control under IFRS 10.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") (continued)

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under the current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in Note 4 and 39.3.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

Under the amendments to IAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income" and an "income statement" is renamed as a "statement of profit or loss". The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income and their corresponding income tax, if presented, to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

IFRIC 20 applies to waste removal costs that are incurred in surface mining activity during the production phase of a mine ("production stripping costs"). Under the Interpretation, the stripping costs which provide improved access to ore are recognised as a non-current asset ("stripping activity asset") and classified as tangible or intangible according to the nature of the existing asset of which it forms part when certain criteria are met, whereas the costs of normal on-going operational stripping activities are accounted for in accordance with IAS 2 Inventories. In the previous years, the Group's accounting treatment for the stripping costs is consistent with the requirements under IFRIC 20.

Accordingly, the adoption of IFRIC 20 has had no material impact on the Group's consolidated financial statements for the current or prior years.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") (continued)

New and revised IFRSs not yet effective and not early adopted

Amendments to IFRSs	Annual improvements to IFRSs 2010-2012 Cycle[4]
Amendments to IFRSs	Annual improvements to IFRSs 2011-2013 Cycle[2]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities[1]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
IFRS 9	Financial Instruments[3]
IFRS 14	Regulatory Deferral Accounts[5]
IFRIC 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014.
2 Effective for annual periods beginning on or after 1 July 2014.
3 Available for application – the mandatory effective date will be determined when the outstanding phases of IFRS 9 are finalised.
4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
5 Effective for first annual IFRS financial statements beginning on or after 1 January 2016.

Except as described below relating to IFRS 9, the Directors do not anticipate that the application of the new and revised IFRSs above will have a material effect on the Group's consolidated financial statements.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") (continued)

New and revised IFRSs not yet effective and not early adopted (continued)

IFRS 9 introduced new requirements, among others, for the classification and measurement of financial assets and financial liabilities as well as for derecognition. Key requirements of IFRS 9 applicable to the Group are:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

The Directors anticipate that the application of IFRS 9 in the future may have an impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.

3. Significant Accounting Policies

Basis of preparation

These financial statements have been prepared in accordance with IFRSs and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Hong Kong Companies Ordinance. They are presented in RMB and all values are rounded to the nearest million (RMB'million) except when otherwise indicated.

These financial statements have been prepared under the historical cost convention, except for certain financial instruments as disclosed in Note 39.3, which have been measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Group's consolidated financial statements is determined on such a basis, except for net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Company.

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

3. Significant Accounting Policies (continued)

Basis of consolidation (continued)

Profit or loss and each item of other comprehensive income are attributed to equity holders of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to equity holders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transaction between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interest in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries but no adjustments are made to goodwill and no gain or loss is recognised. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any noncontrolling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

3. Significant Accounting Policies (continued)

Business combinations (continued)

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating-units (or groups of cash-generating-units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating-units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

3. Significant Accounting Policies (continued)

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

On acquisition of the investment in an associate, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate, profits and losses resulting from the transactions with the associate are recognised in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. Significant Accounting Policies (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from sale of power is recognised upon the transmission of electric power to the power grid companies, as determined based on the volume of electric power transmitted and the applicable fixed tariff rates agreed with the respective electric power grid companies annually.

Income from rendering of railway, port, shipping and other services is recognised upon the provision of the services.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases are charged to the profit or loss on the straight-line basis over the lease terms.

Land using rights under operating leases are presented as lease prepayments in the consolidated statement of financial position and are initially stated at cost and subsequently charged to the profit or loss on the straight-line basis over the lease terms.

3. Significant Accounting Policies (continued)

Foreign currencies

Foreign currency transactions are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve, attributed to non-controlling interests as appropriate.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the year in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as a deduction from the carrying amount of the relevant asset in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Cash-settled share-based payment transactions

For cash-settled share-based payments, the Group measures the goods or services acquired and the liability incurred at the fair value of the liability. At the end of the reporting period, the liability is remeasured at its fair value until the liability is settled, with any changes in fair value recognised in profit or loss.

3. Significant Accounting Policies (continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before income tax" as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are reassessed at the end of each reporting year and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. Significant Accounting Policies (continued)

Property, plant and equipment

Property, plant and equipment, which consists of freehold land and buildings, mining structures and mining rights, mining related machinery and equipment, and others, held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment (other than freehold land and construction in progress, which are subject to impairment assessment) less their residual values over their estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment, except for freehold land, and mining structures and mining rights, are depreciated on a straight-line basis at the following rates per annum:

Buildings	10-50 years
Mining related machinery and equipment	5-20 years
Generators related machinery and equipment	20 years
Railway and port	40-45 years
Vessel	10-25 years
Coal chemical related machinery and equipment	10-20 years
Furniture, fixtures, motor vehicles and other equipment	5-20 years

The Directors reviewed the estimated useful lives of the assets annually based on the Group's historical experience with similar assets and taking into account anticipated technological changes. As a result, the Directors revised the estimated useful lives of different classes of the Group's property, plant and equipment with effect from 1 January 2013 and the Directors considered the effect on the Group's profit for the current and future reporting periods is not material.

Construction in progress intended to be used for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. Significant Accounting Policies (continued)

Property, plant and equipment (continued)

Mining structures and mining rights

The costs of mining structures and mining rights, which include the costs of acquiring and developing mining structures and mining rights, are firstly capitalised as "construction in progress" in the year in which they are incurred and then reclassified to "Mining structures and mining rights" under property, plant and equipment when they are ready for commercial production.

Mining structures and mining rights are depreciated on a unit-of-production basis over the total utilising only proved and probable coal reserves in the depletion base.

The Group's mining rights are of sufficient duration (or convey a legal right to renew for sufficient duration) to enable all reserves to be mined in accordance with current production schedules.

Stripping costs incurred to develop a mine (or pit) before the production commences or to improve access to the component of the ore body during the production stage are capitalised as part of the cost of constructing the mine (or pit) and subsequently amortised over the life of the mine (or pit) on a unit-of-production basis. Stripping costs and secondary development expenditure, mainly comprising of costs on blasting, haulage, excavation, etc. incurred during the production stage of the ore body are charged to profit or loss as incurred.

Commercial reserves are proved and probable reserves. Changes in the commercial reserves affecting unit of production calculations are dealt with prospectively over the revised remaining reserves.

Exploration and evaluation assets

Exploration and evaluation assets comprise costs which are directly attributable to the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource:

- researching and analysing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements; and
- conducting market and finance studies.

Other than licence cost, expenditure during the initial exploration stage of a project is charged to profit or loss as incurred before the establishment of commercial reserves. Further exploration and evaluation costs are capitalised as exploration and evaluation assets on a project-by-project basis pending determination of the technical feasibility and commercial viability of the project. They are subsequently measured at cost less accumulated impairment.

Once development of commercial reserves is sanctioned, exploration and evaluation assets are tested for impairment and transferred to property, plant and equipment.

3. Significant Accounting Policies (continued)

Obligations for land reclamation

The Group's obligations for land reclamation consist of spending estimates at both surface and underground mines in accordance with the PRC rules and regulations. The Group estimates its liabilities for land reclamation and mine closure based upon detailed calculations of the amount and timing of the future cash spending to perform the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. The Group records a corresponding asset associated with the liability for final reclamation and mine closure. The obligation and corresponding asset are recognised in the period in which the liability is incurred. The asset is depreciated on the units-of-production method over its expected life and the liability is accreted to the projected spending date. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities), the revisions to the obligation and the corresponding asset are recognised at the appropriate discount rate.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting date and the cost is charged to the profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

3. Significant Accounting Policies (continued)

Intangible assets (continued)

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3. Significant Accounting Policies (continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss ("FVTPL"), held-to-maturity investments, loans and receivables and available-for-sale financial assets. The Group determines the classification of its financial assets at initial recognition based on their nature and purpose. All regular way purchases and sales of financial assets are recognised and derecognised on a trade date. Regular way purchases or sales are purchases and sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

During the reporting years, the Group held only financial assets at FVTPL, loans and receivables and available-for-sale financial assets. The financial assets are initially measured at fair value plus transaction costs, except for transaction costs for financial assets at FVTPL which are recognised immediately in profit or loss. The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at FVTPL

The Group's trading debt securities are classified as held for trading as it has been acquired for the purpose of selling in the near term. They are stated at fair values, with any gains or losses arising on remeasurement, net of interest earned, recognised in profit or loss and are included in other gains and losses line item.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including accounts and bills receivable, other receivables, loans to Shenhua Group and fellow subsidiaries, entrusted loans, restricted bank deposits, time deposits with original maturity over three months and cash and cash equivalents) are measured at amortised cost using the effective interest method, less any identified impairment losses. Interest income is recognised by applying the effective interest rate, expect for short-term receivables where the recognition of interest would be immaterial.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Available-for-sale investments

Available-for-sale investments are non-derivatives that are either designated or not classified as other categories of financial assets. The Group designated its investments in unlisted shares that are not traded in an active market as available-for-sale investments.

As the unlisted equity investment does not have quoted market price and its fair value cannot be reliably measured, it is measured at cost less any identified impairment losses at end of each reporting period. Dividends on the unlisted equity investment are recognised in profit or loss in accordance with the policies set out for "Revenue recognition".

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected. The objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivables, other receivables, loans to Shenhua Group and fellow subsidiaries and entrusted loans, where the carrying amount is reduced through the use of an allowance account. When accounts receivables, other receivables, loans to Shenhua Group and fellow subsidiaries and entrusted loans are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

Financial liabilities and equity instruments

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Other financial liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss and, financial liabilities at amortised cost. The Group determines the classification of its financial liabilities at initial recognition. The Group's financial liabilities including borrowings, accounts payable, other payables, long-term payables, short-term debentures and medium-term notes, are recognised initially at fair value and, in the case of borrowings, debentures and notes, net of directly attributable transaction costs.

After initial recognition, financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the profit or loss when the liabilities are derecognised. The effective interest rate amortisation is included in finance costs in the profit or loss.

Deregconition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

The Group's derivative financial instruments represent cross-currecy interest swaps, which are initially recognised at fair value at the date when the derivative contracts are entered into, are remeasured at fair value at the end of the reporting period, with any gains or losses recognised in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interests income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

3. Significant Accounting Policies (continued)

Impairment of non-financial assets other than goodwill (continued)

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the profit or loss as other gains and losses.

An assessment is made at the end of each reporting year as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the profit or loss in the year in which it arises.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying accounting policies

The following are critical judgements, apart from those involving estimation (see Note 4.2 below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Control over Hebei Guohua Dingzhou Power Co., Ltd. ("Dingzhou Power")

Note 20 describes that Dingzhou Power is a subsidiary of the Group although the Group has only 41% ownership interest and voting rights in Dingzhou Power. The remaining 59% of ownership interest and voting rights are owned by two shareholders that are unrelated to the Group as to 19% and 41%, respectively. Details of Dingzhou Power are set out in Note 20.

In making their judgement, the Directors considered that the shareholders of Dingzhou Power offered the Group for the right on appointment of the majority members of the board of directors which is the governing body of Dingzhou Power and the Group has the practical ability to direct the relevant activities of Dingzhou Power unilaterally. After assessment, the Directors concluded that the Group has sufficiently dominant voting interest to direct the relevant activities of Dingzhou Power and therefore the Group has control over Dingzhou Power.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Coal reserves

Engineering estimates of the Group's coal reserves are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated coal reserves can be designated as "proved" and "probable". Proved and probable coal reserve estimates are updated at regular basis and have taken into account recent production and technical information of each mine. In addition, as prices and cost levels change from year to year, the estimate of proved and probable coal reserves also changes. This change is considered as a change in estimate for accounting purposes and is reflected on a prospective basis in related depreciation rates.

Despite the inherent imprecision in these engineering estimates, these estimates are used in determining depreciation expenses and impairment loss. Depreciation rates are determined based on estimated proved and probable coal reserve quantity (the denominator) and capitalised costs of mining structures and mining rights (the numerator). The capitalised cost of mining structures and mining rights are amortised based on the units of coal produced.

Impairment losses

In considering the impairment losses that may be required for certain of the Group's assets which include property, plant and equipment, construction in progress, intangible assets, investments in subsidiaries and associates, lease prepayments and available-for-sale investments, the recoverable amount of the asset needs to be determined. The recoverable amount is the greater of its fair value less costs of disposal and value in use. It is difficult to precisely estimate fair value because quoted market prices for these assets used in ways specific to the Group's operation may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to items such as level of sale volume, selling price, amount of operating costs and future returns. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as sale volume, selling price and amount of operating costs.

In considering the impairment losses that may be required for current receivables and other financial assets, future cash flows need to be determined. One of the key assumptions that has to be applied is about the ability of the debtors to settle the receivables.

Notwithstanding that the Group has used all available information to make this estimation, inherent uncertainty exists and actual write-offs may be higher than the amount estimated. The carrying amounts of the property, plant and equipment, construction in progress, intangible assets, investments in subsidiaries and associates, available-for-sale investments, lease prepayments, are disclosed in Note16, 17, 19,20, 21, 22 and 24, respectively.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

4.2 Key sources of estimation uncertainty (continued)

Depreciation

Other than the mining structures and mining rights, property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates. The carrying amounts of the property, plant and equipment is disclosed in Note 16.

Obligations for land reclamation

The estimation of the liabilities for final reclamation and mine closure involves the estimates of the amount and timing for the future cash spending as well as the discount rate used for reflecting current market assessments of the time value of money and the risks specific to the liability. The Group considers the factors including future production volume and development plan, the geological structure of the mining regions and reserve volume to determine the scope, amount and timing of reclamation and mine closure works to be performed. Determination of the effect of these factors involves judgements from the Group and the estimated liabilities may turn out to be different from the actual expenditure to be incurred. The discount rate used by the Group may also be altered to reflect the changes in the market assessments of the time value of money and the risks specific to the liability, such as change of the borrowing rate and inflation rate in the market. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities), the revisions to the obligation will be recognised at the appropriate discount rate. The carrying amounts of the obligations are disclosed in Note 35.

Fair value of derivative financial instruments

In determining the fair value of the derivative financial instruments, considerable judgement is required to interpret market data used in the valuation techniques. The use of different market assumptions may have a material effect on the estimated fair value amounts. The carrying amounts of the derivative financial instruments are disclosed in Note 27.

5. Restatements Arising from Acquisitions of Subsidiaries Under Common Control and Reclassifications of Items of Consolidated Financial Statements

On 23 December 2013, the Company completed the acquisition from Shenhua Group the 100% equity interests in Shenhua Baotou Coal Chemical Co., Ltd. ("Baotou Company") and Shenhua Guohua Jiujiang Power Co., Ltd. ("Jiujiang Power") (collectively referred to as "2013 Acquisitions") for a cash consideration of RMB9,273 million and RMB50 million, respectively.

As the Company, Baotou Company and Jiujiang Power were under common control of Shenhua Group before and after the 2013 Acquisitions, the acquisitions are considered as a combination of businesses under common control. The princilple of merger accounting for business combination involving entities under common control has therefore been applied, pursuant to which the consolidated financial statements of the Group have been prepared as if Baotou Company and Jiujiang Power have been subsidiaries of the Group since the beginning of year 2012. Accordingly, the assets and liabilities of Baotou Company and Jiujiang Power have been accounted for at carrying amounts in the books of Shenhua Group and the consolidated financial statements of the Group prior to this acquisition have been restated to include the results of operations and cashflows of Baotou Company and Jiujiang Power on a combined basis. The consideration paid and payable by the Company for Baotou Company and Jiujiang Power has been accounted for as an equity transaction in the consolidated statement of changes in equity. Respective notes to the consolidated financial statements have also been restated. All significant intra-group transactions, balances, income and expenses are eliminated on combination.

As a result of 2013 Acquisitions, the relevant line items in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2012 and the consolidated statement of financial position at 31 December 2012 have been restated as follows:

	The Group (as previously reported) RMB million	Baotou Company RMB million	Jiujiang Power RMB million	Eliminations RMB million	The Group RMB million (Restated)
Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2012:					
Revenue	250,260	5,907	–	(1,592)	254,575
Profit for the year	57,046	850	–	–	57,896
Consolidated statement of financial position as at 31 December 2012:					
Non-current assets	346,007	12,743	57	–	358,807
Current assets	111,360	1,976	6	(64)	113,278
Total assets	457,367	14,719	63	(64)	472,085
Current liabilities	105,557	1,577	11	(64)	107,081
Non-current liabilities	45,253	6,600	–	–	51,853
Total liabilities	150,810	8,177	11	(64)	158,934
Net assets	306,557	6,542	52	–	313,151
Equity attributable to equity shareholders of the Company	256,589	6,542	52	–	263,183
Non-controlling interests	49,968	–	–	–	49,968
Total equity	306,557	6,542	52	–	313,151

5. Restatements Arising from Acquisitions of Subsidiaries Under Common Control and Reclassifications of Items of Consolidated Financial Statements (continued)

Additionally, the presentation of certain financial statement line items has been changed for better understanding. Accordingly, the comparative amounts have been reclassified to conform with the current year's presentation. These reclassifications have no impact to the Group's results of operation, and are mainly as follows:

(i) Business taxes and surcharges are reclassified from selling, general and administrative expenses to cost of sales.

(ii) Exploration rights and long-term deferred expenses are reclassified from intangible assets to exploration and evaluation assets and other non-current asset, respectively.

(iii) Interest received and interest paid are reclassified from operating activities to investing and financing activities, respectively.

	The Group (as previously reported) RMB million	*Effect of 2013 Acquisitions RMB million*	*Reclassifications RMB million*	*The Group RMB million (Restated)*
Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2012:				
Cost of sales	(167,754)	(3,018)	(3,905)	(174,677)
Selling, general and administrative expenses	(12,950)	(162)	3,952	(9,160)
Other operating income	48	–	(48)	–
Other gain or loss	–	–	(303)	(303)
Other income	–	6	771	777
Other expenses	–	–	(466)	(466)
Investment income	1	–	(1)	–
Interest income	–	27	750	777
Finance costs	(2,071)	(307)	(750)	(3,128)
Consolidated statement of financial position as at 31 December 2012:				
Intangible assets	3,781	691	(3,490)	982
Other non-current assets	24,614	100	768	25,482
Exploration and evaluation assets	–	–	2,722	2,722
Consolidated statement of cash flows for the year ended 31 December 2012:				
Net cash generated from (used in):				
Operating activities	69,055	2,762	2,794	74,611
Investing activities	(61,930)	(1,014)	5,104	(57,840)
Financing activities	(17,153)	(1,838)	(7,878)	(26,869)

6. Revenue

The Group is principally engaged in the production and sale of coal and coal chemical products, generation and sale of power and the provision of transportation services in the PRC.

	Year ended 31 December	
	2013 RMB million	*2012 RMB million (Restated)*
Coal revenue	**167,399**	165,989
Power revenue	**77,423**	71,096
Transportation revenue	**6,078**	5,403
Coal chemical revenue	**5,463**	4,084
	256,363	246,572
Other revenue	**27,434**	8,003
	283,797	254,575

7. Cost of Sales

	Year ended 31 December	
	2013 RMB million	*2012 RMB million (Restated)*
Coal purchased	**73,876**	69,685
Materials, fuel and power	**21,857**	20,398
Personnel expenses	**11,347**	10,652
Depreciation and amortisation	**16,955**	17,757
Repairs and maintenance	**9,041**	7,962
Transportation charges	**18,948**	17,481
Taxes and surcharges	**4,845**	4,772
Other operating costs	**45,562**	25,970
	202,431	174,677

8. Finance Costs

	Year ended 31 December	
	2013 RMB million	*2012 RMB million (Restated)*
Interest on:		
– borrowings, wholly repayable within five years	**2,841**	2,785
– borrowings, wholly repayable after five years	**1,336**	1,266
– short-term debentures	**133**	–
– medium-term notes	**38**	–
Total borrowing costs	**4,348**	4,051
Less: amount capitalised	**859**	620
	3,489	3,431
Unwinding of discount	**196**	191
Exchange gain, net	**(899)**	(508)
Fair value changes on financial instruments	**156**	14
	2,942	3,128

Borrowing cost capitalised during the year arose on the general borrowing pool and was calculated by applying a capitalisation rate from 3.6% to 6.3% and LIBOR+2.8%, (2012: from 3.6% to 7.2% and LIBOR+2.8%, as restated) per annum to expenditure on qualifying assets.

9. Income Tax Expense

	Year ended 31 December	
	2013 RMB million	*2012 RMB million (Restated)*
Current tax		
In respect of the current year	**13,676**	11,202
In respect of prior years	**530**	244
Deferred tax	**(502)**	(470)
	13,704	10,976

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate applicable for PRC group entities is 25% (2012: 25%) except for certain group entities which are entitled to a concessionary tax rate as disclosed below.

9. Income Tax Expense (continued)

In accordance with the relevant documents issued by the state and local tax bureau of the PRC in 2011 and 2012, certain of the Group's branches and subsidiaries operating in the western developing region of the PRC are entitled to a preferential tax rate of 15% from 2011 to 2020.

The tax charge for the year can be reconciled to the profit before income tax per consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2013 **RMB million**	*2012* *RMB million* *(Restated)*
Profit before income tax	**68,928**	68,872
Tax at PRC income tax rate of 25% (2012: 25%)	**17,232**	17,218
Tax effects of:		
– different tax rates of branches and subsidiaries	**(4,401)**	(4,790)
– non-deductible expenses	**776**	268
– income not taxable	**(114)**	(55)
– share of results of associate	**(147)**	(119)
– utilisation of tax losses previously not recognised	**(273)**	(71)
– tax losses not recognised	**189**	201
– additional tax in respect of prior years	**530**	244
– change in tax rate	**–**	(1,807)
Others	**(88)**	(113)
Income tax expense	**13,704**	10,976

The applicable tax rates of the Group's overseas subsidiaries are as follows:

	Year ended 31 December	
	2013 **%**	*2012* *%*
Australia	**30.0**	30.0
Indonesia	**25.0**	25.0
Russia	**20.0**	20.0
Hong Kong	**16.5**	16.5

No provision for income tax was made for these overseas subsidiaries as there were no assessable profits during the current and prior years.

10.Profit for the Year

	Year ended 31 December	
	2013 **RMB million**	*2012* *RMB million* *(Restated)*
Personnel expenses, including	**19,038**	17,650
– contributions to retirement plans	**2,539**	2,152
– fair value gain on share appreciation rights revaluation	**–**	(1)
Depreciation of property, plant and equipment	**18,184**	18,618
Amortisation of intangible assets, included in cost of sales	**179**	148
Amortisation of lease prepayments, included in cost of sales	**360**	327
Amortisation of other non-current assets	**464**	763
Depreciation and amortisation	**19,187**	19,856
Other gains and losses, represent		
– losses on disposal of property, plant and equipment	**553**	190
– gains on disposal of an associate	**(152)**	–
– impairment in respect of properties and equipment	**187**	23
– impairment in respect of construction in progress	**147**	–
– impairment in respect of available for-sales investments	**–**	43
– impairment of loans receivable	**153**	22
– reversal of allowance (allowance made) for receivables	**(72)**	22
– write down of inventories	**73**	3
	889	303
Carrying amount of inventories sold	**156,567**	146,147
Operating lease in respect of properties and equipment	**451**	507
Exchange gain, net	**(899)**	(508)
Auditors' remuneration		
– audit services	**23**	28
– other services	**–**	1

11. Directors', Supervisors' and Chief Executive's Emoluments

The emoluments paid or payable to each of directors, supervisors and the chief executive are as follows:

	Year ended 31 December 2013					
	Fees RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million	Share appreciation rights (note(i)) RMB million
Executive directors						
Zhang Xiwu (note (ii))	–	–	–	–	–	–
Zhang Yuzhuo (note (ii))	–	–	–	–	–	–
Ling Wen	–	0.49	0.97	0.14	1.60	–
Han Jianguo	–	0.49	0.94	0.13	1.56	–
Non-executive directors						
Kong Dong (note (ii))	–	–	–	–	–	–
Chen Hongsheng (note (ii))	–	–	–	–	–	–
Independent non-executive directors						
Gong Huazhang	0.45	–	–	–	0.45	–
Fan Hsulaitai	0.45	–	–	–	0.45	–
Guo Peizhang	0.45	–	–	–	0.45	–
Supervisors						
Sun Wenjian (note (ii))	–	–	–	–	–	–
Tang Ning	–	0.45	0.51	0.11	1.07	–
Zhao Shibin	–	0.48	0.38	0.11	0.97	–
	1.35	1.91	2.80	0.49	6.55	–

11.Directors', Supervisors' and Chief Executive's Emoluments (continued)

	Year ended 31 December 2012					
	Fees RMB million	*Basic salaries, housing and other allowance and benefits in kind RMB million*	*Discretionary bonuses RMB million*	*Retirement scheme contributions RMB million*	*Total RMB million*	*Share appreciation rights (note (i)) RMB million*
Executive directors						
Zhang Xiwu (note (ii))	–	–	–	–	–	–
Zhang Yuzhuo (note (ii))	–	–	–	–	–	(1.38)
Ling Wen	–	0.49	0.37	0.13	0.99	–
Han Jianguo	–	0.49	0.35	0.12	0.96	–
Non-executive directors						
Kong Dong (note (ii))	–	–	–	–	–	–
Chen Hongsheng (note (ii))	–	–	–	–	–	–
Independent non-executive directors						
Gong Huazhang	0.45	–	–	–	0.45	–
Fan Hsulaitai	0.45	–	–	–	0.45	–
Guo Peizhang	0.45	–	–	–	0.45	–
Supervisors						
Sun Wenjian	–	–	–	–	–	–
Tang Ning	–	0.48	0.47	0.10	1.05	–
Zhao Shibin	–	0.48	0.39	0.11	0.98	–
	1.35	1.94	1.58	0.46	5.33	(1.38)

Notes:

(i) These represent the change in the fair value of the share appreciation rights granted to the directors and supervisors under the Company's share appreciation rights scheme. The value of these share appreciation rights is measured according to the Company's accounting policy for share appreciation rights as set out in Note 3. The details of these benefits are disclosed in Note 43.

(ii) Other than the share appreciation rights granted, the emoluments of these directors and supervisors were borne by Shenhua Group during the years ended 31 December 2013 and 2012.

12.Employees' Emoluments

Of the five individuals with the highest emoluments within the Group, two (2012: three) were directors of the Company whose emoluments are disclosed in Note 11. The emoluments of the remaining three (2012: two) individuals were as follows:

	Year ended 31 December	
	2013	*2012*
	RMB million	*RMB million*
Basic salaries, housing and other allowances and benefits in kind	**1.37**	0.87
Discretionary bonuses	**2.77**	0.92
Retirement scheme contributions	**0.38**	0.23
	4.52	2.02
Share appreciation rights	**–**	(0.81)

Their emoluments were within the following band:

	Year ended 31 December	
	2013	*2012*
HK$1,000,001 to HK$1,500,000	**–**	2
HK$1,500,001 to HK$2,000,000	**3**	–

13.Profit Attributable to Equity Holders of the Company

The consolidated profit attributable to equity holders of the Company includes a profit of RMB5,716million (2012: RMB9,652 million) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's profit for the year:

	Year ended 31 December	
	2013	*2012*
	RMB million	*RMB million*
Amount of consolidated profit attributable to equity holders dealt with in the Company's financial statements	**5,716**	9,652
Dividends from subsidiaries and associates attributable to the profits of the previous financial year, approved, paid and payable during the year	**68,811**	8,180
	74,527	17,832

14.Dividends

	Year ended 31 December	
	2013 **RMB million**	*2012* *RMB million*
Dividend approved and paid during the year: 2012 final – RMB0.96 (2011: RMB0.90) per ordinary share	**19,094**	17,901

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2013 of RMB0.91(2012: final dividend in respect of the year ended 31 December 2012: RMB 0.96) per ordinary share has been proposed by the Directors and is subject to approval by the shareholders in the following general meeting.

15.Earnings Per Share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity holders of the Company of RMB45,079 million (2012: RMB49,708 million as restated) and the number of shares in issue during the year of 19,890 million shares (2012: 19,890 million shares).

No diluted earnings per share is presented as there were no potential ordinary shares in existence during both years.

16. Property, Plant and Equipment

The Group

	Land and buildings RMB million (note (i))	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Generators related machinery and equipment RMB million	Railway and port RMB million	Vessels RMB million	Coal chemical related machinery and equipment RMB million (note (i))	Furniture, fixtures, motor vehicles and other equipment RMB million (note (i))	Total RMB million
COST									
At 1 January 2012 (restated)	39,019	28,045	51,373	120,582	61,526	1,555	9,872	10,606	322,578
Exchange adjustment	21	–	–	(5)	–	–	–	–	16
Additions	196	411	1,329	379	6,395	–	–	564	9,274
Acquisition of subsidiaries	2,361	–	–	4,418	–	–	–	68	6,847
Transferred from construction in progress	1,897	503	5,202	1,805	4,707	–	250	823	15,187
Disposals	(109)	–	(681)	(584)	(248)	(19)	–	(358)	(1,999)
At 31 December 2012 (restated)	43,385	28,959	57,223	126,595	72,380	1,536	10,122	11,703	351,903
Exchange adjustment	(227)	(3)	–	(17)	–	–	–	(2)	(249)
Additions	786	604	1,289	1,576	706	–	–	342	5,303
Transferred from exploration and evaluation assets	–	115	–	–	–	–	–	–	115
Transferred from construction in progress	2,731	316	3,605	2,626	14,598	3,210	1,957	1,271	30,314
Disposals	(32)	–	(88)	(749)	(1,010)	–	(1)	(62)	(1,942)
Transferred to construction in progress, for overall technical enhancement	–	–	–	(3,242)	–	–	–	–	(3,242)
At 31 December 2013	46,643	29,991	62,029	126,789	86,674	4,746	12,078	13,252	382,202
DEPRECIATION AND IMPAIRMENT									
At 1 January 2012 (restated)	8,672	5,331	19,201	28,422	19,878	121	682	5,349	87,656
Exchange adjustment	–	–	–	–	–	–	–	–	–
Charge for the year	1,851	1,041	4,596	6,246	2,744	91	774	1,275	18,618
Impairment losses	4	–	–	19	–	–	–	–	23
Disposals	(29)	–	(650)	(338)	(172)	–	–	(236)	(1,425)
At 31 December 2012 (restated)	10,498	6,372	23,147	34,349	22,450	212	1,456	6,388	104,872
Exchange adjustment	(1)	–	–	(1)	–	–	–	(2)	(4)
Charge for the year	1,815	1,313	5,193	5,793	1,895	199	672	1,304	18,184
Impairment losses	2	–	–	185	–	–	–	–	187
Disposals	(10)	–	(40)	(441)	(598)	–	(1)	(54)	(1,144)
Transferred to construction in progress, for overall technical enhancement	–	–	–	(2,009)	–	–	–	–	(2,009)
At 31 December 2013	12,304	7,685	28,300	37,876	23,747	411	2,127	7,636	120,086
CARRYING VALUES									
At 31 December 2013	34,339	22,306	33,729	88,913	62,927	4,335	9,951	5,616	262,116
At 31 December 2012 (restated)	32,887	22,587	34,076	92,246	49,930	1,324	8,666	5,315	247,031
At 1 January 2012 (restated)	30,347	22,714	32,172	92,160	41,648	1,434	9,190	5,257	234,922

Note (i): The figures are restated and do not agree with the corresponding figures in 2012 financial statements as a result of the 2013 Acquisitions (Note 5).

16.Property, Plant and Equipment (continued)

The Company

	Buildings RMB million	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Generators related machinery and equipment RMB million	Railway and port RMB million	Furniture, fixtures, motor vehicles other equipment RMB million	Total RMB million
COST							
At 1 January 2012	9,163	20,481	35,696	1,983	17,825	3,752	88,900
Additions	107	88	520	3	6,028	101	6,847
Transferred from construction in progress	80	328	4,106	1	399	313	5,227
Disposals	(5)	–	(501)	(3)	(41)	(153)	(703)
Transferred to subsidiaries	(253)	(1,085)	(1,484)	–	–	(333)	(3,155)
At 31 December 2012	9,092	19,812	38,337	1,984	24,211	3,680	97,116
Additions	457	52	539	3	1,213	423	2,687
Transferred from construction in progress	463	–	2,556	35	503	94	3,651
Disposals	(133)	–	(316)	–	–	(2)	(451)
Transferred to subsidiaries	(281)	–	–	–	(11,694)	–	(11,975)
At 31 December 2013	9,598	19,864	41,116	2,022	14,233	4,195	91,028
DEPRECIATION AND IMPAIRMENT							
At 1 January 2012	1,469	4,428	13,542	203	6,930	1,751	28,323
Charge for the year	365	817	3,536	115	970	439	6,242
Disposals	(1)	–	(500)	(3)	(14)	(103)	(621)
Transferred to subsidiaries	(6)	(46)	(31)	–	–	(1)	(84)
At 31 December 2012	1,827	5,199	16,547	315	7,886	2,086	33,860
Charge for the year	496	677	3,032	99	868	853	6,025
Disposals	(97)	–	(284)	–	–	(2)	(383)
Transferred to subsidiaries	(71)	–	–	–	(3,908)	–	(3,979)
At 31 December 2013	2,155	5,876	19,295	414	4,846	2,937	35,523
CARRYING VALUES							
At 31 December 2013	7,443	13,988	21,821	1,608	9,387	1,258	55,505
At 31 December 2012	7,265	14,613	21,790	1,669	16,325	1,594	63,256
At 31 January 2012	7,694	16,053	22,154	1,780	10,895	2,001	60,577

The Group's freehold land with a carrying amount of RMB1,100 million (2012: RMB1,260 million) are located in Australia.

The Group was in the process of applying for the title certificates of certain of its properties with an aggregate carrying amount of RMB5,334 million as at 31 December 2013 (2012: RMB5,936 million as restated). The Directors are of the opinion that the Group is entitled to lawfully and validly occupy or use the above mentioned properties.

16.Property, Plant and Equipment (continued)

As of 31 December 2013, the Group is in the process of obtaining requisite permits of certain of its power plants, coal mines and railway from the relevant government authorities. The Directors are of the opinion that the Group will be able to obtain the requisite permits in due course.

Impairment loss of RMB187 million was recognised for the year ended 31 December 2013 (2012: RMB23 million), and was recognised in the consolidated statement profit or loss and other comprehensive income as other gains and losses.

As of 31 December 2013, the Group has bank loans to be secured by the Group's assets with carrying amount of RMB2,160 million (2012: RMB2,554 million as restated).

17.Construction in Progress

	The Group		***The Company***	
	31 December 2013 RMB million	*31 December 2012 RMB million (Restated)*	**31 December 2013 RMB million**	*31 December 2012 RMB million*
At the beginning of the year	**61,737**	34,597	**6,907**	6,060
Additions	**43,556**	41,501	**10,360**	6,586
Acquisition of subsidiaries	**–**	826	**–**	–
Transferred from property plant and equipment for overall technical enhancement	**1,233**	–	**–**	–
Transferred to property plant and equipment	**(30,314)**	(15,187)	**(3,651)**	(5,227)
Transferred to subsidiaries	**–**	–	**(3,973)**	(512)
Impairment losses	**(147)**	–	**–**	–
At the end of the year	**76,065**	61,737	**9,643**	6,907

As at 31 December 2013, the Group is in the process of obtaining requisite permits of certain of its construction in progress from the relevant government authorities. The Directors are of the opinion that the Group will be able to obtain the requisite permits in due course.

Impairment loss of RMB147 million was recognised for the year ended 31 December 2013 (2012: Nil), and was recognised in the consolidated statement profit or loss and other comprehensive income as other gains and losses.

18. Exploration and Evaluation Assets

The movement of the exploration and evaluation assets is as follows:

	The Group	
	31 December 2013 RMB million	*31 December 2012 RMB million*
At the beginning of the year	**2,722**	2,396
Exchange adjustments	**(428)**	41
Additions	**72**	285
Transfer to property plant and equipment	**(115)**	–
At the end of the year	**2,251**	2,722

19. Intangible Assets

	The Group		The Company	
	31 December 2013 RMB million	*31 December 2012 RMB million (Restated)*	**31 December 2013 RMB million**	*31 December 2012 RMB million*
Licenses and franchises	**1,446**	982	**84**	51

The movement of intangible assets is as follows:

	The Group		The Company	
	31 December 2013 RMB million	*31 December 2012 RMB million (Restated)*	**31 December 2013 RMB million**	*31 December 2012 RMB million*
At the beginning of the year	**982**	989	**51**	209
Additions	**643**	135	**36**	44
Acquisition of subsidiaries	**–**	8	**–**	–
Amortisation	**(179)**	(148)	**(3)**	(193)
Transferred to subsidiaries	**–**	–	**–**	(3)
Disposals	**–**	(2)	**–**	(6)
At the end of the year	**1,446**	982	**84**	51

20. Investments in Subsidiaries

	The Company	
	31 December 2013 RMB million	*31 December 2012 RMB million*
Unlisted shares, at cost	**107,129**	84,263

20.Investments in Subsidiaries (continued)

The Company's subsidiaries are unlisted. Details of the Company's material subsidiaries at the end of the reporting period are set out below:

Name of the subsidiary	*Place of incorporation and operation*	*Type of legal entity*	*Particulars of registered capital*	*% held by the Company* 31 December 2013 %	*31 December 2012 %*	*Principal activities*
Shenhua Sales Group Co., Ltd	PRC	Limited company	RMB 1,705 million	**100**	100	Trading of coal
Shenwan Energy Co., Ltd	PRC	Limited company	RMB3,846 million	**51**	51	Trading of coal
Shenhua Shendong Coal Group Co., Ltd.	PRC	Limited company	RMB4,548 million	**100**	100	Trading of coal; provision of integrated services
Shenhua Zhunge'er Energy Co., Ltd.	PRC	Limited company	RMB7,102 million	**58**	58	Coal mining and development; generation and sale of electricity
Shenhua Baorixile Energy Industrial Co., Ltd.	PRC	Limited company	RMB1,169 million	**57**	57	Coal mining; provision of transportation services
Shenhua Beidian Shengli Energy Co., Ltd.	PRC	Limited company	RMB2,247 million	**63**	63	Coal mining; provision of transportation services
Shaanxi Guohua Jinjie Energy Co., Ltd.	PRC	Limited company	RMB2,278 million	**70**	70	Generation and sale of electricity; coal mining and development
Shenhua Guohua International Power Co., Ltd.	PRC	Limited company	RMB4,010 million	**70**	70	Generation and sale of electricity
Shenhua Shendong Power Co., Ltd.	PRC	Limited company	RMB3,024 million	**100**	100	Generation and sale of electricity
Guangdong Guohua Yuedian Taishan Power Co., Ltd.	PRC	Limited company	RMB4,500 million	**80**	80	Generation and sale of electricity
Zhejiang Guohua Zheneng Power Generation Co., Ltd.	PRC	Limited company	RMB3,255 million	**60**	60	Generation and sale of electricity
Suizhong Power Co., Ltd. (note (i))	PRC	Limited company	RMB4,029 million	**65**	65	Generation and sale of electricity
Hebei Guohua Cangdong Power Co., Ltd.	PRC	Limited company	RMB1,834 million	**51**	51	Generation and sale of electricity
Dingzhou Power (note (ii))	PRC	Limited company	RMB1,561 million	**41**	41	Generation and sale of electricity
Guohua Taicang Power Co., Ltd.	PRC	Limited company	RMB2,000 million	**50**	50	Generation and sale of electricity
Shenhua Sichuan Energy Co., Ltd.	PRC	Limited company	RMB2,152 million	**51**	51	Generation and sale of electricity; trading of coal
Shenhua Fujian Energy Co., Ltd.	PRC	Limited company	RMB1,992 million	**100**	100	Generation and sale of electricity
Shuohuang Railway Development Co., Ltd.	PRC	Limited company	RMB5,880 million	**53**	53	Provision of transportation services
Shenhua Baoshen Railway Co., Ltd.	PRC	Limited company	RMB2,183 million	**88**	88	Provision of transportation services
Shenhua Xinzhun Railway Co., Ltd.	PRC	Limited company	RMB2,513 million	**90**	90	Provision of transportation services
Shenhua Zhunchi Railway Co., Ltd.	PRC	Limited company	RMB4,710 million	**85**	85	Provision of transportation services
Shenhua Ganquan Railway Co., Ltd.	PRC	Limited company	RMB2,730 million	**88**	88	Provision of transportation services

20. Investments in Subsidiaries (continued)

Name of the subsidiary	*Place of incorporation and operation*	*Type of legal entity*	*Particulars of registered capital*	*% held by the Company* **31 December 2013 %**	*31 December 2012 %*	*Principal activities*
Shenhua Huanghua Harbour Administration Co., Ltd.	PRC	Limited company	RMB4,942 million	**70**	70	Provision of harbour and port services
Shenhua Zhonghai Shipping Co., Ltd.	PRC	Limited company	RMB3,991 million	**51**	51	Provision of transportation services
Baotou Company (Note (iii))	PRC	Limited company	RMB5,132 million	**100**	–	Coal based chemical
Jiujiang Power (Note (iii))	PRC	Limited company	RMB50 million	**100**	–	Storage and Sales of coal; generation and sale of electricity
Shenhua Finance Co., Ltd. ("Shenhua Finance") (note (iv))	PRC	Limited company	RMB5,000 million	**82**	81	Provision of financial services
China Shenhua Overseas Development & Investment Co., Ltd. (note (v))	Hong Kong	Limited company	HKD4,500 million	**100**	100	Investment holding
Shenhua Australia Holding Pty Ltd. (note (v))	Australia	Limited company	AUD400 million	**100**	100	Coal mining and development; generation and sale of electricity
Shenhua Watermark Coal Pty Ltd. (note (v))	Australia	Limited company	AUD350 million	**100**	100	Coal mining and development; generation and sale of electricity
PT GH EMM Indonesia	Indonesia	Limited company	USD63 million	**70**	70	Coal mining and development; generation and sale of electricity

The above table lists of subsidiaries of the Group which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Notes:

(i) In addition to 15% equity interest held by the Company, the Company's subsidiary owned 50% equity interest in Suizhong Power Co., Ltd.

(ii) The Company obtained the control over Dingzhou Power through its right to appoint majority of the board of directors, details of which are set out in Note 4.1.

(iii) Baotou Company and Jiujiang Power were acquired by the Company from Shenhua Group on 23 December 2013 (Note 5).

(iv) The Company's subsidiaries owned 18% (2012: 18%) equity interest in Shenhua Finance. During the year ended 31 December 2013, the Company acquired 1% equity interest in Shenhua Finance from the former non-controlling shareholder for a cash consideration of RMB15 million. After the acquisition, Shenhua Finance became a wholly-owned subsidiary of the Group.

(v) The Company transferred 100% equity interest in Shenhua Australia Holding Pty Ltd. to China Shenhua Overseas Development & Investment Co., Ltd. at cost during the year ended 31 December 2013. Shenhua Australia Holding Pty Ltd. holds 100% equity interest in Shenhua Watermark Coal Pty Ltd.

20. Investments in Subsidiaries (continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		31 December 2013 %	31 December 2012 %	Year ended 31 December 2013 RMB million	2012 RMB million	31 December 2013 RMB million	31 December 2012 RMB million
Shenwan Energy Co., Ltd	PRC	**49**	49	**381**	80	**2,346**	1,783
Shenhua Zhunge'er Energy Co., Ltd.	PRC	**42**	42	**919**	1,046	**8,604**	7,680
Shenhua Baorixile Energy Industrial Co., Ltd.	PRC	**43**	43	**640**	554	**1,638**	1,507
Hebei Guohua Cangdong Power Co., Ltd.	PRC	**49**	49	**419**	318	**1,410**	1,250
Dingzhou Power	PRC	**59**	59	**433**	357	**1,729**	1,631
Shenhua Sichuan Energy Co., Ltd.	PRC	**49**	49	**22**	(15)	**1,427**	1,404
Shuohuang Railway Development Co., Ltd.	PRC	**47**	47	**3,070**	2,353	**10,312**	8,675
Shenhua Zhonghai Shipping Co., Ltd.	PRC	**49**	49	**135**	244	**2,674**	2,102
Individually immaterial subsidiaries with non-controlling interests						**30,140**	26,032
						57,739	49,968

20.Investments in Subsidiaries (continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

	Shenwan Energy Co., Ltd.		Shenhua Zhunge'er Energy Co., Ltd.		Shenhua Baorixile Energy Industrial Co. Ltd.		Hebei Guohua Cangdong Power Co., Ltd.	
	31 December 2013 RMB million	31 December 2012 RMB million	**31 December 2013 RMB million**	31 December 2012 RMB million	**31 December 2013 RMB million**	31 December 2012 RMB million	**31 December 2013 RMB million**	31 December 2012 RMB million
Current assets	**838**	1,080	**4,351**	3,949	**2,032**	1,463	**1,045**	1,300
Non-current assets	**8,389**	6,735	**21,998**	20,294	**4,057**	3,870	**6,557**	6,679
Current liabilities	**2,791**	1,864	**5,399**	5,540	**2,006**	1,429	**3,627**	3,150
Non-current liabilities	**1,649**	2,312	**436**	387	**231**	355	**1,098**	2,279
Total equity	**4,787**	3,639	**20,514**	18,316	**3,852**	3,549	**2,877**	2,550

	Year ended 31 December		Year ended 31 December		Year ended 31 December		Year ended 31 December	
	2013 RMB million	2012 RMB million	**2013 RMB million**	2012 RMB million	**2013 RMB million**	2012 RMB million	**2013 RMB million**	2012 RMB million
Revenue	**5,263**	5,328	**11,311**	12,155	**4,638**	4,556	**5,024**	5,271
Expenses	**4,332**	4,912	**8,702**	8,861	**2,892**	2,852	**3,581**	4,037
Profit and total comprehensive income for the year	**778**	163	**2,188**	2,491	**1,489**	1,289	**856**	648
Dividend paid to non-controlling interests	**–**	–	**–**	–	**412**	249	**286**	183
Net cash inflow from operating activities	**1,490**	814	**2,793**	3,159	**152**	1,090	**2,192**	1,407
Net cash outflow from investing activities	**(1,778)**	(1,233)	**(2,626)**	(3,163)	**(207)**	(380)	**(93)**	(89)
Net cash inflow (outflow) from financing activities	**306**	377	**13**	(65)	**(24)**	(627)	**(1,897)**	(1,317)
Net cash inflow (outflow)	**18**	(42)	**180**	(69)	**(79)**	83	**202**	1

20.Investments in Subsidiaries (continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

	Dingzhou Power		Shenhua Sichuan Energy Co., Ltd.		Shuohuang Railway Development Co., Ltd.		Shenhua Zhonghai Shipping Co., Ltd.	
	31 December 2013 RMB million	31 December 2012 RMB million	**31 December 2013 RMB million**	31 December 2012 RMB million	**31 December 2013 RMB million**	31 December 2012 RMB million	**31 December 2013 RMB million**	31 December 2012 RMB million
Current assets	**1,068**	1,072	**1,945**	1,843	**2,883**	2,493	**1,860**	1,390
Non-current assets	**5,658**	5,826	**3,978**	3,837	**26,106**	24,935	**6,289**	4,039
Current liabilities	**2,433**	2,484	**1,360**	1,035	**4,386**	5,496	**2,692**	690
Non-current liabilities	**1,363**	1,649	**1,616**	1,752	**2,629**	3,451	**–**	449
Total equity	**2,930**	2,765	**2,947**	2,893	**21,974**	18,481	**5,457**	4,290

	Year ended 31 December		Year ended 31 December		Year ended 31 December		Year ended 31 December	
	2013 RMB million	2012 RMB million	**2013 RMB million**	2012 RMB million	**2013 RMB million**	2012 RMB million	**2013 RMB million**	2012 RMB million
Revenue	**4,623**	4,780	**2,038**	2,070	**16,718**	13,737	**5,087**	4,320
Expenses	**3,391**	3,696	**1,905**	1,970	**8,192**	6,978	**4,725**	3,637
Profit (loss) and total comprehensive Income (expense) for the year	**734**	604	**55**	(33)	**6,545**	5,014	**276**	497
Dividend paid to non-controlling interests	**336**	233	**–**	–	**1,409**	1,445	**–**	–
Net cash inflow (outflow) from operating activities	**1,964**	1,293	**432**	(201)	**5,360**	4,526	**206**	567
Net cash (outflow) inflow from investing activities	**(419)**	(387)	**659**	(823)	**485**	(3,047)	**(1,613)**	(1,345)
Net cash (outflow) inflow from financing activities	**(1,545)**	(906)	**(880)**	1,130	**(5,725)**	(1,396)	**858**	574
Net cash inflow (outflow)	**–**	–	**211**	106	**120**	83	**(549)**	(204)

21.INTEREST IN ASSOCIATES

	The Group		The Company	
	31 December 2013 RMB million	31 December 2012 RMB million (Restated)	**31 December 2013 RMB million**	31 December 2012 RMB million
Unlisted shares, at cost	**–**	–	**1,065**	1,203
Share of net assets	**4,938**	4,690	**–**	–
	4,938	4,690	**1,065**	1,203

21. Interest in Associates (continued)

The Group's interests in associates are individually and in aggregate not material to the Group's financial condition or results of operations for the year. The Group's associates are unlisted and established in the PRC. The following list contains only the particulars of associates, which principally affect the results or assets of the Group:

Name of associate	Type of legal entity	Particulars of registered capital	Proportion of voting power held by the Group		Principal activities
			31 December 2013 %	*31 December 2012 %*	
Shendong Tianlong Group Co., Ltd	Limited company	RMB272 million	**21**	21	Coal production
Zhejiang Zheneng Jiahua Power Co., Ltd.	Limited company	RMB3,422 million	**20**	20	Generation and sale of electricity
Sichuan Guangan Power Co., Ltd.	Limited company	RMB1,786 million	**20**	20	Generation and sale of electricity
Guohua (Hebei) Renewables Co., Ltd.	Limited company	RMB1,214 million	**21**	21	Generation and sale of electricity
Tianjin Yuanhua Shipping Co., Ltd.	Limited company	RMB360 million	**44**	44	Provision of transportation services
Inner Mongolia Yili Chemical Industry Co., Ltd.	Limited company	RMB1,139 million	**25**	25	Production and sale of chemicals

22. Available-For-Sale Investments

Available-for-sale investments represent investment in unlisted equity securities issued by private entities incorporated in the PRC. They are measured at cost less impairment at end of the reporting period because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair values cannot be measured reliably.

23.Other Non-Current Assets

	The Group		The Company	
	31 December 2013 RMB million	*31 December 2012 RMB million (Restated)*	**31 December 2013 RMB million**	*31 December 2012 RMB million*
Prepayments in connection with construction work, equipment purchases and others (note (i))	**10,300**	8,583	**1,542**	3,557
Prepayment for mining projects	**9,500**	9,500	**9,500**	9,500
Loans to Shenhua Group and fellow subsidiaries (note (ii))	**3,453**	2,469	**–**	–
Long-term entrusted loans (note (iii))	**627**	657	**10,130**	2,566
Long-term loans to subsidiaries (note (iv))	**–**	–	**1,379**	1,463
Goodwill	**962**	951	**–**	–
Long-term receivable from a subsidiary	**–**	–	**13,899**	–
Others	**3,306**	3,322	**1,987**	2,023
	28,148	25,482	**38,437**	19,109

Notes:

(i) At 31 December 2013, the Group and the Company had prepayments to fellow subsidiaries amounting to RMB33 million (2012: RMB76 million as restated) and nil (2012: RMB16 million) respectively.

(ii) The loans to Shenhua Group and fellow subsidiaries bear interest at rates ranging from 5.54%% to 5.90% per annum (2012: 5.76% to 6.35% per annum) and are receivable within two to ten years.

(iii) The Group has long-term entrusted loan to an associate through a PRC state-owned bank, which bears interest at rates 6.40% per annum (2012: 6.40% to 6.77% per annum) and are receivable within ten years.

The Company has long-term entrusted loans to subsidiaries through PRC state-owned banks and Shenhua Finance, which bear interest at rates ranging from 5.23% to 5.66% per annum (2012: 5.20% to 5.54% per annum) and are receivable within ten years.

(iv) As of 31 December 2013, the balance represents a long-term loan granted to subsidiaries during the year, which bear interest at rates from 3.75% to 5.22% per annum, and are receivable within two years.

As of 31 December 2012, long-term loans to overseas subsidiaries amounting to RMB1,463 million, which bear interest at rates ranging from LIBOR+0.8% to LIBOR+4.0% per annum. The loans were repaid as of 31 December 2013.

23.Other Non-Current Assets (continued)

Included in other non-current assets are the following amounts denominated in a currency other than the functional currency of the Company:

	The Group		The Company	
	31 December 2013 RMB million	31 December 2012 RMB million	**31 December 2013 RMB million**	31 December 2012 RMB million
United States Dollars ("USD")	**–**	–	**513**	484
Australian Dollars ("AUD")	**–**	–	**866**	979

24.Lease Prepayments

Lease prepayments represent land use rights paid to the PRC's government authorities. The Group is in the process of applying for the title certificates of certain land use rights with an aggregate carrying amount of RMB1,829 million as at 31 December 2013 (2012: RMB2,843 million as restated), of which RMB 105 million were newly acquired in 2013. The Directors are of the opinion that the Group is entitled to lawfully and validly occupy or use the above mentioned lands.

The Group's and the Company's lease prepayments are under medium-term leases, and are included in non-current assets.

25.Inventories

	The Group		The Company	
	31 December 2013 RMB million	31 December 2012 RMB million (Restated)	**31 December 2013 RMB million**	31 December 2012 RMB million
Coal	**5,246**	4,714	**76**	101
Materials and supplies	**10,449**	9,724	**5,713**	5,604
Others (note)	**1,946**	1,284	**–**	–
	17,641	15,722	**5,789**	5,705

Note: Others mainly represent properties held for sale and properties under development.

26. Accounts and Bills Receivable

	The Group		The Company	
	31 December 2013 RMB million	*31 December 2012 RMB million (Restated)*	**31 December 2013 RMB million**	*31 December 2012 RMB million*
Accounts receivable				
– Shenhua Group and fellow subsidiaries	**2,087**	1,198	**276**	457
– Subsidiaries	**–**	–	**8,178**	4,975
– Associates	**138**	7	**3**	–
– Third parties	**19,866**	17,980	**195**	299
	22,091	19,185	**8,652**	5,731
Less: allowance for doubtful debts	**(48)**	(93)	**(3)**	(3)
	22,043	19,092	**8,649**	5,728
Bills receivable	**5,178**	908	**314**	76
	27,221	20,000	**8,963**	5,804

Bills receivable were issued by PRC banks and are expiring within six months. As of 31 December 2013, the bills receivable with the carrying amounts of RMB1,500 million (2012: RMB273 million) were pledged to secure a credit facilities granted to the Group. Such credit facilities have been utilised to issue bills payable to an entity within the Group, which have been fully eliminated upon consolidation.

Credit of up to 45 days is granted to customers with established trading history. Otherwise sales on cash terms are required.

The following is an analysis of accounts and bills receivable by age, net of allowance for doubtful debts, presented based on invoice date, which approximated revenue recognition date:

	The Group		The Company	
	31 December 2013 RMB million	*31 December 2012 RMB million (Restated)*	**31 December 2013 RMB million**	*31 December 2012 RMB million*
Less than one year	**26,988**	19,898	**8,676**	5,786
One to two years	**159**	67	**285**	17
Two to three years	**67**	20	**2**	1
More than three years	**7**	15	**–**	–
	27,221	20,000	**8,963**	5,804

26. Accounts and Bills Receivable (continued)

The movement of allowance for doubtful debts was as follows:

	The Group		The Company	
	31 December 2013 RMB million	*31 December 2012 RMB million (Restated)*	**31 December 2013 RMB million**	*31 December 2012 RMB million*
At the beginning of the year	**93**	84	**3**	5
Impairment loss:				
– recognised	**36**	15	**–**	–
– amounts recovered	**(42)**	(3)	**–**	–
Written off	**(39)**	(3)	**–**	(2)
At the end of the year	**48**	93	**3**	3

The ageing analysis of accounts and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

	The Group		The Company	
	31 December 2013 RMB million	*31 December 2012 RMB million (Restated)*	**31 December 2013 RMB million**	*31 December 2012 RMB million*
Neither past due nor impaired	**26,034**	19,772	**8,433**	5,697
Less than one year past due	**954**	126	**242**	89
One to two years past due	**159**	67	**285**	17
Two to three years past due	**67**	20	**2**	1
More than three years past due	**7**	15	**1**	–
	27,221	20,000	**8,963**	5,804

Receivables that were not overdue or unimpaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group, which the Group does not hold any collateral over these balances. Based on past experience, the management believes that no impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

26. Accounts and Bills Receivable (continued)

Included in accounts and bills receivable are the following amounts denominated in a currency other than the functional currency of the Company:

	The Group		The Company	
	31 December 2013 RMB million	31 December 2012 RMB million	**31 December 2013 RMB million**	31 December 2012 RMB million
USD	**425**	263	**–**	–

Transfer of financial assets

As of 31 December 2013, the Group endorsed bills receivable amounting to RMB2,711 million (2012: RMB1,834 million) to suppliers to settle the accounts payable of same amounts and discounted bills receivables amounting to RMB127 million (2012: RMB53 million) to banks. In accordance to the relevant laws in the PRC, the holders of the bills receivable have a right of recourse against the Group if the issuing banks default payment. In the opinion of the Directors, the Group has transferred substantially all risks and rewards of ownership relating to these bills receivable, and accordingly derecognised the full carrying amounts of the bills receivable and associated accounts payables, in case of bills receivable endorsed to suppliers and recognised the cash received, in case of bills receivables discounted to banks.

The maximum exposure to loss from the Group's continuing involvement, if any, in the endorsed and discounted bills receivable equals to their carrying amounts. In the opinion of the Directors, the fair values of the Group's continuing involvement in the derecognised bills receivable are not significant.

27. Prepaid Expenses and other Current Assets

	The Group		The Company	
	31 December 2013 RMB million	31 December 2012 RMB million (Restated)	**31 December 2013 RMB million**	31 December 2012 RMB million
Fair value of derivative financial instruments	**106**	324	**106**	324
Trading debt securities	**389**	395	**–**	–
Prepaid expenses and deposits	**8,244**	4,659	**1,822**	240
Loans and advances to Shenhua Group and fellow subsidiaries (note (i))	**13,936**	6,337	**163**	578
Amounts due from associates (note (ii))	**50**	341	**–**	80
Amounts due from subsidiaries (note (iii))	**–**	–	**54,236**	54,510
Advances to staff	**3**	65	**–**	29
Other receivables	**7,546**	3,696	**1,413**	499
	30,274	15,817	**57,740**	56,260

27. Prepaid Expenses and other Current Assets (continued)

Notes:

(i) At 31 December 2013, the Group had loans to Shenhua Group and fellow subsidiaries amounting to RMB13,624 million (2012: RMB4,385 million), which bear interest at rates ranging from 5.40% to 5.90% per annum (2012: 5.40% to 5.90% per annum). The remaining balances are unsecured, interest-free and have no fixed terms of repayment.

(ii) At 31 December 2013, the Group had entrusted loans to an associate through a PRC state-owned bank amounting to RMB30 million (2012: RMB40 million), which bear interest at rates of 5.60% per annum (2012: 6.77% per annum). The remaining balances are unsecured, interest-free and have no fixed terms of repayment.

(iii) At 31 December 2013, the Company had entrusted loans to subsidiaries amounting to RMB44,167 million (2012: RMB39,538 million), which bear interest at rates ranging from 0.50% to 6.21% per annum (2012: 0.50% to 6.56% per annum). The remaining balances are unsecured, interest-free and have no fixed terms of repayment.

28. Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position of the Group and the Company and the consolidated statement of cash flows comprise cash at bank and in hand, and time deposits with original maturity within three months.

Included in cash and cash equivalents are the following amounts denominated in a currency other than the functional currency of the Company:

	The Group		***The Company***	
	31 December 2013 RMB million	*31 December 2012 RMB million*	**31 December 2013 RMB million**	*31 December 2012 RMB million*
USD	**361**	361	**–**	–
Hong Kong Dollars ("HKD")	**2**	37	**–**	–
AUD	**24**	206	**–**	–
Indonesian Rupiah	**25**	15	**–**	–
Russian Ruble	**5**	191	**–**	–

29. Deferred Taxation

	The Group		***The Company***	
	31 December 2013 RMB million	*31 December 2012 RMB million*	**31 December 2013 RMB million**	*31 December 2012 RMB million*
Deferred tax assets	**1,723**	1,106	**–**	–
Deferred tax liabilities	**(1,265)**	(1,150)	**(375)**	(329)
	458	(44)	**(375)**	(329)

29.Deferred Taxation (continued)

The following are the major deferred tax assets and liabilities recognised and movements thereon during the current and prior year:

The Group

	At 1 January 2013 RMB million	***(Recognised) credited in profit or loss RMB million***	***Recognised in business combination RMB million***	***At 31 December 2013 RMB million***
Allowances, primarily for receivables and inventories	**115**	**87**	**–**	**202**
Property, plant and equipment	**(180)**	**68**	**–**	**(112)**
Lease prepayments	**(179)**	**7**	**–**	**(172)**
Tax losses carried forward	**186**	**51**	**–**	**237**
Tax allowable expenses not yet incurred	**(624)**	**105**	**–**	**(519)**
Unrealised profits from sales within the Group	**305**	**243**	**–**	**548**
Accrued salaries and other expenses not yet paid	**237**	**(8)**	**–**	**229**
Pre-operating expenses written off	**14**	**(14)**	**–**	
Others	**82**	**(37)**	**–**	**45**
Net deferred tax (liabilities) assets	**(44)**	**502**	**–**	**458**

	At 1 January 2012 RMB million	*(Recognised) credited in profit or loss RMB million*	*(Recognised) credited due to 2012 Acquisitions RMB million*	*At 31 December 2012 RMB million*
Allowances, primarily for receivables and inventories	142	(27)	–	115
Property, plant and equipment	79	24	(283)	(180)
Lease prepayments	(99)	–	(80)	(179)
Tax losses carried forward	80	61	45	186
Tax allowable expenses not yet incurred	(1,351)	727	–	(624)
Unrealised profits from sales within the Group	576	(271)	–	305
Accrued salaries and other expenses not yet paid	297	(60)	–	237
Pre-operating expenses written off	17	(3)	–	14
Others	61	19	2	82
Net deferred tax (liabilities) assets	(198)	470	(316)	(44)

29.Deferred Taxation (continued)

The Company

	At 1 January 2013 RMB million	(Recognised) credited in profit or loss RMB million	Transferred to subsidiaries RMB million	At 31 December 2013 RMB million
Allowances, primarily for receivables and inventories	**42**	**–**	**–**	**42**
Property, plant and equipment	**(59)**	**22**	**–**	**(37)**
Tax allowable expenses not yet incurred	**(448)**	**12**	**–**	**(436)**
Accrued salaries and other expenses not yet paid	**155**	**(1)**	**–**	**154**
Others	**(19)**	**(79)**	**–**	**(98)**
Net deferred tax (liabilities) assets	**(329)**	**(46)**	**–**	**(375)**

	At 1 January 2012 RMB million	(Recognised) credited in profit or loss RMB million	Trasferred to subsidiaries RMB million	At 31 December 2012 RMB million
Allowances, primarily for receivables and inventories	70	(27)	(1)	42
Property, plant and equipment	64	(117)	(6)	(59)
Tax allowable expenses not yet incurred	(1,137)	632	57	(448)
Accrued salaries and other expenses not yet paid	228	(53)	(20)	155
Others	(48)	29	–	(19)
Net deferred tax (liabilities) assets	(823)	464	30	(329)

At 31 December 2013, the Group has unused tax losses of RMB2,098 million (2012: RMB2,434 million) available for offset against future profits that may be carried forward. At 31 December 2013, unused tax losses will be due within from one to five years.

30. Borrowings

An analysis of the Group's and the Company's borrowings is as follows:

	The Group		The Company	
	31 December 2013 RMB million	*31 December 2012 RMB million (Restated)*	**31 December 2013 RMB million**	*31 December 2012 RMB million (Restated)*
Current borrowings:				
Short-term bank and other borrowings	**28,155**	21,854	**29,180**	23,060
Current portion of long-term borrowings	**10,348**	6,249	**610**	1,018
	38,503	28,103	**29,790**	24,078
Non-current borrowings:				
Long-term borrowings, less current portion	**37,084**	39,624	**4,554**	4,972
	75,587	67,727	**34,344**	29,050
Secured	**7,554**	11,456	**–**	–
Unsecured	**68,033**	56,271	**34,344**	29,050
	75,587	67,727	**34,344**	29,050
The exposure of the borrowings and the contractual maturity dates:				
Within one year	**10,348**	6,249	**610**	1,018
More than one year, but not exceeding two years	**5,152**	8,882	**255**	788
More than two years, but not exceeding five years	**12,995**	10,607	**2,265**	1,045
More than five years	**18,937**	20,135	**2,034**	3,139
	47,432	45,873	**5,164**	5,990

The Group's short-term borrowings are unsecured and bear interest at rates ranging from 4.25% to 7.50% per annum (2012: 4.88% to 7.54% per annum).

30. Borrowings (continued)

The Group's and the Company's long-term borrowings comprise:

		The Group		The Company	
		31 December 2013 RMB million	31 December 2012 RMB million (Restated)	**31 December 2013 RMB million**	31 December 2012 RMB million
Loans from banks and other institutions *					
Renminbi denominated	Interest rates ranging from 3.27% to 7.12% per annum with maturities through 3 February 2028	**41,631**	39,209	**2,029**	1,704
USD denominated	Interest rates ranging from 3 months LIBOR+0.25%to LIBOR+2.80% per annum with maturities through 22 June 2023	**2,453**	2,028	**–**	–
Japanese Yen ("JPY") denominated	Interest rates ranging from 1.80% to 2.60% per annum with maturities through 20 March 2031	**3,207**	4,468	**3,135**	4,286
Euro ("EUR") denominated	Interest rate at 2.50% per annum with maturities through 22 June 2017	**141**	168	**–**	–
		47,432	45,873	**5,164**	5,990
Less: current portion of long-term borrowings		**10,348**	6,249	**610**	1,018
		37,084	39,624	**4,554**	4,972

* At 31 December 2013, the Group and the Company had entrusted loans from Shenhua Group and fellow subsidiaries amounting to RMB2,174 million (2012: RMB613 million as restated) and RMB174 million (2012: Nil) respectively.

Certain borrowings are secured over certain property, plant and equipment with a carrying amount of RMB2,160 million (2012: RMB2,554 million as restated) (see Note 16).

Included in borrowings are the following amounts denominated in a currency other than the functional currency of the Company:

	The Group		The Company	
	31 December 2013 RMB million	*31 December 2012 RMB million (Restated)*	***31 December 2013 RMB million***	*31 December 2012 RMB million*
USD	**2,453**	2,058	**–**	–
AUD	**109**	131	**–**	–
JPY	**3,207**	4,468	**3,135**	4,286
EUR	**141**	168	**–**	–

30. Borrowings (continued)

The Group had unsecured banking facilities amounting to RMB65,242 million as at 31 December 2013 (2012: RMB85,403 million). As at 31 December 2013, the unutilised banking facilities amounted to RMB28,057 million (2012: RMB42,461 million). Such banking facilities would be drawn down in accordance with the level of working capital and planned capital expenditure of the Company and its subsidiaries.

31. Short-Term Debentures and Medium-Term Notes

On 11 September 2013, the Company was granted approvals to issue unsecured short-term debentures totaling RMB20,000 and unsecured medium-term debentures totaling RMB25,000 million. Both are available for issuance under the similar terms at the Company's decision, for the purpose of repayment of the borrowings and replenishment of working capital, before 11 September 2015.

On 13 September 2013, the Company issued short-term debentures bearing interest rate of 4.63% per annum with proceeds of RMB10,000 million, and are repayable together with accrued interest on 13 June 2014.

On 7 November 2013, the Company issued medium-term notes with proceeds of RMB5,000 million and are repayable on 11 November 2018. The notes bear interest rate of 5.49% per annum, repayable annually.

The effective annual interest rate of the short-term debentures and medium-term notes are 4.64% and 5.69%, respectively, after adjusted for transaction costs.

32. Accounts and Bills Payable

	The Group		***The Company***	
	31 December 2013 RMB million	*31 December 2012 RMB million (Restated)*	***31 December 2013 RMB million***	*31 December 2012 RMB million*
Accounts payable				
– Shenhua Group, an associate of Shenhua Group and fellow subsidiaries	**1,327**	1,067	**194**	69
– Associates	**889**	251	**588**	222
– Subsidiaries	**–**	–	**2,739**	1,154
– Third parties	**34,183**	29,791	**5,557**	7,506
	36,399	31,109	**9,078**	8,951
Bills payable	**1,401**	523	**–**	–
	37,800	31,632	**9,078**	8,951

32. Accounts and Bills Payable (continued)

The following is an aging analysis of accounts and bills payable, presented based on invoice date.

	The Group		The Company	
	31 December 2013 RMB million	31 December 2012 RMB million	**31 December 2013 RMB million**	31 December 2012 RMB million
Less than one year	**33,126**	27,996	**7,598**	6,743
One to two years	**2,613**	2,925	**1,302**	2,101
Two to three years	**1,436**	444	**85**	67
More than three years	**625**	267	**93**	40
	37,800	31,632	**9,078**	8,951

Included in accounts and bills payable are the following amounts denominated in a currency other than the functional currency of the Company:

	The Group		The Company	
	31 December 2013 RMB million	31 December 2012 RMB million (Restated)	**31 December 2013 RMB million**	31 December 2012 RMB million
USD	**1,235**	664	**129**	219
EUR	**5**	13	**5**	13
AUD	**10**	21	**–**	–
HKD	**1**	3	**–**	–

33. Accrued Expenses and Other Payables

	The Group		The Company	
	31 December 2013 RMB million	31 December 2012 RMB million (Restated)	**31 December 2013 RMB million**	31 December 2012 RMB million
Accrued staff wages and welfare benefits	**4,222**	3,921	**2,180**	2,130
Accrued interest payable	**411**	367	**179**	65
Taxes payable other than income tax	**3,578**	6,203	**1,738**	2,362
Dividends payable	**2,537**	2,510	**–**	–
Receipts in advances	**4,601**	4,584	**52**	68
Deposits from Shenhua Group and fellow subsidiaries (note (i))	**20,963**	18,944	**–**	–
Amounts due to subsidiaries (note (ii))	**–**	–	**25,145**	65,134
Other accrued expenses and payables	**6,380**	5,296	**2,495**	1,776
	42,692	41,825	**31,789**	71,535

33. Accrued Expenses and Other Payables (continued)

Notes:

(i) At 31 December 2013, deposits from Shenhua Group and fellow subsidiaries bore interest at 0.39% to 1.49% per annum (2012: 0.39% to 1.53% per annum as restated).

(ii) Amounts due to subsidiaries amounting to RMB20,493 million (2012: RMB63,231 million) are unsecured, bearing interest at 1.39% per annum (2012: 1.15% per annum) and repayable on demand. The remaining balances are unsecured, interest-free and have no fixed term of repayment.

(iii) Other accrued expenses and payables of the Group and the Company include:

	The Group		The Company	
	31 December 2013 RMB million	*31 December 2012 RMB million (Restated)*	**31 December 2013 RMB million**	*31 December 2012 RMB million*
Amounts due to Shenhua Group and fellow subsidiaries	**945**	816	**3**	2
Amounts due to associates	**26**	8	**11**	6
	971	824	**14**	8

The above balances are unsecured, interest-free and has no fixed terms of repayments.

34. Long-Term Payables

	The Group		The Company	
	31 December 2013 RMB million	*31 December 2012 RMB million (Restated)*	**31 December 2013 RMB million**	*31 December 2012 RMB million*
Payables for acquisition of mining rights (note (i))	**1,422**	1,847	**1,237**	1,509
Loans from Shenhua Group (note (ii))	**–**	6,000	**–**	–
Long-term entrusted loans from a fellow subsidiary (note (iii))	**–**	585	**–**	–
Others	**445**	726	**48**	69
	1,867	9,158	**1,285**	1,578

Notes:

(i) Long-term payables mainly represent payables for acquisition of mining rights which are to be settled over the period of production or under fixed payment schedules set out in the contracts on an annual basis. The annual payment is determined by fixed rates on a per tonne basis with reference to the annual production volume of the acquired mines or annual fixed amounts stipulated in the acquisition agreements.

(ii) The balance at 31 December 2012, as restated, represents entrusted loans from Shenhua Group to Coal Chemical Baotou, the predecessor of Baotou Company, bearing interest rate at 3.6%-4.37% per annum. The bank loans were taken over by Baotou Company pursuant to the completion of 2013 Acquisitions, the detailed of which is in Note 5. Accordingly, the balance was reclassified as long-term borrowings as at 31 December 2013.

(iii) The balance at 31 December 2012, as restated, represents entrusted loans from Chemical Co. Ltd. ("Shenhua Coal Chemical"), a subsidiary of Shenhua Group to Coal Chemical Baotou, bearing interest rates at LIBOR+0.7% per annum. The bank loans were taken over by Baotou Company pursuant to the completion of 2013 Acquisitions, the detailed of which is in Note 5. Accordingly, the balance was reclassified as long-term borrowings as at 31 December 2013.

35. Accrued Reclamation Obligations

The accrual for reclamation costs has been determined based on management's best estimates. However, so far as the effect on the land from current mining activities becomes apparent in future periods, the estimate of the associated costs may be subject to change in the near term. The Directors believe that the accrued reclamation obligations at 31 December 2013 are adequate and appropriate. The accrual is necessarily based on estimates and therefore, the ultimate liability may exceed or be less than such estimates.

	The Group		The Company	
	31 December 2013 RMB million	*31 December 2012 RMB million (Restated)*	**31 December 2013 RMB million**	*31 December 2012 RMB million*
At the beginning of the year	**1,921**	1,724	**988**	940
Addition	**–**	105	**–**	–
Accretion expense	**129**	124	**63**	64
Decrease	**(77)**	(32)	**–**	(16)
At the end of the year	**1,973**	1,921	**1,051**	988

36. Share Capital

	31 December 2013 RMB million	*31 December 2012 RMB million*
Registered, issued and fully paid:		
16,491,037,955 domestic listed A shares of RMB1.00 each	**16,491**	16,491
3,398,582,500 H shares of RMB1.00 each	**3,399**	3,399
	19,890	19,890

The Company was incorporated on 8 November 2004 with a registered share capital of 15,000,000,000 domestic state-owned ordinary shares with a par value of RMB1.00 each. Such shares were issued to Shenhua Group in consideration for the assets and liabilities transferred from Shenhua Group.

In 2005, the Company issued 3,089,620,455 H shares with a par value of RMB1.00 each, at a price of HKD7.50 per H share by way of a global initial public offering. In addition, 308,962,045 domestic state-owned ordinary shares of RMB1.00 each owned by Shenhua Group were converted into H shares.

In 2007, the Company issued 1,800,000,000 A shares with a par value of RMB1.00 each at a price of RMB36.99 per A share in the PRC ("A Shares Issue").

Following the A Shares Issue and pursuant to the requirements of the relevant authorities, all the 14,691,037,955 domestic state-owned ordinary shares existing before the A Shares Issue (i.e. ordinary shares of the Company held by Shenhua Group) have become circulative. Shenhua Group had undertaken that for a period of 36 months commencing on the date on which the A shares are listed on the Shanghai Stock Exchange, it did not transfer, put on trust or allow any A shares to be repurchased by the Company.

36. Share Capital (continued)

Pursuant to CaiQi [2009] No.94 "Policy regarding transfer of certain state-owned shares to Social Security Fund in domestic securities market" and Pronouncement of 2009 No.63 "Notice of implementation of transfer of state-owned shares in domestic securities market" issued by the relevant government authorities on 19 June 2009, 180,000,000 A shares of the Company previously held by Shenhua Group have been transferred to the National Council for Social Security Fund.

All A shares and H shares rank pari passu in all material aspects.

37. Reserves of The Company

	Share premium RMB million	Statutory reserves RMB million	Capital and other reserves RMB million	Retained earnings RMB million	Total RMB million
At 1 January 2012	85,001	14,899	1,628	55,438	156,966
Profit for the year	–	–	–	17,832	17,832
Total comprehensive income for the year	–	–	–	17,832	17,832
Dividend declared (Note 14)	–	–	–	(17,901)	(17,901)
Appropriation of maintenance and production funds	–	3,207	–	(3,207)	–
Utilisation of maintenance and production funds	–	(2,854)	–	2,854	–
At 31 December 2012	85,001	15,252	1,628	55,016	156,897
Profit for the year	–	–	–	74,527	74,527
Total comprehensive income for the year	–	–	–	74,527	74,527
Dividend declared (Note 14)	–	–	–	(19,094)	(19,094)
Appropriation of maintenance and production funds	–	3,382	–	(3,382)	–
Utilisation of maintenance and production funds	–	(4,798)	–	4,798	–
At 31 December 2013	85,001	13,836	1,628	111,865	212,330

According to the Company's Articles of Association, the amount of retained earnings available for distribution to equity holders of the Company is the lower of the amount determined in accordance with the China Accounting Standards and the amount determined in accordance with IFRSs after the appropriation to reserves as detailed in Note (iii) to the consolidated statement of changes in equity.

At 31 December 2013, the aggregate amount of retained earnings determined in accordance with the China Accounting Standards available for distribution to equity holders of the Company was RMB107,284 million (2012: RMB50,884 million).

38.Capital Risk Management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares to reduce debts.

The Group monitors capital using a gearing ratio which is total liabilities divided by total assets. The Group aims to maintain the gearing ratio at a reasonable level. The Group's gearing ratio as at 31 December 2013 was 35% (2012: 34% as restated).

There were no changes in the Group's approach to capital management compared with previous years. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

39.Financial Instruments

39.1 *Categories of financial instruments*

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are set out as follows:

	The Group		***The Company***	
	31 December 2013 RMB million	*31 December 2012 RMB million (Restated)*	***31 December 2013 RMB million***	*31 December 2012 RMB million*
Financial assets				
Available-for-sale investments	**960**	960	**885**	885
Loans and receivables (including cash and cash equivalents)	**94,383**	94,169	**126,896**	109,044
Trading debt securities classified as held for trading financial assets	**389**	395	**–**	–
Derivative financial instruments	**106**	324	**106**	324
Financial liabilities				
Amortised cost	**164,599**	139,550	**89,600**	108,754

39.2 *Financial risk management objectives and policies*

The Group's and the Company's major financial instruments include accounts and bills receivable, loans and advances to/deposits from/amounts due to Shenhua Group and fellow subsidiaries, amounts due from/to associates, other receivables, accounts and bills payables, borrowings, long-term payables, short-term debentures and medium-term notes. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate and currency risks), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

39. Financial Instruments (continued)

39.2 Financial risk management objectives and policies (continued)

Market risk

(i) *Currency risk*

The functional currency of most of the Group's entities is RMB in which most of the transactions are denominated. However, certain of the Group's borrowings, receivables, bank balances and payables are denominated in foreign currencies. The Group entered into cross currency interest rate swaps with bank with high credit ratings assigned by international credit-rating agencies in respect of its borrowing denominated in JPY in order to mitigate the risk from the fluctuation of JPY against RMB, add the carrying amounts are set out in Note 27.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

The Group

	Liabilities		**Assets**	
	31 December 2013 RMB million	*31 December 2012 RMB million*	**31 December 2013 RMB million**	*31 December 2012 RMB million*
United States Dollars	**3,579**	3,001	**969**	470
Japanese Yen	**3,207**	4,444	**–**	–
Other currencies	**152**	184	**114**	177

The Company

	Liabilities		**Assets**	
	31 December 2013 RMB million	*31 December 2012 RMB million*	**31 December 2013 RMB million**	*31 December 2012 RMB million*
United States Dollars	**129**	219	**513**	484
Japanese Yen	**3,135**	4,286	**–**	–
Other currencies	**5**	13	**866**	979

39. Financial Instruments (continued)

39.2 Financial risk management objectives and policies (continued)

Market risk (continued)

(i) *Currency risk (continued)*

Sensitivity analysis
The following table details the Group and the Company's sensitivity to a 10% increase or decrease in exchange rate of each foreign currency against RMB, while all other variables are held constant. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at the end of the reporting period.

The Group

	USD		JPY		Other currencies	
	31 December 2013 RMB million	31 December 2012 RMB million	**31 December 2013 RMB million**	31 December 2012 RMB million	**31 December 2013 RMB million**	31 December 2012 RMB million
(Decrease) increase in profit for the year:						
– if RMB weakens against foreign currencies	**(196)**	(190)	**(241)**	(333)	**(3)**	(1)
– if RMB strengthens against foreign currencies	**196**	190	**241**	333	**3**	1

The Company

	USD		JPY		Other currencies	
	31 December 2013 RMB million	31 December 2012 RMB million	**31 December 2013 RMB million**	31 December 2012 RMB million	**31 December 2013 RMB million**	31 December 2012 RMB million
(Decrease) increase in profit for the year:						
– if RMB weakens against foreign currencies	**29**	20	**(235)**	(321)	**65**	72
– if RMB strengthens against foreign currencies	**(29)**	(20)	**235**	321	**(65)**	(72)

39.Financial Instruments (continued)

39.2 Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) *Interest rate risk*

The Group and the Company are exposed to fair value interest rate risk in relation to fixed-rate loan receivables, borrowings and short-term debenture and medium-term notes (Notes 23, 27,30 and 31). The Group aims at keeping borrowings at variable rates. In order to achieve this result, the Group entered into cross currency interest rate swaps to hedge against its exposures to changes in fair values of the borrowings (Note 27).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate borrowings (Note 30). It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's and the Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year and excluding the interest expected to be capitalised.

If interest rates had been 100 basis points (2012: 100 basis points) higher/lower and all other variables were held constant:

- The Group's profit for the year ended 31 December 2013 would increase/decrease by RMB105 million (2012: RMB143 million).
- The Company's for the year ended 31 December 2013 would increase/decrease by RMB492 million (2012: RMB327million)

39.Financial Instruments (continued)

39.2 *Financial risk management objectives and policies (continued)*

Credit risk

As at 31 December 2013, the Group's and the Company's maximum exposure to credit risk which will cause a financial loss to the Group and the Company due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group and the Company is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and

- the amount of contingent liability in relation to the financial guarantees provided by the Group and the Company's as disclosed in Note 42.3.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt on regular basis and at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In respect of the risk arising from the provision of financial guarantees, the management of the Group continuously monitors the credit quality and financial conditions of the guaranteed parties that the Group issued financial guarantee contracts in favor of to ensure that the Group will not suffer significant credit losses as a result of the failure of the guaranteed parties on the repayment of the relevant loans. In this regard, the Directors consider that the Group's and the Company's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk. Accounts receivables consist of a large number of customers, which spread across diverse industries and located in the PRC.

Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligation as they fall due. The approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Group's reputation.

The Group closely monitors cash flow requirements and optimising its cash return. The Group prepares cash flow forecasts and ensures it has sufficient cash for the servicing of operation, financial, and capital obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following table details the remaining contractual maturity of the Group's and the Company's financial liabilities at the end of the reporting period, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay:

39.Financial Instruments (continued)

39.2 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The Group

	31 December 2013						
	Weighted average interest rate %	On demand or less than 1 year RMB million	1-2 years RMB million	2-5 years RMB million	More than 5 years RMB million	Total undiscounted cash flows RMB million	Total carrying amount RMB million
Financial liabilities							
Accounts and bills payable, other payables and long-term payables		69,336	298	4,087	424	74,145	74,072
Borrowings	5.4	42,662	7,177	17,540	22,912	90,291	75,587
Debentures and notes	4.9	10,617	275	5,824	–	16,716	14,940
		122,615	7,750	27,451	23,336	181,152	164,599

	31 December 2012						
	Weighted average interest rate % (Restated)	On demand or less than 1 year RMB million (Restated)	1-2 years RMB million (Restated)	2-5 years RMB million (Restated)	More than 5 years RMB million (Restated)	Total undiscounted cash flows RMB million (Restated)	Total carrying amount RMB million (Restated)
Financial liabilities							
Accounts and bills payable, other payables and long-term payables		67,573	2,556	1,466	666	72,261	71,823
Borrowings	6.3	31,419	11,020	14,884	20,867	78,190	67,727
		98,992	13,576	16,350	21,533	150,451	139,550

39.Financial Instruments (continued)

39.2 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The Company

	31 December 2013						
	Weighted average interest rate %	On demand or less than 1 year RMB million	1-2 years RMB million	2-5 years RMB million	More than 5 years RMB million	Total undiscounted cash flows RMB million	Total carrying amount RMB million
Financial liabilities							
Accounts and bills payable, other payables and long-term payables		39,079	232	613	392	40,316	40,316
Borrowings	5.1	30,991	403	2,526	2,375	36,295	34,344
Debentures and notes	4.9	10,617	275	5,824	–	16,716	14,940
		80,687	910	8,963	2,767	93,327	89,600

	31 December 2012						
	Weighted average interest rate % (Restated)	On demand or less than 1 year RMB million (Restated)	1-2 years RMB million (Restated)	2-5 years RMB million (Restated)	More than 5 years RMB million (Restated)	Total undiscounted cash flows RMB million (Restated)	Total carrying amount RMB million (Restated)
Financial liabilities							
Accounts and bills payable, other payables and long-term payable		78,195	272	641	596	79,704	79,704
Borrowings	2.4	25,269	933	1,354	3,224	30,780	29,050
		103,464	1,205	1,995	3,820	110,484	108,754

Saved as discussed above, the Group also makes use of banks and financial institutions facilities as one of the effective sources of liquidity. As at 31 December 2013, the Group has unutilised, all unsecured, banking facilities, short-term debentures and medium-term notes that are expected to readily generate cash inflows for managing liquidity risk, the details of which are set out in Note 30 and 31, respectively.

The maximum liability of financial guarantees issued by the Group and the Company are disclosed in Note 42.3.

39.Financial Instruments (continued)

39.3 Fair value measurements

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

As of 31 December 2013, the Group has trading debt securities and cross currency interest rate swaps (all classified as held for trading financial instruments) measured at fair value of RMB389 million(2012:RMB395million) and RMB106 million(2012:RMB324million), respectively.

The Level 1 fair value of trading debt securities is measured at quoted bid prices in the relevant active market.

The Level 2 fair value of the cross currency interest rate swaps is measured using discounted cash flow method where the future cash flows are estimated based on forward foreign currency and interest rates from observable yield curves at the end of the reporting period and contracted exchange rate and interest rate, discounted at a rate that reflects the credit risk of various relevant counterparties.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values:

	At 31 December 2013		*At 31 December 2012*	
	Carrying amount RMB million	**Fair value RMB million**	*Carrying amount RMB million (Restated)*	*Fair value RMB million (Restated)*
Financial liabilities:				
Fixed rate bank loans	**17,142**	**16,860**	14,912	13,606
Fixed rate medium-term notes	**4,958**	**4,878**	–	–

The fair values of financial liabilities above included in the Level 2 categories is measured using discounted cash flow method where the future cash flows are estimated based on the contract and discounted at a rate that reflects the credit risk of various relevant counter parties.

40. Segment and Other Information

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following six (2012: five) reportable segments. No operating segments have been aggregated to form the following reportable segments.

(1) Coal operations – which produce coal from surface and underground mines, and the sale of coal to external customers and the power segment. The Group sells its coal under long-term supply contracts, which allow periodical price adjustments, and at spot market.

(2) Power operations – which use coal from the coal segment and external suppliers, to generate electric power for sale. Planned power output and the excess are sold to the power grid companies at the tariff rates approved by the relevant government authorities and to power grid companies at generally lower than the tariff rates, respectively.

(3) Railway operations – which provide railway transportation services to the coal operations segment and external customers. The rates of freight charges billed to the coal operations segment and external customers are consistent and do not exceed the maximum amounts approved by the relevant government authorities.

(4) Port operations – which provide loading, transportation and storage services to the coal operations segment and external customers. The Group charges service fees and other expenses, which are reviewed and approved by the relevant government authorities.

(5) Shipping operations – which provide shipment transportation services to the power segment, the coal operations segment and external customers. The rates of freight charges billed to the power segment, the coal mining segment and external customers are consistent.

(6) Coal chemical operations – which use coal from the coal segment to first produce methanol and further process into polyethylene and polypropylene, together with other by-products, for sale.

40.1 Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment based on profit before income tax ("reportable segment profit"). Segment profit represents the profit earned by each segment without allocation of head office and corporate items. Inter-segment sales are primarily charged at prevailing market rate which are the same as those charged to external customers. The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3.

40.Segment and Other Information (continued)

40.1 Segment results (continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2013 and 2012 is set out below.

	Coal		Power		Railway		Port		Shipping		Coal chemical		Segment total	
	2013 RMB million	2012 RMB million (Restated)	2013 RMB million	2012 RMB million (Restated)	2013 RMB million	2012 RMB million (Restated)	2013 RMB million	2012 RMB million (Restated)	2013 RMB million	2012 RMB million (Restated)	2013 RMB million	2012 RMB million (Restated)	2013 RMB million	2012 RMB million (Restated)
Revenue from external customers	192,176	170,381	78,436	71,776	3,278	3,051	159	124	3,045	2,609	5,990	5,907	283,084	253,848
Inter-segment revenue	37,166	36,216	472	487	26,691	21,955	3,579	2,918	2,042	1,711	-	–	69,950	63,287
Reportable segment revenue	229,342	206,597	78,908	72,263	29,969	25,006	3,738	3,042	5,087	4,320	5,990	5,907	353,034	317,135
Reportable segment profit	35,994	45,000	17,002	10,837	13,875	10,427	1,479	703	369	666	1,258	861	69,977	68,494
Including:														
Interest expenses	471	484	2,025	2,557	224	314	265	173	9	22	268	307	3,282	3,857
Depreciation and amortisation	7,242	7,543	7,782	8,090	2,561	2,367	620	705	101	95	792	981	19,098	19,781
Share of results of associates	187	235	438	208	-	–	11	7	-	–	-	–	636	450

40.2 Reconciliations of reportable segment revenue, profit before income tax and other items of profit or loss for the years ended 31 December 2013 and 2012

	Share of results of associates		Depreciation and amortisation		Interest expenses		Profit before income tax		Revenue	
	2013 RMB million	2012 RMB million (Restated)	2013 RMB million	2012 RMB million (Restated)	2013 RMB million	2012 RMB million (Restated)	2013 RMB million	2012 RMB million (Restated)	2013 RMB million	2012 RMB million (Restated)
Reportable segment amounts	636	450	19,098	19,781	3,282	3,857	69,977	68,494	353,034	317,135
Elimination of inter-segment amounts	-	–	-	–	(1,135)	(573)	(824)	(419)	69,950	63,287
Unallocated head office and corporate items	(48)	27	89	75	1,538	338	(225)	797	713	727
Consolidated	588	477	19,187	19,856	3,685	3,622	68,928	68,872	283,797	254,575

40. Segment and Other Information (continued)

40.3 Geographical information

The following table sets out information about geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, construction in progress, exploration and evaluation assets, intangible assets, interest in associates, other non-current assets and lease prepayments ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, construction in progress and lease prepayments, and the location of operations, in the case of exploration and evaluation assets, intangible assets, other non-current assets and interest in associates.

	Revenue from external customers		Specified non-current assets	
	Year ended 31 December 2013 RMB million	*Year ended 31 December 2012 RMB million (Restated)*	**31 December 2013 RMB million**	*31 December 2012 RMB million (Restated)*
Domestic markets	**277,717**	252,120	**379,562**	347,110
Overseas markets	**6,080**	2,455	**5,565**	6,359
	283,797	254,575	**385,127**	353,469

40.4 Major customer

Revenue from any individual customer of the Group does not exceed 10% of the Group's revenue. Certain of the Group's customers are government-related entities in the PRC and collectively considered as the Group's major customer. Revenue from major customer of the Group's coal and power segments represents RMB167,758 million (2012: RMB158,882 million) of the Group's revenue.

40. Segment and Other Information (continued)

40.5 Other information

Certain other information of the Group's segments for the years ended 31 December 2013 and 2012 is set out below:

	Coal		Power		Railway		Port		Shipping		Coal chemical		Unallocated items		Eliminations		Total	
	2013 RMB million	2012 RMB million (Restated)	**2013 RMB million**	2012 RMB million (Restated)	**2013 RMB million**	2012 RMB million (Restated)	**2013 RMB million**	2012 RMB million (Restated)	**2013 RMB million**	2012 RMB million (Restated)	**2013 RMB million**	2012 RMB million (Restated)	**2013 RMB million**	2012 RMB million (Restated)	**2013 RMB million**	2012 RMB million (Restated)	**2013 RMB million**	2012 RMB million (Restated)
Coal purchased	**73,876**	69,685	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**73,876**	69,685
Cost of coal production	**45,675**	43,034	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**(14,899)**	(13,291)	**30,776**	29,743
Cost of coal transportation	**42,510**	37,428	**-**	–	**13,330**	11,633	**1,683**	1,773	**1,881**	1,471	**-**	–	**-**	–	**(42,622)**	(36,952)	**16,782**	15,353
Power cost	**-**	–	**56,921**	56,633	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**(11,721)**	(12,510)	**45,200**	44,123
Cost of coal chemical production	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**3,783**	4,056	**-**	–	**(413)**	530	**3,370**	3,526
Others	**26,215**	6,763	**860**	558	**1,772**	1,946	**87**	87	**2,805**	2,233	**524**	556	**164**	104	**-**	–	**32,427**	12,247
Total cost of sales	**188,276**	156,910	**57,781**	57,191	**15,102**	13,579	**1,770**	1,860	**4,686**	3,704	**4,307**	4,612	**164**	104	**(69,655)**	(63,283)	**202,431**	174,677
Profit (loss) from operations	**35,919**	45,164	**18,459**	12,880	**13,590**	10,283	**1,649**	848	**317**	533	**1,510**	1,136	**262**	24	**(946)**	(243)	**70,760**	70,625
Additions to non-current assets (note (i))	**8,564**	15,632	**11,078**	6,596	**19,271**	24,194	**5,680**	4,359	**2,352**	1,302	**449**	1,332	**606**	384	**-**	–	**48,000**	53,799
Total assets (note (ii))	**224,803**	259,595	**178,457**	153,302	**104,061**	83,411	**20,709**	16,442	**8,114**	5,394	**13,340**	14,720	**320,241**	291,291	**(356,427)**	(352,070)	**513,298**	472,085
Total liabilities (note (ii))	**(115,964)**	(124,916)	**(106,656)**	(99,680)	**(54,601)**	(43,349)	**(10,877)**	(8,161)	**(2,643)**	(1,082)	**(7,780)**	(8,165)	**(137,031)**	(170,650)	**256,896**	297,069	**(178,656)**	(158,934)

Notes:

(i) Non-current assets exclude financial instruments and deferred tax assets.

(ii) Unallocated items of total assets include deferred tax assets and other unallocated corporate assets. Unallocated items of total liabilities include deferred tax liabilities and other unallocated corporate liabilities.

41. Acquisition of Subsidiaries in Prior Years

41.1 *Acquisitions from Shenhua Group*

Pursuant to a resolution passed at the directors' meeting on 1 March 2012, the Company acquired the equity interests of certain entities held directly or indirectly by Shenhua Group, including:

- 50.00% equity interest in Guohua Taicang Power Co., Ltd.;
- 100.00% equity interest in Shenhua International (Hong Kong) Co., Ltd.; and
- 60.00% equity interest in Shenhua Bayannur Energy Co., Ltd.

During the year ended 31 December 2012, the Company had paid RMB2,710 million as consideration for the 2012 Acquisitions. The acquisitions had been accounted as business combinations under common control during the year ended 31 December 2012.

41.2 *Acquisitions from independent third parties*

During the year ended 31 December 2012, the Group acquired certain subsidiaries from third parties, mainly include:

- Acquisition of 51% equity interest in Shenhua Bashu Power Co., Ltd. ("Bashu Power", formerly Sichuan Bashu Power Development Co., Ltd.) by the cash injection of RMB1,651 million into Bashu Power.
- The Group, by the contribution of cash amounting to RMB530 million, and a third party, by the contribution of certain equity interests and assets, established Shenhua Funeng Power Generation Co., Ltd. ("Shenhua Funeng") during 2012. The shareholdings of Shenhua Funeng held by the Group and the minority shareholder are 51% and 49% respectively. As a result, the Group obtained the equity interests of the following entities which were contributed by the minority shareholder of Shenhua Funeng:
  - 51% equity interest in Fujian Jinjiang Thermal Power Co., Ltd.
  - 64% equity interest in Fujian Province Longyan Power Generation Co., Ltd.
  - 75% equity interest in Fujian Province Yanshi Power Generation Co., Ltd.
- The Group acquired of 100% equity interest in Inner Mongolia Jiyu logistics Company limited for the cash consideration of RMB230 million.

Collectively referred to as "Entities Acquired in 2012"

41. Acquisition of Subsidiaries in Prior Years (continued)

41.2 *Acquisitions from independent third parties (continued)*

During the period from the respective date of acquisitions to 31 December 2012, Entities Acquired in 2012 contributed revenue of RMB1,330 million and loss of RMB49 million to the Group's result. If the above acquisitions had occurred on 1 January 2012, management estimated that consolidated revenue would have been RMB257,796 million, and profit for the year attributable to equity holders of the Company would had been RMB49,695 million.

Details of fair values of identifiable assets and liabilities of Entities Acquired in 2012 as at the respective date of acquisitions were as follows:

	RMB million
Consideration	2,411
Non-current assets	8,316
Cash and cash equivalents	2,166
Other current assets	1,330
Current liabilities	(4,045)
Non-current liabilities	(4,114)
Net assets	3,653
Goodwill arising on acquisition:	
Consideration	2,411
Add: non-controlling interests	1,579
Less: net assets acquired	(3,653)
Goodwill recognised	337

42. Commitments and Contingent Liabilities

42.1 Capital commitments

As at 31 December, the Group and the Company had capital commitments for land and buildings, equipment and investments as follows:

	The Group		The Company	
	2013 RMB million	*2012 RMB million (Restated)*	**2013 RMB million**	*2012 RMB million*
Authorised and contracted for				
– Land and buildings	**26,691**	31,127	**4,499**	3,962
– Machinery and others	**31,464**	32,399	**6,455**	5,108
– Investment in an associate	**–**	44	**–**	44
	58,155	63,570	**10,954**	9,114
Authorised but not contracted for				
– Land and buildings	**236,289**	215,288	**176,391**	26,168
– Machinery and others	**54,172**	97,109	**7,873**	26,154
	290,461	312,397	**184,264**	52,322
	348,616	375,967	**195,218**	61,436

42.2 Operating lease commitments

Operating lease commitments mainly represent business premises leased through non-cancellable operating leases. These operating leases do not contain provisions for contingent lease rentals. As at 31 December, future minimum lease payments under non-cancellable operating leases on business premises having initial or remaining lease terms of more than one year are payable as follows:

	The Group		The Company	
	2013 RMB million	*2012 RMB million*	**2013 RMB million**	*2012 RMB million*
Within one year	**21**	90	**2**	60
After one year but within five years	**2**	72	**1**	41
After five years	**10**	56	**–**	12
	33	218	**3**	113

42.Commitments And Contingent Liabilities (continued)

42.3 Financial guarantees issued

The Group

At 31 December 2013, the Group had issued certain guarantees in respect of certain banking facilities granted to an entity which the Group held less than 20% equity interest and an associate of the Group. The maximum amount guaranteed are RMB201 million (2012: RMB207 million) and RMB60 million (2012: RMB68 million) respectively.

The Company

At 31 December 2013, guarantees provided to the Company's subsidiaries by the Company expired after the bank loans were due.

As 31 December 2012, the maximum liability of the Company under guarantees issued in respect of bank loans drawn by a domestic subsidiary of the Company was RMB 366 million. In addition, the Company had issued a guarantee of USD 232 million, approximately RMB1,456 million to a bank in respect of a 70% owned overseas subsidiary of the Company.

42.4 Legal contingencies

The Group is the defendant in certain lawsuits as well as the plaintiff in other proceedings arising in the ordinary course of business. While the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, management believes that any resulting liabilities will not have a material adverse effect on the financial position or operating results of the Group.

42.5 Environmental contingencies

To date, the Group has not incurred any significant expenditure for environmental remediation, is currently not involved in any environmental remediation, and apart from the provision for land reclamation costs, has not accrued any further amounts for environmental remediation relating to its operations. Under the existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group. The regulatory bodies, however, have moved, and may move further towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include (i) the exact nature and extent of the contamination at various sites including, but not limited to coal mines and land development areas, whether operating, closed or sold; (ii) the extent of required cleanup efforts; (iii) varying costs of alternative remediation strategies; (iv) changes in environmental remediation requirements; and (v) the identification of new remediation sites. The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under future environmental legislation cannot reasonably be estimated at present, and could be material.

43. Employee Benefits Plan

As stipulated by the regulations of the PRC, the Group participates in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans at 20% of the salaries, bonuses and certain allowances of the employees. A member of the plan is entitled to a pension equal to a fixed proportion of the salary prevailing at the member's retirement date. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above. The Group's contributions for the year ended 31 December 2013 were RMB2,539 million (2012: RMB2,152 million as restated).

The Group's scheme of cash-settled share appreciation rights, previously granted to senior management of the Group since its adoption in 2005, was due for forfeiture as at 31 December 2013. When exercised, the participant was entitled to a payment in RMB, net of applicable withholding tax equal to the product of the number of rights exercised and the difference between the exercise price and market price of the H shares of the Company at the time of exercise. The exercise price of granted share appreciation rights as approved by the Board of Directors outstanding as at 31 December 2012 is HKD33.80.

No gain or loss of the financial liability for share appreciation rights was recognised for the year ended 31 December 2013 (2012: RMB1 million).

The number of granted share appreciation rights outstanding is set out below:

	2013 Million shares	*2012 Million shares*
At the beginning of the year	**1.5**	2.0
Exercised during the year	**–**	(0.3)
Forfeited during the year	**(1.5)**	(0.2)
At the end of the year	**–**	1.5

44. Related Party Transactions

44.1 *Transactions with Shenhua Group, an associate of Shenhua Group, fellow subsidiaries, and associates of the Group*

The Group is controlled by Shenhua Group and has significant transactions and relationships with Shenhua Group, an associate of Shenhua Group and fellow subsidiaries. Related parties refer to enterprises over which Shenhua Group is able to exercise significant influence or control. The Group also has entered into transactions with its associates, over which the Group can exercise significant influence. Because of the above relationships, it is possible that the terms of these transactions are not the same as those that would result from transactions among wholly unrelated parties.

The Group had the following transactions with Shenhua Group, an associate of Shenhua Group fellow subsidiaries, and associates of the Group that were carried out in the normal course of business:

		2013 RMB million	*2012 RMB million (Restated)*
Interest income	(i)	**766**	551
Income from entrusted loans	(ii)	**45**	51
Interest expense	(iii)	**594**	648
Purchases of ancillary materials and spare parts	(iv)	**2,053**	2,091
Mining service income	(v)	**876**	–
Ancillary and social services	(vi)	**76**	242
Transportation service income	(vii)	**619**	441
Transportation service expense	(viii)	**73**	24
Sale of coal	(ix)	**5,406**	4,478
Purchase of coal	(x)	**7,038**	4,175
Property leasing	(xi)	**21**	42
Repairs and maintenance services expense	(xii)	**8**	37
Coal export agency expense	(xiii)	**12**	20
Purchase of equipment and construction work	(xiv)	**1,741**	1,841
Sale of coal chemical product	(xv)	**2,913**	4,379
Other income	(xvi)	**3,017**	3,073
Granting of loans from Shenhua Finance	(xvii)	**14,461**	12,763
Repayment of loans from Shenhua Finance	(xviii)	**4,085**	12,733
Granting of entrusted loan	(xix)	**40**	–
Repayment of entrusted loan	(xx)	**80**	30
Receipt of deposits by Shenhua Finance	(xxi)	**2,019**	3,335
Loans from Shenhua Group	(xxii)	**6,286**	200
Repayment of loans from Shenhua Group	(xxiii)	**23**	1,830

44. Related Party Transactions (continued)

44.1 Transactions with Shenhua Group, an associate of Shenhua Group, fellow subsidiaries, and associates of the Group (continued)

The Group had the following transactions with Shenhua Group, an associate of Shenhua Group, fellow subsidiaries, and associates of the Group that were carried out in the normal course of business: (continued)

(i) Interest income represents interest earned from loans to Shenhua Group and fellow subsidiaries and is included in "revenue-other revenue" of the Group(Note 6). The applicable interest rate is determined in accordance with the prevailing borrowing rates published by the PBOC.

(ii) Income from entrusted loans represents interest earned from entrusted loans to an associate of the Group. The applicable interest rate is determined in accordance with the prevailing bank interest rates published by the PBOC.

(iii) Interest expense represents interest incurred from deposits placed and loans from Shenhua Group and fellow subsidiaries and is included in "cost of sales-other operating costs" of the Group(Note 7). The applicable interest rate is determined in accordance with the prevailing interest rates published by the PBOC.

(iv) Purchases of ancillary materials and spare parts represent purchase of materials and utility supplies related to the Group's operations from fellow subsidiaries and an associate of the Group.

(v) Mining service income represents income earned from coal mining services to Shenhua Group.

(vi) Ancillary and social services represent expenditures for social welfare and support services such as property management, water and electricity supply, and canteen expense paid to fellow subsidiaries and associates of the Group.

(vii) Transportation service income represents income earned from an associate of Shenhua Group, fellow subsidiaries and associates of the Group in respect of coal transportation services.

(viii) Transportation service expense represents expense related to coal transportation service provided by a fellow subsidiary and associates of the Group.

(ix) Sale of coal represents income from sale of coal to fellow subsidiaries.

(x) Purchase of coal represents coal purchased from an associate of Shenhua Group and fellow subsidiaries and an associate of the Group.

(xi) Property leasing represents rental paid or payable in respect of properties leased from fellow subsidiaries.

(xii) Repairs and maintenance services expense represents expense related to machinery repairs and maintenance services provided by fellow subsidiaries and an associate of the Group.

44. Related Party Transactions (continued)

44.1 *Transactions with Shenhua Group, an associate of Shenhua Group, fellow subsidiaries, and associates of the Group (continued)*

The Group had the following transactions with Shenhua Group, an associate of Shenhua Group, fellow subsidiaries, and associates of the Group that were carried out in the normal course of business: (continued)

(xiii) Coal export agency expense represents expense related to coal export agency services provided by a fellow subsidiary.

(xiv) Purchase of equipment and construction work represents expenditure related to equipment and construction service provided by fellow subsidiaries and an associate of the Group.

(xv) Sale of coal chemical product represents income from sale of coal chemical product to a fellow subsidiary.

(xvi) Other income includes agency income, repairs and maintenance service income, sales of ancillary materials and spare parts, management fee income, sales of water and electricity, financial service income, etc.

(xvii) Granting of loans from Shenhua Finance represents loans granted by Shenhua Finance to fellow subsidiaries.

(xviii) Repayment of loans to Shenhua Finance represents loans repaid by fellow subsidiaries to Shenhua Finance.

(xix) Granting of entrusted loan represents an entrusted loan granted to an associate of the Group.

(xx) Repayment of entrusted loan represents an entrusted loan repaid by an associate of the Group.

(xxi) Receipt of deposits by Shenhua Finance represents net deposits received by Shenhua Finance from Shenhua Group and fellow subsidiaries.

(xxii) Loans obtained by the Group and fellow subsidiaries from Shenhua Group.

(xxiii) Repayment of loans from Shenhua Group and fellow subsidiaries by the Group.

The Directors are of the opinion that the above transactions with related parties were conducted in the ordinary course of business and in accordance with the agreements governing such transactions.

The Group issued certain guarantee to an associate of the Group and details refer to Note 42.3.

44. Related Party Transactions (continued)

44.1 *Transactions with Shenhua Group, an associate of Shenhua Group, fellow subsidiaries, and associates of the Group (continued)*

The Group entered into a number of agreements with Shenhua Group, an associate of Shenhua Group and fellow subsidiaries, and associates of the Group. The terms of the principal agreements are summarised as follows:

(i) The Group has entered into a mutual supply agreement for the mutual provision of production supplies and ancillary services with an associate of Shenhua Group and fellow subsidiaries. Pursuant to the agreement, an associate of Shenhua Group and fellow subsidiaries provide the Company with the production supplies and services, ancillary production services including the use of the information network system and ancillary administrative services. On the other hand, the Company provides fellow subsidiaries with water supplies, rolling stock management, railway management, railway transportation and other related or similar production supplies or services and use of the information network system.

The products and services provided under the agreement, other than the sharing of use of the information network system which is free of charge, are provided in accordance with the following pricing policy:

- price prescribed by the state (including any price prescribed by any relevant local government), if applicable;
- where there is no state-prescribed price but where there is a state-guidance price, then the state-guidance price;
- where there is neither a state-prescribed price nor a state-guidance price, the market price; or
- where none of the above is applicable or where it is not practical to apply the above pricing policies in reality, the price to be agreed between the relevant parties shall be based on reasonable costs incurred in providing the goods or services plus a profit margin of 5% of such costs.

(ii) The Group has entered into coal supply agreements with fellow subsidiaries and associates of the Group. The coal supplied is charged at the prevailing market price.

44. Related Party Transactions (continued)

44.1 *Transactions with Shenhua Group, an associate of Shenhua Group, fellow subsidiaries, and associates of the Group (continued)*

(iii) The Group, through Shenhua Finance, has entered into a financial services agreement with Shenhua Group and fellow subsidiaries. Pursuant to the agreement, Shenhua Finance provides financial services to Shenhua Group and fellow subsidiaries. The interest rate for the deposits with Shenhua Finance from Shenhua Group and fellow subsidiaries should not be lower than the lowest limit published by the People's Bank of China (the "PBOC") for the same type of deposit. The interest rate for loans made by Shenhua Finance to Shenhua Group and fellow subsidiaries should not be higher than the highest limit published by the PBOC for the same type of loan. The above interest rates should be determined by reference to the rate charged by normal commercial banks in the PRC for comparable deposits and loans on normal commercial terms. The fees charged by Shenhua Finance for the provision of other financial services shall be determined according to the rates chargeable by the PBOC or the China Banking Regulatory Commission.

(iv) The Group has entered into a property leasing agreement with fellow subsidiaries for leasing of certain properties to each other. No rent is payable by the Company before fellow subsidiaries obtains the relevant property ownership certificate. The rental charges are based on comparable market rates. If fellow subsidiaries negotiate to sell a leased property to a third party, the Company has a pre-emptive right to purchase such property under terms no less favourable than other third party.

(v) The Group has entered into a land leasing agreement with fellow subsidiaries. The annual rent is determined based on the local market rate. The Group is not allowed to sub-let the leased land.

(vi) The Group has entered into an agency agreement for the export of coal with a fellow subsidiary. The fellow subsidiary is appointed as a non-exclusive export agent of the Company and is entitled to receive an agency fee based on the relevant market rates or lower rates. Currently, the rate is 0.7% of the free on board sales price of price of coal exported.

(vii) The Group entered into an agency agreement for the sale of coal with fellow subsidiaries. The Group is appointed as the exclusive sales agent of fellow subsidiaries for thermal coal and non-exclusive sales agent for coking coal. The Group is entitled to receive an agency fee, which is based on its related costs incurred plus a profit margin of 5% for sales of coal outside the Inner Mongolia Autonomous Region. No agency fee is charged for sales of coal within the Inner Mongolia Autonomous Region.

(viii) The Group has entered into agreements with fellow subsidiaries under which the Group has been granted the right to use certain trademarks. Fellow subsidiaries bear its own cost for the registration of such trademarks during the term of the trademarks license agreement and expenses for enforcement against any infringement of the licensed trademarks by third parties.

44.Related Party Transactions (continued)

44.1 *Transactions with Shenhua Group, an associate of Shenhua Group, fellow subsidiaries, and associates of the Group (continued)*

Amounts due from/to Shenhua Group, an associate of Shenhua Group, fellow subsidiaries, and associates of the Group:

	Note	**2013 RMB million**	*2012 RMB million (Restated)*
Accounts and bills receivable	26	**2,225**	1,205
Prepaid expenses and other current assets	27	**14,375**	7,073
Other non-current assets	23	**4,113**	3,202
Total amounts due from Shenhua Group, an associate of Shenhua Group, fellow subsidiaries and associates of the Group		**20,713**	11,480
Borrowings	30	**6,886**	623
Accounts payable	32	**2,216**	1,318
Accrued expenses and other payables	33	**21,934**	19,768
Long-term payable	34	**–**	6,585
Total amounts due to Shenhua Group, an associate of Shenhua Group and fellow subsidiaries, and associates of the Group		**31,036**	28,294

Other than those disclosed in Notes 44.1(i), 44.1(ii) and 44.1(iii) above, amounts due from/to Shenhua Group, an associate of Shenhua Group, fellow subsidiaries, and associates of the Group bear no interest, are unsecured and are repayable in accordance with normal commercial terms.

44. Related Party Transactions (continued)

44.2 *Key management personnel emoluments*

Key management personnel receive compensation in the form of fees, basic salaries, housing and other allowances, benefits in kind, discretionary bonuses, share appreciation rights and retirement scheme contributions.

Key management personnel compensation of the Group is summarised as follows:

	2013 RMB million	*2012 RMB million*
Short-term employee benefits	**16**	9
Post-employment benefits	**2**	1
	18	10
Fair value gain on revaluation of share appreciation rights	**–**	(1)

Total remuneration is included in "personnel expenses" as disclosed in Note 10.

44.3 *Contributions to post-employment benefit plans*

The Group participates in various defined contribution post-employment benefit plans organised by municipal and provincial governments for its employees. Further details of the Group's post-employment benefit plans are disclosed in Note 43.

44.4 *Transactions with other government-related entities in the PRC*

The Company is ultimately controlled by the PRC government and the Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influence by the PRC government("government-related entities").

Other than those transactions with Shenhua Group, an associate of Shenhua Group, fellow subsidiaries and associate of the Group as disclosed above, the Group conducts business with other government- related entities which include but are not limited to the following:

– Power sales;
– Sales and purchases of coal;
– Transportation services;
– Construction work;
– Purchases of ancillary materials and spare parts;
– Ancillary and social services; and
– Financial services arrangements.

44. Related Party Transactions (continued)

44.4 *Transactions with other government -related entities in the PRC (continued)*

These transactions are conducted in the ordinary course of the Group's business on terms comparable to those with other entities that are not government -related. The Group has established its pricing policies in respect of sale of goods and provision of services, and approval process for purchases of products and services. Such policies and approval process apply to all counter-parties regardless of whether the counterparty is government-related or not.

Having considered the potential for transactions to be impacted by related party relationships, the Group's buying, pricing strategy and approval processes, and what information would be necessary for an understanding of the potential effect of the relationship on the financial statements, the Directors are of the opinion that the following transactions with other government -related entities require disclosure:

Transactions with other government -related entities, including state-controlled banks in the PRC

	2013 RMB million	*2012 RMB million (Restated)*
Coal revenue	**92,607**	89,726
Power revenue	**75,151**	69,156
Transportation costs	**15,124**	13,261
Interest income	**318**	750
Interest expenses	**3,071**	2,782

Balances with other government -related entities, including state-controlled banks in the PRC

	2013 RMB million	*2012 RMB million (Restated)*
Accounts and bills receivable	**17,370**	16,238
Prepaid expenses and other current assets	**1,636**	850
Cash and time deposits at banks	**39,433**	55,357
Restricted bank deposits	**6,648**	6,116
Borrowings	**68,629**	65,648
Accrued expenses and other payables	**4,722**	3,140

45. EVENTS AFTER THE REPORTING PERIOD

On 28 March 2014, the Board of Directors proposed a final dividend of RMB0.91 per ordinary share totaling RMB18,100 million to the equity holders of the Company. Further details are disclosed in Note 14.

Documents Available for Inspection

1. The annual report for the year 2013 signed by the Vice Chairman;

2. The financial statements signed and sealed by the Vice Chairman, the Chief Financial Officer and the General Manager of the Financial Department;

3. The original copy of the auditor's report sealed by the accounting firm and signed and sealed by the certified public accountant;

4. The original copies of all documents and announcements of the Company publicly disclosed in the newspapers designated by the CSRC during the reporting period;

5. The annual report for the year 2013 published on the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

Signing Page for Opinions

Written Confirmation to the 2013 Annual Report

Pursuant to Article 68 of the Securities Law of the People's Republic of China and Article 12 of the Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 2 – The Contents and Formats of Annual Report (Revised edition 2012), having fully understood and reviewed the 2013 Annual Report of the Company, the board of directors and all directors are of the opinion that information disclosed in the 2013 Annual Report is true, accurate and complete. We hereby guarantee that the information stated in this report does not contain any false representation, misleading statement or material omission, and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the content thereof.

Signature of all directors of the Company:

(Zhang Yuzhuo)	(Ling Wen)
(Han Jianguo)	(Fan Hsu Lai Tai)
(Gong Huazhang)	(Guo Peizhang)
(Kong Dong)	(Chen Hongsheng)

China Shenhua Energy Company Limited
28 March 2014

Written Review Opinion on the 2013 Annual Report

Pursuant to Article 68 of the Securities Law of the People's Republic of China and Article 12 of the Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 2 – The Contents and Formats of Annual Report (Revised edition 2012), having fully understood and reviewed the 2013 Annual Report of the Company, the supervisory committee and all supervisors are of the opinion that information disclosed in the 2013 Annual Report is true, accurate and complete. We hereby guarantee that the information stated in this report does not contain any false representation, misleading statement or material omission, and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the content thereof.

Signature of all supervisors of the Company:

(Sun Wenjian)

(Tang Ning)

(Zhao Shibin)

China Shenhua Energy Company Limited
28 March 2014

Written Confirmation to the 2013 Annual Report

Pursuant to Article 68 of the Securities Law of the People's Republic of China and Article 12 of the Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 2 – The Contents and Formats of Annual Report (Revised edition 2012), having fully understood and reviewed the 2013 Annual Report of the Company, all senior management members of the Company are of the opinion that information disclosed in the 2013 Annual Report is true, accurate and complete. We hereby guarantee that the information stated in this report does not contain any false representation, misleading statement or material omission, and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the content thereof.

Signature of all senior management members of the Company:

(Ling Wen)

(Wang Xiaolin)

(Hao Gui)

(Wang Pingang)

(Zhai Guiwu)

(Zhang Kehui)

(Han Jianguo)

(Li Dong)

(Xue Jilian)

(Wang Jinli)

(Huang Qing)

China Shenhua Energy Company Limited
28 March 2014

Definitions

No.	Abbreviation	Full name
1	Shenhua Group Corporation	Shenhua Group Corporation Limited
2	Shenhua Group	Shenhua Group Corporation Limited and its controlling subsidiaries
3	China Shenhua or the Company	China Shenhua Energy Company Limited
4	The Group	the Company and its controlling subsidiaries
5	Branches and Subsidiaries	Branches and controlling subsidiaries of the Company
6	Shendong Coal Group Corporation	Shenhua Shendong Coal Group Co., Ltd.
7	Shendong Coal Group	the corporation conglomerate consisting of Shenhua Shendong Coal Group Co., Ltd. and its subsidiaries
8	Shendong Coal Branch	Shendong Coal Branch of the Company
9	Guohua Power Branch	Guohua Power Branch of the Company
10	Guohua Power Company	Beijing Guohua Power Company Limited
11	Shenhua Guoneng Group	Shenhua Guoneng Group Co., Ltd.
12	Shendong Power Company	Shenhua Shendong Power Co., Ltd.
13	Coal Liquefaction and Chemical Company	China Shenhua Coal Liquefaction and Chemical Co., Ltd.
14	Zhunge'er Energy Company	Shenhua Zhunge'er Energy Co., Ltd.
15	Ha'erwusu Branch	Ha'erwusu Coal Branch of the Company
16	Zhunge'er Power	Power-generating arm controlled and operated by Zhunge'er Energy Company
17	Zhunchi Railway	Shenhua Zhunchi Railway Company Limited
18	Shuohuang Railway Company	Shuohuang Railway Development Co., Ltd.
19	Shenhua Trading Group	Shenhua Trading Group Limited
20	Coal Trading Company	Shenhua Coal Trading Company Limited
21	Shenshuo Railway Branch	Shenshuo Railway Branch of the Company
22	Huanghua Harbour Administration Company	Shenhua Huanghua Harbour Administration Co., Ltd.
23	Baoshen Railway Company	Shenhua Baoshen Railway Co., Ltd.
24	Xinzhun Railway Company	Shenhua Xinzhun Railway Co., Ltd.
25	Baotou Energy Company	Shenhua Baotou Energy Co., Ltd.
26	Baotou Coal Chemical Company	Shenhua Baotou Coal Chemical Co., Ltd.

No.	Abbreviation	Full name
27	Shenbao Energy Company	Shenhua Baorixile Energy Co., Ltd.
28	Rolling Stock Branch	Rolling Stock Branch of the Company
29	Beidian Shengli Energy	Shenhua Beidian Shengli Energy Co., Ltd.
30	Shengli Energy Branch	Shengli Energy Branch of the Company
31	Tianjin Coal Dock	Shenhua Tianjin Coal Dock Co., Ltd.
32	Zhuhai Coal Dock	Shenhua Yudean Zhuhai Port Coal Dock Co., Ltd.
33	Overseas Company	China Shenhua Overseas Development & Investment Co., Ltd.
34	Yu Shen Energy Company	Yulin Shenhua Energy Co., Ltd.
35	Xinjie Energy Company	Shenhua Xinjie Energy Co., Ltd
36	Bayannur Company	Shenhua Bayannur Energy Co., Ltd.
37	Shipping Company	Shenhua Zhonghai Shipping Co., Ltd.
38	Ganquan Railway Company	Shenhua Ganquan Railway Co., Ltd.
39	Shenwan Energy Company	Shenwan Energy Company Limited
40	Fujian Energy Company	Shenhua Fujian Energy Co., Ltd.
41	Shenhua Sichuan Energy Company or Bashu Power	Shenhua Sichuan Energy Company Limited, formerly known as Shenhua Bashu Power Co., Ltd.
42	Shenwei Branch	Railway Track Mechanichal Maintenance Branch of the Company
43	Logistics Group	Shenhua Logistics Group Corporation Limited
44	Shenhua Finance Company	Shenhua Finance Co., Ltd.
45	Shenhua HK Company	Shenhua International (Hong Kong) Company Limited
46	Geological Exploration Company	Shenhua Geological Exploration Co., Ltd.
47	Information Company	Shenhua Hollysys Information Technology Co., Ltd.
48	Australia Pty	Shenhua Australia Holdings Pty Limited
49	Watermark	Shenhua Watermark Coal Pty Limited
50	Chaijiagou Mining	Shaanxi Jihua Chaijiagou Mining Co., Ltd.
51	Clean Coal Company	Hulunbeier Shenhua Clean Coal Co., Ltd.
52	EMM Indonesia	PT.GH EMM INDONESIA
53	Beijing Thermal	Shenhua Guohua International Power Company Limited Beijing Thermal Power Branch
54	Panshan Power	Tianjin Guohua Panshan Power Generation Co., Ltd.
55	Sanhe Power	Sanhe Power Co., Ltd.
56	Guohua Zhunge'er	Inner Mongolia Guohua Zhunge'er Power Generation Co., Ltd.
57	Ninghai Power or Zheneng Power	Zhejiang Guohua Zheneng Power Generation Co., Ltd.
58	Shenmu Power	CLP Guohua Shenmu Power Co., Ltd.
59	Taishan Power	Guangdong Guohua Yudean Taishan Power Co., Ltd.
60	Huanghua Power or Cangdong Power	Hebei Guohua Cangdong Power Co., Ltd.

No.	Abbreviation	Full name
61	Suizhong Power	Suizhong Power Co., Ltd.
62	Jinjie Energy	Shaanxi Guohua Jinjie Energy Co., Ltd.
63	Dingzhou Power	Hebei Guohua Dingzhou Power Generation Co., Ltd.
64	Guohua Hulunbeier Power	Inner Mongolia Guohua Hulunbeier Power Generation Co., Ltd.
65	Taicang Power	Guohua Taicang Power Generation Co., Ltd.
66	Mengjin Power	Shenhua Guohua Mengjin Power Generation Co., Ltd.
67	Yuyao Power	Zhejiang Guohua Yuyao Gas-fired Power Co., Ltd.
68	Jiujiang Power	Shenhua Guohua Jiujiang Power Co., Ltd.
69	Zhuhai Wind Energy	Zhuhai Guohua Huidafeng Wind Energy Development Co., Ltd.
70	Huizhou Thermal	Guohua Huizhou Thermal Power Branch of the Company
71	Zhunge'er Coal Gangue Power	Inner Mongolia Zhunge'er Coal Gangue Power Co., Ltd.
72	A Share(s)	Ordinary shares that are issued to domestic investors with the approval of CSRC and listed in the domestic stock exchanges, and denominated, subscribed and transacted in Renminbi
73	H Share(s)	Ordinary shares that are issued to foreign investors with the approval of CSRC and listed on the Hong Kong Stock Exchange, and denominated in Renminbi and subscribed and transacted in Hong Kong dollar
74	JORC	Australasian Code for Reporting of Mineral Resources and Ore Reserves sets out the standards, recommendation and guidelines for public reporting in Australasia of exploration results, mineral resources and ore reserves, a widely accepted code for reserve reporting purpose
75	Company Law	Company Law of the People's Republic of China
76	Securities Law	Securities Law of the People's Republic of China
77	SASAC	Stated-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China
78	NDRC	National Development and Reform Commission of the People's Republic of China
79	CSRC	China Securities Regulatory Commission
80	CSRC Beijing Bureau	China Securities Regulatory Commission Beijing Bureau
81	NSSF	National Council for Social Security Fund
82	SERC	State Electricity Regulatory Commission of the People's Republic of China
83	Shanghai Stock Exchange	Shanghai Stock Exchange
84	Hong Kong Stock Exchange or Stock Exchange	The Stock Exchange of Hong Kong Limited

No.	Abbreviation	Full name
85	Shanghai Listing Rules	Rules Governing the Listing of Stocks on Shanghai Stock Exchange
86	Hong Kong Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
87	Accounting Standards for Business Enterprises	Accounting Standards for Business Enterprises – Basic Standard and Business Enterprises 38 specific accounting standards issued by the Ministry of Finance of the People's Republic of China on 15 February 2006 and the Application Guidance to Accounting Standards for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other related requirements subsequently issued
88	Articles of Association	Articles of Association of China Shenhua Energy Company Limited
89	Designated Newspapers for Information Disclosure	China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily
90	RMB	Renminbi, unless otherwise specified

Five Year Financial Summary

The following financial information is extracted from the consolidated financial statements of the Group prepared in accordance with International Financial Reporting Standards:

Consolidated statement of profit or loss and other comprehensive income

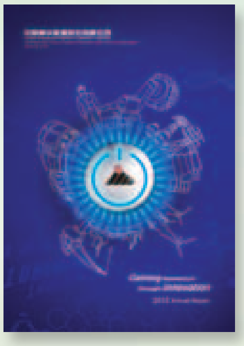
	For the year ended 31 December				
	2009	*2010*	*2011*	*2012*	**2013**
	(restated)*	*(restated*)*	*(restated*)*	*(restated*)*	
	RMB million	*RMB million*	*RMB million*	*RMB million*	***RMB million***
Revenue	126,700	158,570	213,837	254,575	**283,797**
Cost of sales	(71,406)	(93,188)	(135,060)	(174,677)	**(202,431)**
Gross profit	55,294	65,382	78,777	79,898	**81,366**
Selling, general and administrative expenses	(5,703)	(6,762)	(7,892)	(9,160)	**(10,118)**
Other gains and losses	(1,176)	(447)	(331)	(303)	**(889)**
Other income	189	366	385	777	**533**
Other expenses	(208)	(596)	(904)	(466)	**(364)**
Interest income	1,523	1,251	978	777	**754**
Finance costs	(3,641)	(3,583)	(3,516)	(3,128)	**(2,942)**
Share of results of associates	777	571	346	477	**588**
Profit before income tax	47,055	56,182	67,843	68,872	**68,928**
Income tax expense	(9,945)	(11,563)	(14,041)	(10,976)	**(13,704)**
Profit for the year	37,110	44,619	53,802	57,896	**55,224**
Profit for the year attributable to:					
Equity holders of the Company	32,316	38,862	46,840	49,708	**45,079**
Non-controlling interests	4,794	5,757	6,962	8,188	**10,145**
	37,110	44,619	53,802	57,896	**55,224**
Earnings per share (RMB)					
– Basic	1.625	1.954	2.355	2.499	**2.266**

Consolidated balance sheet

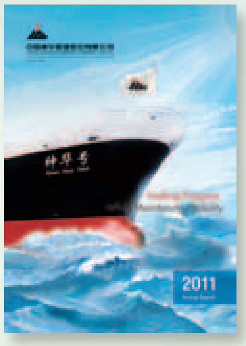
	At 31 December				
	2009 (restated)*	*2010 (restated*)*	*2011 (restated*)*	*2012 (restated*)*	***2013***
	RMB million	*RMB million*	*RMB million*	*RMB million*	***RMB million***
Total non-current assets	236,614	257,641	310,868	358,807	**391,890**
Total current assets	104,880	119,709	111,330	113,278	**121,408**
Total current liabilities	71,479	77,644	89,064	107,081	**131,509**
Total non-current liabilities	62,700	59,391	59,276	51,853	**47,147**
Net assets	207,315	240,315	273,858	313,151	**334,642**
Equity attributable to equity holders of the Company	177,537	206,814	233,943	263,183	**276,903**
Non-controlling interests	29,778	33,501	39,915	49,968	**57,739**
Total equity	207,315	240,315	273,858	313,151	**334,642**

* The abovementioned financial data of the Group for years 2009, 2010, 2011 and 2012 has been restated in accordance with note 5 "Restatements arising from acquisitions of subsidiaries under common control and reclassifications of items of consolidated financial statements" contained in the consolidated financial statements of the this report.

2012 Annual Report



2011 Annual Report

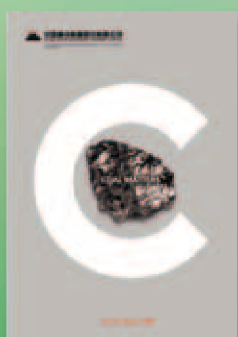


2010 Annual Report

2009 Annual Report

2008 Annual Report

2007 Annual Report



2006 Annual Report

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