中国神华
CHINA SHENHUA

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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

FINANCIAL HIGHLIGHTS

- Revenues of the Group in 2010 were RMB152,063 million, representing an increase of RMB30,751 million or 25.3% over 2009.
- Profit attributable to equity shareholders of the Company in 2010 was RMB38,132 million, representing an increase of RMB6,426 million or 20.3% over 2009.
- Earnings per share was RMB1.917.
- EBITDA[1] in 2010 was RMB69,780 million, representing an increase of RMB11,250 million or 19.2% over 2009.
- The Board proposed a final dividend of RMB0.75 per share or RMB14,917 million for the year of 2010.

The board of directors of China Shenhua Energy Company Limited (the "Company") is pleased to present the annual results of the Company and its subsidiaries (the "Group" or "China Shenhua") for the year ended 31 December 2010 and to report our performance for the year.

FINANCIAL INFORMATION

Financial information extracted from the audited financial statements for the year ended 31 December 2010 prepared in accordance with International Financial Reporting Standards ("IFRSs"):

Note 1: EBITDA is defined as profit for the year plus net financing costs, income tax, depreciation and amortisation, and excluding investment income and shares of profits less losses of associates.

Consolidated statement of comprehensive income

for the year ended 31 December 2010
(Expressed in Renminbi)

	Note	**2010 RMB million**	2009 RMB million
Revenues			
Coal revenue		**102,791**	84,618
Power revenue		**44,733**	33,157
Other revenues		**4,539**	3,537
Total operating revenues	2	**152,063**	121,312
Cost of revenues			
Coal purchased from third parties		**(26,499)**	(14,187)
Materials, fuel and power		**(12,079)**	(9,513)
Personnel expenses		**(6,958)**	(5,727)
Depreciation and amortisation		**(12,394)**	(10,624)
Repairs and maintenance		**(5,719)**	(5,035)
Transportation charges		**(10,343)**	(9,273)
Others		**(12,846)**	(11,133)
Total cost of revenues		**(86,838)**	(65,492)
Selling, general and administrative expenses		**(8,143)**	(8,055)
Other operating expenses, net		**(631)**	(657)
Total operating expenses	3	**(95,612)**	(74,204)
Profit from operations		**56,451**	47,108
Finance income	4	**1,323**	1,286
Finance expenses	4	**(3,636)**	(3,324)
Net finance costs		**(2,313)**	(2,038)
Investment income		**–**	11
Share of profits less losses of associates		**615**	731
Profit before income tax		**54,753**	45,812
Income tax	5	**(11,184)**	(9,626)
Profit for the year		**43,569**	36,186
Other comprehensive income			
Exchange differences on translation of financial statements of overseas subsidiaries		**68**	724
Total comprehensive income for the year		**43,637**	36,910
Profit attributable to:			
Equity shareholders of the Company		**38,132**	31,706
Non-controlling interests		**5,437**	4,480
Profit for the year		**43,569**	36,186
Total comprehensive income attributable to:			
Equity shareholders of the Company		**38,205**	32,431
Non-controlling interests		**5,432**	4,479
Total comprehensive income for the year		**43,637**	36,910
Earnings per share (RMB)	7		
– Basic		**1.917**	1.594
– Diluted		**1.917**	1.594

Consolidated statement of financial position
at 31 December 2010
(Expressed in Renminbi)

	Note	**2010** **RMB million**	2009 RMB million
Non-current assets			
Property, plant and equipment, net		**179,434**	163,645
Construction in progress		**31,189**	33,045
Intangible assets		**3,228**	2,928
Interest in associates		**3,285**	3,503
Other investments		**950**	805
Other non-current assets		**9,684**	7,435
Lease prepayments		**8,409**	7,202
Deferred tax assets		**686**	655
Total non-current assets		**236,865**	219,218
Current assets			
Inventories		**11,167**	7,727
Accounts and bills receivable, net	*8*	**10,645**	8,781
Prepaid expenses and other current assets		**6,817**	2,484
Restricted bank deposits		**–**	656
Time deposits with original maturity over three months		**2,021**	6,867
Cash and cash equivalents		**73,345**	65,944
Total current assets		**103,995**	92,459
Current liabilities			
Short-term borrowings and current portion of long-term borrowings		**15,898**	22,252
Accounts and bills payable	*9*	**18,264**	13,890
Accrued expenses and other payables		**19,951**	16,338
Current portion of long-term payables		**393**	275
Income tax payable		**4,394**	2,929
Total current liabilities		**58,900**	55,684
Net current assets		**45,095**	36,775
Total assets less current liabilities		**281,960**	255,993
Non-current liabilities			
Long-term borrowings, less current portion		**48,730**	53,931
Long-term payables, less current portion		**1,777**	2,314
Accrued reclamation obligations		**1,577**	1,513
Deferred tax liabilities		**1,088**	817
Total non-current liabilities		**53,172**	58,575
Net assets		**228,788**	197,418
Equity			
Share capital		**19,890**	19,890
Reserves		**178,435**	150,771
Equity attributable to equity shareholders of the Company		**198,325**	170,661
Non-controlling interests		**30,463**	26,757
Total equity		**228,788**	197,418

Consolidated statement of changes in equity

for the year ended 31 December 2010

(Expressed in Renminbi)

	Equity attributable to equity shareholders of the Company										
	Share capital RMB million	*Share premium RMB million*	*Capital reserve RMB million*	*Revaluation reserve RMB million*	*Exchange reserve RMB million*	*Statutory reserves RMB million*	*Other reserves RMB million*	*Retained earnings RMB million*	*Total RMB million*	*Non-controlling interests RMB million*	*Total equity RMB million*
At 1 January 2009	19,890	85,001	(6,591)	7,160	(115)	10,064	201	31,822	147,432	24,311	171,743
Total comprehensive income:											
Profit for the year	–	–	–	–	–	–	–	31,706	31,706	4,480	36,186
Other comprehensive income (exchange differences on translation of financial statements of overseas subsidiaries)	–	–	–	–	725	–	–	–	725	(1)	724
Total comprehensive income for the year	–	–	–	–	725	–	–	31,706	32,431	4,479	36,910
Other movements:											
Dividend declared (Note 6)	–	–	–	–	–	–	–	(9,149)	(9,149)	–	(9,149)
Adjustment of profit appropriation for prior years	–	–	–	–	–	(339)	–	339	–	–	–
Appropriation of profits	–	–	–	–	–	2,957	–	(2,957)	–	–	–
Appropriation of maintenance and production funds	–	–	–	–	–	3,124	–	(3,124)	–	–	–
Utilisation of maintenance and production funds	–	–	–	–	–	(2,148)	–	2,148	–	–	–
Capital contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	2,123	2,123
Distributions to non-controlling interests	–	–	–	–	–	–	–	–	–	(4,136)	(4,136)
Acquisition of non-controlling interests	–	–	–	–	–	–	(53)	–	(53)	(20)	(73)
Realisation of deferred tax	–	–	–	–	–	–	(24)	24	–	–	–
Realisation of revaluation reserve	–	–	–	(25)	–	–	–	25	–	–	–
Sub-total	–	–	–	(25)	–	3,594	(77)	(12,694)	(9,202)	(2,033)	(11,235)
At 31 December 2009	19,890	85,001	(6,591)	7,135	610	13,658	124	50,834	170,661	26,757	197,418

	Equity attributable to equity shareholders of the Company										
	Share capital RMB million	*Share premium RMB million*	*Capital reserve RMB million*	*Revaluation reserve RMB million*	*Exchange reserve RMB million*	*Statutory reserves RMB million*	*Other reserves RMB million*	*Retained earnings RMB million*	*Total RMB million*	*Non-controlling interests RMB million*	*Total equity RMB million*
At 1 January 2010	19,890	85,001	(6,591)	7,135	610	13,658	124	50,834	170,661	26,757	197,418
Total comprehensive income:											
Profit for the year	-	-	-	-	-	-	-	38,132	38,132	5,437	43,569
Other comprehensive income (exchange differences on translation of financial statements of overseas subsidiaries)	-	-	-	-	73	-	-	-	73	(5)	68
Total comprehensive income for the year	-	-	-	-	73	-	-	38,132	38,205	5,432	43,637
Other movements:											
Dividend declared (Note 6)	-	-	-	-	-	-	-	(10,541)	(10,541)	-	(10,541)
Appropriation of maintenance and production funds	-	-	-	-	-	3,227	-	(3,227)	-	-	-
Utilisation of maintenance and production funds	-	-	-	-	-	(2,476)	-	2,476	-	-	-
Capital contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	355	355
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	-	(2,814)	(2,814)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	733	733
Realisation of deferred tax	-	-	-	-	-	-	(19)	19	-	-	-
Realisation of revaluation reserve	-	-	-	(20)	-	-	-	20	-	-	-
Sub-total	-	-	-	(20)	-	751	(19)	(11,253)	(10,541)	(1,726)	(12,267)
At 31 December 2010	19,890	85,001	(6,591)	7,115	683	14,409	105	77,713	198,325	30,463	228,788

Note:

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 Corporation Limited ("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.

Consolidated statement of cash flows
for the year ended 31 December 2010
(Expressed in Renminbi)

	Note	**2010** **RMB million**	2009 RMB million
Operating activities			
Cash generated from operations	*(a)*	**69,073**	64,557
Interest received		**1,174**	1,117
Interest paid		**(3,566)**	(3,874)
Income tax paid		**(9,472)**	(8,455)
Net cash generated from operating activities		**57,209**	53,345
Investing activities			
Capital expenditure		**(26,147)**	(30,229)
Lease prepayments		**(1,387)**	(1,308)
Acquisition of a subsidiary	*(b)*	**473**	–
Capital injections in associates		**(82)**	(78)
Purchase of other investments		**(265)**	–
Acquisition of non-controlling interests		**–**	(73)
Proceeds from disposal of other investments		**–**	5
Proceeds from disposal of property, plant and equipment		**100**	141
Dividend received from associates		**377**	351
Dividend received from other investments		**–**	11
Increase in restricted bank deposits		**(202)**	(675)
Decrease in restricted bank deposits		**858**	260
Increase in time deposits with original maturity over three months		**(9,230)**	(19,992)
Maturity of time deposits with original maturity over three months		**14,076**	13,321
Entrusted loan to a third party		**(3,000)**	–
Net cash used in investing activities		**(24,429)**	(38,266)
Financing activities			
Proceeds from borrowings		**29,638**	49,255
Repayments of borrowings		**(42,097)**	(47,140)
Contributions from non-controlling interests		**355**	1,994
Distributions to non-controlling interests		**(2,732)**	(3,200)
Dividend paid to equity shareholders of the Company		**(10,541)**	(9,149)
Net cash used in financing activities		**(25,377)**	(8,240)
Net increase in cash and cash equivalents		**7,403**	6,839
Cash and cash equivalents, at the beginning of the year		**65,944**	59,054
Effect of foreign exchange rate changes		**(2)**	51
Cash and cash equivalents, at the end of the year		**73,345**	65,944

(a) ***Reconciliation of profit before income tax to cash generated from operations:***

	2010	*2009*
	RMB million	*RMB million*
Profit before income tax	**54,753**	45,812
Adjustments for:		
Depreciation and amortisation	**13,329**	11,422
Impairment losses on property, plant and equipment	**184**	396
Impairment losses on other investments	**120**	1
Net loss on disposal of property, plant and equipment	**85**	287
Investment income	**–**	(11)
Interest income	**(1,174)**	(1,117)
Share of profits less losses of associates	**(615)**	(731)
Net interest expense	**3,171**	3,146
(Gain)/loss on remeasurement of derivative financial instruments to fair value	**(149)**	178
Unrealised foreign exchange loss/(gain)	**464**	(190)
	70,168	59,193
Increase in accounts and bills receivable	**(1,751)**	(545)
(Increase)/decrease in inventories	**(3,420)**	115
Increase in prepaid expenses and other assets	**(852)**	(208)
Increase in accounts and bills payable	**1,005**	1,470
Increase in accrued expenses and other payables, long-term payables and accrued reclamation obligations	**3,923**	4,532
Cash generated from operations	**69,073**	64,557

(b) *Net inflow of cash and cash equivalents in respect of the acquisition of a subsidiary*

On 25 June 2010, the Group increased its equity interest in Shenhua Zhonghai Shipping Co., Ltd. ("Zhonghai Shipping") from 50% to 51% by additional capital injection of RMB222 million. Prior to the capital injection, Zhonghai Shipping was an associate of the Group.

Details of fair values of identifiable assets and liabilities of Zhonghai Shipping as at 25 June 2010 were as follows:

	RMB million
Non-current assets	1,269
Cash and cash equivalents	695
Other current assets	136
Current liabilities	(189)
Non-current liabilities	(416)
Net assets	1,495
Non-controlling interests	(733)
Fair value of previous interest in the acquiree	(540)
Cash consideration	222

Analysis of the net inflow of cash and cash equivalents in respect of the acquisition of a subsidiary:

	RMB million
Cash and cash equivalents acquired	695
Cash consideration	(222)
Net inflow of cash and cash equivalents	473

(c) *Major non-cash transaction*

During the year ended 31 December 2009, the non-controlling interests of the Company's subsidiary injected an exploration right of RMB129 million to that subsidiary, and the non-controlling interests of the Group increased accordingly.

Notes to the financial information
for the year ended 31 December 2010
(Expressed in Renminbi)

1 Changes in accounting policies

The International Accounting Standards Board ("IASB") has issued revised IFRSs, amendments to IFRSs and new interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- IFRS 3 (revised 2008), *Business combinations*

- Amendments to IAS 27, *Consolidated and separate financial statements*

The above developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods. The details of these changes in accounting policy are as follows:

- As a result of the adoption of IFRS 3 (revised 2008), any business combination acquired on or after 1 January 2010 will be recognised in accordance with the new requirements and detailed guidance contained in IFRS 3 (revised 2008). These include the following changes in accounting policies:

  – Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, will be expensed as incurred, whereas previously they were accounted for as part of the cost of the business combination and therefore impacted the amount of goodwill recognised.

  – If the Group holds interests in the acquiree immediately prior to obtaining control, these interests will be treated as if disposed of and re-acquired at fair value on the date of obtaining control. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.

  – Contingent consideration will be measured at fair value at the acquisition date. Subsequent changes in the measurement of that contingent consideration unrelated to facts and circumstances that existed at the acquisition date will be recognised in profit or loss, whereas previously these changes were recognised as an adjustment to the cost of the business combination and therefore impacted the amount of goodwill recognised.

  – If the acquiree has accumulated tax losses or other temporary deductible differences and these fail to meet the recognition criteria for deferred tax assets at the date of acquisition, then any subsequent recognition of these assets will be recognised in profit or loss, rather than as an adjustment to goodwill as was previously the policy.

  – In addition to the Group's existing policy of measuring the non-controlling interests (previously known as "minority interests") in the acquiree at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, in future the Group may elect, on a transaction by transaction basis, to measure the non-controlling interest at fair value.

In accordance with the transitional provisions in IFRS 3 (revised 2008), these new accounting policies will be applied prospectively to any business combinations in the current or future periods. The new policy in respect of recognition in the movement of deferred tax assets will also be applied prospectively to accumulated tax losses and other temporary deductible differences acquired in previous business combinations. No adjustments have been made to the carrying values of assets and liabilities that arose from business combinations whose acquisition dates preceded the application of this revised standard.

- As a result of the adoption of IAS 27 (amended 2008), the following change in policy will be applied as from 1 January 2010:

  If the Group loses control of a subsidiary, the transaction will be accounted for as a disposal of the entire interest in that subsidiary, with any remaining interest retained by the Group being recognised at fair value as if reacquired. Previously such transactions were treated as partial disposals.

- In order to be consistent with the above amendments to IFRS 3 and IAS 27, and as a result of amendments to IAS 28, Investments in associates, the following policies will be applied as from 1 January 2010:

  – If the Group holds interests in the acquiree immediately prior to obtaining significant influence, these interests will be treated as if disposed of and re-acquired at fair value on the date of obtaining significant influence. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.

  – If the Group loses significant influence, the transaction will be accounted for as a disposal of the entire interest in that investee, with any remaining interest being recognised at fair value as if reacquired. Previously such transactions were treated as partial disposals.

  Consistent with the transitional provisions in IFRS 3 and IAS 27, these new accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

Other changes in accounting policies which are relevant to the Group's financial statements are as follows:

- As a result of the amendments to IAS 27, as from 1 January 2010 any losses incurred by a non-wholly owned subsidiary will be allocated between the controlling and non-controlling interests in proportion to their interests in that entity, even if this results in a deficit balance within consolidated equity being attributed to the non-controlling interests. Previously, if the allocation of losses to the non-controlling interests would have resulted in a deficit balance, the losses were only allocated to the non-controlling interests if the non-controlling interests were under a binding obligation to make good the losses. In accordance with the transitional provisions in IAS 27, this new accounting policy is being applied prospectively and therefore previous periods have not been restated.

The Group has not applied any new standard, amendment or interpretation that is not yet effective for the current accounting period.

2 Revenues

The Group is principally engaged in the production and sale of coal, generation and sale of power and the provision of transportation services in the PRC. Revenues represent the aggregate of the invoiced value of goods sold and services provided, net of sales taxes.

3 Total operating expenses

	2010	*2009*
	RMB million	*RMB million*
Personnel expenses, including	**10,477**	8,617
– contributions to retirement plans	**1,144**	1,014
– fair value (gain)/loss on revaluation of share appreciation rights	**(20)**	63
Depreciation and amortisation	**13,329**	11,422
Net loss on disposal of property, plant and equipment	**85**	287
Cost of inventories	**75,018**	55,962
Auditors' remuneration, including		
– audit services	**23**	43
– other services	**–**	1
Operating lease charges on properties	**324**	287
Allowance for accounts receivable and other receivables and write down of inventories	**26**	150
Impairment losses on property, plant and equipment	**184**	396
Impairment losses on other investments	**120**	1
Donation	**356**	–

4 Finance income/(expenses)

	2010	*2009*
	RMB million	*RMB million*
Interest income	**1,174**	1,117
Foreign exchange gain, net	**–**	169
Gain on remeasurement of derivative financial instruments at fair value	**149**	–
Finance income	**1,323**	1,286
Interest on loans from banks and other financial institutions, and other borrowings	**(3,778)**	(4,087)
Less: Interest expense capitalised	**607**	941
Net interest expense	**(3,171)**	(3,146)
Foreign exchange loss, net	**(465)**	–
Loss on remeasurement of derivative financial instruments at fair value	**–**	(178)
Finance expenses	**(3,636)**	(3,324)
Net finance costs	**(2,313)**	(2,038)

5 Income tax

	2010 RMB million	2009 RMB million
Provision for PRC income tax	**10,918**	9,257
Deferred taxation	**266**	369
	11,184	9,626

Note:

The provision for PRC current income tax is based on a statutory rate of 25% (2009: 25%) of the assessable profit of the entities comprising the Group as determined in accordance with the relevant income tax rules and regulations of the PRC, except for certain branches and subsidiaries of the Company, which are exempted or taxed at preferential rates.

Pursuant to the grandfathering arrangement under the Corporate Income Tax Law of the PRC and the relevant documents issued by the state tax bureau of the PRC, the Group's branches and subsidiaries with operations in the western developing region of the PRC are entitled to preferential tax rate of 15% until 2010, whereas the Group's other subsidiaries which are entitled to preferential tax rates would be subject to a transitional tax rate beginning in year 2008. The transitional tax rates are 18%, 20%, 22%, 24% and 25% for 2008, 2009, 2010, 2011 and 2012 and after, respectively.

The applicable tax rates of the subsidiaries established in Australia and Indonesia are 30% (2009: 30%) and 25% (2009: 28%) respectively. No provision for income tax was made for these overseas subsidiaries as there were no assessable profits during the current and prior years.

6 Dividends

(a) Dividends payable to equity shareholders of the Company attributable to the year

	2010 RMB million	2009 RMB million
Final dividend proposed after the end of the reporting period of RMB0.75 (2009: RMB0.53) per ordinary share	**14,917**	10,541

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2010 RMB million	2009 RMB million
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB0.53 (2009: RMB0.46) per ordinary share	**10,541**	9,149

7 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB38,132 million (2009: RMB31,706 million) and the number of shares in issue during the year of 19,890 million shares (2009: 19,890 million shares).

The amount of diluted earnings per share is the same as basic earnings per share as there were no dilutive potential ordinary shares in existence during both the current and prior years.

8 Accounts and bills receivable, net

Credit of up to 60 days is granted to customers with established trading history, otherwise sales on cash terms are required.

The following is the ageing analysis of accounts and bills receivable, net of allowance for doubtful debts:

	2010	*2009*
	RMB million	*RMB million*
Current	**10,554**	8,767
Less than one year past due	**91**	14
	10,645	8,781

9 Accounts and bills payable

Accounts payable amounting to RMB20 million (2009: RMB95 million) are expected to be settled after one year.

10 Segment information

(a) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment based on profit before income tax ("reportable segment profit").

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 2010 and 2009 is set out below.

	Coal		*Power*		*Railway*		*Port*		*Shipping*		*Total*	
	2010 RMB million	*2009 RMB million*	***2010 RMB million***	*2009 RMB million*	***2010 RMB million***	*2009 RMB million*	***2010 RMB million***	*2009 RMB million*	***2010 RMB million***	*2009 RMB million*	***2010 RMB million***	*2009 RMB million*
Revenue from external customers	**103,579**	85,754	**45,127**	33,407	**2,303**	2,003	**152**	148	**902**	–	**152,063**	121,312
Inter-segment revenue	**22,296**	14,142	**336**	387	**19,003**	17,555	**2,448**	1,859	**659**	–	**44,742**	33,943
Reportable segment revenue	**125,875**	99,896	**45,463**	33,794	**21,306**	19,558	**2,600**	2,007	**1,561**	–	**196,805**	155,255
Reportable segment profit before income tax	**38,104**	31,149	**6,124**	5,242	**8,937**	8,613	**271**	73	**143**	–	**53,579**	45,077
Including:										–		
Net interest expense	**(398)**	(547)	**(2,384)**	(2,051)	**(347)**	(372)	**(230)**	(290)	**(9)**	–	**(3,368)**	(3,260)
Depreciation and amortisation	**(5,299)**	(4,721)	**(5,205)**	(4,221)	**(2,031)**	(1,791)	**(675)**	(672)	**(37)**	–	**(13,247)**	(11,405)
Share of profits less losses of associates	**333**	526	**160**	166	**35**	35	**7**	4	**-**	–	**535**	731

(b) Reconciliations of reportable segment revenues and profit or loss

	2010 RMB million	*2009 RMB million*
Revenues		
Reportable segment revenue	**196,805**	155,255
Elimination of inter-segment revenue	**(44,742)**	(33,943)
Consolidated revenues	**152,063**	121,312
Profit		
Reportable segment profit	**53,579**	45,077
Elimination of inter-segment profits	**(139)**	(57)
Unallocated head office and corporate expenses	**1,313**	792
Consolidated profit before income tax	**54,753**	45,812

(c) 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, intangible assets, interest in associates, other investments, other non-current assets and lease prepayments ("specified non-current assets").

	Revenues from external customers		***Specified non-current assets***	
	2010 RMB million	*2009 RMB million*	***2010 RMB million***	*2009 RMB million*
Asia Pacific markets				
– PRC (place of domicile)	**146,251**	113,795	**230,880**	215,463
– Other Asia Pacific markets	**5,732**	7,475	**5,299**	3,100
Other markets	**80**	42	**–**	–
	152,063	121,312	**236,179**	218,563

11 Subsequent events

The following significant transactions took place subsequent to 31 December 2010:

(a) Pursuant to the resolution passed at the extraordinary general meeting held on 25 February 2011, the Company's shareholders approved the acquisition of equity interests and assets of certain subsidiaries held directly or indirectly by Shenhua Group. These companies are engaged in coal, power and other relevant operations. The consideration payable in connection with the acquisition is RMB8,702 million in cash, which is determined with reference to a valuation report issued by Beijing China Enterprise Appraisal Co., Ltd.

(b) On 25 March 2011, the Board of Directors proposed a final dividend of RMB0.75 per ordinary share totalling RMB14,917 million to the equity shareholders of the Company.

CHAIRMAN'S STATEMENT

The Board is delighted to present the 2010 annual report of China Shenhua and report to all shareholders on the Company's performance for the period.

In 2010, on the basis of steady growth of China's overall economy, China Shenhua continued to achieve healthy growth. The board of directors of China Shenhua pursued its core philosophy of value creation and led all employees to implement the development strategy of "pursue scientific development, rebuild Shenhua and double economic aggregate output within five years". Moreover, focusing on its growth target of building up a "five-model enterprise", the Board further consolidated the corporate management foundation and achieved growth in results of the Company through strengthening technological innovation, talent-prone strategy, cooperation and low-cost operation.

In 2010, the Company established the shipping segment to do shipping business. Under the balanced development of the five business segments, namely coal, power, railway, port and shipping, the Company hit new record high in operation results:

- the production volume of commercial coal reached 224.8 million tonnes and sales volume reached 292.6 million tonnes, representing a year-on-year growth of 6.9% and 15.1% respectively;

- the turnover of self-owned railway transportation was 150.3 billion tonne km, representing a year-on-year increase of 8.8%, and the seaborne coal sales volume reached 169.9 million tonnes, representing a year-on-year increase of 6.7%; shipping segment commenced a promising year with shipping volume of 25.9 million tonnes and shipment turnover of 21.9 billion tonne nautical miles for the period from July to December;

- the total installed capacity of power plants reached 27,433 MW, representing a year-on-year growth of 16.6%; the total power output dispatch reached 131.41 billion kwh, representing a year-on-year increase of 34.5%;

- Revenues amounted to RMB152.063 billion, representing a year-on-year increase of 25.3%;

- Profit attributable to equity shareholders of the Company was RMB38.132 billion, representing a year-on-year increase of 20.3%;

- Basic earnings per share was RMB1.917, representing a year-on-year increase of 20.3%;

- Net cash generated from operating activities was RMB57.209 billion, representing a year-on-year increase of 7.2%;

- The board of directors has recommended the distribution of final dividend for the year of RMB0.75 per share (inclusive of tax), accounting for 39.1% of basic earnings per share.

In 2010, with balanced development of each business segment, the business layout of the Company was further optimized, and a more comprehensive industrial chain was formed through integration of coal, power, railway, port and shipping segments after the successful establishment of Shenhua Shipping Company. The core competitiveness of the Company was consistently enhanced accordingly.

With a goal to achieve balanced and highly efficient coal production, the Company optimized the production organization and expanded the production capacity of the existing mines. During the year, the production volume of commercial coal reached 224.8 million tonnes, representing a year-on-year increase of 6.9%. The technological and equipment upgrade for coal mining were proceeding continuously. With the completion of the first 7-meter height fully-mechanized working face in the world at Shendong Mines, the production of unit shaft and recovery rate of resources have been significantly enhanced. Further improvement of the throw-blasting explosive process with dragline excavators in Heidaigou open-cut mine has enhanced the production efficiency and capacity. Other projects including the technological upgrade and capacity expansion project for Daliuta coal selecting plant were proceeding steadily.

Advancing its mega-sales strategy, the Company was committed to becoming "Walmart" of the coal industry in China. Principally based on self-produced coal, the Company stepped up its efforts in coal purchasement from third parties. During the year, the sales volume of commercial coal reached 292.6 million tonnes, of which, the sales volume of coal purchased from third parties amounted to 72.4 million tonnes, representing a year-on-year increase of 61.6%. The Company focused on the development of high-end users market of metallurgy, construction materials, chemical and coal slurry, and improved the profitability per tonne of coal by adjusting product structure and developing high value-added products. The average sales price of commercial coal for 2010 was RMB426.8/tonne, representing a year-on-year increase of 10.0%. By leveraging on its integrated logistics comprising self-owned railways, port and shipping, the customer base and marketing model of the Company were further broadened.

The Company continued to promote its internationalization process. In Australia, work related to Watermark project, including the exploration, feasibility study and environmental assessment has made smooth progress. The integrated coal and power project in South Sumatra, Indonesia is anticipated to be put into operation in 2011.

The Company took various steps to tap the potential of the existing railway system, optimized the transportation organization, launched heavy-loaded trains with capacity of 10,000 tonnes and increased the number of return empty self-owned wagons. In addition, the Company accelerated the loading and unloading process and throughput capacity expansion for stations in order to further enhance the transportation capacity of railway. During the year, the renovation work of Shuohuang Railway were carried out progressively. The electrification of Baoshen Railway was completed and Shenshuo Railway completed capacity expansion for its four stations while Dazhun Railway completed the capacity expansion for its critical five stations. The capacity expansion project of Phase II of Huanghua Port was also completed with the seaborne capacity exceeding 100 million tonnes. The establishment of Shenhua Shipping Company input momentum to Shenhua's integrated model, which generated greater synergy for the Company.

In 2010, the Company continued to develop clean coal-fired power projects, such as large-scale generators, high parameter, low coal consumption and comprehensive utilization of gangue, with installed capacity of coal-fired generator increased by 3,913 MW during the year. In order to increase the average utilization hours of power generators, the Company fully leveraged on its role as the marketing centre and actively promoted the development of direct power supply, substituted power generation and inter-grid power transactions. The total power output dispatch for the year reached 131.41 billion kwh, representing a year-on-year increase of 34.5%. The standard coal consumption for power output dispatch of coal-fired generators for the year was 327 g/kwh, 8 g/kwh below the average level in China.

The Company pursued the philosophy of value creation and low cost operation, continued to strengthen its refined management and accelerated the informationization and the development of the economic value added (EVA)-based performance appraisal system, resulting in further enhancement of quality of operation. Indicators, including return on net assets and turnover of total assets and accounts receivable, were further improved compared with those of the previous year. Capital management level and centralized management control capabilities continued to improve.

As always, the Company pursued its philosophy of corporate social responsibility as “Energy Contribution, Scientific Development and Mutual Success in Harmony” and realized growth consistently with the environment and society.

The Company actively carried out ecological management, emission treatment and integrated utilization at mining areas, enhanced the research and promotion in energy conservation and emission reduction technology, and continued to increase its resources utilization rate and reduce emission of pollutants, steadily implemented its strategy of safe, environment-friendly and sustainable development.

The Company persisted with its people-oriented and safety development policies. Through intensive promotion of the campaign “Year for comprehensive implementation of intrinsic-safety management system”, the Company strengthened the potential risk inspection and remediation at mines as well as their site production safety management at a leading standard. Focusing on enhancing our employees’ quality, the Company organized various training seminars and technological exchange as scheduled, creating a promising career development environment for employees whose professional quality has thus been further improved.

Through continuous improvement in corporate governance, strengthening internal control, adhering to operation in good faith and committing to public welfare, we achieved a win-win result in harmony with our relevant stakeholders, such as shareholders, customers, employees, suppliers, creditors, community and regulatory authorities.

It is expected that the global economy will recover slowly while the economy of China is expected to maintain a steady and relatively fast growth in 2011, which will boost more demand for energies including coal. China Shenhua will accelerate its development to become a worldwide first-class coal-based integrated energy enterprise with strong global competitiveness by continuously facilitating the development strategy of “pursue scientific development, rebuild Shenhua and double economic aggregate output within 5 years”.

In 2011, the Company will focus on the following aspects in relation to its development:

- To accelerate the transition of economy development pattern. The Company will press ahead the clean coal utilization program to improve resource utilization rate, so as to realize highly efficient reduction of emission. In addition, the Company will intensify the assessment based on economic value added (EVA) and incorporate the value management into the whole course of corporate management, so as to improve the operating efficiency of the Company and shareholders' return.

- To continue to enrich and improve Shenhua model. The Company will further promote the in-depth cooperation and resources sharing based on the integrated industry chain of coal, power, railway, port and shipping, in order to maximize the synergy and intensify the competitive edge of the Company.

- To persist in organic growth and external expansion simultaneously. The Company will accelerate the development of new mines, expand capacities and tap potential at the existing coal mines, actively promote strategic cooperation in form of joint-ventures or reorganization, optimize resource allocation and strengthen market competitive edge.

- To press forward the transition from a production-based enterprise to a marketing-oriented enterprise of coal. The Company will continue to implement the mega-sales strategy, strengthen and improve the brand image and servicing system of Shenhua. In addition, it will make market segmentation and product series and further optimize its marketing system in order to position China Shenhua as a coal energy distributor with low cost, quality products, good services, rapid response, high efficiency and sound reputation.

- To enhance the capability of independent innovation. The Company will unremittingly improve the innovation system for science and technology, ensure the successful implementation of high-tech research and development projects as well as the strategy of absorbing high-level talents, and promote the strategic cooperation in the globalization context in terms of products, knowledge, research and application.

- To boost the internationalization process. The Company will not only actively participate in international cooperation and competition, but also manage to expand markets and gain resources both at home and abroad. The Company will accelerate the progress of current international projects in Australia, Indonesia and etc.

Faced with new development trend in 2011, China Shenhua is confident to achieve its new objectives. With firm and strong confidence, China Shenhua will implement its development strategies steadily and actively promote reform with an aim to build China Shenhua into a worldwide first-class coal-based integrated energy enterprise with strong global competitiveness and create more value for all shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Review on consolidated operating results

A. Consolidated results of operations

In 2010, the operating results of each business segment of the Company before elimination on consolidation are set out below:

Sector	*Revenues*	*Cost of revenues*	*Gross profit margin*	*Increase/ decrease in revenues over last year*	*Increase/ decrease in cost of revenues over last year*	*Increase/ decrease in gross profit margin over last year*
	RMB million	*RMB million*	*%*	*%*	*%*	
Coal segment	125,875	82,324	34.6	26.0	29.8	Decreased by 1.9 percentage points
Power segment	45,463	35,195	22.6	34.5	42.3	Decreased by 4.2 percentage points
Railway segment	21,306	10,851	49.1	8.9	8.9	Leveled out
Port segment	2,600	1,835	29.4	29.5	28.0	Increased by 0.8 percentage point
Shipping segment	1,561	1,353	13.3	N/A	N/A	N/A

Note: The data and indicators for shipping segment referred to the period from July to December 2010.

Region	***Revenues for 2010***	*Revenues for 2009*	***Increase/decrease in revenues over the same period of last year***
	RMB million	*RMB million*	*%*
Domestic market	**146,251**	113,795	28.5
Asia Pacific market	**5,732**	7,475	(23.3)
Other markets	**80**	42	90.5
Total	**152,063**	121,312	25.3

I. Revenues

In 2010, revenues of the Group were RMB152.063 billion (2009: RMB121.312 billion), representing a year-on-year increase of 25.3%. The increase was mainly due to the rise in coal sales price and increase in coal sales volume and power output dispatch. During the same period, the proportion of coal sales revenue to the total revenues decreased from 69.8% to 67.6% and the proportion of power sales revenue to the total revenues increased from 27.3% to 29.4%.

In 2010, the total sales revenues from the top five customers of the Group were RMB35.877 billion, accounting for 23.6% of the Group's total revenues.

II. Cost of revenues

In 2010, the Group's cost of revenues amounted to RMB86.838 billion (2009: RMB65.492 billion), representing a year-on-year increase of 32.6%. The increase was mainly attributed to the reasons, including: the increase in commercial coal production; the rise in unit production cost of self-produced coal; the rise in volume and price of coal purchased from third parties; and the increase in power generation. In 2010, the amount of purchases from the top five suppliers reached RMB13.948 billion, accounting for 17.2% of the total annual purchases.

III. Other operating expenses, net

Other operating expenses, net of the Group for 2010 amounted to RMB631 million (2009: RMB657 million).

IV. Profit from operations

In 2010, profit from operations of the Group was RMB56.451 billion (2009: RMB47.108 billion), representing a year-on-year increase of 19.8%.

V. Income tax

In 2010, income tax expense of the Group was RMB11.184 billion (2009: RMB9.626 billion), representing a year-on-year increase of 16.2%. The effective income tax rate was 20.4% (2009: 21.0%), representing a year-on-year decrease of 0.6 percentage point.

B. Consolidated financial position

I. Property, plant and equipment, net

As at 31 December 2010, the property, plant and equipment, net of the Group amounted to RMB179.434 billion (31 December 2009: RMB163.645 billion), representing a year-on-year increase of 9.6%. The increase was mainly attributed to the increase in relevant machinery and equipment transferred from power segment and coal segment's construction in progress and newly added during the period. As at 31 December 2010, the proportion of the property, plant and equipment, net of the Group to the total assets was 52.6% (31 December 2009: 52.5%), which was basically flat with that of last year.

II. Inventories

As at 31 December 2010, the Group's inventories amounted to RMB11.167 billion (31 December 2009: RMB7.727 billion), representing a year-on-year increase of 44.5%. The main reason was the increase in coal inventories.

III. Accounts and bills receivable, net

As at 31 December 2010, the accounts and bills receivable, net of the Group was RMB10.645 billion (31 December 2009: RMB8.781 billion), representing a year-on-year increase of 21.2%, which was mainly due to the increase of balance of accounts receivable as a result of the increase in coal and power sales volume.

IV. Accounts and bills payable

As at 31 December 2010, the balance of accounts and bills payable of the Group was RMB18.264 billion (31 December 2009: RMB13.890 billion), representing a year-on-year increase of 31.5%, which was mainly due to the increase in payables for materials and the construction works.

V. Borrowings

As at 31 December 2010, the Group had borrowings of RMB57.585 billion denominated in Renminbi, borrowings denominated in Japanese Yen equivalent to RMB5.486 billion, borrowings denominated in US Dollars equivalent to RMB1.557 billion.

VI. Capital structure

As at 31 December 2010, the gearing ratio (total liabilities/total assets) of the Group was 32.9% (31 December 2009: 36.7%), representing a year-on-year decrease of 3.8 percentage points. The interest cover ratio (profit before interest and tax/interest expenses) was 15.1 times (2009: 11.7 times).

C. Consolidated cash flows

As at 31 December 2010, the Group's cash and cash equivalents amounted to RMB73.345 billion (31 December 2009: RMB65.944 billion), representing an increase of 11.2%. Net cash generated from operating activities increased from RMB53.345 billion for the year ended 31 December 2009 to RMB57.209 billion for the year ended 31 December 2010, representing an increase of 7.2%.

Review on operating results by segment

A. Coal segment

The operating results of the coal segment of the Company before elimination on consolidation in 2010 were as follows:

		2010	*2009*	*Change*
Revenues	RMB million	**125,875**	99,896	26.0%
Cost of revenues	RMB million	**82,324**	63,400	29.8%
Profit from operations	RMB million	**38,156**	31,133	22.6%
Margin of profit from operations	%	**30.3**	31.2	Decreased by 0.9 percentage point
Profit from operations/ average total assets during the reporting period	%	**28.2**	29.9	Decreased by 1.7 percentage points

I. Revenues in coal segment

In 2010, benefiting from the increase in the sales volume and price of coal, revenues in coal segment of the Group before elimination on consolidation were RMB125.875 billion (2009: RMB99.896 billion), representing a year-on-year increase of 26.0%.

II. Cost of revenues in coal segment

In 2010, cost of revenues in coal segment of the Group before elimination on consolidation was RMB82.324 billion (2009: RMB63.400 billion), representing a year-on-year increase of 29.8%. Cost of revenues mainly comprises cost of coal purchased from third parties, production cost of self-produced coal, cost of coal transportation and other costs.

In 2010, cost of coal purchased from third parties was RMB26.499 billion (2009: RMB14.187 billion), representing a year-on-year increase of 86.8%. The increase was mainly due to: (1) the substantial increase in the Company's sales volume of coal purchased from third parties, representing a year-on-year increase of 27.6 million tonnes or 61.6%; (2) increase in unit purchasing cost of coal purchased from third parties, which was RMB366.0/tonne in 2010 (2009: RMB316.7/tonne), representing a year-on-year increase of RMB49.3/tonne or 15.6%.

Production cost of self-produced coal was RMB25.430 billion (2009: RMB21.168 billion), representing a year-on-year increase of 20.1%. The increase was mainly due to the increase in coal production volume and the increase in unit production cost of self-produced coal.

In 2010, unit production cost of self-produced coal in coal segment was RMB115.5/tonne (2009: RMB101.0/tonne), representing a year-on-year increase of 14.4%. The reasons that affect the unit production cost are mainly as follows:

1. Personnel expenses were RMB14.1/tonne (2009: RMB11.3/tonne), representing a year-on-year increase of 24.8%, which was mainly due to the increase in the number of employees and the increase in wages;

2. Depreciation and amortisation were RMB22.3/tonne (2009: RMB20.2/tonne), representing a year-on-year increase of 10.4%, which was mainly attributable to the year-on-year increase of depreciation resulting from increase in acquisition of mining facilities;

3. Repairs and maintenance were RMB10.7/tonne (2009: RMB8.5/tonne), representing a year-on-year increase of 25.9%, which was mainly due to the simultaneous maintenance of certain equipments in Shendong Mines;

4. Others were RMB45.4/tonne (2009: RMB39.3/tonne), representing a year-on-year increase of RMB6.1 or 15.5%, which was mainly attributable to the factors: increase in mining engineering expenses of RMB4.4/tonne resulting from the extension of downward mining and the increasing workload of stripping; as well as the increase in selecting and processing expenses and relevant taxes and fees and etc.

Cost of coal transportation was RMB29.337 billion (2009: RMB27.017 billion), representing a year-on-year increase of 8.6%. The total unit cost of coal transportation was RMB100.3/tonne (2009: RMB106.2/tonne), representing a year-on-year decrease of 5.6%, which was attributable to the decrease in average transportation cost as a result of the increase in sales volume by mine mouth and direct arrival and the decrease in average transportation distance.

III. Profit from operations in coal segment

In 2010, the profit from operations of the Group's coal segment before elimination on consolidation was RMB38.156 billion (2009: RMB31.133 billion), representing a year-on-year increase of 22.6%, while margin of profit from operations of coal segment decreased from 31.2% to 30.3%.

B. Power segment

In 2010, the operating results of the power segment of the Company before elimination on consolidation were as follows:

		2010	*2009*	*Change*
Revenues	RMB million	**45,463**	33,794	34.5%
Cost of revenues	RMB million	**35,195**	24,727	42.3%
Profit from operations	RMB million	**8,353**	7,106	17.5%
Margin of profit from operations	%	**18.4**	21.0	Decreased by 2.6 percentage points
Profit from operations/ average total assets during the reporting period	%	**7.4**	6.9	Increased by 0.5 percentage point

I. Revenues in power segment

In 2010, the revenues of the Group's power segment before elimination on consolidation were RMB45.463 billion (2009: RMB33.794 billion), representing a year-on-year increase of 34.5%, which was mainly attributable to the increase in power output dispatch.

Installed capacity of coal-fired power plants in 2010

Power plants	*Grid location*	*Geographic location*	*Total installed capacity as at 31 December 2009*	*Increase in installed capacity for 2010*	*Total installed capacity as at 31 December 2010*	*Equity installed capacity as at 31 December 2010*
			MW	*MW*	*MW*	*MW*
Huanghua Power	North China Power Grid	Hebei	2,520	–	2,520	1,285
Sanhe Power	North China Power Grid	Hebei	1,300	–	1,300	501
Dingzhou Power	North China Power Grid	Hebei	2,520	–	2,520	1,021
Panshan Power	North China Power Grid	Tianjin	1,000	30	1,030	469
Zhunge'er Power	North China Power Grid	Inner Mongolia	500	(100)	400	232
Shendong Power	Northwest/North China/ Shaanxi Province Power Grid	Inner Mongolia	1,544	1,323	2,867	2,357
Guohua Zhunge'er	North China Power Grid	Inner Mongolia	1,320	–	1,320	601
Beijing Thermal	North China Power Grid	Beijing	400	–	400	280
Suizhong Power	Northeast Power Grid	Liaoning	1,600	2,000	3,600	1,800
Ninghai Power	East China Power Grid	Zhejiang	4,400	–	4,400	2,640
Jinjie Energy	North China Power Grid	Shaanxi	2,400	–	2,400	1,680
Shenmu Power	Northwest Power Grid	Shaanxi	220	–	220	112
Taishan Power	South China Power Grid	Guangdong	3,000	–	3,000	2,400
Huizhou Thermal	South China Power Grid	Guangdong	–	660	660	660
Total installed capacity			22,724	3,913	26,637	16,038

II. Cost of revenues in power segment

In 2010, the cost of revenues of the Group's power segment before elimination on consolidation was RMB35.195 billion (2009: RMB24.727 billion), representing a year-on-year increase of 42.3%.

The unit cost of power output dispatch was RMB264.2/mwh (2009: RMB247.1/mwh), representing a year-on-year increase of 6.9%, which was mainly attributable to the increase in the cost of raw materials, fuels and power as a result of the increase in coal price.

III. Profit from operations in power segment

In 2010, the profit from operations of the Group's power segment was RMB8.353 billion (2009: RMB7.106 billion), representing a year-on-year increase of 17.5%, while the margin of profit from operations in power segment decreased from 21.0% to 18.4%.

C. Railway segment

In 2010, the operating results of the railway segment of the Company before elimination on consolidation were as follows:

		2010	*2009*	*Change*
Revenues	RMB million	**21,306**	19,558	8.9%
Cost of revenues	RMB million	**10,851**	9,962	8.9%
Profit from operations	RMB million	**9,712**	8,801	10.4%
Margin of profit from operations	%	**45.6**	45.0	Increased by 0.6 percentage points
Profit from operations/ average total assets during the reporting period	%	**21.9**	21.9	Leveled out

I. Revenues in railway segment

In 2010, the revenues of the Group's railway segment before elimination on consolidation were RMB21.306 billion (2009: RMB19.558 billion), representing a year-on-year increase of 8.9%, of which, the revenues from internal coal transportation in the railway segment were RMB19.003 billion (2009: RMB17.555 billion), representing a year-on-year increase of 8.2% and accounting for 89.2% of revenues in railway segment. Meanwhile, by utilizing their excessive transportation capacity to provide transportation service to third parties, certain railways of the Group generated transportation revenue.

II. Cost of revenues in railway segment

In 2010, the cost of revenues of the Group's railway segment was RMB10.851 billion (2009: RMB9.962 billion), representing a year-on-year increase of 8.9%, which was mainly attributable to the increase in transportation volume.

Unit cost of transportation in railway segment was RMB0.071/tonne km (2009: RMB0.071/tonne km), which was flat with that of last year.

III. Profit from operations in railway segment

In 2010, the profit from operations of the Group's railway segment before elimination on consolidation was RMB9.712 billion (2009: RMB8.801 billion), representing a year-on-year increase of 10.4%, while margin of profit from operations of railway segment increased from 45.0% to 45.6%.

D. Port segment

In 2010, the operating results of the port segment of the Company before elimination on consolidation were as follows:

		2010	*2009*	*Change*
Revenues	RMB million	**2,600**	2,007	29.5%
Cost of revenues	RMB million	**1,835**	1,434	28.0%
Profit from operations	RMB million	**514**	348	47.7%
Margin of profit from operations	%	**19.8**	17.3	Increased by 2.5 percentage points
Profit from operations/ average total assets during the reporting period	%	**5.0**	3.4	Increased by 1.6 percentage points

I. Revenues in port segment

In 2010, the revenues of the Group's port segment before elimination on consolidation were RMB2.600 billion (2009: RMB2.007 billion), representing a year-on-year increase of 29.5%, of which, revenues from internal coal transportation in the port segment were RMB2.448 billion (2009: RMB1.859 billion), representing a year-on-year increase of 31.7%, which accounted for 94.2% of revenues in port segment.

II. Cost of revenues in port segment

In 2010, the cost of revenues of the Group's port segment was RMB1.835 billion (2009: RMB1.434 billion), representing a year-on-year increase of 28.0%. The unit cost of internal coal transportation in the port segment was RMB15.6/tonne (2009: RMB13.3/tonne), representing a year-on-year increase of 17.3%, which was mainly attributable to a year-on-year increase of port dredging expenses and repairs and maintenance expenses.

III. Profit from operations in port segment

In 2010, the profit from operations of the Group's port segment was RMB0.514 billion (2009: RMB0.348 billion), representing a year-on-year increase of 47.7%, while margin of profit from operations increased from 17.3% to 19.8%.

E. Shipping segment

In 2010, the operating results of the shipping segment of the Company before elimination on consolidation were as follows:

		2010 *Note*	*2009*	*Change*
Revenues	RMB million	**1,561**	–	N/A
Cost of revenues	RMB million	**1,353**	–	N/A
Profit from operations	RMB million	**150**	–	N/A
Margin of profit from operations	%	**9.6**	–	N/A
Profit from operations/ average total assets during the reporting period	%	**6.9**	–	N/A

Note: The data and indicators in the table referred to the period from July to December 2010.

I. Revenues in shipping segment

From July to December 2010, the revenues of the Group's shipping segment before elimination on consolidation were RMB1.561 billion.

II. Cost of revenues in shipping segment

From July to December 2010, the cost of revenues of the Group's shipping segment was RMB1.353 billion. The unit cost of transportation of the shipping segment was RMB0.062/ tonne nautical miles.

III. Profit from operations in shipping segment

For the period from July to December 2010, the profit from operations of the Group's shipping segment was RMB0.150 billion.

Review and prospect of business environment[1]

(I) Macroeconomic conditions

In 2010, the central government further reinforced and improved the macroeconomic measures, effectively improved the general operation of the national economy with a rapid growth in total investment, consumption, import and export. In 2010, GDP grew by 10.3% on a year-on-year basis, representing an increase of 1.1 percentage points as compared with 9.2% in 2009.

In 2011, the global economy is expected to continue its slow recovery, and the central government will maintain the continuity and stability of its macroeconomic policies and continue to implement a proactive financial policy and a prudent monetary policy. 2011 is expected to achieve a 8% growth in GDP. China's economy is expected to grow fast and steadily in 2011, which in turn will boost the demand for energy such as coal.

(II) Market environment of the coal industry

1. Thermal coal market in China

Item	***2010***	*2009*
Coal consumption (100 million tonnes)	**31.8**	30.2
Raw coal output (100 million tonnes)	**32.4**	29.8
Coal transportation by railway (100 million tonnes)	**15.5**	13.3
Coal import (100 million tonnes)	**1.65**	1.26
Coal export (100 million tonnes)	**0.19**	0.22

Source: National Statistics Bureau of China, China Coal Market Network (Note: the figures in this table refer to all types of coal and not thermal coal only.)

1 This section is for information 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 effectiveness 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 in updating the information or correcting any subsequent error that may appear. 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 and China Electricity Council.

Review for 2010

Major coal consuming industries achieved relatively fast growth in 2010, which drove the relatively fast growth in coal demand. The national thermal power generation, steel and cement production volumes grew by 10.0%, 14.7% and 15.5% year-on-year, respectively, meanwhile the national coal consumption was 3.18 billion tonnes, representing a year-on-year increase of 5.3%.

In 2010, China's raw coal output was 3.24 billion tonnes, representing a year-on-year increase of 8.9%, basically flat as compared with that of 2009. In 2010, China closed a total of 1,693 small coal mines and eliminated 155 million tonnes of outdated production capacity.

In 2010, the national volume of coal transported by railway was 1.55 billion tonnes, representing a year-on-year increase of 16.9%. However, the increase in railway transportation capacity could not meet the overall coal transportation demand. As a result, some coal needed to transport by road at a higher cost.

During 2010, the prices of coal in the Asia Pacific market were lower than that in domestic market, resulting in further increase in coal import and decrease in export in China. China became a net importer of coal for 2 consecutive years with net import volume of coal of 146 million tonnes for the year, representing a year-on-year increase of 40.9%.

In 2010, the supply and demand in China's thermal coal market was balanced in general. The spot price for thermal coal increased significantly as compared with that of 2009. Given the impact of seasonal factor, the spot price for thermal coal fluctuated significantly in peak and weak seasons. The close-out spot price of Qinhuangdao thermal coal (5,500 kcal/kg) bottomed at RMB670-680/tonne and peaked at RMB800-810/tonne.

Prospect for 2011

It is expected to see a steady growth in major coal consuming industries in China such as power, iron and steel, construction materials. The national coal demand in 2011 is expected to grow steadily, but relatively stable as compared to that of 2010.

Coal production capacity of China will further increase. The continuous consolidation of coal resources in various provinces and regions will restrain the growth in coal production volume. As major coal producing areas are moving to the western part of China gradually, it is expected that the phenomenon of slightly tight railway transportation capacity will still appear during the peak season for coal consumption in 2011. Meanwhile, the release of production capacity of coal mines in certain regions in Inner Mongolia, Shaanxi and Ningxia is restrained by railway transportation capacity and the situation of "production determined by transport" will still exist.

Thermal coal spot price in the Asia Pacific area is expected to remain high, and will thus weaken the relative price advantage of imported coal over the self-produced coal of China. In 2011, China's thermal coal import volume is estimated to reduce on a year-on-year basis.

It is expected that the overall supply and demand of the national thermal coal market will be balanced in 2011, and given the impact of seasonal factor and others, a situation of slightly tight or surplus supply may appear in different regions in certain periods of time. The major contract prices for coal in China remain the same as last year, and other contract prices have increased to a certain extent, coal spot prices will fluctuated at high levels.

2. Thermal coal market in Asia Pacific

Review for 2010

The economic recovery in Asia Pacific area was the driver of the increase in coal demand in 2010. The thermal coal imports of Japan and South Korea recorded a year-on-year increase of 10.7% to 125 million tonnes and 10.2% to 89 million tonnes respectively; and the thermal coal imports of China amounted to 51 million tonnes, representing a year-on-year increase of 34.3%; and the thermal coal imports of India amounted to 60 million tonnes, representing a year-on-year increase of 24.0%.

The exports of major coal exporting countries increased slightly. The thermal coal exports of Australia amounted to 141 million tonnes, representing a year-on-year increase of 1.6% and the coal exports of Indonesia was 163 million tonnes, representing a year-on-year increase of 4.4%. Exports of countries such as South Africa and Russia to the Asia Pacific regions increased.

There emerged in the Asia Pacific thermal coal market a change from a basically balanced situation of supply and demand to slightly tight supply. The spot price of thermal coal rebounded significantly as compared with that of 2009. Spot price of Australia BJ thermal coal rose from US$90.6/tonne at the beginning of 2010 to US$124.8/tonne by the end of December 2010.

Prospect for 2011

The demand for thermal coal in the Asia Pacific market is expected to increase. The re-construction of Japan after earthquake and economic growth in South Korea will increase the imports of thermal coal. India's thermal coal import volume will continue its increase at a relatively fast pace and the net imports of thermal coal of China will fall.

The growth in thermal coal supply for the Asia Pacific market is expected to be lower than that of last year. Due to factor such as floods in Australia, the exports year-on-year will remain the same as that of last year or decrease slightly. The growth in coal exports of Indonesia will be restrained by factors such as insufficient railway and port transportation facilities and bad weather. Given coal price is higher in Asian market than that of Europe, the thermal coal export from South Africa to Asian market is expected to increase.

It is expected that the supply in the Asia Pacific thermal coal market will be slightly tight and the spot price for thermal coal will fluctuate at high levels.

(iii) Market environment of the power industry

Review for 2010

Power consumption in China increased by 14.6% on a year-on-year basis. Given the impact of factors such as the monthly increase in base for the same period of last year, there was a steady monthly decline in the growth of power consumption. The growth of power consumption in China decreased from 26.0% in January and February to 5.4% in December of 2010.

The power supply capacity further increased. As at the end of 2010, national installed power generating capacity reached 960 million KW, representing a year-on-year net increase of 88.09 million KW.

The closure of small coal-fired power generation units was in smooth progress. As at the end of 2010, small coal-fired power generation units with an aggregate capacity of 72.10 million KW were shut down during the "Eleventh Five-year Plan" period, which outperformed the target of elimination of capacity of 50.00 million KW of the "Eleventh Five-year Plan" period.

The supply and demand of power in China was balanced in general in 2010. The national average utilization hours of coal-fired power generating equipments was 5,031 hours, representing a year-on-year increase of 166 hours. Given the impact of factors such as the rise in the spot price of thermal coal, the year-on-year profitability of the power industry declined.

Prospect for 2011

China's economy is expected to achieve a relatively fast and steady growth. Power consumption for 2011 is expected to grow slower than that in 2010.

China's installed capacity of power generation will continue to expand. Among which, the expansion of the installed capacity of coal-fired generators will slow down, while that of new energy and clean energy generators such as wind power generators will further increase. Meanwhile, the closure of small coal-fired power generation units will continue.

It is expected that the supply and demand of power in China will be balanced in general in 2011. The average utilization hours of power generating equipments will remain basically the same on a year-on-year basis. Given the impact of seasonal factor, surplus of supply or tight supply may appear in some regions and periods.

PROFIT DISTRIBUTIONS

Net profit attributable to equity shareholders of the Company for 2010 under the Accounting Standards for Business Enterprises amounted to RMB37.187 billion, representing basic earnings per share of RMB1.870. The Board recommends payment of a final dividend for 2010 of RMB0.75 per share (inclusive of tax), totalling approximately RMB14.917 billion (inclusive of tax), which represents 40.1% of net profit attributable to equity shareholders of the Company.

Dividend distributed by the Company will be denominated and declared in Renminbi ("RMB") and paid to holders of domestic shares in RMB and to holders of foreign shares in Hong Kong dollars ("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 on the five business days preceding the date of declaration of such dividend.

Under relevant regulations of China Securities Depository and Clearing Corporation Shanghai Branch and according to the market practice adopted for dividend distribution for A shares, the Company will publish a separate announcement in respect of dividend distribution to holders of A shares for the year 2010 after the Annual General Meeting of 2010 to determine the record date and ex-rights date for dividend distribution to holders of A shares for the year 2010.

The final dividend for H shares for this reporting period will be paid by the Company to the holders of H shares whose names appear on the register of members of the Company on 27 April 2011. The record date for the payment of dividends for H shares will be 27 April 2011.

The register of members for H shares of the Company will be closed from 27 April 2011 to 27 May 2011 (both days inclusive). To be qualified for the final dividend for 2010, the holders of H shares shall lodge their share certificates and instruments of transfer with the Company's H share registrar and transfer office, Computershare Hong Kong Investor Services Limited for registration no later than 4:30 p.m. on Tuesday, 26 April 2011.

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 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 registered not under the name of an individual shareholder, including 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 should read and consider the above carefully. If any investor intends to have his name registered under the name of an individual shareholder in the register of members for H shares of the Company, please enquire about the relevant procedures with your agents or trustees. The Company has no obligation and shall not be responsible for confirming the identities of the shareholders. The Company will strictly comply with laws, and withhold and pay enterprise income tax on behalf of the relevant shareholders based on the register of members for H shares of the Company on the record date for the dividend payment for H shares. The Company will not entertain any requests relating to any delay in confirming the identity of the shareholders or any errors in the identity of the shareholders.

CORPORATE GOVERNANCE

The Company has established a system of corporate governance practices in accordance with the "Code on Corporate Governance Practices" as set out in Appendix 14 of the Hong Kong Listing Rules. The Company has been in full compliance with the provisions of the "Code on Corporate Governance Practices" and most of the recommended best practices as specified therein for the year ended 31 December 2010.

Operation of Board Committees of the Company

Performance of duties by the Audit Committee

The Audit Committee of the first session of the Board comprised Dr. Chen Xiaoyue, Mr. Huang Yicheng, Mr. Neoh Anthony Francis and Mr. Gong Huazhang, with Dr. Chen Xiaoyue and Mr. Gong Huazhang as the chairman successively, while the Audit Committee of the second session of the Board comprises Mr. Gong Huazhang, Mr. Xie Songlin and Mr. Guo Peizhang, with Mr. Gong Huazhang as the chairman.

During the reporting period, the Audit Committee carried out its duties strictly in accordance with the "Rules of Procedures of Meetings of the Audit Committee of the Board of Directors of China Shenhua Energy Company Limited".

In 2010, the Audit Committee held eight meetings in total, and all members of the Committee attended all the meetings in person during their respective terms of office.

The Audit Committee has performed the following necessary procedures as part of its work for 2010 annual report of the Company:

On 5 May 2010, the Audit Committee entrusted the Internal Control and Audit Department to consider the report from the auditors on the audit for the year 2009, and summarise, analyse and formulate the "Summary report of external audit of China Shenhua Energy Company Limited for the year 2009 (including subsidiaries and branches)".

On 27 July 2010, the Internal Control and Audit Department reported to Gong Huazhang, the chairman of the Audit Committee on the audit fee of the auditors and the internal control and risk management of the Company.

On 25 November 2010, the Audit Committee entrusted the Internal Control and Audit Department to discuss with the auditor, on the contents, requirements and work schedule for the audit of our financial statements for the year.

On 26 November 2010, the Audit Committee reviewed the audit work plan of our auditors in relation to the financial statements for 2010.

On 26 January 2011, the Audit Committee entrusted the Internal Control and Audit Department to discuss the progress of pre-approval audit of the annual report, and considered the summary report on audit for the year 2010, to coordinate and resolve audit issues and work with the auditors to improve work efficiency and the audit quality.

On 8 March 2011, the Audit Committee reviewed the unaudited financial statements for 2010 (draft) and the self-assessment report on internal control of the Board of the Company (2010) (draft) prepared by the Company.

On 21 March 2011, the Audit Committee considered the report from Zhang Kehui, the chief financial officer, on the accounting policies, the preparation of the financial statements and the audit progress.

On 21 March 2011, the Audit Committee approved the audited financial statements for 2010, the self-assessment report on internal control for the year 2010 and the social responsibility report for the year 2010, and agreed to submit them to the Board for approval.

The Audit Committee discussed independently with the external auditors and no inconsistency with the report from the management was found.

Performance of duties by the Strategy Committee

The Strategy Committee of the first and the second session of the Board comprised Dr. Zhang Xiwu, Dr. Zhang Yuzhuo and Dr. Ling Wen, with Dr. Zhang Xiwu as the chairman.

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 perform other matters authorised by the Board.

In 2010, the Strategy Committee of the Board held one meeting.

Performance of duties by the Remuneration Committee

The Remuneration Committee of the first session of the Board comprised Mr. Neoh Anthony Francis, Dr. Ling Wen, Dr. Chen Xiaoyue and Mr. Gong Huazhang, with Mr. Neoh Anthony Francis as the chairman, while the Remuneration Committee of the second session of the Board comprises Ms. Fan Hsu Lai Tai, Mr. Gong Huazhang and Mr. Liu Benren, with Ms. Fan Hsu Lai Tai as the chairman.

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 authorized by the Board to fix the specific remuneration package, including non-monetary benefits, pension and compensation (including compensation for loss or termination of office or appointment) for all executive directors, supervisors, the president and other members of the senior management, to ensure that none of the directors or any of their respective associates fixes his/her own remuneration, and to carry out any other matter as authorized by the Board.

In 2010, the Remuneration Committee held two meetings in total, and all members of the Committee attended all the meetings in person during their respective terms of office.

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 2010.

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

Performance of duties by the Nomination Committee

The Nomination Committee of the first session of the Board comprised Dr. Zhang Xiwu, Mr. Huang Yicheng, Mr. Neoh Anthony Francis and Dr. Chen Xiaoyue, with Dr. Zhang Xiwu as the chairman, while the Nomination Committee of the second session of the Board comprises Dr. Zhang Xiwu, Ms. Fan Hsu Lai Tai and Mr. Guo Peizhang, with Dr. Zhang Xiwu as the chairman.

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 search 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 authorized by the Board.

In 2010, the Nomination Committee held three meetings in total, and all members of the Committee attended all the meetings in person during their respective terms of office.

Performance of duties by the Safety, Health and Environment Committee

The Safety, Health and Environment Committee of the first session of the Board comprised Mr. Huang Yicheng, Dr. Zhang Yuzhuo, Dr. Ling Wen, Mr. Han Jianguo and Mr. Gong Huazhang, with Mr. Huang Yicheng as the chairman, while the Safety, Health and Environment Committee of the second session of the Board comprises Mr. Guo Peizhang, Dr. Zhang Yuzhuo, Dr. Ling Wen and Mr. Han Jianguo, with Mr. Guo Peizhang as the chairman.

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; give advice 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, properties, assets, staff or other facilities; as well as review and supervise the resolution of such incidents and carry out any other matter as authorised by the Board.

In 2010, the Safety, Health and Environment Committee held two meetings in total, and all members of the Committee attended all the meetings in person during their respective terms of office.

Others

For the year ended 31 December 2010, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any securities of the Company as defined in the Hong Kong Listing Rules.

ANNUAL REPORT

The 2010 annual report will be published on the website of the Hong Kong Stock Exchange in due course.

The 2010 annual report, which contains consolidated financial statements for the year ended 31 December 2010, with an unqualified auditor's report, will be despatched to shareholders as well as made available on the Company's website at http://www.csec.com.

DEFINITIONS

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

Accounting Standards for Business Enterprises	Accounting Standards for Business Enterprises – Basic Standard and 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
Audit Committee	Audit committee of the Board
Australia Holdings	Shenhua Australia Holdings Pty Limited
Baoshen Railway	Shenhua Baoshen Railway Co., Ltd.
Beidian Shengli Energy	Shenhua Beidian Shengli Energy Co., Ltd.
Beijing Thermal	Shenhua Guohua International Power Company Limited Beijing Thermal Power Branch
Board	the board of directors of the Company
Branches and Subsidiaries	Branches and subsidiaries of the Company, unless otherwise specified in the context
Company	China Shenhua Energy Company Limited

CSRC	China Securities Regulatory Commission
Dingzhou Power	Hebei Guohua Dingzhou Power Generation Co., Ltd.
EMM Indonesia	PT.GH EMM INDONESIA
Guohua International	Shenhua Guohua International Power Co., Ltd.
Guohua Power Branch	China Shenhua Energy Company Limited Guohua Power Branch
Guohua Zhunge'er	Inner Mongolia Guohua Zhunge'er Power Generation Co., Ltd.
Ha'erwusu Coal Branch	China Shenhua Energy Company Limited Ha'erwusu Coal Branch
Hong Kong Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Huanghua Port	Shenhua Huanghua Harbour Administration Co., Ltd.
Huanghua Power	Hebei Guohua Cangdong Power Co., Ltd.
Huizhou Thermal	China Shenhua Energy Company Limited Guohua Huizhou Thermal Power Branch
Jinjie Energy	Shaanxi Guohua Jinjie Energy Co., Ltd.
Ninghai Power	Zhejiang Guohua Zheneng Power Generation Co., Ltd.
Nomination Committee	Nomination committee of the Board
Panshan Power	Tianjin Guohua Panshan Power Generation Co., Ltd.
PRC	the People's Republic of China
Remuneration Committee	Remuneration committee of the Board
Rolling Stock Branch	China Shenhua Energy Company Limited Rolling Stock Branch
Safety, Health and Environment Committee	Safety, health and environment committee of the Board
Sanhe Power	Sanhe Power Co., Ltd.

Shanghai Listing Rules	Rules Governing the Listing of Shares on the Shanghai Stock Exchange
Shanghai Stock Exchange	Shanghai Stock Exchange
Shendong Coal	Shenhua Shendong Coal Group Co., Ltd.
Shendong Coal Branch	China Shenhua Energy Company Limited Shendong Coal Branch
Shendong Coal Group	the corporation conglomerate consisting of Shenhua Shendong Coal Group Co., Ltd. and its subsidiaries
Shendong Power	Shenhua Shendong Power Co., Ltd.
Shenhua Finance	Shenhua Finance Co., Ltd.
Shenhua Group	Shenhua Group Corporation and its subsidiaries
Shenhua Group Corporation	Shenhua Group Corporation Limited
Shenhua Shipping Company	Shenhua Zhonghai Shipping Co., Ltd. (formerly known as Zhuhai New Century Shipping Ltd.)
Shenhua Tianjin Coal Dock	Shenhua Tianjin Coal Dock Co., Ltd
Shenhua Trading	Shenhua Coal Trading Co., Ltd.
Shenhua Xinjie	Shenhua Xinjie Energy Co., Ltd.
Shenhua Xinzhun	Shenhua Xinzhun Railway Co., Ltd.
Shenmu Power	CLP Guohua Shenmu Power Co., Ltd.
Shenshuo Railway Branch	China Shenhua Energy Company Limited Shenshuo Railway Branch
Shuohuang Railway	Shuohuang Railway Development Co., Ltd.
Strategy Committee	Strategy committee of the Board
Suizhong Power	Suizhong Power Co., Ltd.
Taishan Power	Guangdong Guohua Yuedian Taishan Power Co., Ltd.

Group or China Shenhua	China Shenhua Energy Company Limited and its subsidiaries
Watermark	Shenhua Watermark Coal Pty Limited
Wuhai Energy	Shenhua Wuhai Energy Company Limited
Yuyao Power	Zhejiang Guohua Yuyao Gas-fired Power Co., Ltd.
Zhunge'er Energy	Shenhua Zhunge'er Energy Co., Ltd.
Zhunge'er Power	Power-generating arm controlled and operated by Shenhua Zhunge'er Energy Co., Ltd.

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

Beijing, 25 March 2011

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