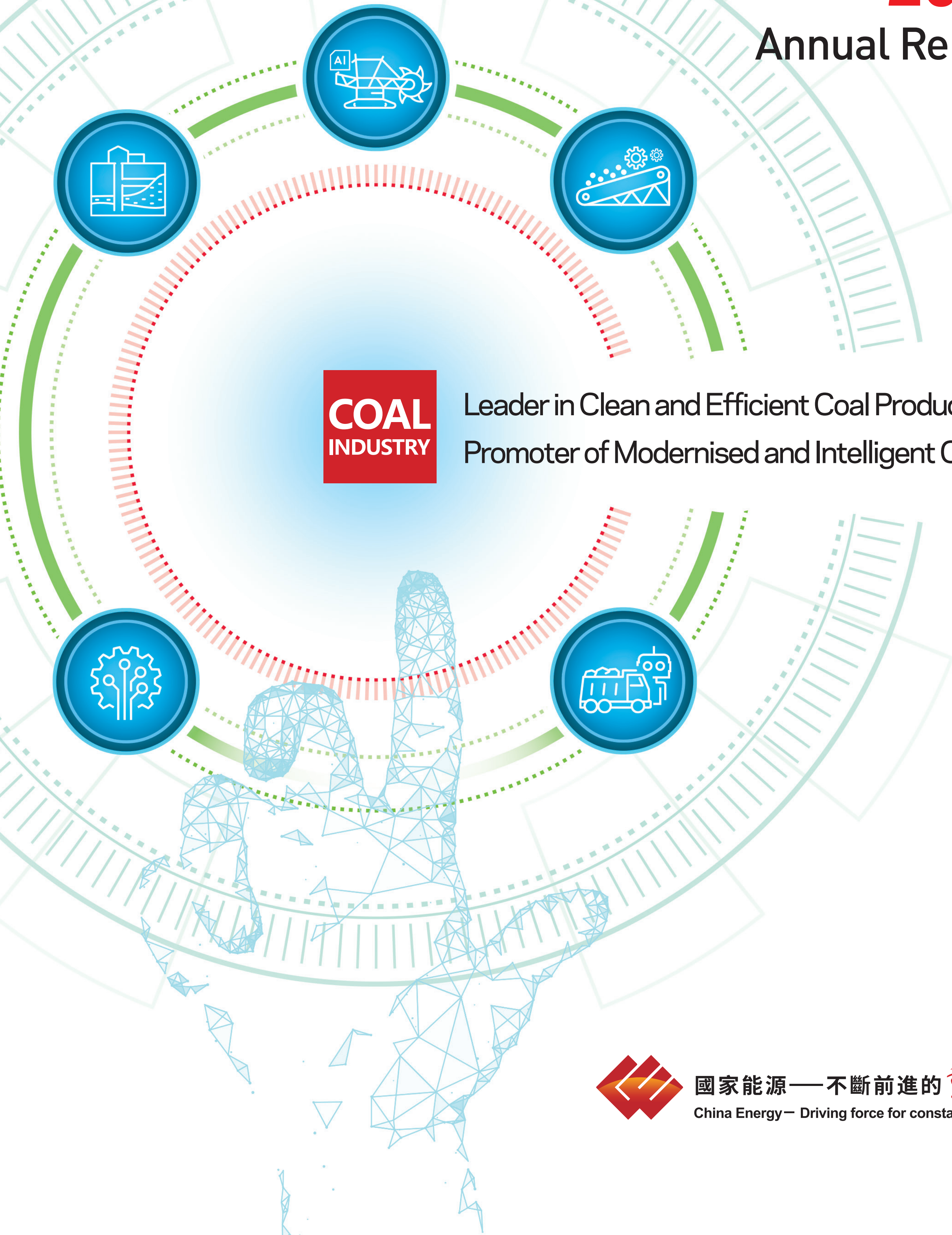
中国神华能源股份有限公司
CHINA SHENHUA ENERGY COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code: 01088

2022 Annual Report



COAL INDUSTRY

Leader in Clean and Efficient Coal Production

Promoter of Modernised and Intelligent Coal Mines

國家能源——不斷前進的動力

China Energy— Driving force for constant progress

Important Notice

I. The Board, Supervisory Committee and all Directors, Supervisors and senior management of the Company warrant that this report does not contain any misrepresentations, misleading statements or material omissions, and are jointly and severally liable for the authenticity, accuracy and completeness of the information contained in this report.

II. This report was approved at the twentieth meeting of the fifth session of the Board of the Company. 8 out of 8 Directors attended the meeting in person.

III. KPMG has issued a standard unqualified independent auditor's report in accordance with the Hong Kong Standards on Auditing on the Company's financial statements for the year 2022 prepared under the International Financial Reporting Standards.

IV. Lv Zhiren, the person in charge of the Company, Song Jinggang, Chief Financial Officer and Yu Yanling, person-in-charge of the Accounting Department, warrant the authenticity, accuracy and completeness of the financial statements contained in this report.

V. The Board proposed the payment of a final dividend in cash of RMB2.55 per share (inclusive of tax) for the year 2022 based on the total registered share capital on the equity registration date of the implementation of the equity distribution. The profit distribution proposal is subject to the approval by shareholders at the general meeting. According to the total share capital of 19,868,519,955 shares of the Company as at 31 December 2022, the final dividend totaling RMB50,665 million (inclusive of tax) will be paid.

VI. Disclaimer of forward-looking statements: The 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, may differ materially from the actual outcome. 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.

VII. Is there any situation of non-operating appropriation of funds by controlling shareholder(s) and other related party(ies)?: No

VIII. Is there any situation of violation of decision-making procedures for external guarantee provision?: No

IX. Whether more than half of the Directors cannot warrant the authenticity, accuracy and completeness of the annual report disclosed by the Company?: No

X. Warning on major risks: impacted by the supply and demand of coal and power generation and the adjustment to industrial policies, the Group is exposed to some uncertainties on achieving the business targets for 2023. In addition, the Company has disclosed the risks of safety production, environmental protection, market competition, investment, compliance, project management, international operation, macroeconomic fluctuation, integrated operation, policy and other risks faced by the Company in detail in the section headed "Directors' Report", which investors should pay attention to.

Contents

Section I Definitions

Unless the context otherwise requires, the following terms used in this report have the following meanings:

China Shenhua/the Company	China Shenhua Energy Company Limited
the Group	the Company and its subsidiaries
China Energy	China Energy Investment Corporation Limited (國家能源投資集團有限責任公司)
China Energy Group	China Energy and its subsidiaries (excluding the Group)
China Guodian	China Guodian Group Co., Ltd. (中國國電集團有限公司)
Guodian Group	China Guodian and its subsidiaries
GD Power	GD Power Development Co., Ltd.
Shendong Coal	China Energy Shendong Coal Group Co., Ltd.
Shendong Power	Shenhua Shendong Power Co., Ltd.
Zhunge'er Energy	Shenhua Zhunge'er Energy Co., Ltd.
Baorixile Energy	China Energy Baorixile Energy Co., Ltd.
Beidian Shengli	China Energy Beidian Shengli Energy Co., Ltd.
Shuohuang Railway	China Energy Shuohuang Railway Development Co., Ltd.
Railway Equipment	China Energy Railway Equipment Co., Ltd.
Trading Group	China Energy Trading Group Limited
Huanghua Harbour Administration	China Energy Huanghua Harbour Administration Co., Ltd.
Tianjin Harbour Administration	China Energy (Tianjin) Harbour Administration Co., Ltd.
Zhuhai Harbour Administration	China Energy Zhuhai Harbour Administration Co., Ltd.
Shipping Corporation	Guoneng Yuanhai Shipping Co., Ltd.
Baoshen Railway	China Energy Baoshen Railway Group Co., Ltd.
Baotou Energy	China Energy Baotou Energy Co., Ltd.
Yulin Energy	China Energy Yunlin Energy Co., Ltd.
Baotou Coal Chemical	China Energy Baotou Coal Chemical Co., Ltd.
Sichuan Energy	China Energy Sichuan Energy Co., Ltd.

Section I Definitions (Continued)

Fujian Energy	Shenhua (Fujian) Energy Co., Ltd.
EMM Indonesia	PT.GH EMM INDONESIA
Zhunge'er Power	Power-generating division controlled and operated by Zhunge'er Energy
Shenmu Power	China Energy Shaanxi Shenmu Power Co., Ltd.
Taishan Power	China Energy Yudean Taishan Power Co., Ltd.
Cangdong Power	China Energy Hebei Cangdong Power Co., Ltd.
Jinjie Energy	China Energy Jinjie Energy Co., Ltd.
Dingzhou Power	China Energy Hebei Dingzhou Power Generation Co., Ltd.
Mengjin Power	China Energy Mengjin Thermal Power Co., Ltd.
Jiujiang Power	China Energy Shenhua Jiujiang Power Co., Ltd.
Huizhou Thermal	China Energy (Huizhou) Thermal Power Co., Ltd.
Beijing Gas-fired Power	China Energy Guohua (Beijing) Gas-fired Power Co., Ltd.
Shouguang Power	China Energy Shouguang Power Generation Company Limited
Liuzhou Power	China Energy Guangtou (Liuzhou) Power Generation Co., Ltd.
Pembangkitan Jawa	PT. Shenhua Guohua Pembangkitan Jawa Bali
Yongzhou Power	China Energy Group Yongzhou Power Co., Ltd.
Shengli Energy	Shengli Energy Branch of the Company
Beihai Power	China Energy Guangtou (Beihai) Power Generation Co., Ltd.
Shenhua Lease Company	Shenhua (Tianjin) Finance Lease Co., Ltd.
Finance Company	China Energy Finance Co., Ltd.
JORC	Australasian Code for Reporting of Mineral Resources and Ore Reserves
SSE	Shanghai Stock Exchange

HKEx	The Stock Exchange of Hong Kong Limited
Shanghai Listing Rules	Rules Governing the Listing of Stocks on SSE
Hong Kong Listing Rules	Rules Governing the Listing of Securities on the HKEx
China Accounting Standards for Business Enterprises	The latest Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China and the related application guidance, interpretations and other related requirements
International Financial Reporting Standards	International Financial Reporting Standards issued by the International Accounting Standards Board
Articles of Association	Articles of Association of China Shenhua Energy Company Limited
EBITDA	Profit for the year + net financial costs + income tax + depreciation and amortization – share of profits and losses of associates
Gearing ratio	Total liabilities/total assets
Total debt to total equity ratio	[Long-term interest bearing debt + short-term interest bearing debt (including notes payable)]/[long-term interest bearing debt + short-term interest bearing debt (including notes payable) + total shareholder equity]
Shanghai-Hong Kong Stock Connect	A mutual access and connect mechanism for transactions in stock markets between SSE and HKEx
Shenzhen-Hong Kong Stock Connect	A mutual access and connect mechanism for transactions in stock markets between Shenzhen Stock Exchange and HKEx
RMB	Renminbi unless otherwise specified
reporting period	January to December 2022

Section II Company Profile and Major Financial Indicators

I. INFORMATION OF THE COMPANY

Chinese Name of the Company	中國神華能源股份有限公司
Short Name of Chinese Name of the Company	中國神華
English Name of the Company	China Shenhua Energy Company Limited
Abbreviation/Short Name of English Name of the Company	CSEC/China Shenhua
Legal Representative of the Company	Mr. Wang Xiangxi resigned as the Chairman and Executive Director of the Company on 29 July 2022 with immediate effect. The selection and appointment of the new chairman are in progress.
Authorised Representative of the Company under the Hong Kong Listing Rules	Lv Zhiren

II. CONTACTS AND CONTACT DETAILS

	Secretary to the Board	Representative of Securities Affairs
Name	Lv Zhiren (deputised)	Zhuang Yuan
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@csec.com	ir@csec.com

	Office of the Board of the Company	Hong Kong Office of the Company
Address	22 Andingmen Xibinhe Road, Dongcheng District, Beijing (Postal Code: 100011)	Room B, 54th 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

III. PARTICULARS

Registered Address of the Company	22 Andingmen Xibinhe Road, Dongcheng District, Beijing
Postal Code of Registered Address of the Company	100011
Change of Registered Address of the Company	N/A
Office Address of the Company	22 Andingmen Xibinhe Road, Dongcheng District, Beijing
Postal Code of Office Address of the Company	100011
Company Website	www.csec.com or www.shenhuachina.com
E-mail	ir@csec.com

IV. INFORMATION DISCLOSURE AND PLACE FOR DOCUMENT INSPECTION

Media for disclosure of annual report of the Company	China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily
Stock exchange websites for disclosure of annual report of the Company	www.sse.com.cn and www.hkexnews.hk
Annual report is available at	SSE, Office of the Board of the Company and Hong Kong Office of the Company

V. BASIC INFORMATION ON SHARES

Type	Stock Exchange	Abbreviation	Stock Code
A Share	SSE	China Shenhua	601088
H Share	HKEx	China Shenhua	01088

VI. OTHER RELEVANT INFORMATION

Auditor engaged by the Company (China's mainland)	Name	KPMG Huazhen LLP
	Office Address	8th, Tower E2, Oriental Plaza, 1 East Chang An Avenue, Beijing
	Signing Auditors	Zhang Nan, Wang Xia
Auditor engaged by the Company (Hong Kong)	Name	KPMG (Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance)
	Office Address	8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong
	Signing Auditors	Guen Kin Shing
Share Registrar and Transfer Office of the Company (A Share)	Name	China Securities Depository and Clearing Corporation Limited Shanghai Branch
	Office Address	188 Yanggao South Road, Pudong New Area, Shanghai
Share Registrar and Transfer Office of the Company (H Share)	Name	Computershare Hong Kong Investor Services Limited
	Office Address	17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

VII. MAJOR ACCOUNTING DATA AND FINANCE INDEX

		2022	2021 After restatement	2021 Before restatement	Change %
Revenue	RMB million	**344,533**	335,640	335,216	2.6
Profit for the year	RMB million	**85,357**	60,784	61,009	40.4
Profit for the year attributable to equity holders of the Company	RMB million	**72,903**	51,422	51,607	41.8
Basic earnings per share	RMB/share	**3.669**	2.588	2.597	41.8
Net cash generated from operating activities	RMB million	**109,734**	94,350	94,575	16.3
Return on total assets as at the end of the period	%	**13.7**	10.0	10.0	Increased by 3.7 percentage points
Return on net assets as at the end of the period	%	**18.4**	13.5	13.6	Increased by 4.9 percentage points
EBITDA	RMB million	**121,536**	101,455	101,680	19.8

		At the end of 2022	At the end of 2021 After restatement	At the end of 2021 Before restatement	Change %
Total assets	RMB million	**625,178**	610,372	610,597	2.4
Total liabilities	RMB million	**162,456**	161,376	161,376	0.7
Total equity	RMB million	**462,722**	448,996	449,221	3.1
Equity attributable to equity holders of the Company	RMB million	**396,937**	379,853	380,038	4.5
Total share capital at the end of the period	RMB million	**19,869**	19,869	19,869	0.0
Equity attributable to equity holders per share	RMB/share	**19.98**	19.12	19.13	4.5
Gearing ratio	%	**26.0**	26.4	26.4	Decreased by 0.4 percentage points
Total debt to total equity ratio	%	**10.7**	12.4	12.4	Decreased by 1.7 percentage points

Reasons for restatement of financial statements:

According to the relevant requirements under the Amendments to IAS 16, "Property, Plant and Equipment: Proceeds before Intended Use", the Group has changed the accounting methods in respect of the sales on trial operation since 1 January 2022, and restated the financial statements for the comparable periods. For details of changes in accounting policies and restatement of financial statements mentioned above, please refer to the announcement of the Company dated 27 April 2022 in relation to the changes in accounting policies, and "Changes in Accounting Policies" set out in notes to the financial statements in this report.

VIII. DIFFERENCE IN ACCOUNTING DATA UNDER DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

Unit: RMB million

	Net profit attributable to equity holders of the Company			Net assets attributable to equity holders of the Company		
	2022	2021		**At the end of 2022**	At the end of 2021	
		After restatement	Before restatement		After restatement	Before restatement
Under China Accounting Standards for Business Enterprises	**69,626**	50,084	50,269	**393,854**	376,690	376,875
Adjustments for:						
Simple production maintenance, safety production and other related expenditure	**3,277**	1,338	1,338	**3,083**	3,163	3,163
Under International Financial Reporting Standards	**72,903**	51,422	51,607	**396,937**	379,853	380,038

Explanation on differences in domestic and overseas accounting standards:

Pursuant to the relevant regulations of the related government authorities in the PRC, the Group accrued provisions for simple production maintenance, safety production and other related expenditures, 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 are recognised 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 has also been reflected.

IX. MAJOR FINANCIAL DATA OF EACH QUARTER OF 2022

Unit: RMB million

	First quarter (January – March)	**Second quarter (April –June)**	**Third quarter (July – September)**	**Fourth quarter (October – December)**
Revenue	83,902	81,677	84,910	94,044
Profit for the period attributable to equity holders of the Company	19,796	22,679	20,298	10,130
Net cash generated from operating activities	28,436	29,927	32,727	18,644

In the fourth quarter, the decrease in the profit for the period attributable to equity holders of the Company as compared to the previous three quarters was primarily due to the following reasons: (1) the cost and expenditure incurred by the Group in the fourth quarter are higher than that in the first three quarters; (2) the Group conducted impairment assessment on assets with impairment indications and accrued provisions for impairment of assets based on the assessment results; and (3) the increases in special rectification cost for coal, external donation and other expenditures.

Section III Board's Statement

Dear Shareholders:

2022 was a crucial year in the history of the Party and the PRC, during which the 20th National Congress of the CPC was successfully convened, marking a new move towards the Chinese-style modernization. Energy industry in the PRC entered a new stage in which the pressure to secure stable supply and price was undiminished and market operation mode was adjusted, withstood superimposed tests of "highest temperature, minimum hydropower and maximum load". China Shenhua strictly upheld the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, studied in-depth, propagated, and implemented the guiding principles of the 20th National Congress of the CPC. We followed through the decisions and plans made by the Central Party Committee and the State Council, positively responded to the changing situation, actively fulfilled our commitments, and fully accomplished all targets and tasks for the year, maintained a good momentum for high-quality development. We recorded RMB72.9 billion in profit for the year attributable to owners of the Company and basic earnings per share of RMB3.669. The closing gearing ratio was 26.0%, with the total market capitalisation amounting to USD75.2 billion. In the S&P Global Platts Top 250 Global Energy Company Rankings (全球能源公司2022年度250強) in 2022 released by S&P Global Platts, we ranked 13th, which was 3rd among the Chinese enterprises in the list.

We strived to be the cornerstone for energy supply with integrated operation as our core. We vigorously promoted the mission of "empowering social development and boosting economic growth", strictly carried out the work requirements on "securing safety of energy with coal and ensuring stability of electricity with coal-fired power", and conscientiously performed our duties and mission as a listed central state-owned enterprise. We took effective steps to cope with the impact of negative factors such as public health incidents, shortage in resources, market fluctuation, extreme weather, etc.. While ensuring safety, we formulated an efficient production for the main mines, with average monthly output for self-produced commercial coal of over 26 million tonnes. The transportation segments fully released their transportation capacities, and maintained high-level of turnover volume for self-owned railways and shipping. Electricity power units were operated for more and full load power generation, with power generation increasing by 14.9% year-on-year. The Company improved its overall production and organisation capacity in the industry, successfully completed the task of supply guarantee at each stage, strictly followed policies of stabilizing the market and price, which was highly recognised by all parties.

We targeted value creation, and continued to improve development quality and efficiency. The industrial chain became more resilient. We completed the renewal and division of the exploration rights in Taigemiao North Area, obtained the exploration rights permit for Xinjie No. 1 Mine and No. 2 Mine, and obtained reply from the National Mine Safety Administration on increase in production capacity of Huangyuchuan, Qinglongsi, Shenshan coal mines of 4.6 million tonnes per annum in aggregate. Luoyuanwan Power Plant and Beihai Power Phase I were completed and put into operation, and construction began on Huizhou Thermal Power Plant Phase II. The "three types of technical reforms" of coal-fired power units were implemented in an orderly manner. The Phase I of 70,000-tonne two-way waterway project in Huanghua Port passed the acceptance, the 300 million tonnes capacity expansion project of Shenshuo Railway was implemented smoothly, with 2 dedicated special railway lines being set up. The prevention and control of material risks achieved satisfactory results. Under the high-intensity continuous operation, we identified and addressed safety hazards, and maintained the overall stability of safety operation. We improved management and control on funds, with overall external interest-bearing liabilities decreasing by nearly 13% as compared with the beginning of the year. We strengthened capital operation, and completed the acquisition of minority interests of enterprises such as Jinjie Energy, improving profits for the year attributable to equity holders of the Company and return on net assets.

We strived to be the vanguard of green transformation with the carbon peak and carbon neutralization goals as our direction. We firmly implemented the goals and tasks of carbon peak and carbon neutrality, optimised and adjusted the "14th Five-Year Plan" of the Company, prepared the action plan of carbon peak for the Company to improve the top-level design for transformation and development. We strengthened strategic cooperation with internal and external enterprises of China Energy Group and local governments to explore new energy investment opportunities in various ways. As at the end of the reporting period, the subsidiaries and branches of the Company had put into production 105.5 MW of photovoltaic projects. We accelerated the implementation of energy-saving and environmental protection transformation of existing equipment, and the comprehensive energy consumption intensity was reduced by 0.28 tonne standard coal/RMB10,000 year-on-year. The Company continued to promote the comprehensive air pollution management and the efficient use of water resources as a whole, strengthened the ecological restoration and biodiversity protection of key enterprises in the Yellow River and Yangtze River basins and led the green mine production capacity in China. Huanghua Harbour Administration was awarded the "China Environment Excellence Award"(中華環境優秀獎), making itself the first port enterprise in China to receive the award.

We are motivated by reform and innovation to fully stimulate new growth drivers of enterprises. The three-year reform of state-owned enterprises was successfully completed, and the cadre and personnel, labor, and distribution system have been continuously improved. Based on the actual research, we formulated the implementation plan and formed a roadmap to speed up the construction of a world-class comprehensive energy listed company with remarkable achievements in scientific and technological innovation. Focusing on the national key research and development plan, we took the lead in organising the research on ammonia-doped combustion technology of coal-fired power generation boilers. A number of key scientific research projects, including enterprise-class 5G core network and high-power hydrogen shunting locomotive, achieved landmark results. 900 patents were granted throughout the year, of which 208 were invention patents, with a year-on-year increase of 61.5% in R&D investment. We accelerated the digital transformation. The target of "five 100%" in intelligent construction of coal mines was completed, Daliuta Mine passed the acceptance of the first batch of national intelligent demonstration coal mines and the driverless marshalling project of Baorixile Energy strip mine passed the national acceptance. The railway dispatching information system was completed and put into operation which realised interconnection between the general dispatching room and the dispatching centers of various railway companies and stations.

We strived to be the model of listed companies by taking governance demonstration enterprises as the starting point. We explored and promoted the construction of the modern enterprise system with Chinese characteristics, unified strengthening the leadership of the Party and improving corporate governance, improved the list of decision-making matters, revised the rules of procedure of "the general meeting, the Board and the Board of Supervisors and the management" (三會一層) to give full play to the function of the Board of Directors, further promoted the tenure system and contractual management of members at the management level. The Company participated in the formulation of group standards including ESG Disclosure Guide for Enterprises (企業 ESG 披露指南) and ESG Report Preparation Guide for Enterprises (企業ESG報告編製指南), and was selected into Central State-owned Enterprises ESG Pioneer 50 Index (央企ESG先鋒50指數), the Fortune China ESG Influence List (《財富》中國 ESG 影響力榜單), the Forbes China ESG50 List (福布斯中國 ESG50 榜單), etc.. ESG governance of the Company continued to lead the industry. We consolidated a good image and fulfilled the responsibilities as the central state-owned enterprise, continued to implement a large proportion of cash dividends to realise the vision of common prosperity. We actively participated in social welfare and charity, and were selected as the "Best Practice Case of Rural Revitalization of Listed Companies" (上市公司鄉村振興最佳實踐案例). It was the first time for the Company to participate in the "2022 China Brand Value Evaluation Information" (2022 中國品牌價值評價信息), ranking fourth in the field of energy and chemical industry and first in the listed energy companies.

Under the guidance of the Party building, we strived to cement the "root" and "spirit" of high-quality development. We strengthened the leadership of the Party, and took solid steps to ensure the study, propagation and implementation of the guiding principles of the 20th National Congress of the CPC. We also fully implemented the First Issue System, and developed new method of "one main line, two guarantees, three combinations and three leads" for the central group of the Party Committee, which was disseminated and promoted by the State-owned Assets Supervision and Administration Commission and China Energy Group. The Group adhered to the "Two Consistency" and continues to improve and revise the decision-making and management measures of "Three Importance and One Significance". We dynamically improved the list of major business management matters discussed by the Party Committee in advance and give full play to the Party Committee's role in steering the direction, controlling the overall situation and facilitating implementation. The Group set up a working system of "responsibility coordination mechanism in four aspects and the first responsibility in demonstration" for strict governance over the Party, develop new ways of establishing a working mechanism of "Two Routines, and all departments making concerted efforts (兩常態一到底)" to regulate the Party and continually improve the coordination mechanism of the leading group for Party building. The Group carried out in-depth actions to promote the construction activity of "Hard Work Making Socialism Realised (社會主義是幹出來的)", deepened the creation activities of "One Branch, One Brand, One Brand, One Characteristic" with the "Five Standards" measures to continuously enhance the leadership of the Party Committee, the combat effectiveness of party branches and the executive ability of the cadres, so as to provide a strong political guarantee for the reform and development of the enterprise.

Long as the journey is, we will reach our destination if we stay the course; difficult as the task is, we will get the job done if we keep working at it. The year 2023 will kick off our efforts to put all the guiding principles of the 20th National Congress of the CPC into action. It is a crucial year for continuing to implement the "14th Five-Year Plan". We will uphold the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully implement the guiding principles of the 20th National Congress of the CPC, follow the leadership of the Party and improve the Party building. Moreover, we will fully implement the requirements for ensuring energy security and carbon peak and carbon neutrality. By upholding the principles of steady growth and sustainable development, we will make new breakthroughs in securing energy supply, green and low-carbon development, upgrading of corporate governance and efficiency enhancement through technological innovation. By making these efforts, we can obtain fresh progress and deliver solid outcomes in high-quality development, and build us into a world-class integrated energy listed company.

Firstly, we will implement the responsibility systems for safety production, strengthen control from the source, and identify and address safety hazards, to fulfill our responsibility of securing energy supply under higher standards of safety.

Secondly, we will continue to consolidate the competitive advantage of integrated industrial chains, give priority to preliminary formalities of Xinjie No. 1 Mine and No. 2 Mine and Baotou Olefin Phase II Project, and speed up the change of mining rights of key coal mines, capacity expansion of Shenshuo and Shuohuang Lines and the construction of Jiujiang Power Phase II and other key projects, in a bid to provide strong support for energy security.

Thirdly, we are committed to the philosophy of green development and clean and low-carbon development direction, and spare no effort to advance the construction of green mines. We will continue to advance the "three types of technical reforms" of existing coal-fired power, build regional energy service complex and apply clean energy to transportation systems. We will implement the carbon peak action plan, push forward a number of key new energy and energy storage projects, and deeply study the investment opportunities in energy storage, hydrogen energy and other strategic emerging industries, promoting the complementary development of new energy and coal chemical industry.

Fourthly, by focusing on clean and efficient use of coal, we will carry out scientific research and tackle key problems in major technical fields, such as the development and use of wind energy, solar energy, hydrogen energy and energy storage, green and safe mining of coal mines, intelligent railway, clean and efficient coal-fired power, coal-based biodegradable materials, and increase R&D inputs, shaping new edge for industry development.

Fifthly, in accordance with the quality requirements for listed companies, we will look to improve our quality internally and shape our image externally, deepen corporate reform, regulate corporate governance, strengthen compliance and risk control, and strive to keep value-creating ability in line with value-realising ability, so as to improve the sustainable development ability and the comprehensive corporate strength.

Board of Directors
China Shenhua Energy Company Limited
24 March 2023

Section IV
Directors' Report

Overview of China Shenhua's Operating Results for 2022

Table 1 Business Targets

		Target for 2023	Actual amount in 2022	Change %
Commercial coal production	100 million tonnes	**3.094**	3.134	(1.3)
Coal sales	100 million tonnes	**4.358**	4.178	4.3
Power generation	100 million kWh	**2,039**	1,912.8	6.6
Revenue	RMB100 million	**3,500**	3,445.33	1.6
Cost of sales	RMB100 million	**2,510**	2,266.24	10.8
Selling, general and administrative and R&D expenses and net finance costs	RMB100 million	**155**	149.21	3.9
Changes in unit production costs of self-produced coal		**Year-on-year increase of around 10%**	Year-on-year increase of 10.9%	

Table 2 Financial Indicators

		2022	2021 (Restated)	Change %
Revenue	RMB million	**344,533**	335,640	2.6
Profit for the year	RMB million	**85,357**	60,784	40.4
EBITDA	RMB million	**121,536**	101,455	19.8
Profit for the year attributable to equity holders of the Company	RMB million	**72,903**	51,422	41.8
Basic earnings per share	RMB/share	**3.669**	2.588	41.8
Net cash generated from operating activities	RMB million	**109,734**	94,350	16.3

Table 3 Results of Each Segment

	Coal 2022 RMB million	Coal 2021 RMB million	Power 2022 RMB million	Power 2021 (Restated) RMB million	Railway 2022 RMB million	Railway 2021 RMB million	Port 2022 RMB million	Port 2021 RMB million
Revenue from external customers	**236,305**	256,241	**84,341**	64,383	**13,423**	6,838	**1,959**	982
Inter-segment revenue	**41,169**	36,420	**184**	165	**28,774**	33,861	**4,482**	5,458
Sub-total of segment revenue	**277,474**	292,661	**84,525**	64,548	**42,197**	40,699	**6,441**	6,440
Segment cost of sales	**(192,753)**	(225,126)	**(73,491)**	(60,668)	**(25,041)**	(22,020)	**(3,556)**	(3,342)
Segment profit before tax	**73,536**	58,949	**7,969**	1,800	**12,742**	15,723	**2,268**	2,623
	As at 31 December 2022 RMB million	As at 31 December 2021 RMB million	**As at 31 December 2022 RMB million**	As at 31 December 2021 (Restated) RMB million	**As at 31 December 2022 RMB million**	As at 31 December 2021 RMB million	**As at 31 December 2022 RMB million**	As at 31 December 2021 RMB million
Segment total assets	**294,056**	268,067	**150,602**	166,429	**124,906**	139,551	**19,831**	19,821
Segment total liabilities	**(127,971)**	(120,171)	**(131,620)**	(134,566)	**(53,172)**	(56,285)	**(7,931)**	(6,519)

	Shipping 2022 RMB million	Shipping 2021 RMB million	Coal chemical 2022 RMB million	Coal chemical 2021 RMB million	Unallocated items 2022 RMB million	Unallocated items 2021 RMB million	Eliminations 2022 RMB million	Eliminations 2021 RMB million	Total 2022 RMB million	Total 2021 (Restated) RMB million
Revenue from external customers	**2,126**	1,321	**6,379**	5,851	**-**	24	**-**	–	**344,533**	335,640
Inter-segment revenue	**3,925**	4,874	**-**	–	**529**	297	**(79,063)**	(81,075)	**-**	–
Sub-total of segment revenue	**6,051**	6,195	**6,379**	5,851	**529**	321	**(79,063)**	(81,075)	**344,533**	335,640
Segment cost of sales	**(5,214)**	(5,018)	**(5,493)**	(4,754)	**(27)**	(44)	**78,951**	81,167	**(226,624)**	(239,805)
Segment profit before tax	**706**	1,003	**538**	706	**1,468**	(2,814)	**427**	955	**99,654**	78,945
	As at 31 December 2022 RMB million	As at 31 December 2021 RMB million	**As at 31 December 2022 RMB million**	As at 31 December 2021 RMB million	**As at 31 December 2022 RMB million**	As at 31 December 2021 RMB million	**As at 31 December 2022 RMB million**	As at 31 December 2021 RMB million	**As at 31 December 2022 RMB million**	As at 31 December 2021 (Restated) RMB million
Segment total assets	**7,417**	8,065	**8,646**	8,864	**489,271**	446,069	**(469,551)**	(446,494)	**625,178**	610,372
Segment total liabilities	**(424)**	(514)	**(3,206)**	(2,425)	**(201,295)**	(176,717)	**363,163**	335,821	**(162,456)**	(161,376)

Table 4 Operation Data

		2022	2021	Change %
Commercial coal production	million tonnes	**313.4**	307.0	2.1
Coal sales	million tonnes	**417.8**	482.3	(13.4)
Transportation turnover of selfowned railway	billion tonne km	**297.6**	303.4	(1.9)
Loading volume at Huanghua Port	million tonnes	**205.2**	215.0	(4.6)
Loading volume at Tianjin Coal Dock	million tonnes	**45.2**	46.4	(2.6)
Shipping volume	million tonnes	**136.3**	121.2	12.5
Shipment turnover	billion tonne nm	**133.6**	112.1	19.2
Gross power generation	billion kWh	**191.28**	166.45	14.9
Total power output dispatch	billion kWh	**179.81**	156.13	15.2
Polyethylene sales	thousand tonnes	**358.4**	332.8	7.7
Polypropylene sales	thousand tonnes	**340.6**	315.6	7.9

Table 5 Commercial Coal Production Volume

	2022 Million tonnes	2021 Million tonnes	Change %
Total production	**313.4**	307.0	2.1
By mines			
Shendong Mines	**187.6**	189.2	(0.8)
Zhunge'er Mines	**69.5**	66.8	4.0
Shengli Mines	**27.1**	25.2	7.5
Baorixile Mines	**27.4**	24.6	11.4
Baotou Mines	**1.8**	1.2	50.0
By regions			
Inner Mongolia	**215.9**	207.0	4.3
Shaanxi Province	**92.5**	95.5	(3.1)
Shanxi Province	**5.0**	4.5	11.1

Table 6 Power Business

Power plants	Power grid	Location	Gross power generation (100 million kWh)	Total power output dispatch (100 million kWh)	Average utilization hours (hours)	Standard coal consumption for power outpour dispatch (g/kWh)	Power tariff (RMB/MWh)	Total installed capacity as at 31 December 2021 (MW)	Increase/(decrease) in installed capacity for 2022 (MW)	Total installed capacity as at 31 December 2022 (MW)	Equity installed capacity as at 31 December 2022 (MW)
Zhunge'er Power	North China Power Grid	Inner Mongolia	37.3	33.6	5,649	337	378	660	–	660	381
Shendong Power(coal-fired power)	Northwest/North China/ Shaanxi Provincial Local Power Grid	Inner Mongolia	249.7	231.4	4,981	317	388	5,014	–	5,014	4,528
Shengli Energy	North China Power Grid	Inner Mongolia	54.2	49.9	4,106	330	311	1,320	–	1,320	1,320
Cangdong Power	North China Power Grid	Hebei	116.1	110.7	4,609	297	425	2,520	–	2,520	1,285
Dingzhou Power	North China Power Grid	Hebei	122.1	112.8	4,844	304	421	2,520	–	2,520	1,021
Taishan Power (coal-fired power)	South China Power Grid	Guangdong	283.9	269.0	5,546	306	448	5,120	–	5,120	4,096
Huizhou Thermal	South China Power Grid	Guangdong	40.0	36.2	6,057	302	431	660	–	660	660
Fujian Energy (coal-fired power)	East China Power Grid	Fujian	228.9	218.8	5,168	295	452	3,810	1,000	4,810	3,378
Jinjie Energy	North China Power Grid	Shaanxi	191.9	177.5	5,159	311	326	3,720	–	3,720	2,604
Shouguang Power (coal-fired power)	North China Power Grid	Shandong	98.4	93.6	4,873	274	427	2,020	–	2,020	1,212
Jiujiang Power	Central China Power Grid	Jiangxi	117.4	112.0	5,870	277	425	2,000	–	2,000	2,000
Mengjin Power	Central China Power Grid	Henan	50.3	47.0	4,190	298	391	1,200	–	1,200	612
Sichuan Energy (coal-fired power)	Sichuan Power Grid	Sichuan	120.9	113.9	3,708	304	432	3,260	(660)	2,600	1,666
Liuzhou Power	Guangxi Power Grid	Guangxi	37.8	35.8	5,396	316	446	700	–	700	490
Beihai Power	Guangxi Power Grid	Guangxi	9.2	8.6	3,457	300	356	–	2,000	2,000	2,000
Yongzhou Power	Hunan Power Grid	Hunan	93.7	89.5	4,676	284	477	2,000	–	2,000	1,604
EMM Indonesia	PLN	Indonesia	15.4	13.3	5,122	366	555	300	–	300	210
Total of coal-fired power plants/weighted average			**1,867.2**	**1,753.6**	**4,951**	**303**	**416**	**36,824**	**2,340**	**39,164**	**29,067**
Other power plants											
Beijing Gas Power	North China Power Grid	Beijing	38.5	37.6	4,054	193	564	950	–	950	950
Sichuan Energy (hydropower)	Sichuan Power Grid	Sichuan	6.7	6.5	5,340	/	226	125	–	125	62
Fujian Energy(photovoltaic)	East China Power Grid	Fujian	0.3	0.3	941	/	477	–	34	34	15
Shouguang Power(photovoltaic)	North China Power Grid	Shandong	0.1	0.1	714	/	348	–	6	6	4
Taishan Power(photovoltaic)	South China Power Grid	Guangdong	0.0	0.0	255	/	194	–	16	16	13
Shendong Power(photovoltaic)	North China Power Grid	Shaanxi	0.0	0.0	161	/	333	–	6	6	6

Table 7 Cost of Sales of Coal Segment

	2022 RMB million	2021 RMB million	Change %
Cost of coal purchased	**65,079**	102,865	(36.7)
Raw materials, fuel and power	**9,601**	8,567	12.1
Personnel expenses	**14,400**	11,355	26.8
Repair and maintenance	**3,190**	3,114	2.4
Depreciation and amortization	**6,966**	6,624	5.2
Transportation charges	**50,094**	58,027	(13.7)
Others	**25,340**	19,724	28.5
Tax and surcharge	**18,083**	14,850	21.8
Total cost of sales	**192,753**	225,126	(14.4)

Table 8 Cost of Sales of Power Segment

	2022 Cost RMB million	2022 Power output dispatch 100 million KWh	2022 Unit cost RMB/MWh	2021 (Restated) Cost RMB million	2021 (Restated) Power output dispatch 100 million KWh	2021 (Restated) Unit cost RMB/MWh	Change in unit cost %
Cost of power output dispatch	**68,444**	**1,798.1**	**380.7**	54,989	1,561.3	352.2	8.1
Raw materials, fuel and power	**53,708**	**1,798.1**	**298.7**	42,308	1,561.3	271.0	10.2
Personnel expenses	**3,823**	**1,798.1**	**21.3**	3,277	1,561.3	21.0	1.4
Repair and maintenance	**1,927**	**1,798.1**	**10.7**	1,817	1,561.3	11.6	(7.8)
Depreciation and amortization	**6,040**	**1,798.1**	**33.6**	5,105	1,561.3	32.7	2.8
Others	**2,946**	**1,798.1**	**16.4**	2,482	1,561.3	15.9	3.1
Other operating costs	**3,957**			4,833			
Tax and surcharge	**1,090**			846			
Total cost of sales	**73,491**			60,668			

Table 9 Domestic Coal Sales Volume

		2022 Million tonnes	Proportion of domestic sales %	2021 Million tonnes	Change %
Domestic sales		**412.2**	100.0	476.2	(13.4)
By regions	Northern China	**141.7**	34.4	145.5	(2.6)
	Eastern China	**135.5**	32.9	178.9	(24.3)
	Central China and Southern China	**58.6**	14.2	80.0	(26.8)
	Northeast China	**41.1**	10.0	41.3	(0.5)
	Others	**35.3**	8.5	30.5	15.7
By usage	Thermal coal	**316.1**	76.7	387.8	(18.5)
	Metallurgy	**14.9**	3.6	18.5	(19.5)
	Chemical (including coal slurry)	**65.1**	15.8	63.0	3.3
	Others	**16.1**	3.9	6.9	133.3

Table 10 Capital Expenditure Plan

	Plan for 2023 RMB100 million	Completion in 2022 RMB100 million
1. Coal segment	**73.77**	106.38
2. Power segment	**180.80**	111.03
3. Transportation segments	**95.61**	97.75
Including: Railway	**82.84**	67.40
Port	**12.03**	28.68
Shipping	**0.74**	1.67
4.Coal chemical segment	**5.61**	3.33
5. Others	**5.73**	0.96
Total	**361.52**	319.45

Table 11 Cost of Sales of Transportation and Coal Chemical Segments

	Railway 2022 RMB million	Railway 2021 RMB million	Railway Change %	Port 2022 RMB million	Port 2021 RMB million	Port Change %	Shipping 2022 RMB million	Shipping 2021 RMB million	Shipping Change %	Coal chemical 2022 RMB million	Coal chemical 2021 RMB million	Coal chemical Change %
Cost of internal transportation business	**15,484**	16,953	(8.7)	**2,269**	2,606	(12.9)	**3,364**	3,922	(14.2)	**/**	/	/
Raw materials, fuel and power	**2,387**	2,686	(11.1)	**368**	378	(2.6)	**562**	423	32.9	**3,184**	2,423	31.4
Personnel expenses	**4,792**	5,078	(5.6)	**382**	422	(9.5)	**22**	17	29.4	**402**	361	11.4
Repair and maintenance	**3,581**	4,217	(15.1)	**233**	364	(36.0)	**22**	59	(62.7)	**296**	485	(39.0)
Depreciation and amortization	**3,204**	3,972	(19.3)	**534**	728	(26.6)	**175**	182	(3.8)	**740**	690	7.2
External transportation charges	**720**	615	17.1	**/**	/	/	**2,281**	2,996	(23.9)	**/**	/	/
Others	**800**	385	107.8	**752**	714	5.3	**302**	245	23.3	**119**	106	12.3
Cost of external transportation business	**7,165**	3,539	102.5	**910**	396	129.8	**1,839**	1,084	69.6	**/**	/	/
Prime business cost	**22,649**	20,492	10.5	**3,179**	3,002	5.9	**5,203**	5,006	3.9	**4,741**	4,065	16.6
Other operating costs	**1,854**	1,020	81.8	**289**	218	32.6	**/**	/	/	**617**	568	8.6
Tax and surcharge	**538**	508	5.9	**88**	122	(27.9)	**11**	12	(8.3)	**135**	121	11.6
Total cost of sales	**25,041**	22,020	13.7	**3,556**	3,342	6.4	**5,214**	5,018	3.9	**5,493**	4,754	15.5

Table 12 Coal Sales Price

	2022 Sales volume Million tonnes	2022 Percentage to total sales volume %	2022 Price (excluding tax) RMB/tonne	2021 Sales volume Million tonnes	2021 Percentage to total sales volume %	2021 Price (excluding tax) RMB/tonne	Change Sales volume %	Change Price (excluding tax) %
Total sales volume/average price of China Shenhua (excluding tax)	**417.8**	**100.0**	**644**	482.3	100.0	588	(13.4)	9.5
I. Classify by contract pricing mechanism								
(I) Sales through Trading Group	**395.0**	**94.5**	**662**	458.7	95.1	605	(13.9)	9.4
1. Annual long-term agreement	**221.5**	**53.0**	**515**	207.9	43.1	456	6.5	12.9
2. Monthly long-term agreement	**133.5**	**32.0**	**873**	196.2	40.7	765	(32.0)	14.1
3. Spot commodity	**40.0**	**9.5**	**776**	54.6	11.3	599	(26.7)	29.5
(II) Direct sales through coal mine pit	**22.8**	**5.5**	**329**	23.6	4.9	263	(3.4)	25.1
II. Classify by internal and external customers								
(I) Sales to external customers	**346.8**	**83.0**	**664**	416.8	86.4	599	(16.8)	10.9
(II) Sales to internal power segment	**66.3**	**15.9**	**555**	61.2	12.7	532	8.3	4.3
(III) Sales to internal coal chemical segment	**4.7**	**1.1**	**451**	4.3	0.9	366	9.3	23.2

Table 13 Coal Resources Reserve

Mines	Coal resources (under PRC standard) 31 December 2022 100 million tonnes	Coal resources 31 December 2021 100 million tonnes	Coal resources Change %	Recoverable reserve (under PRC standard) 31 December 2022 100 million tonnes	Recoverable reserve 31 December 2021 100 million tonnes	Recoverable reserve Change %	Marketable reserve (under JORC standard) 31 December 2022 100 million tonnes	Marketable reserve 31 December 2021 100 million tonnes	Marketable reserve Change %
Shendong Mines	**151.6**	153.9	(1.5)	**85.7**	87.2	(1.7)	**65.5**	42.7	53.4
Zhunge'er Mines	**36.5**	37.2	(1.9)	**29.0**	29.6	(2.0)	**21.3**	18.8	13.3
Shengli Mines	**19.4**	19.6	(1.0)	**13.1**	13.3	(1.5)	**2.4**	1.5	60.0
Baorixile Mines	**13.1**	13.3	(1.5)	**10.8**	11.1	(2.7)	**8.6**	11.3	(23.9)
Baotou Mines	**0.4**	0.5	(20.0)	**0.3**	0.3	–	**0.2**	–	/
Xinjie Mines	**108.0**	107.6	0.4	**/**	/	/	**/**	/	/
Total of China Shenhua	**329.0**	332.1	(0.9)	**138.9**	141.5	(1.8)	**98.0**	74.3	31.9

Table 14 Seaborne Coal at Ports

	2022 Million tonnes	2021 Million tonnes	Change %
Self-owned ports	**191.6**	240.1	(20.2)
Huanghua Port	**150.8**	194.9	(22.6)
Tianjin Coal Dock	**40.7**	45.1	(9.8)
Zhuhai Coal Dock	**0.1**	0.1	–
Third-party ports	**15.5**	23.5	(34.0)
Total seaborne coal sales	**207.1**	263.6	(21.4)

Table 15 Railway Cargo Transportation Turnover

	2022 billion tonne km	2021 billion tonne km	Change %
Self-owned railways	**297.6**	303.4	(1.9)
Baoshen Railway	**9.2**	8.8	4.5
Shenshuo Railway	**51.8**	53.7	(3.5)
Ganquan Railway	**1.6**	0.6	166.7
Tahan Railway	**-**	–	/
Dazhun Railway	**28.8**	29.8	(3.4)
Bazhun Railway	**2.7**	2.8	(3.6)
Zhunchi Railway	**12.9**	12.2	5.7
Shuohuang-Huangwan Railway	**187.2**	193.4	(3.2)
Huangda Railway	**3.4**	2.1	61.9
State-owned railways	**49.3**	49.8	(1.0)
Total railway turnover	**346.9**	353.2	(1.8)

Table 16 Shipping Volume

	2022 Million tonnes	2021 Million tonnes	Change %
The Group's internal customers	**84.5**	88.8	(4.8)
External customers	**51.8**	32.4	59.9
Total of shipping volume	**136.3**	121.2	12.5

中国神华能源股份有限公司 CHINA SHENHUA ENERGY COMPANY LIMITED 2022

主要資產分佈圖 Assets Distribution Map

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. 新街台格廟勘查區（前期工作階段） Xinjie Taigemiao Exploration Area (preliminary work in progress)

電廠 POWER

B1. 滄東電力 Cangdong Power
B2. 定州電力 Dingzhou Power
B3. 准能電力 Zhunge'er Power
B4. 神東電力 Shendong Power
B5. 北京燃氣 Beijing Gas Power
B6. 錦界能源 Jinjie Energy
B7. 台山電力 Taishan Power
B8. 惠州熱電 Huizhou Thermal
B9. 孟津電力 Mengjin Power
B10. 四川能源 Sichuan Energy
B11. 福建能源 Fujian Energy
B12. 南蘇EMM EMM Indonesia
B13. 壽光電力 Shouguang Power
B14. 柳州電力 Liuzhou Power
B15. 九江電力 Jiujiang Power
B16. 印尼爪哇 Indonesia Java
B17. 永州電力 Yongzhou Power
B18. 勝利能源 Shengli Energy
B19. 北海電力 Beihai 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 Bazhun Railway
C7. 甘泉鐵路 Ganquan Railway
C8. 准池鐵路 Zhunchi Railway
C9. 黃大鐵路 Huangda Railway
C10. 塔韓鐵路 Tahan Railway

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

航運 SHIPPING

E1. 航運公司 Shipping Company

煤化工 COAL CHEMICAL

F1. 包頭煤化工 Baotou Coal Chemical

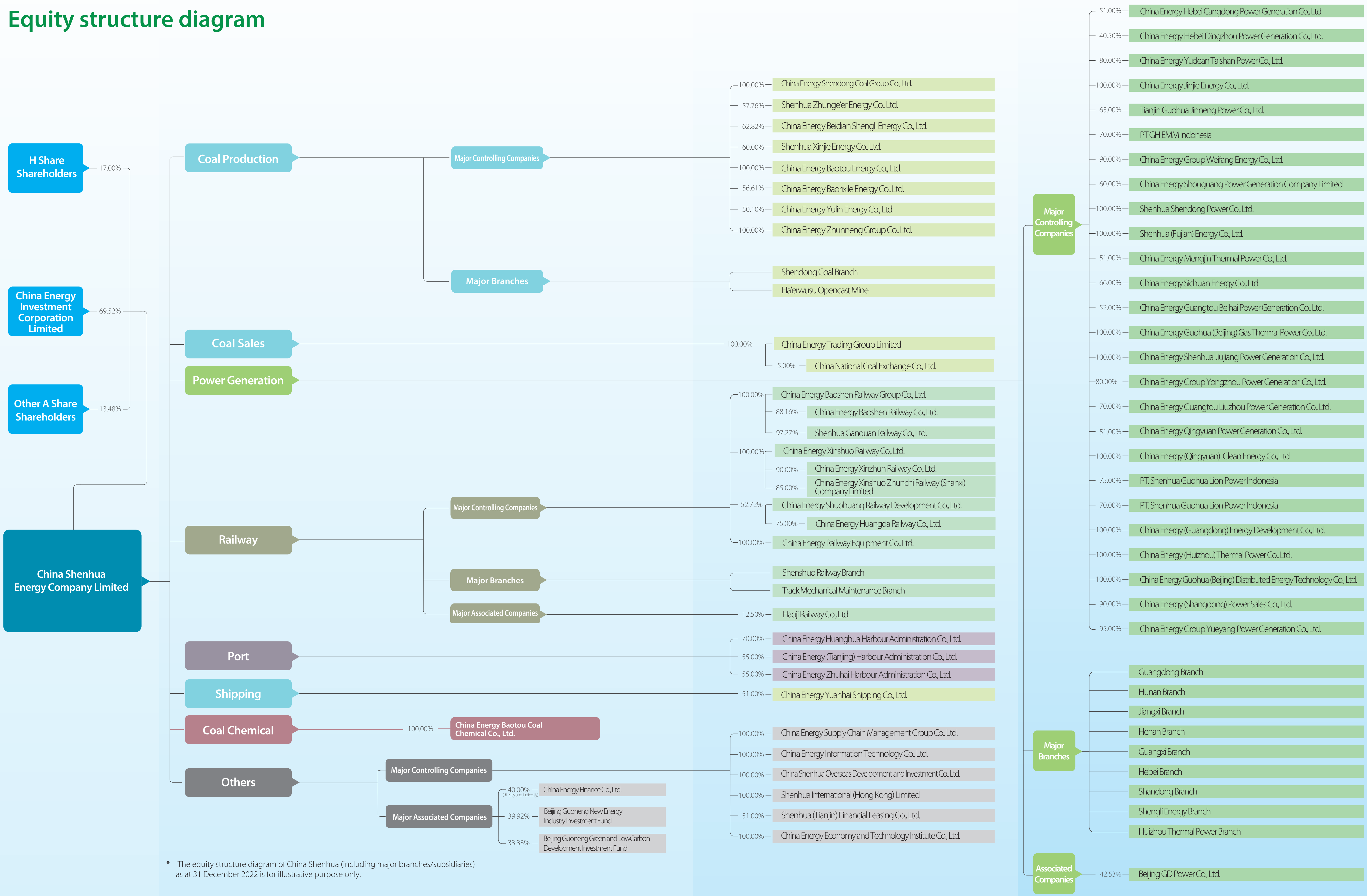
註： ① 於2022年12月31日之分佈圖，僅做示意
② 以審圖號GS(2019)1818號地圖為基礎編製

Note: ① This map as at 31 December 2022 is for illustrative purpose only.
② Prepared on the basis of the map with the approval number of GS(2019)1818.

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)
自有礦區 Self-owned mines
主要航線 Main Shipping Route

Equity structure diagram



* The equity structure diagram of China Shenhua (including major branches/subsidiaries) as at 31 December 2022 is for illustrative purpose only.

I. DISCUSSION AND ANALYSIS ON OPERATION RESULTS

In the year of 2022, the Group proactively implemented the national energy supply policy by ensuring energy security with coal and power stability with coal power, and put emphasis on the work orientation of stability, coordination, empowerment and quality improvement, enhanced the integrated operation, while continuously deepening reformation, promoting technological innovation and green transformation development. As such, the Group managed to achieve the annual operation targets in a sound manner. The Company has taken various measures to deal with public health incidents in a timely and safe manner to ensure the safe and orderly production. The performance of the Company has not been significantly affected.

The Group recorded profit before income tax of RMB99,654 million for the year (2021: RMB78,945 million, restated), representing a year-on-year increase of 26.2%; profit for the year attributable to equity holders of the Company of RMB72,903 million (2021: RMB51,422 million, restated), representing a year-on-year increase of 41.8%; and basic earnings per share of RMB3.669/share (2021: RMB2.588/share, restated), representing a year-on-year increase of 41.8%.

		Actual amount for 2022	Target for 2022	Proportion of Completion %	Actual amount for 2021 (restated)	Year-on-year change %
Commercial coal production	100 million tonnes	**3.134**	2.978	105.2	3.070	2.1
Coal sales volume	100 million tonnes	**4.178**	4.029	103.7	4.823	(13.4)
Power generation	100 million kWh	**1,912.8**	1,805	106.0	1,664.5	14.9
Revenue	RMB100 million	**3,445.33**	2,966	116.2	3,356.40	2.6
Costs	RMB100 million	**2,266.24**	2,048	110.7	2,398.05	(5.5)
Sales, general and administration expenses, and R&D expenses and net finance costs	RMB100 million	**149.21**	132	113.0	122.90	21.4
Changes in unit production costs of self-produced coal	/	**Year-on-year increase of 10.9%**	Year-on-year increase of approximately 10%	/	Year-on-year increase of 7.4%	/

II. INDUSTRY IN WHICH THE COMPANY OPERATED DURING THE REPORTING PERIOD[1]

1. Macroeconomic environment

In 2022, confronted with the complex and unpredictable international and arduous domestic tasks of continuing reform and development and maintaining stability, the CPC Central Committee with Comrade Xi Jinping as its core united and led the whole Party and the Chinese people of all ethnic groups to rise to the challenges and respond calmly. The Party made efforts to better balance both domestic and international situations, coordinate development with security. With the enhanced macro-control efforts and effective response to the impact of unexpected factors, the overall economic and social situation remained stable, new progress was made in high-quality development, people's livelihood was continuously improved and the overall economic and social situation has maintained stability. The annual gross domestic product (GDP) increased by 3.0% over the previous year, and the consumer price index (CPI) increased by 2.0%.

2. Coal market environment

(1) China's thermal coal market

In 2022, China's economic aggregate reached a new level. Given the growing demand for coal and the lasting effect of the policy of maintaining coal supply and stabilizing prices, the self-sufficiency ability improved significantly, the domestic coal market was steady in general and the medium and long-term contract prices were stable. Affected by the international energy situation, public health incidents, climate and other factors, the supply of coal was tight in some periods and regions, and the price of coal was volatile on high level. As at the end of 2022, the comprehensive average thermal coal price index (5,500 kcal) was RMB734/tonne, decreasing by RMB3/tonne compared with the end of the previous year; the annual average price was RMB737/tonne, representing a year-on-year increase of RMB64/tonne, or 9.5%.

1 The macroeconomic and industry-related contents in this report are for reference only and does not constitute any investment advice. The Company has used its best endeavours 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. The Company disclaims all responsibility for any error or omission. 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 are mainly derived from sources such as the National Bureau of Statistics, National Energy Administration, China Coal Market Network, China Coal Resources Network, China Electricity Council, China Coal Transportation & Distribution Association, etc..

	2022	Year-on-year change %
National raw coal production volume *(100 million tonnes)*	**45.6**	10.5
Coal import *(100 million tonnes)*	**2.9**	(9.2)
National coal transportation volume by railway *(100 million tonnes)*	**26.8**	3.9

In respect of the supply side, under the guidance of the policy of increasing production and ensuring supply, the effective production capacity of coal increased, and the high-quality production capacity continued to be released. The average daily production of raw coal remained above 12 million tonnes. The annual raw coal production volume nationwide reached 4,560 million tonnes, representing a year-on-year increase of 10.5%, with an average daily production volume of approximately 12.5 million tonnes. Inner Mongolia, Shanxi, Shaanxi and Xinjiang became the main sources of the increased coal production, with the sizable raw coal production volume from these areas accounting for 81.0% of the national sizable raw coal production. Coal supply was prioritized for power generation. In the second half of the year, coal imports rebounded, with total import volume of coal throughout the year amounted to 290 million tonnes, representing a year-on-year decrease of 9.2%

In respect of the demand side, China's total energy consumption in 2022 increased by 2.9% over 2021; among which, the coal consumption increased by 4.3% and its proportion in total energy consumption increased by 0.3 percentage point. Under the influence of multiple unexpected domestic and foreign factors, China's coal demand was relatively resilient, which drove coal prices to rise in stages. Power, iron and steel, building materials and chemical industries were still the major coal-consuming industries. In 2022, coal consumption in the chemical and power industries continued to grow.

(2) International thermal coal market

In 2022, the international energy situation was complex. Affected by the conflicts between Russia and Ukraine, trade policies and other factors, the pattern of coal supply changed, and coal demand increased significantly. In addition, combined factors such as drought in some regions and floods in coal-producing countries pushed up international coal prices to record highs. The International Energy Agency anticipated that in 2022, the global coal consumption would exceed 8 billion tonnes for the first time, representing an increase of 1.2% over the previous year, and the global coal production would be 8.32 billion tonnes, representing an increase of 5.4% over the previous year. Major coal-producing countries such as China, India, Indonesia and the United States achieved growth in production. According to Refinitiv's shipping tracking data, the total load of seaborne coal trade in the world was 1.2 billion tonnes, representing an increase of 5.9% over the previous year. Coal exports from Indonesia increased by 21.2% year-on-year, while coal exports from Australia decreased by 5.0% year-on-year. EU countries restarted coal-fired power generation, with seaborne coal imports increased by 33.9% year-on-year, and India's imports increased by 13.6% year-on-year. The spot price of Newcastle NEWC thermal coal rose to US$452.8/tonne at its peak in mid-year and dropped to US$402.0/tonne at the end of the year, representing an increase of 142.4% as compared to the end of the previous year.

3. Power market environment

In 2022, China's power supply and demand were generally tightly balanced, and remained relatively tight during peak hours in some regions. China’s national power consumption reached 8,637.2 billion kWh, representing a year-on-year increase of 3.6%, despite a sharp decline in power consumption in the fourth quarter. The power generation of sizable power plants nationwide was 8,388.6 billion kWh, representing a year-on-year increase of 2.2%. Among them, thermal power generated 5,853.1 billion kWh, representing a year-on-year increase of 0.9%, and accounting for 69.8% of the national total. Hydropower generated 1,202.0 billion kWh, representing a year-on-year increase of 1.0%. The average utilization hours of power generation equipment of power plants with the capacity of 6,000 kW and above nationwide were 3,687 hours, decreasing by 125 hours year-on-year. Among them, the average utilization hours of thermal power equipment were 4,379 hours, decreasing by 65 hours year-on-year (the average utilization hours of coal power equipment were 4,594 hours, decreasing by 8 hours year-on-year). The average utilization hours of hydropower equipment were 3,412 hours, representing a year-on-year decrease of 194 hours.

The proportion of installed non-fossil power generation capacity continued to increase. In 2022, the newly installed capacity of power generation nationwide was 200 GW, of which 160 GW of non-fossil energy power generation capacity was newly introduced, and the total installed capacity of newly commissioned power generation and the installed capacity of non-fossil energy both reached record highs. As at the end of 2022, the installed capacity of full-caliber power generation nationwide was 2,560 GW, of which the installed capacity of non-fossil energy power generation was 1,270 GW, representing a year-on-year increase of 13.8% and accounting for 49.6% of the total installed capacity, which was 2.6 percentage points higher as compared with the end of the previous year; and the installed capacity of thermal power generation was 1,330 GW, accounting for 52.0% of the total installed power generation capacity (including 43.8% of coal power generation), representing a decrease of approximately 2.6 percentage points as compared with the end of the previous year.

Coal power is still the main source of electricity supply in China. In 2022, the full-caliber non-fossil energy power generation increased by 8.7% year-on-year, which accounted for 36.2% of the total power generation, representing a year-on-year increase of 1.7 percentage points. Full-caliber coal power generation increased by 0.7% year-on-year, which accounted for 58.4% of the full-caliber total power generation, representing a year-on-year decrease of 1.7 percentage points. In the third quarter when the incoming water was decreased, the full-caliber coal power generation increased by 9.2% year-on-year, which conveniently bridged the gap of decline in hydropower output and gave a full play to the guarantee role of coal power.

The market-oriented reform of power continued to deepen. In 2022, the accumulated market electricity trading volume of all trading centers in China was 5,254.3 billion kWh, representing a year-on-year increase of 39.0%, and accounting for 60.8% of the total electricity consumption of the whole society; the medium and long-term power direct trading volume of the electricity market was 4,140.7 billion kWh, representing a year-on-year increase of 36.2%. Cross-regional and cross-provincial transmission of power both showed a year-on-year increase trend.

III. BUSINESSES ENGAGED IN BY THE COMPANY DURING THE REPORTING PERIOD

The Company was established in Beijing in November 2004, and was listed on the HKEx in June 2005 and on the SSE in October 2007. The Group is principally engaged in the production and sale of coal and electricity, railway, port and shipping transportation, and coal-to-olefins businesses.

The Group owns high-quality coal resources in Shendong Mines, Zhunge'er Mines, Shengli Mines, Baorixile Mines, etc.. In 2022, the Group realised commercial coal production of 313.4 million tonnes and the sales of coal of 417.8 million tonnes. The Group controls and operates high-capacity clean coal-fired power generators with great parameters, and the Group controlled and operated power generators with an installed capacity of 40,301 MW by the end of 2022, with a total power output dispatch of 179.81 billion kWh in 2022. The Group controls and operates a network of concentric transportation railways around the major coal production bases in western Shanxi, northern Shaanxi and southern Inner Mongolia and the "Shenshuo – Shuohuang Line", a major channel for coal transportation from western to eastern China, as well as Huanghua-Dajiawa Railway, a new energy channel in Bohai Rim, with total railway operating mileage reaching 2,408 km. The transportation turnover of the self-owned railway reached 297.6 billion tonne km all year. The Group also controls and operates a number of ports and terminals (approximately 270 million tonnes/year shiploading capability in aggregate), such as Huanghua Port, owns the fleet of ships with approximately 2.18 million tonnes of deadweight capacity and conducts coal-to-olefins projects with approximately 0.6 million tonnes/year of production capacity. During the reporting period, the Group made no significant change in the scope of its principal businesses.

The integrated operation mode of "production-transportation (railway, port and shipping)-conversion (power generation and coal chemical industry)" formed by the Group on the basis of coal products has the advantages of complete chain, high efficiency, safety and stability, and low-cost operation. The Group's technology in coal exploitation and safety production has secured a leading position in the global market, and that of clean coal-fired power generation and heavy-haul railway transportation has secured a leading position in the domestic market.

IV. ANALYSIS ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD

The core competitiveness of the Group is mainly:

(I) **Unique operation and profitability model:** The Group has a large and efficient operation of coal and power generation business, and possesses a large-scale integrated transportation network consisting of railways, ports and ships, forming a core competitive advantage of integrated development of coal, power, transportation and coal-to-chemical industry, one-stop operation of production, transportation and sales, in-depth cooperation and effective synergy among various industrial sectors.

In 2022, the Company adhered to market orientation, strengthened resource organisation and transportation scheduling, fully developed its advantages of resources and scale in the integration of the full industrial chain of coal, power, coal chemicals and transportation, guaranteed the safe and stable supply of energy, and continuously improved the benefit-creation capability of the value chain, in order to continuously strengthen the overall competitiveness.

(II) **Coal reserves:** The Group possesses an abundant pool of high-quality coal resources which are suitable for building modern high-output and high-efficient coal mines. The Group is among the top of listed coal companies in China in terms of coal reserves.

(III) **Management team focusing on principal businesses and advanced business concepts:** The management team of China Shenhua has profound knowledge and management experience in the industry, attaches great importance to enhancement of the Company's capabilities in value creation, conducts operation with a focus on the principal businesses of the Company, and persistently focuses on clean generation, clean transportation and clean conversion in the energy sector.

(IV) **Industrial technology and innovation capabilities:** China Shenhua strengthens its industrial technology and innovation capabilities continuously. The Group's technology in green coal exploitation and safety production has secured a leading position in the global market, and that of clean coal-fired power generation and heavy-haul railway transportation has secured a leading position in the domestic market. China Shenhua has basically established an integrated operation model for technological resources, which includes scientific decision-making, systematic management, research and development, and commercialization of achievements and a technological innovation-driven development model.

V. MAJOR OPERATION RESULTS DURING THE REPORTING PERIOD

(I) Analysis on Principal Businesses

1. Analysis on changes in the major items in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows

Unit: RMB million

Items	2022	2021 (Restated)	Change %
Revenue	**344,533**	335,640	2.6
Cost of sales	**(226,624)**	(239,805)	(5.5)
General and administrative expenses	**(9,930)**	(9,119)	8.9
Research and development costs	**(3,722)**	(2,499)	48.9
Other gains and losses	**(3,184)**	(955)	233.4
Loss allowances, net of reversal	**(1,337)**	(2,561)	(47.8)
Other income	**1,100**	893	23.2
Other expenses	**(2,136)**	(1,103)	93.7
Interest income	**3,071**	2,492	23.2
Finance costs	**(3,930)**	(2,583)	52.1
Share of results of associates	**2,223**	(874)	(354.3)
Income tax expense	**(14,297)**	(18,161)	(21.3)
Net cash generated from operating activities	**109,734**	94,350	16.3
Net cash used in investing activities	**(56,585)**	(6,619)	754.9
Net cash used in financing activities	**(78,734)**	(43,731)	80.0

2. Analysis on revenue and costs

(1) Factors affecting the revenue

The revenue of the Group in 2022 recorded a year-on-year increase. The main reasons for the increase are:

① several new generating units have been put into operation, resulting in a year-on-year increase of 15.2% in the Group's power output dispatch; benefiting from the national electricity price adjustment, the Group's average price of electricity sold increased by 20.1% year-on-year.

② subject to the supply-demand relationship in the coal market, the average coal sales price of the Group increased by 9.5% year-on-year.

③ the sales volume of polyethylene and polypropylene increased by 7.7% and 7.9% year-on-year, respectively.

Major operating indicators	Unit	2022	2021	Change for 2022 compared with that for 2021 %	2020
(I) Coal					
1. Commercial coal production	Million tonnes	**313.4**	307.0	2.1	291.6
2. Coal sales [Note]	Million tonnes	**417.8**	482.3	(13.4)	446.4
Of which: Self-produced coal	Million tonnes	**316.2**	312.7	1.1	296.0
Purchased coal	Million tonnes	**101.6**	169.6	(40.1)	150.4
(II) Transportation					
1. Transportation turnover of self-owned railway	Billion tonne km	**297.6**	303.4	(1.9)	285.7
2. Loading volume at Huanghua Port	Million tonnes	**205.2**	215.0	(4.6)	203.8
3. Loading volume at Tianjin Coal Port	Million tonnes	**45.2**	46.4	(2.6)	45.4
4. Shipping volume	Million tonnes	**136.3**	121.2	12.5	113.0
5. Shipment turnover	Billion tonne nautical miles	**133.6**	112.1	19.2	93.0
(III) Power generation					
1. Gross power generation	Billion kWh	**191.28**	166.45	14.9	136.33
2. Total power output dispatch	Billion kWh	**179.81**	156.13	15.2	127.65
(IV) Coal chemical					
1. Sales of polyethylene	Thousand tonnes	**358.4**	332.8	7.7	356.9
2. Sales of polypropylene	Thousand tonnes	**340.6**	315.6	7.9	331.2

Note: The coal sales refer to the sales volume corresponding to the audited revenue from selling coals.

(2) *Analysis of costs*

Unit: RMB million

Breakdown of cost items	Amount for 2022	Percentage to cost of sales for 2022 %	Amount for 2021 (restated)	Percentage to cost of sales for 2021 (restated) %	Year-on-year change in amount %
Cost of purchased coal	65,079	28.7	102,865	42.9	(36.7)
Raw materials, fuel and power	33,365	14.7	24,318	10.1	37.2
Personnel expenses	25,663	11.3	21,285	8.9	20.6
Repair and maintenance	10,715	4.7	10,731	4.5	(0.1)
Depreciation and amortization	19,237	8.5	18,093	7.5	6.3
Transportation charges	18,930	8.4	18,764	7.8	0.9
Tax and surcharge	19,972	8.8	16,502	6.9	21.0
Others	33,663	14.9	27,247	11.4	23.5
Total cost of sales	226,624	100.0	239,805	100.0	(5.5)

Of the cost of sales of the Group in 2022:

① the main reasons for the year-on-year decrease in the cost of purchased coal: the decreases in the sales volume of purchased coal and purchase cost;

② the main reasons for the year-on-year increase in raw materials, fuel and power costs: the increases in power generation and coal purchase price;

③ the main reasons for the year-on-year increase in labor costs: the increased employee headcount, the increased policy-related social security contributions, as well as the increased employee performance-based salaries and bonuses due to surpassing business targets;

④ the main reasons for the year-on-year increase in taxes and surcharges: the year-on-year increase in resource taxes as a result of the increase in income from the sale of self-produced coal; and

⑤ the main reasons for the year-on-year increase in other costs: the increases in mining engineering expenses, expenditures on coal mining services and coal washing and processing fee, etc..

Unit: RMB million

Cost of sales by business segment in 2022 (before elimination on consolidation)

By business segment	Breakdown of cost items	2022	2021 (restated)	change %
Coal	Cost of purchased coal, raw materials, fuel and power, personnel expenses, repairs and maintenance, depreciation and amortisation, transportation charges, other operating costs, and taxes and surcharges	192,753	225,126	(14.4)
Power generation	Raw materials, fuel and power, personnel expenses, repairs and maintenance, depreciation and amortisation, other operating costs, and taxes and surcharges	73,491	60,668	21.1
Railway	Cost of internal transportation business (raw materials, fuel and power, personnel expenses, repairs and maintenance, depreciation and amortisation, external transportation charges, and other expenses), cost of external transportation business, other operating costs, and taxes and surcharges	25,041	22,020	13.7
Port	Cost of internal transportation business (raw materials, fuel and power, personnel expenses, repairs and maintenance, depreciation and amortisation, and other expenses), cost of external transportation business, other operating costs, and taxes and surcharges	3,556	3,342	6.4
Shipping	Cost of internal transportation business (raw materials, fuel and power, personnel expenses, repairs and maintenance, depreciation and amortisation, external transportation charges, and other expenses), cost of external transportation business, and taxes and surcharges	5,214	5,018	3.9
Coal chemical	Raw materials, fuel and power, Personnel expenses, repairs and maintenance, depreciation and amortisation, other costs, other operating costs, and taxes and surcharges	5,493	4,754	15.5

(3) Principal businesses by business segment

The major business model of the Group is the integrated coal industry chain: i.e. coal production → coal transportation (railway, port and shipping) → conversion of coal (power generation and coal chemical), and there are business intercourses between each segment. The percentages of profit before income tax (before elimination on consolidation) of coal, power, transportation and coal chemical segments of the Group in 2022 were 75%, 8%, 16% and 1%, respectively (2021: 73%, 2%, 24% and 1%, restated).

The following revenue, cost of sales and others of business segments are the data before elimination on consolidation of each segment. For details of costs by business segment, please refer to "Operation results by business segment" in this section and the table of operating results overview in this report.

Principal businesses by business segment in 2022 (before elimination on consolidation)

Business segment	Revenue	Cost of sales	Gross profit margin	Increase/decrease in revenue as compared with previous year	Increase/decrease in cost of sales as compared with previous year	Increase/decrease in gross profit margin as compared with previous year
	RMB million	*RMB million*	*%*	*%*	*%*	
Coal	277,474	(192,753)	30.5	(5.2)	(14.4)	Increased by 7.4 percentage points
Power generation	84,525	(73,491)	13.1	30.9	21.1	Increased by 7.1 percentage points
Railway	42,197	(25,041)	40.7	3.7	13.7	Decreased by 5.2 percentage points
Port	6,441	(3,556)	44.8	0.0	6.4	Decreased by 3.3 percentage points
Shipping	6,051	(5,214)	13.8	(2.3)	3.9	Decreased by 5.2 percentage points
Coal chemical	6,379	(5,493)	13.9	9.0	15.5	Decreased by 4.8 percentage points

Note: The revenue, cost of sales and gross profit margin of the previous year have been restated, please refer to "Operation results by business segment" in this section.

(4) *Analysis of the production and sales volume of major products*

Major products	Unit	Production	Sales volume	Inventory at the end of the period	Year-on-year increase/ decrease in production	Year-on-year increase/ decrease in sales volume	Increase/ decrease in inventory as compared with the beginning of the year
					%	%	%
Coal	Million tonnes	313.4	417.8	22.3	2.1	(13.4)	(8.2)
Power	billion kWh	191.28	179.81	/	14.9	15.2	/

(5) *Major customers*

In 2022, the total revenue from the top five customers of the Group amounted to RMB141,901 million, accounting for 41.2% of the total revenue of the Group, including the revenue of the Group from its largest customer of RMB113,201 million, accounting for 32.9% of the total revenue of the Group. The largest customer of the Group was China Energy (the controlling shareholder of the Company) and its subsidiaries. The Group mainly sells coal products and provides coal transportation service to China Energy Group.

Except for the above, as far as the Board of the Company is aware, none of the Directors of the Company, their close associates or shareholders holding more than 5% of shares of the Company has any interests in the top five customers of the Group. The Group has maintained long-term cooperative relationship with the top five customers. The Company is of the view that such cooperative relationship would not cause material risk to the business of the Group.

(6) *Major suppliers*

In 2022, the total procurement from the top five suppliers of the Group amounted to RMB31,539 million, accounting for 16.6% of the total procurement for the year, among which, the procurement from its largest supplier amounted to RMB17,610 million, representing 9.2% of the total procurement for the year.

3. Expenses and other items of income statement

(1) The main reason for year-on-year increase in general and administrative expenses: the year-on-year increase in personnel expenses.

(2) The main reason for the year-on-year increase in R&D expenses: the increase in R&D expenses of projects such as smart mines and smart railways.

(3) Other gains and losses were aggregated as losses during the reporting period, which is mainly due to the following reasons: the Group conducted impairment tests on production equipment and spare tools and spare parts with indications of impairment, and made provision for impairment according to the impairment test results.

(4) Loss allowances, net of reversal during the reporting period are mainly due to: the Group conducted impairment test on the receivables with long ages, and made bad debt provision according to the impairment test results.

(5) The main reason for the year-on-year increase in other income: the increase in government subsidies related to daily activities obtained by the Group.

(6) The main reasons for the year-on-year increase in other expenses: the increase in special rectification expenses for coal and external donation expenses, etc..

(7) The main reason for the year-on-year increase in interest income: the increase in the average balance of time deposits of the Group with financial institutions.

(8) The main reason for the year-on-year increase in financial costs: the year-on-year increase in exchange loss due to the effect of exchange rate fluctuations; and the increase in discounted costs of decommissioning costs of coal segment.

(9) During the reporting period, the share of results of associates was aggregated as gains, the main reason for the year-on-year increase of which is: the year-on-year increase in the Group's investment income from coal, power and railway associates and Finance Company.

(10) The main reasons for the year-on-year decrease in income tax and average income tax rate: certain coal subsidiaries of the Group settled and paid the income tax at a preferential tax rate of 15% in accordance with the corporate income tax policy of the Western Development policy, and the overpaid tax in previous years was offset against the current income tax.

4. Research and development expenditure

(1) Research and development expenditure

Unit: RMB million

Expensed research and development expenditure in the period	3,722
Capitalised research and development expenditure in the period	1,682
Total research and development expenditure	5,404
Percentage of total research and development expenditure to revenue (%)	1.6
Ratio of capitalised research and development expenditure (%)	31.1

In 2022, the research and development expenditure of the Group amounted to RMB5,404 million (2021: RMB3,347 million), representing a year-on-year increase of 61.5%; the research and development expenditure accounted for 1.6% of the revenue (2021: 1.0%, restated), representing a year-on-year increase of 0.6 percentage point, which was mainly because the Group thoroughly implemented the innovation-driven development strategy, increased research and development expenditure and strengthened joint scientific research efforts with industry authoritative research institutes to promote the integration and transformation of scientific and technological innovation and value creation, supporting the Group in achieving safe, efficient, clean, green and intelligent development.

During the reporting period, the R&D projects carried out by the Group mainly include: research on technologies and equipment related to smart mines; research on demonstration project of high-efficiency and low-emission coal-fired boiler, research on technology of Carbon Dioxide resources and energy utilization in coal-fired power plant; research on relevant technologies and equipment of smart railways and research on hydrogen power equipment of heavy-haul railway; development of and research on the application of new resin material technology, etc.. During the reporting period, the Group was granted one China Patent Gold Award and 58 provincial-level science and technology awards, as well as a total of 900 licensed patents, including 208 invention patents.

(2) Research and development personnel

Number of research and development personnel in the Group	2,940
Ratio of research and development personnel to the number of total staff (%)	3.5

Educational structure of research and development personnel

Category of educational structure	**Number** *Person*
Doctoral candidate	66
Master degree candidate	398
Undergraduate	2,022
Junior college	394
High School and below	60

Age structure of research and development personnel

Category of age structure	**Number** *Person*
Under 30 years old (excluding 30 years old)	474
30-40 years old (including 30 years old, excluding 40 years old)	1,190
40-50 years old (including 40 years old, excluding 50 years old)	659
50-60 years old (including 50 years old, excluding 60 years old)	617
60 years old and above	0

As at the end of 2022, the Group had one national key laboratory, and set up one national scientific research platform, and it took the leading role (participated in) in undertaking 11 national key R&D projects (topics).

5. Cash flow

The Group formulated capital management policies that aimed to achieve maximised interests for the shareholders and maintained a sound capital structure while reducing the costs of capital under the premise of safeguarding the operation on an on-going basis, and made investments in accordance with the policy of the Company.

(1) Net cash generated from operating activities: net cash inflow in 2022 was RMB109,734 million (net cash inflow in 2021: RMB94,350 million, restated), representing a year-on-year increase of 16.3%, mainly due to the increase of cash inflow from the increase of income.

(2) Net cash used in investing activities: net cash outflow in 2022 was RMB56,585 million (net cash outflow in 2021: RMB6,619 million, restated), representing a year-on-year increase of 754.9%, which was mainly attributable to the increase in time deposits placed with financial institutions and the increase in cash expenditure for the construction of long-term assets.

(3) Net cash used in financing activities: net cash outflow in 2022 was RMB78,734 million (net cash outflow in 2021: RMB43,731 million), representing a year-on-year increase of 80.0%, which was mainly attributable to the increase in paid dividends and repayment of borrowings by the Group.

(II) Explanation on Significant Change of Profit Caused by Non-principal Business

☐ Applicable ✔ Not applicable

(III) Analysis on Assets and Liabilities

1. Assets and liabilities

Unit: RMB million

Items	Amount at the end of the year	Percentage of total assets at the end of the year %	Amount at the end of the previous year (Restated)	Percentage of total assets at the end of the previous year (Restated) %	Change of the amount at the end of the year compared to the end of the previous year %	Main reasons for changes
Property, plant and equipment	274,103	43.8	263,431	43.2	4.1	Some power generation projects were completed and put into operation
Construction in progress	20,843	3.3	26,201	4.3	(20.4)	Some power generation projects were completed and put into operation and transferred to property, plant and equipment
Right-of-use assets	24,023	3.8	22,240	3.6	8.0	The increase in equipment lease of the railway segment of the Group
Deferred tax assets	4,877	0.8	3,568	0.6	36.7	Provision for credit loss allowances and asset impairment loss for relevant assets
Interests in associates	49,714	8.0	47,708	7.8	4.2	Gains on investment in associates were recognised
Accounts and bills receivable	12,100	1.9	13,607	2.2	(11.1)	The decrease in coal sales receivable
Financial assets at fair value through other comprehensive income	502	0.1	376	0.1	33.5	The increase in bank acceptances used for discounting or endorsement

Unit: RMB million

Items	**Amount at the end of the year**	**Percentage of total assets at the end of the year** %	Amount at the end of the previous year (Restated)	Percentage of total assets at the end of the previous year (Restated) %	Change of the amount at the end of the year compared to the end of the previous year %	Main reasons for changes
Prepaid expenses and other current assets	**15,849**	**2.5**	18,514	3.0	(14.4)	The decrease in prepaid coal payments
Restricted bank deposits	**6,357**	**1.0**	4,479	0.7	41.9	The increase in the balance of the special account for the Group's mine geographical environment governance recovery fund
Time deposits with original maturity over three months	**32,688**	**5.2**	1,701	0.3	1,821.7	The increase in bank time deposits
Cash and cash equivalents	**131,458**	**21.0**	156,706	25.7	(16.1)	The increase in bank time deposits
Assets classified as held for sale	**0**	**0.0**	294	0.0	(100.0)	Disposal of assets of Watermark Project
Short-term borrowings	**12,630**	**2.0**	9,917	1.6	27.4	Increase in current portion of long-term borrowings
Current portion of long-term liabilities	**674**	**0.1**	1,427	0.2	(52.8)	Payment of long-term liabilities due already
Income tax payable	**5,510**	**0.9**	9,028	1.5	(39.0)	The decrease in average income tax rate of the Group
Long-term borrowings	**38,438**	**6.1**	49,193	8.1	(21.9)	Optimising the use of internal funds and increased repayment of long-term borrowings from external financial institutions during the reporting period.
Long-term liabilities	**10,613**	**1.7**	8,025	1.3	32.2	The recognition of long-term payables for mining rights after reassessment of the mining rights of certain mines
Accrued reclamation obligations	**9,005**	**1.4**	6,754	1.1	33.3	The increase in the provision of mine geographical environment governance recovery fund

2. Offshore assets

As at 31 December 2022, the total offshore assets of the Group (including Hong Kong, Macau and Taiwan, China) amounted to RMB30,843 million, representing 4.9% of total assets, which were mainly composed of the power generation assets in Indonesia, and assets from U.S. dollar-denominated bonds issued in Hong Kong, the PRC.

3. Restrictions on main assets

The Group is free from seizure and detention of main assets. As at the end of the reporting period, the balance of the restricted assets of the Group was RMB7,183 million, among which, security deposits for bank acceptance bills, relevant deposits related to port operations, deposit for letter of credit and mine geographical environment governance and restoration fund amounted to RMB6,357 million in total; other restricted assets mainly consisted of fixed assets secured and guaranteed for acquiring bank borrowings.

4. Distributable reserves to shareholders

As at 31 December 2022, the distributable reserves of the Company to shareholders were RMB195,903 million.

(IV) Operation Results by Business Segment

1. Coal segment

(1) Production, operation and construction

The majority of the coal products produced and sold by the Group were thermal coal. In 2022, the Group strengthened production organisation, adhered to the production safety bottom line, and ensured safe and stable supply of coal. The annual output of commercial coal was 313.4 million tonnes (2021: 307.0 million tonnes), representing a year-on-year increase of 2.1%. The total footage of advancing tunnels at underground mines was 446 thousand meters (2021: 444 thousand meters), representing a year-on-year increase of 0.5%, among which, Shendong Mines recorded footage of advancing tunnels of 426 thousand meters.

The Group promoted the continuation of resources, increment in reserves and production, handling of permits and increasing of production capacity. The Overall Plan for the Xinjie Taigemiao Mine, Inner Mongolia (Revised) has obtained approval from the National Development and Reform Commission; the renewal and division of the exploration rights in the North Area has been completed; both the Xinjie Mine 1 and Xinjie Mine 2 have obtained exploration permits and their capacity replacement plans have been approved by the National Energy Administration; the acquisition of blank areas and deep resources of Shangwan Colliery and Bulianta Colliery was carried out in an orderly manner; the lands in Heidaigou and Haerwusu strip mines of a total of 811 hectares have obtained the approval from the Ministry of Natural Resources of China for continuing production use; the total production capacity of Huangyuchuan, Qinglongsi and Shenshan collieries increased by 4.6 million tonnes/year have been approved by the State Administration of Mine Safety; and the preparatory work of increasing coal production capacity of Lijiahao Colliery was carried out in an orderly manner.

The Group has consolidated and improved the achievements of intelligent construction in coal mines, and promoted the comprehensive application of intelligent and digital technologies. By the end of 2022, the Group had built 35 intelligent coal mining working faces, 63 intelligent tunneling working faces and 18 intelligent coal preparation plants.

The Group has independently operated railway transportation channels for collection and distribution. These channels are mainly distributed in the rim of self-owned core mines, and can satisfy the transportation needs in the core mines.

(2) Sales of coal

The coal sold by the Group is mainly self-produced coal. In order to fulfill coal the needs of customers and adequately make use of railways transportation, the Group also purchased the coal from third parties in the surrounding areas of the self-owned mines and along railway lines for blending to produce different kinds and levels of coal products and sell them to external customers. The Group implemented specialised division management. In particular, production enterprises are responsible for production of coal, the railway, port and shipping companies of the Company are mainly responsible for transportation of coal, and the Trading Group of the Company is mainly responsible for sales of coal. Customers are involved in different industries, such as power, metallurgy, chemical and construction materials.

In 2022, the Group coordinated the coal supply guarantee, production and operation, strictly implemented the national policy on coal price. Relying on the advantages of the integrated industrial chain, it has optimised the coal sources system, and continuously improved its operation and effectiveness. During the year, sales volume of coal of the Group reached 417.8 million tonnes (2021: 482.3 million tonnes), representing a year-on-year decrease of 13.4%.The sales volume for the top five external coal customers was 184.6 million tonnes, accounting for 44.2% of the total coal sales volume; in particular, the coal sold to China Energy Group, the largest customer, was 161.3 million tonnes, representing 38.6% of the total coal sales volume. The top five external coal customers are mainly electrical, chemical and coal trading companies.

In 2022, coal prices rose due to the supply-demand relationship in the coal market, and the average coal sales price of the Group was RMB644/tonne (exclusive of tax, the same below) (2021: RMB588/tonne), representing a year-on-year increase of 9.5%.

The production and sales of each kind of coal of the Group in 2022 are set out below:

Types of coal	**Production**	**Sales volume**	**Sales income**	**Sales cost**	**Gross profit**
	Million tonnes	*Million tonnes*	*RMB million*	*RMB million*	*RMB million*
Thermal coal	313.4	417.7	268,874	(167,497)	101,377
Others	/	0.1	122	(127)	(5)
Total	313.4	417.8	268,996	(167,624)	101,372

The coal sales of the Group in 2022 is set out below:

① By types of sources of coal

Types of sources of coal	Sales volume *Million tonnes*	2022 Percentage to total sales volume *%*	Price (exclusive of tax) *RMB/tonne*
I. Self-produced coal	**316.2**	**75.7**	**597**
II. Purchased coal	**101.6**	**24.3**	**789**
Total sales volume/average price (exclusive of tax)	**417.8**	**100.0**	**644**

The purchased coal sold by the Company includes purchased coal in the vicinity of its own mines and along the railway lines, coal for domestic trade and coal for import and transit trade.

In 2022, the purchased coal sales volume of the Group was 101.6 million tonnes (2021: 169.6 million tonnes), representing a year-on-year decrease of 40.1%, accounting for 24.3% of the total coal sales volume of the Group (2021: 35.2%), which was mainly due to the significant increase in the proportion of sales in domestic market under medium to long-term contracts and the decrease in the resources of purchased coal available to the Group.

② By contract pricing mechanism

	2022 Sales volume	2022 Percentage to total sales volume	2022 Price (exclusive of tax)	2021 Sales volume	2021 Percentage to total sales volume	2021 Price (exclusive of tax)	Changes Sales volume	Changes Price (exclusive of tax)
	Million tonnes	*%*	*RMB/ tonne*	*Million tonnes*	*%*	*RMB/ tonne*	*%*	*%*
I. Sales through Trading Group	**395.0**	**94.5**	**662**	458.7	95.1	605	(13.9)	9.4
1. Annual long-term contract	**221.5**	**53.0**	**515**	207.9	43.1	456	6.5	12.9
2. Monthly long-term contract	**133.5**	**32.0**	**873**	196.2	40.7	765	(32.0)	14.1
3. Spot commodity	**40.0**	**9.5**	**776**	54.6	11.3	599	(26.7)	29.5
II. Direct sales at the coal mine pit	**22.8**	**5.5**	**329**	23.6	4.9	263	(3.4)	25.1
Total sales volume/average price (exclusive of tax)	**417.8**	**100.0**	**644**	482.3	100.0	588	(13.4)	9.5

Note: The above is a summary of the sales of the coal products with different calorific value of the Group, including thermal coal and other coals.

③ By internal and external customers

	2022 Sales volume	2022 Percentage to total sales volume	2022 Price (exclusive of tax)	2021 Sales volume	2021 Percentage to total sales volume	2021 Price (exclusive of tax)	Changes Sales volume	Changes Price (exclusive of tax)
	Million tonnes	*%*	*RMB/ tonne*	*Million tonnes*	*%*	*RMB/ tonne*	*%*	*%*
Sales to external customers	**346.8**	**83.0**	**664**	416.8	86.4	599	(16.8)	10.9
Sales to internal power segment	**66.3**	**15.9**	**555**	61.2	12.7	532	8.3	4.3
Sales to internal coal chemical segment	**4.7**	**1.1**	**451**	4.3	0.9	366	9.3	23.2
Total sales volume/average price (exclusive of tax)	**417.8**	**100.0**	**644**	482.3	100.0	588	(13.4)	9.5

④ By sales regions

	2022 Sales volume	2022 Percentage to total sales volume	2022 Price (exclusive of tax)	2021 Sales volume	2021 Percentage to total sales volume	2021 Price (exclusive of tax)	Changes Sales volume	Changes Price (exclusive of tax)
	Million tonnes	*%*	*RMB/ tonne*	*Million tonnes*	*%*	*RMB/ tonne*	*%*	*%*
I. Domestic sales	412.2	98.7	638	476.2	98.8	588	(13.4)	8.5
(I) Self-produced coal and purchased coal	394.8	94.5	632	450.8	93.5	585	(12.4)	8.0
1. Direct arrival	188.1	45.0	475	187.9	39.0	442	0.1	7.5
2. Seaborne	206.7	49.5	775	262.9	54.5	687	(21.4)	12.8
(II) Sales of domestic trading coal	11.9	2.9	725	12.3	2.6	795	(3.3)	(8.8)
(III) Sales of imported coal	5.5	1.3	920	13.1	2.7	509	(58.0)	80.7
II. Export sales	0.4	0.1	1,191	0.7	0.1	850	(42.9)	40.1
III. Overseas sales	5.2	1.2	1,035	5.4	1.1	589	(3.7)	75.7
Total sales volume/average price (exclusive of tax)	417.8	100.0	644	482.3	100.0	588	(13.4)	9.5

(3) Coal resources

As at 31 December 2022, under the PRC Standard, the Group had coal reserves amounting to 32.90 billion tonnes, representing a decrease of 0.31 billion tonnes as compared with that of the end of 2021; and recoverable coal reserve amounting to 13.89 billion tonnes, representing a decrease of 0.26 billion tonnes as compared with that of the end of 2021. The Group's marketable coal reserve amounted to 9.8 billion tonnes under the JORC Standard, representing an increase of 2.37 billion tonnes as compared with that of the end of 2021, mainly due to the fact that the Group engaged an external professional organisation in 2022 to reassess the Group's marketable coal reserves under the JORC standard.

In 2022, the Group's coal exploration expenses (which were incurred before the conclusion of feasibility study and represented the expenses related to exploration and evaluation of coal resources) amounted to approximately RMB1.218 billion (2021: RMB4.001 billion), which was mainly used for the preliminary expenses of Xinjie Taigemiao Mine; the Group's relevant capital expenditure of coal mine development and exploration amounted to RMB7.008 billion (2021: RMB12.717 billion), which was mainly attributable to the payment of the transfer proceeds for mining right for Wanli No.1 Mine, the coal resource of Shangwan Colliery and Bulianta Colliery, as well as land use rights and project construction expenditure of Shengli Mines, among others.

Unit: 100 million tonnes

Mines	Coal reserve (under the PRC Standard)	Recoverable coal reserve (under the PRC Standard)	Trusted reserves (under the PRC Standard)	Proved reserve (under the PRC Standard)	Marketable coal reserve (under the JORC Standard)
Shendong Mines	151.6	85.7	40.2	17.5	65.5
Zhunge'er Mines	36.5	29.0	7.3	12.2	21.3
Shengli Mines	19.4	13.1	5.2	0.2	2.4
Baorixile Mines	13.1	10.8	5.8	1.8	8.6
Baotou Mines	0.4	0.3	0.0	0.1	0.2
Xinjie Mines	108.0	/	/	/	/
Total	329.0	138.9	58.5	31.8	98.0

Note: Trusted reserve and proved reserve are calculated based on the Classifications for Mineral Resources and Mineral Reserves (GB/T 17766-2020).

Characteristics of the commercial coal produced in the Group's major mines are as follows:

No.	Mines	Major types of coal	Calorific value of major commercial coal products *kcal/kg*	Sulphur Content *%*	Ash content *%*
1	Shendong Mines	Long flame coal/ non-caking coal	4,828-5,873	0.2-0.6	7-21
2	Zhunge'er Mines	Long flame coal	4,498-4,726	0.4-0.7	26-30
3	Shengli Mines	Lignite	2,921	1	27
4	Baorixile Mines	Lignite	3,587	0.2	14
5	Baotou Mines	Long flame coal/ non-caking coal	4,033-4,510	0.5-0.6	12-19

Note: The above average calorific value, sulphur content and ash content of major commercial coal products produced by coal mine in each mine site may be inconsistent with the characteristics of the commercial coal products produced by individual coal mine and those of the commercial coal products sold by the Company due to storage conditions and production process.

(4) Operating results

① The operating results of the coal segment of the Group before elimination on consolidation

		2022	2021	Change %	Main reasons for changes
Revenue	RMB million	277,474	292,661	(5.2)	Decrease in the sales volume of purchased coal
Cost of sales	RMB million	(192,753)	(225,126)	(14.4)	Decrease in the sales volume of purchased coal
Gross profit margin	%	30.5	23.1	Increased by 7.4 percentage point	Decrease in sales volume of purchased coal with relatively lower gross profit margins and its proportion in total sales volume of coal correspondingly
Profit before income tax	RMB million	73,536	58,949	24.7	

② The sales gross profit of the coal products of the Group before elimination on consolidation

	2022				2021			
	Revenue *RMB million*	Costs *RMB million*	Gross profit *RMB million*	Gross profit margin *%*	Revenue *RMB million*	Costs *RMB million*	Gross profit *RMB million*	Gross profit margin *%*
Domestic	263,112	(162,133)	100,979	38.4	279,974	(203,561)	76,413	27.3
Export and overseas	5,884	(5,491)	393	6.7	3,760	(3,380)	380	10.1
Total	268,996	(167,624)	101,372	37.7	283,734	(206,941)	76,793	27.1

③ Gross profit from sales of coal products by coal source before elimination on the Group's consolidation

Unit: RMB million

	2022		
Coal source	**Sales revenue**	**Sales cost**	**Gross profit**
Self-produced coal	**188,818**	**(89,997)**	**98,821**
Purchased coal	**80,178**	**(77,627)**	**2,551**
Total	**268,996**	**(167,624)**	**101,372**

Note: The sales cost of purchased coal includes the purchase cost of purchased coal, as well as the transportation and port charges incurred to realise the sales.

④ Unit production cost of self-produced coal

Unit: RMB/tonne

	2022	2021	Change %	Main reasons for changes
Unit production cost of self-produced coal	**166.3**	149.9	10.9	
Raw materials, fuel and power	**30.7**	28.2	8.9	Increase in material costs and electricity costs
Personnel expenses	**44.8**	36.6	22.4	Increases in employee headcount, policy-related social security contributions and employee performance-based salaries and bonuses
Repairs and maintenance	**10.1**	10.1	0.0	
Depreciation and amortisation	**22.8**	22.2	2.7	Increase in the purchase of coal production equipment
Other costs	**57.9**	52.8	9.7	Increases in mining engineering expenses, expenses for coal exploitation service, expenses for coal washing, selection and processing, etc.

Other costs consist of the following three components: (1) expenses directly related to production, including coal washing, selecting and processing expenses, and mining engineering expenses, etc., accounting for 62%; (2) auxiliary production expenses, accounting for 20%; and (3) land requisition and surface subsidence compensation, environmental protection expenses and tax, accounting for 18%.

2. Power segment

(1) Production and operation

In 2022, the Group insisted on safeguarding electricity stability with coal electricity and maintaining stable and efficient generation of power units; and promoted the construction of highly-efficient clean coal power units, putting Unit 2 Luoyuanwan Project as well as Unit 1 and Unit 2 Beihai Power Phase I Project into operation successively. The Group realised a total power output dispatch of 179.81 billion kWh throughout the year, accounting for 2.1% of 8,637.2 billion kWh[1] of the total power consumption of the society in the corresponding period, of which the market-based trading power reached 162.92 billion kWh, accounting for 90.6% of the total power output dispatch. The Group promoted the implementation of the electricity price reform policy and actively strived to increase the electricity price. The average electricity selling price of the Group in 2022 was RMB418/MWh (2021: RMB348/MWh), representing a year-on-year increase of 20.1%.

The Group insists on the scaling of clean energy and the cleanliness of conventional energy, and vigorously promotes the "linkage of three reforms" of coal-fired power units. The Group actively carried out the flexible upgrade of coal-fired power generating units including Jinjie Energy, Shouguang Power and Taishan Power to further enhance the peak-shaving operation capacity; the Group implemented the heat supply renovation of units including Mengjin Power and Dianta Power Plant (owned by Shendong Power) and the energy-saving transformation of units including Taishan Power and Jinjie Energy in an orderly manner. In 2022, the average standard coal consumption of coal-fired power generation units of the Group was 296.7 g/kWh (2021: 298.5 g/kWh), a decrease of 1.8 g/kWh as compared with the same period of last year.

The Group accelerated the construction of the new energy power generation projects, and actively acquired new energy construction quota. As at the end of 2022, 35 new energy power generation projects with a total installment capacity of 105.5 MW was put into operation, among which, the external commercial operation in Fujian Energy, Shouguang Power, etc. amounted to 62 MW. Beijing Guoneng New Energy Industry Investment Fund and Beijing Guoneng Green and Low-Carbon Development Investment Fund, jointly established by the Company, have continuously invested in wind power and photovoltaic projects in Shanxi, Jiangsu, Zhejiang, Hunan, Hubei and other provinces.

1 Source: China Electricity Council

(2) Power consumption and power price

Operation location/ power type		Power generation billion KWh			Power output dispatch billion kWh			Power price RMB/MWh		
		2022	2021	Change %	2022	2021	Change %	2022	2021	Change %
(I)	**Coal-fired power**	186.72	161.86	15.4	175.36	151.64	15.6	416	343	21.3
	Guangdong	32.39	30.52	6.1	30.52	28.67	6.5	446	391	14.1
	Shaanxi	30.27	32.29	(6.3)	27.79	29.66	(6.3)	341	274	24.5
	Hebei	23.82	23.20	2.7	22.35	21.76	2.7	423	323	31.0
	Fujian	22.89	17.19	33.2	21.88	16.46	32.9	452	357	26.6
	Inner Mongolia	13.34	8.86	50.6	12.16	8.01	51.8	349	301	15.9
	Sichuan	12.09	6.10	98.2	11.39	5.61	103.0	432	424	1.9
	Jiangxi	11.74	12.05	(2.6)	11.20	11.50	(2.6)	425	364	16.8
	Shandong	9.84	10.98	(10.4)	9.36	10.47	(10.6)	427	357	19.6
	Chongqing	9.70	8.89	9.1	9.29	8.50	9.3	416	372	11.8
	Hunan	9.38	1.06	784.9	8.95	1.02	777.5	477	467	2.1
	Henan	5.03	4.88	3.1	4.70	4.56	3.1	391	295	32.5
	Guangxi	4.69	4.08	15.0	4.44	3.87	14.7	429	366	17.2
	Indonesia (overseas)	1.54	1.76	(12.5)	1.33	1.55	(14.2)	555	465	19.4
(II)	**Gas-fired power**	3.85	3.85	0.0	3.76	3.77	(0.3)	564	565	(0.2)
	Beijing	3.85	3.85	0.0	3.76	3.77	(0.3)	564	565	(0.2)
(III)	**Hydropower**	0.67	0.74	(9.5)	0.65	0.72	(9.7)	226	224	0.9
	Sichuan	0.67	0.74	(9.5)	0.65	0.72	(9.7)	226	224	0.9
(IV)	**Photovoltaic power**	0.04	/	/	0.04	/	/	444	/	/
	Fujian	0.03	/	/	0.03	/	/	477	/	/
	Shandong	0.01	/	/	0.01	/	/	348	/	/
	Guangdong	0.00	/	/	0.00	/	/	194	/	/
	Shaanxi	0.00	/	/	0.00	/	/	333	/	/
	Total	191.28	166.45	14.9	179.81	156.13	15.2	418	348	20.1

Notes: In 2022, the power generation and output dispatch of the photovoltaic power stations of the Group in Guangdong was 2.08 million kWh and 2.07 million kWh, respectively, and that of the photovoltaic power station in Shaanxi was 0.97 million kWh and 0.91 million kWh, respectively.

(3) Installed capacity

At the end of the reporting period, the total installed capacity of power generation of the Group reached 40,301MW, among which, the total installed capacity of coal-fired power generators was 39,164MW, accounting for 2.9% of the total installed capacity of thermal power generators of the society (being 1.33 billion kW[1]).

Unit: MW

Power type	Total installed capacity as at 31 December 2021	Installed capacity increased/ (decreased) during the reporting period	**Total installed capacity as at 31 December 2022**
Coal-fired power	36,824	2,340	**39,164**
Gas-fired power	950	0	**950**
Hydropower	125	0	**125**
Photovoltaic power	/	62	**62**
Total	37,899	2,402	**40,301**

In 2022, the changes of the Group's installed capacity for coal-fired power generating units are as follows:

Company	**Location**	**Increase/ (decrease) of Installed capacity** *MW*	**Description**
Beihai Power	Guangxi	2,000	The operation of new units
Guoneng (Lianjiang) Port Power Co., Ltd.	Fujian	1,000	The operation of new units
China Energy Sichuan Energy Co., Ltd. Jiangyou Power Plant	Sichuan	(660)	The unit was closed due to expiration
Total	–	2,340	–

1 Source: China Electricity Council

As at the end of 2022, the major generating units under construction and approved but not yet constructed by the Group are as follows:

Project	Location	Planned installed capacity
Hunan Yueyang Power Plant Project	Hunan	2×1,000MW
Guangdong Qingyuan Power Plant Phase I	Guangdong	2×1,000MW
Guangdong Qingyuan Power Plant Phase II Expansion Project	Guangdong	2×1,000MW
Huizhou Thermal Power Phase II Gas-fired Cogeneration Unit Project	Guangdong	2×400MW
Jiujiang Power Phase II Expansion Project	Jiangxi	2×1,000MW
Beihai Power Phase II Expansion Project	Guangxi	2×1,000MW

(4) *Utilisation rate of power generation equipment*

The average utilisation hours of coal-fired generators of the Group reached 4,951 hours for the year 2022, representing a year-on-year increase of 187 hours and 357 hours more than the national average utilisation hours (being 4,594 hours[1]) of coal-fired generating units with the installed capacity of 6,000KW and above.

Power type	Average utilisation hours *(Hours)*			Power consumption rate of power plant *(%)*		
	2022	2021	Change %	2022	2021	Change
Coal-fired power (including gangue-fired power plants)	4,951	4,764	3.9	5.24	5.48	Decreased by 0.24 percentage point
Gas-fired power	4,054	4,057	(0.1)	1.57	1.50	Increased by 0.07 percentage point
Hydropower	5,340	5,921	(9.8)	0.42	0.28	Increased by 0.14 percentage point
Photovoltaic power	725	/	/	/	/	/
Weighted average	4,925	4,749	3.7	5.15	5.37	Decreased by 0.22 percentage point

1 Source: China Electricity Council

(5) *Market transaction of power*

	2022	2021	Change %
Total volume of power in market-based transactions *(billion kWh)*	**162.92**	98.06	66.1
Total volume of on-grid power *(billion kWh)*	**179.81**	156.13	15.2
Percentage of the power in market-based transactions *(%)*	**90.6**	62.8	Increased by 27.8 percentage points

(6) *Operation results of the power sales business*

In 2022, the Group owns two companies engaged in power sales and located in Shandong and Guangdong, respectively. The principal operation model is to make profit through the price difference between sales and purchase of electricity, by providing value-added services such as procurement and sales of power, incremental distribution grid business, power equipment management and comprehensive energy utilisation. The power output dispatch of purchased electricity sold by the above two power sales companies throughout the year was 7.75 billion kWh, and the corresponding electricity sales revenue and electricity purchase cost of the purchased electricity were RMB3,308 million and RMB3,391 million, respectively.

No.	Province	Power output dispatch *Billion kWh*		Average selling price of power (exclusive of tax) *RMB/MWh*		Unit electricity purchase cost (exclusive of tax) *RMB/MWh*	
		2022	2021	**2022**	2021	**2022**	2021
1	Shandong	**5.82**	4.58	**420**	346	**417**	339
2	Guangdong	**1.93**	4.28	**449**	363	**501**	404

(7) Capital expenditure

In 2022, the total capital expenditure of the power generation segment was RMB11,103 million, mainly for the following items:

No.	Name of Project	The contribution amount for the reporting period	Percentage of accumulated investment in project to the total budget as at the end of the reporting period
		RMB million	*%*
1	Guangxi Beihai Power Plant Phase I Project (2×1,000MW)	2,670	83
2	Hunan Yueyang Power Plant Project (2×1,000MW)	1,561	25
3	Guangdong Qingyuan Power Plant (Phase I) Project (2×1,000MW)	1,376	24
4	Fujian Luoyuanwan Port Power Generation & Storage Integration Project Power Plant Construction (2×1,000MW)	703	80

(8) Operation results

① The operation results of the power segment of the Group before elimination on consolidation

		2022	2021 (Restated)	Change	Main reasons for changes
				%	
Revenue	RMB million	**84,525**	64,548	30.9	Increases in the power output dispatch and the average power output dispatch price
Cost of sales	RMB million	**(73,491)**	(60,668)	21.1	Increase in coal purchase price; increase in power generation
Gross profit margin	%	**13.1**	6.0	Increase by 7.1 percentage points	
Profit before income tax	RMB million	**7,969**	1,800	342.7	

② Revenue and costs from the power output dispatch of the Group before elimination on consolidation

Unit: RMB million

	Revenue from power output dispatch			Cost of power output dispatch				
Power type	**2022**	2021 (Restated)	Change %	**2022**	**Percentage to total costs of power output dispatch in 2022 %**	2021 (Restated)	Percentage to total costs of power output dispatch in 2021 (Restated) %	Change in 2022 over 2021 %
Coal-fired power	**75,658**	54,882	37.9	**66,124**	**96.6**	52,715	95.9	25.4
Gas-fired power	**2,119**	2,132	(0.6)	**2,201**	**3.2**	2,165	3.9	1.7
Hydropower	**148**	162	(8.6)	**109**	**0.2**	109	0.2	0.0
Photovoltaic power	**17**	/	/	**10**	**0.0**	/	/	/
Total	**77,942**	57,176	36.3	**68,444**	**100.0**	54,989	100.0	24.5

The Group's cost of sale of power output dispatch is mainly comprised of raw materials, fuel and power, personnel expenses, repair and maintenance, depreciation and amortisation and other costs. The unit cost of power output dispatch of the Group in 2022 was RMB380.7/MWh (2021: RMB352.2/MWh, restated), representing a year-on-year increase of 8.1%, mainly due to the rise of coal purchase price for coal-fired power plant.

The power segment consumed a total of 66.0 million tonnes of China Shenhua's coal, representing an increase of 10.4% year-on-year, mainly due to the year-on-year increase in power generation and the Group's integrated operation advantages to ensure the coal supply for power plants. The coal consumption of China Shenhua accounted for 78.2% of the total coal consumption of power segment, which was 84.4 million tonnes.

③ Costs of power output dispatch of coal-fired power plants of the Group before elimination on consolidation

	2022		2021 (Restated)		Change
	Costs	Percentage	Costs	Percentage	in costs
	RMB million	*%*	*RMB million*	*%*	*%*
Raw materials, fuel and power	**51,919**	**78.5**	40,566	76.9	28.0
Personnel expenses	**3,733**	**5.6**	3,195	6.1	16.8
Repairs and maintenance	**1,854**	**2.8**	1,697	3.2	9.3
Depreciation and amortisation	**5,858**	**8.9**	4,932	9.4	18.8
Others	**2,760**	**4.2**	2,325	4.4	18.7
Total cost of power output dispatch of coal-fired power plant	**66,124**	**100.0**	52,715	100.0	25.4

The cost of power output dispatch of coal-fired power plant increased by 25.4% year-on-year. Among them, the year-on-year growth of raw materials, fuel and power was mainly due to the increase in the purchase price of coal and the increase in output dispatch; the year-on-year increase in labor costs was mainly due to a number of newly-added generating units of the Group put into operation, which resulting the increase in related power production personnel, and the increase in salary and social security payment; the year-on-year increase in depreciation and amortisation was mainly due to the commissioning of several new units of the Group and the increases in the depreciation and amortisation of the long-term assets of the power segment; and the increase in other costs was mainly attributable to the increase in transaction costs of power rights, among others.

3. Railway segment

(1) Production and operations

In 2022, the railway segment of the Group was well organised to maintain transportation channels in an efficient and unimpeded manner and ensured safe transportation of coal. During the year, the transportation turnover of self-owned railway reached 297.6 billion tonnes km (2021: 303.4 billion tonnes km), representing a year-on-year decrease of 1.9%. As the Group actively promoted the development of railway large-scale logistics business, the transportation volume of non-coal goods such as iron ore, manganese ore and chemicals reached 19.6 million tonnes, of which the reverse transportation volume reached 12.1 million tonnes during the year.

By strengthening technology innovation as well as empowered by smart transportation, Baoshen Railway's first HXN6 petrol-electric hybrid locomotive was launched and had a pilot run; Shuohuang Railway has made a phase achievement in the automatic driving test of loaded trains; China Energy Xinshuo Railway Co., Ltd. has participated in the development of the first high-power hydrogen powered shunting locomotive in China and has completed the pilot operation successfully.

(2) Operation results

The operation results of the railway segment of the Group before elimination on consolidation are as follows:

		2022	2021	Change %	Main reasons for changes
Revenue	RMB million	42,197	40,699	3.7	
Cost of sales	RMB million	(25,041)	(22,020)	13.7	Increases in transportation charges, personnel expenses and other costs
Gross profit margin	%	40.7	45.9	Decreased by 5.2 percentage points	
Profit before income tax	RMB million	12,742	15,723	(19.0)	

In 2022, the unit transportation cost in the railway segment was RMB0.076/tonne km (2021: RMB0.068/tonne km), representing a year-on-year increase of 11.8%, which was mainly due to the increase in transportation charges, personnel expenses and other costs and the increase in unit transportation cost as a result of the year-on-year decrease in self-owned railway transportation turnover.

4. Port segment

(1) Production and operations

The Group's port segment continued to enhance operation efficiency to ensure efficient and smooth ship loading of coal, and the seaborne coal volume of Huanghua Port has ranked first in China's ports for four consecutive years. However, as affected by factors such as insufficient supply of purchased coal and the decline in arrival resources, the accumulated loading volume of coal at Huanghua Port and Tianjin Coal Dock for the year was 250.4 million tonnes (2021: 261.4 million tonnes), representing a year-on-year decrease of 4.2%.

The port large-scale logistics business was promoted steadily. This year, the port segment completed the transportation volume of 7.7 million tonnes of non-coal cargo such as crude oil and chemical fertilizer. The Huanghua Port 3 and 4 general bulk cargo terminals have been put into operation successfully.

The Group strives to build smart and green ports. The Group will vigorously promote the application of shore power at ship terminals, speed up the construction of information infrastructure and research and development of intelligent production and operation operating systems. Huanghua Harbour Administration actively promoted the construction of pollution and carbon emission project and won the "China Environment Excellence Award" and other important awards.

(2) Operation results

The operation results of the port segment of the Group before eliminations on consolidation are as follows:

		2022	2021	Change %	Main reasons for changes
Revenue	RMB million	6,441	6,440	0.0	
Cost of sales	RMB million	(3,556)	(3,342)	6.4	Increases in fuel costs, dredging fee and others
Gross profit margin	%	44.8	48.1	Decreased by 3.3 percentage points	
Profit before income tax	RMB million	2,268	2,623	(13.5)	

The unit transportation cost in the port segment was RMB12.0/tonne in 2022 (2021: RMB10.7/tonne), representing a year-on-year increase of 12.1%, mainly due to the increases in fuel costs, dredging fee and others.

5. Shipping segment

(1) Production and operations

In 2022, the shipping division of the Group continued to do a good job in ship safety management and supervision, exercising its full strength to meet the coal transportation needs. The Group also fully took advantage of the no-load capacity of the return vessels owned by itself to actively explore the cargo resources in the market, so the volume of non-coal commodities continued to grow and the volume of foreign trade cargo increased significantly. The shipping volume of the Group for the year was 136.3 million tonnes (2021: 121.2 million tonnes), representing a year-on-year increase of 12.5% while shipment turnover amounted to 133.6 billion tonne nautical miles (2021: 112.1 billion tonnes nautical miles), representing a year-on-year increase of 19.2%.

(2) Operation results

The operation results of the shipping segment of the Group before eliminations on consolidation are as follows:

		2022	2021	Change %	Main reasons for changes
Revenue	RMB million	6,051	6,195	(2.3)	Decrease in average shipping price
Cost of sales	RMB million	(5,214)	(5,018)	3.9	Increase in shipping volume
Gross profit margin	%	13.8	19.0	Decreased by 5.2 percentage points	
Profit before income tax	RMB million	706	1,003	(29.6)	

In 2022, the unit transportation cost of the shipping segment was RMB0.039/tonne nautical mile (2021: RMB0.045/tonne nautical mile), representing a year-on-year decrease of 13.3%, mainly due to the decrease in the unit transportation cost resulted from the increase in shipping volume.

6. Coal chemical segment

(1) Production and operations

The coal chemical business of the Group comprises the coal-to-olefins project of Baotou Coal Chemical (Phase I). Its main products consist of polyethylene (with production capacity of approximately 300,000 tonnes/year) and polypropylene (with production capacity of approximately 300,000 tonnes/year) and certain byproducts including industrial sulfur, mixed C5, industrial propane, mixed C4, industrial methanol and refined methanol, etc..

In 2022, the coal-to-olefins facilities had maintained consecutive and stable operation for 8,760 hours with both average production load and production pass rates of polyolefin products reaching 100%. The Group took the initiative to address the increase in price of raw materials, adjusted the polyolefin product structure timely and increased the production of refined methanol, fabrics and other high value-added products to maximise the economic benefit. In 2022, the sales volume of polyolefin products reached 693.7 thousand tonnes (2021: 644.5 thousand tonnes), representing a year-on-year increase of 7.6%.

The preliminary work of the Baotou coal-to-olefin upgrade demonstration project has been primarily completed, which includes obtaining the quota for energy and water consumption and application for use right of construction land.

The sales of polyethylene and polypropylene products of the Group in 2022 are as follows:

	2022		2021		Change	
	Sales volume	**Price**	Sales volume	Price	Sales volume	Price
	thousand tonnes	***RMB/ tonne***	*thousand tonnes*	*RMB/ tonne*	*%*	*%*
Polyethylene	**358.4**	**6,765**	332.8	6,641	7.7	1.9
Polypropylene	**340.6**	**6,613**	315.6	6,853	7.9	(3.5)

(2) *Operation results*

The operation results of the coal chemical segment of the Group before eliminations on consolidation are as follows:

		2022	2021	Change %	Main reasons for changes
Revenue	RMB million	**6,379**	5,851	9.0	Increase in sales volume of polyolefin products
Cost of sales	RMB million	**(5,493)**	(4,754)	15.5	Increase in the price of coal; increase in sales volume of polyolefin products
Gross profit margin	%	**13.9**	18.7	Decreased by 4.8 percentage points	
Profit before income tax	RMB million	**538**	706	(23.8)	

(3) *Unit production cost of major products*

	2022		2021		Change	
	Production volume	**Unit production cost**	Production volume	Unit production cost	Production volume	Unit production cost
	Thousand tonnes	***RMB/tonne***	*Thousand tonnes*	*RMB/tonne*	*%*	*%*
Polyethylene	**353.4**	**5,812**	332.0	5,447	6.4	6.7
Polypropylene	**340.3**	**5,788**	312.5	5,320	8.9	8.8

The main reason for the year-on-year increase in the Group's polyolefin products production in 2022 was that the coal-to-olefins facilities were shut down for overhauling as planned during September to October 2021, resulting in a lower base. The increase in the unit production cost of polyolefin products was mainly due to the increase in the coal purchase price.

In 2022, the coal of a total of 4.8 million tonnes consumed by the coal chemical segment was all the coal sold within the Group (including China Shenhua self-produced coal and purchased coal).

(V) Operations by Region

Unit: RMB million

	2022	2021 (restated)	Change %
Foreign transaction revenue from domestic market	**332,253**	324,912	2.3
Foreign transaction revenue from overseas market	**12,280**	10,728	14.5
Total	**344,533**	335,640	2.6

Note: The revenue from foreign transactions is divided by the location of customers receiving services and purchasing products.

The Group is mainly engaged in the production and sales of coal and power, railway, port and shipping transportation as well as coal-to-olefins businesses in the PRC. In 2022, the foreign transaction revenue from domestic market was RMB332,253 million, accounting for 96.4% of the Group's revenue. The foreign transaction revenue from overseas market was RMB12,280 million, representing a year-on-year increase of 14.5%, which was mainly due to the increase in revenue from Pembangkitan Jawa Power Plant and South Sumatra No. 1 Project of the Group located in Indonesia and such revenue was recognised pursuant to the relevant provisions of the Concession Agreement.

In 2022, the Group responded to the impact of public health incidents on our overseas business by making emergency plans to ensure the normal operation of overseas business. The generators of South Sumatra EMM and Pembangkitan Jawa operated steadily with further improved reliability. Stable progress has been made in South Sumatra No. 1 Project.

(VI) Analysis on Investments

In 2022, the equity investments of the Company amounted to RMB26,701 million (2021: RMB10,945 million), representing a year-on-year increase of 144.0%, mainly due to the increase of capital for the Company's subsidiaries in coal, power and transportation segments, and the acceleration of project construction.

1. Material investment in equity interest

On 15 December 2022, the Company acquired 30% equity interests in Jinjie Energy held by Ducheng Weiye Group Co., Ltd. through bidding, which was transferred through public listing on the Beijing Equity Exchange, at a listing reserve price of RMB9,965.1557 million. Upon completion of the transaction, the Company's shareholding in Jinjie Energy increased from 70% to 100%.

2. Material investment in non-equity interest

☐Applicable ✔ Not applicable

3. Financial assets at fair value

During the reporting period, the financial assets at fair value held by the Group were mainly the non-tradable equity investments that have no significant impact on the investees, as well as bank acceptances proposed to be used for discounting or endorsement.

Unit: RMB million

Name of items	Opening balance at the beginning of the period	**Closing balance at the end of the period**	Change for the reporting period	Change of profit for the reporting period
Other investments in equity instruments	2,174	**2,386**	212	0
Financing receivables	376	**502**	126	0
Total	2,550	**2,888**	338	0

(VII) Disposal of Material Assets and Equity Interest

☐Applicable ✔ Not applicable

(VIII) Analysis on Major Holding and Associated Companies

1. Major subsidiaries

Unit: RMB million

No.	Company	Registered capital	Total assets	Net assets	Net profit attributable to the equity holders of the parent company			
		As at 31 December 2022			2022	2021	Change %	Main reasons for changes
1	Shendong Coal	4,989	51,418	42,087	29,248	19,967	46.5	Increase in average coal sales price; decrease in average income tax rate
2	Shuohuang Railway	15,231	43,948	29,016	6,507	7,755	(16.1)	Year-on-year decrease in railway freight turnover and year-on-year increase in labor costs, maintenance costs and others
3	Jinjie Energy	3,802	13,685	11,083	5,145	3,827	34.4	Increase in average coal sales price, and increase in power output dispatch and average price of electricity sold
4	Zhunge'er Energy	7,102	49,914	41,026	3,707	2,499	48.3	Increase in average coal sales price
5	Baorixile Energy	1,169	12,772	5,315	3,256	1,655	96.7	Increase in sales volume of coal and average coal sales price
6	Beidian Shengli	2,925	12,512	7,301	2,588	1,415	82.9	Increase in sales volume of coal and average coal sales price
7	Trading Group	1,889	29,443	11,862	1,671	2,273	(26.5)	Decrease in sales volume of purchased coal
8	Huanghua Harbour Administration	6,790	13,644	10,059	1,482	1,586	(6.6)	
9	Yulin Energy	2,420	6,928	3,831	1,349	1,410	(4.3)	
10	Pembangkitan Jawa	2,540	15,678	6,314	1,134	956	18.6	Commercial operation of single machine in the first half of 2021; commercial operation of two generating units in 2022

Notes:

(1) The financial information of the major subsidiaries in the above table was prepared in accordance with the China Accounting Standards for Business Enterprises.

(2) Shendong Coal recorded a revenue of RMB97,225 million and a profit from operations of RMB29,837 million in 2022.

(3) Shuohuang Railway recorded a revenue of RMB21,663 million and a profit from operations of RMB8,823 million in 2022.

2. Major companies in which the Company has invested

Please refer to the section headed "Material Related Party/Connected Transactions" of this report for details of Financial Company.

(IX) Structured Vehicle Controlled by the Company

☐Applicable ✔ Not applicable

(X) Compliance with Relevant Laws and Regulations

So far as the Board and management of the Company are aware, the Group has complied in all material aspects with the relevant laws and regulations that are related to the business and operation of the Group. In 2022, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

(XI) Relationship with Stakeholders

For details of remuneration and training of the Group's employees, please refer to the "Employees" section in this report.

The Group attaches great emphasis on good relationships with stakeholders such as customers, suppliers and other business partners to achieve its long-term goals. For details, please refer to the 2022 ESG Report of the Company.

In 2022, there was no material dispute between the Group and its stakeholders.

(XII) Donations

During the reporting period, the Group made external donations of RMB531 million.

VI. THE COMPANY'S OUTLOOK FOR FUTURE DEVELOPMENT

(I) Industry Structure and Trend

In 2023, although the external circumstances are complex and severe, the risk of global economy falling into stagflation increases and the recovery basis for domestic economy is unstable, the economy in China has strong resilience, huge potential and sufficient vitality and its long-term good prospects remain unchanged. As various policies are continuously implemented in detail, it's expected that the production and life order will recover quickly, and the endogenous power of economic growth will be gathered and be stronger. The overall economy in China will be better in 2023.

For the coal industry, the expected growth for economic recovery will boost the demand of coal. The coal consumption is expected to keep growing in 2023. The effect of policy of increasing production of coal to ensure supply continues to release, and the coal supply is anticipated to increase slightly, the coverage ratio of medium and long-term contract for thermal coal will be further increased. The coal import is expected to experience an increase. Generally, the supply and demand relationship in coal market in 2023 is expected to be improved, and the price median of coal may remain stable at a reasonable range. As affected by seasonal fluctuations, emergencies and other factors, tight supply may occur in some areas and during some periods.

For the power industry, it is expected that the growth rate of power consumption demand in 2023 will be higher than that in 2022. Driven by the rapid development of new energy power generation, the installed capacity of non-fossil energy power generation will hit a new high, accounting for over 50% of the total installed capacity. In view of the uncertainties such as economic growth, exports, weather and wind and solar energy resources, it is expected that the overall power supply and demand in China will be tight and balanced in 2023, and the power supply and demand in some regions will be tight during peak hours. With the further development of market-based electricity, electricity trading mechanism and market price formation mechanism will be gradually improved.

(II) Development Strategy of the Company

In 2022, the Party's 20th National Congress drew up a grand blueprint for comprehensively building a modern socialist country, and higher requirements were put forward for the energy industry to accelerate the green transformation of development mode, work actively and prudently toward the goals of reaching peak carbon emissions and carbon neutrality and ensure energy and resource security. Currently, although China's critical battle against energy supply has become routine, it is necessary to give full play to the role of coal in ensuring the energy supply and the role of coal power in ensuring the basic guarantee and systematic adjustment in the construction of a new power system. Given the Group's large proportion of high-carbon assets including coal and coal power, the Group faces not only the pressure of transformation and upgrading of the traditional coal-based energy industry, but also the enormous challenges brought by technological breakthroughs in the new energy industry when actively fulfilling its responsibility of ensuring energy security.

The Group will adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully implement the guiding principles of the Party's 20th National Congress and put in place the new strategy of "Four Revolutions and One Cooperation" for energy security, and the goal of carbon peak and carbon neutrality, earnestly carry out the comprehensive development strategy of "One Target, Three Models and Five Strategies, and Seven First-class" and the work orientation of "Stability, Coordination, Empowerment and Quality Improvement", accelerate the construction of a clean, low-carbon, safe and efficient modern energy system, pursue steady and high-quality development, and constantly give back to investors. During the "14th Five-Year Plan" period, the Group will continue to consolidate the core advantages of integrated operation, ensure the safe and stable supply of energy, and promote the construction of green mines, green transportation, green power plants and green chemicals facilities. The Group will speed up the clean and efficient mining and utilization of coal to improve the comprehensive efficiency of energy utilization, build clean and high-efficient generating units and strengthen the transformation of heating, energy saving and flexibility, focus on the research and development and application of intelligent heavy-haul railway transportation technology and intelligent integrated operation technology to develop large-scale logistics business and improve the safe, sophisticated and efficient management level and comprehensive profitability level in the transportation segment, and promote the high-end, diversified and low-carbon development of coal chemical industry to develop high value-added products such as new coal-based materials. It will also leverage the advantages of high-level platform and strong financial position as a listed company, strengthen the cooperation with local government and enterprises, give play to the role of industrial funds, promote the steady and sustainable development of new energy business, and study investment opportunities in strategic emerging industries such as energy storage, hydrogen energy, biomass energy projects and venture capital, so as to lay a solid foundation for the industrial upgrading and transformation of the Company.

(III) Business Plan for 2023

1. Business targets for 2023

Item	Unit	Target of 2023	Actual amount in 2022	Increase/ (decrease) %
Commercial coal production	100 million tonnes	**3.094**	3.134	(1.3)
Coal sales	100 million tonnes	**4.358**	4.178	4.3
Gross power generation	100 million kWh	**2,039**	1,912.8	6.6
Revenue	RMB100 million	**3,500**	3,445.33	1.6
Cost of sales	RMB100 million	**2,510**	2,266.24	10.8
Selling, general and administrative and R&D expenses and net finance costs	RMB100 million	**155**	149.21	3.9
Percentage change of unit production cost of the self-produced coal	/	**Year-on-year increase of approximately 10%**	Year-on-year increase of 10.9%	/

The above business targets are subject to factors including changes in scope of consolidated financial statements, risks, uncertainties and assumptions. The annual actual outcome may differ materially from the targets. 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.

2. Capital expenditure plan for 2023

Unit: RMB100 million

	Target of 2023	Actual amount in 2022
1. Coal segment	**73.77**	106.38
2. Power segment	**180.80**	111.03
3. Transportation segments	**95.61**	97.75
Of which: Railway	**82.84**	67.40
Port	**12.03**	28.68
Shipping	**0.74**	1.67
4. Coal chemical segment	**5.61**	3.33
5. Others	**5.73**	0.96
Total	**361.52**	319.45

Total capital expenditure of the Group in 2022 amounted to RMB31.945 billion, which were mainly used for the purchase of mining equipment; the preliminary preparation of Xinjie No. 1 Mine and No. 2 Mine in Taigemiao Area of Xinjie Mining Area; the power generation projects under construction, such as Beihai Power Phase I, Hunan Yueyang power plant, Guangdong Qingyuan Power Plant Phase I and photovoltaic power stations; the purchase of railway equipment and capacity expansion and renovation of railways; and coal-to-olefin upgrading demonstration project.

The Board of the Company approved a total planned capital expenditure of 2023 of RMB36.152 billion (excluding equity investment), including:

(1) Among the capital expenditure of the coal segment, RMB5.712 billion will be used in new construction as well as renovation and expansion projects (including the purchase of infrastructure-related equipment); RMB1.221 billion will be used in technical renovation for equipment purchase; RMB0.444 billion will be used in technical renovation for non-equipment purchases. The major investment projects include: purchasing of mining equipment for various mines in Shendong Mines, preliminary preparation of Xinjie No. 1 Mine and No. 2 Mine in Taigemiao Area of Xinjie Mining Area, etc..

(2) Among the capital expenditure of the power segment, RMB15.558 billion will be used in new construction projects (including the purchase of related equipment); RMB0.33 billion will be used in technical renovation in environmental protection; RMB2.007 billion will be used in technical renovation in non-environmental protection. The major investment projects include: Hunan Yueyang power plant project, Guangdong Qingyuan Power Plant Phase I Project and Jiangxi Jiujiang Phase II renovation and expansion project, etc..

    The capital expenditure of new energy business of RMB1.969 billion will be mainly used for the construction of new energy projects of branches in Guangdong and Jiangxi and distributed photovoltaic projects in power plant of Shendong Power, etc..

(3) The capital expenditure of the railway segment will be mainly used for the construction of special coal transportation lines, purchase of railway locomotives, railway capacity expansion and reconstruction projects, etc..

(4) The capital expenditure of port business will be mainly used for the construction of bulk cargo terminal of Gaolan Port in Zhuhai Port, etc..

(5) The capital expenditure of the coal chemical segment will be mainly used for coal-to-olefin upgrading demonstration project, etc..

The capital expenditure plans of the Group in 2023 are subject to the development of business plans (including potential acquisitions), progress of capital projects, market conditions, outlook for future operation environment and the obtaining of the requisite permissions and approval documents. Unless required by laws, the Company shall not assume any responsibilities for updating the data of its capital expenditure plans. The Company intends to finance its capital expenditures by cash generated from operating activities, short-term and long-term borrowings, and other debt and equity financing.

(IV) Major Risks and Countermeasures

Investors should be aware that although the Company has reviewed and listed the major risks, and adopted relevant countermeasures, there is no absolute guarantee that all adverse impact could be eliminated due to the limitation of various factors.

1. Risk of safety production and environmental protection

Although the Group has been sustaining stable performance in safety production for its coal mines, there are many safety risks intertwined and the task securing energy supply is still severe. Given that further stringent national policies are made on energy-saving and environmental protection, the Group faces more constraints on energy-saving, emission reduction and environmental protection.

The Group has established the safety production target of preventing major safety production accidents to achieve "zero death". To cope with the risks of safety production, the Group will continue to improve the dual prevention mechanism of safety risk grading control and potential risks investigation and response, hold the leader of safety production accountable, reinforce the development of emergency management system and safety production training, take effective approaches to improve emergency response ability, take advantage of information, develop new ways to formulate safety supervision mechanism, improve safety supervision capability and cement the foundation of safety production.

To cope with the risks of environmental protection, the Group will continue to strengthen environmental monitoring, strictly adhere to the ecological red line, vigorously promote the construction of green mines, green smart heavy-haul railway and green ports, accelerate green and low-carbon transformation. The Group will keep strengthening the brand image building of ultra-low emissions in coal power on an on-going basis. The Group will continue to further improve the environmental management system and strengthen the remediation of potential issues and environmental emergency management, actively adapt to requirements of "Dual Control" of total energy consumption and energy intensity in order to achieve energy-saving and emission reduction targets as well as to prevent severe environmental pollution incidents.

2. Risk of market competition

As there is still some room for improvement for domestic coal production capacity and the international energy market tends to ease, the price of coal faces increased uncertainty. With the speed-up of reform in power market and the establishment of new energy system and new power system, the landscape of market competition is evolving at a faster pace, and the scale and price of transactions are uncertain. The country has increased the construction of cross-provincial and cross-region coal transportation railway channels. The coal transportation capacity will be gradually released, and the structure of transportation tends to be diversified.

In response to the risks of market competition, the Group will improve the accuracy of the pre-judgment to coal market, formulate coal purchase and sale mechanism and price policy in different areas and at different times, optimise the structure of coal products, increase brand advantage on an ongoing basis, strengthen the development of new markets and the maintenance of existing markets, take coordinated measures to ensure product and production capacity reserve, focus on coal transfer and consumption markets, take active and prudent approaches to design coal reserve bases and deepen the comprehensive coordination of production, transportation, sales, storage and use of coal. The Group will step up efforts to increase revenue and efficiency of the power market and power business and conduct risk prevention and control to ensure safety production. The Company will continue to increase the collection and distribution capacity of self-owned railways, promote the construction of dedicated railway lines for coal core areas, accelerate the transformation of capacity expansion of railway lines and further expand "Large-scale Logistics" business to increase the transportation volume of non-coal goods. The Group will also deepen synergy and efficiency improvement, promote model innovation, enhance customer service capabilities, further strengthen and increase market share, and further consolidate integration advantages.

3. Investment risk

The ecological and environmental constraints are tightening, and the policy of carbon peak and carbon neutrality are forcing deep energy conservation and clean and low-carbon development. New energy will usher in extraordinary and leapfrog development, and investment efforts and scale will continue to increase. There are uncertainties in market and policy and other factors, which may affect the investment returns of the projects.

To cope with investment risks, the Group will continue to optimise its investment management system, strengthen the quality management in the early stage of projects, strictly control the investment decisions of projects, highlight the risk management and control of major projects; continue to focus on investment plans, expand effective investment, reasonably control the pace of project investment, and strengthen the investigation and supervision of the implementation of investment plans; actively, orderly and standardly carry out post-project evaluation work to improve the efficiency and benefits of investment.

4. Compliance risk

The Group is large in asset size and has a long industrial chain. It is difficult to identify and prevent risks, which may trigger contract disputes and regulatory penalties. Changes in the international political and economic situation may lead to the legal compliance risks in the construction and operation of overseas projects.

To cope with the compliance risk, the Group will optimise the legal compliance risk prevention system on a continuous basis, carry out compliance risk identification and early warning in different levels and categories, and use information technology to improve the effectiveness of compliance management. The Group will promote the "standardisation of main business contracts", proceed the "layered listing supervision" mechanism for major cases, and improve the prevention and response capabilities for major legal cases. The Group will strengthen the compliance management of coal-fired power projects, such as project approval and licensing, and standardise the construction and operation of projects. The Group will enhance the follow-up research on legal systems of the countries where the projects are located, monitor overseas compliance risks that overseas projects may face in a regular manner, and implement risk prevention and control measures.

5. Risk of project management

The overall progress of the Group's existing projects is stable. However, there are certain uncertainties in the construction of specific projects. For example, insufficient project risk prediction, insufficient capacity of the design unit and other factors, which may lead to the risks of prolonging construction period, delaying construction time and increase in investment; failure to fully implement safety responsibility, weak safety awareness of part of the construction workers, failure to effectively implement the project safety management system, which may lead to the risk of safety accidents.

The Group will continue to strengthen the unified management of the construction plan, technology, technical economics, safety and quality of projects, improve the functional management of construction, project early management and construction team management and strictly control project design, budget and settlement. It will also enhance the project cost control, track and monitor project construction immediately, and timely formulate effective measures to reduce or eliminate the impact of extension of time. The Group will strengthen its construction safety management, enforce its administration in safety emergency plans and eliminate major and more severe safety incidents.

6. Risk of international operations

The international political situation is increasingly complicated. Affected by major-country relationship, and sagging global economy and energy crisis, the future international trades and economic situations may experience fluctuations. Together with the highly competitive energy market worldwide, there are certain uncertainties in the Group's international operations.

To cope with the risk of international operations, the Group will further carry out overseas resource evaluation, operation performance evaluation and technology assessment based on sound information collection, analysis and research prior to making any decision on overseas project investment so as to ensure economic and technological feasibility. The Group will strengthen overseas risk screening, regularly monitor the overseas legal compliance risks, and take multiple measures to prevent and resolve risks. Furthermore, the Company will strengthen the cultivation and introduction of interdisciplinary talents, actively and steadily implement the "Going Global" strategy in accordance with the requirements of coordinating the overall domestic and international situations.

7. Risk of macroeconomic fluctuations

The industry in which the Group operates is closely correlated to the prosperity of the macro economy. Currently, China's economic development is facing the triple pressure of demand contraction, supply shock and weakening expectations, coupled with volatile external environment, which exerts a huge impact on China's economy. Besides, the reform and innovation in the energy sector will have a significant impact on the Group's development strategy.

To cope with the risk of macroeconomic fluctuations, the Group will further strengthen the studies on macro-control policy and relevant industrial trends, vigorously promote technological innovation to ensure the clean and efficient utilisation of coal, explore and develop high-end, diversified and low-carbon coal chemical products, promote the optimal combination of coal and new energy, accelerate the large-scale development of new energy, study and deploy the development of industries such as new energy storage, hydrogen energy, pumped storage and biomass energy, and promote the high-quality and sustainable development of the Company.

8. Risk of integrated operations

The Group's advantages in integrated operation of coal, power, transportation and coal chemical come along with the risks arising from the interruption of individual parts of the entire integrated chain. In case of poor organisation or coordination or a discontinuation of any part, the balance and high efficiency of integrated operations will be affected and the impact may adversely affect the Group's business results.

To cope with the risk of integrated operations, the Group will continue to strengthen its core advantage of integrated operations in view of the basic national realities that China's primary energy mix is still dominated by coal. The Group will take an array of measures based on safety production, including focusing on the comprehensive coordination and balance of integrated operations, paying close attention to the resources continuation, strengthening scientific scheduling and plan management, improving railway collection and distribution system, strengthening the coordination of power grid, and strengthening the production and operation management, expanding the coverage of integrated operations as much as possible, and continuously enhancing the resilience of integrated industrial chain, value chain and supply chain.

9. Policy risk

The business activities of the Group are affected by the national industrial control policies. The goal of "carbon peak and carbon neutrality" has put forward new and higher requirements for the high-quality development of the energy industry. China has rolled out multiple policies to deepen supply-side structural reform of the coal industry, which may to some extent affect the Company's industrial layout, the approval of new and expansion projects, and the reform of operation and management mode.

To cope with the risk in industrial policies, the Group will strengthen the research on the latest national industrial policies and regulations, enhance policy coordination, pay close attention to the window of policy opportunities for resource continuation, promote resource continuity, increase reserves and production, facilitate colliery construction, license application and the increase of authorised production capacity to improve the ability to take control independently. It will also focus on its principal business, and prudently advance the goal of carbon peak and carbon neutrality. The gradual withdrawal from traditional energy should be based on the safe and reliable replacement of new energy. The Group will reasonably match the investment scale of each segment, accelerate the development of renewable energy while firmly promoting the clean and efficient utilization of coal, and promote industrial upgrading and green and low-carbon transformation. The Group will also refine carbon emission standards of all segments, and strengthen the management of carbon assets, so as to promote the green electricity and green certificate trading in a well-coordinated way.

VII. REASONS AND CASES OF FAILURE OF DISCLOSURE IN ACCORDANCE WITH GUIDELINES BY THE COMPANY DUE TO NON-APPLICABLE GUIDELINES OR SPECIAL REASONS

☐ Applicable ✔ Not applicable

VIII. PERFORMANCE OF THE BOARD AND ITS SPECIAL COMMITTEES

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

IX. OTHERS

Please see the section headed "Significant Events" for management contracts; please see the section headed "Corporate Governance and Corporate Governance Report" for permitted indemnity provision, interests and dividends of Directors and Supervisors in significant transactions, arrangements or contracts; please see the section headed "Changes in Share Capital and Shareholders" for repurchase of listed securities.

Section V Corporate Governance and Corporate Governance Report

I. CORPORATE GOVERNANCE

The Company has established a relatively sound corporate governance structure and a smooth operating mechanism, and there are no material differences from the laws, administrative regulations and CSRC's regulations on the governance of listed companies.

The Board is responsible for implementing good corporate governance of the Company. The Company has been in compliance with the requirements of corporate governance policies under the corporate governance code (the "Corporate Governance Code") as set out in Appendix 14 of the Hong Kong Listing Rules to establish its own system of corporate governance.

The convening, voting and disclosure procedures of Board meetings of the Company, rules of procedure of the Board and procedures for nomination and appointment of Directors are in compliance with relevant requirements. Being a standing decision-making body of the Company, the Board is accountable to the shareholders' general meeting, and exercises function and power in accordance with the requirements of article 136 of the Articles of Association and relevant applicable regulatory requirements. Being a standing executive body of the Company, operating management comprising senior management including the chief executive officer, is accountable to the Board and exercises function and power in accordance with the requirements of article 156 of the Articles of Association and relevant applicable regulatory requirements. The Articles of Association sets out the respective duties of the Chairman of the Board and the Chief Executive Officer in detail. The Chairman of the Board and the Chief Executive Officer are held by different personnel. On 31 July 2022, Mr. Wang Xiangxi resigned as the Chairman and Executive Director of the Company. The Board was convened by Mr. Lv Zhiren, the Executive Director and Chief Executive Officer on the recommendation of the incumbent Directors.

During the year ended 31 December 2022, the Company has been in full compliance with the provisions of principle and codes and most of the recommended best practices as specified therein. For the terms of functions and powers of the Board and the Board Committees under the Corporate Governance Code, please refer to the Articles of Association, Rules of Procedure of the Board and 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.

II. ENSURANCE OF INDEPENDENCE OF LISTED COMPANY BY CONTROLLING SHAREHOLDERS

(I) Measures of Ensurance of Independence of Listed Company by Controlling Shareholders

China Energy Group, the controlling shareholder of the Company, complies with the principles of honesty and credibility, exercises the rights and obligations of shareholders in accordance with the law. When China Energy Group nominated candidates for directors or Supervisors, it shall follow the conditions and procedures stipulated in laws and regulations and the Articles of Association. In the event of consideration of the related transactions with controlling shareholders at the Board and general meeting, the connected Directors and controlling shareholders shall abstain from voting. There are potential peer competitions between the coal business and other business of China Energy Group and the major business of the Company and China Energy Group has taken measures to avoid peer competitions, as defined below.

Save as disclosed above, 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, organisation, finance and other aspects.

(II) Avoidance of Competition

There are potential peer competitions between the coal business and other business of China Energy Group and the main business of the Company. On 24 May 2005, the former Shenhua Group Corporation Limited entered into the Agreement on Avoidance of Competition with the Company.

To further formulate the performance of the Non-competition Agreement, the Resolution on the Performance of Non-competition Undertaking was approved at the 45th meeting of the second session of the Board on 27 June 2014 and the Announcement on the Performance of Non-competition Undertaking was disclosed to public. The Company disclosed that it will gradually commence the acquisition of 14 assets of the former Shenhua Group Corporation Limited and its subsidiaries as planned ("Original Undertaking Assets") (For details, please refer to the H shares announcement dated 27 June 2014 and the A shares announcement dated 28 June 2014). The Company completed acquisitions of 100% equity of Ningdong Power, 100% equity of Xuzhou Power and 51% equity of Zhoushan Power in 2015.

Being the parent company subsequent to the restructuring, China Energy merged with China Guodian by the way of absorption. As approved in the 2018 first extraordinary general meeting of the Company, the Company entered into the Supplemental Agreement to the Existing Non-Competition Agreement with China Energy. It is agreed by both parties that other than the amendments in the Supplemental Agreement to the Existing Non-Competition Agreement, the clauses of the Existing Non-competition Agreement will not be changed.

Pursuant to the Supplemental Agreement to the Existing Non-competition Agreement, within five years after the completion of China Energy merging with China Guodian by the way of absorption, the Company will discretionally exercise the options and the preemptive rights to acquire the assets within the retained businesses, and will no longer implement the 2014 Non-competition Undertakings. The retained businesses refer to (1) original undertaking assets (excluding the completed acquisition of three equity assets by the Company in 2015) other than the assets of conventional power generation business, and (2) the unlisted businesses held by China Guodian which directly or indirectly compete with the main businesses of the Company (excluding the relevant assets that China Guodian undertook to inject into its subsidiary Inner Mongolia Pingzhuang Energy Co., Ltd. in 2007). For details, please refer to the H share announcement of the Company dated 1 March 2018 and the A shares announcement of the Company dated 2 March 2018.

The Company, as an integration platform of the coal business of China Energy Group, will, pursuant to the agreements set out in the Non-competition Agreement and its supplemental agreement, discretionally exercise the options and the pre-emptive rights to any business opportunities and assets which may pose potential competition, thereby gradually reducing peer competition.

III. 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. The shareholders' general meeting is the highest authoritative body of the Company, through which shareholders can exercise their rights. The controlling shareholder takes part in the Company's operations and decision-makings through shareholders' general meetings and the Board.

Pursuant to Articles 66, 69 and 75 of the Articles of Association, shareholders may submit written request to the Board for the convening of extraordinary general meetings or class meetings and submit proposals to the Company at general 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 shareholders, minutes of general meetings, resolutions of meetings of the Board and the Supervisory Committee, regular reports and financial and accounting reports, etc..

(II) Investor Relations

In 2022, the Company did not amend the Articles of Association.

The Company has formulated an effective shareholder communication policy. The Company has formulated the Measures on the Administration of Investor Relations of China Shenhua Energy Company Limited to clarify the communication methods of shareholders and the organisation and implementation of investor relations activities; shareholders are provided with channels to express their opinions through telephone calls, online performance briefings, on-site meetings and other means. For details, please refer to the "Investor Relations" section of this report.

The Company has reviewed the implementation and effectiveness of the shareholder communication policy and considers that the Company has established an effective channel of communication with its shareholders.

(III) Convening of General Meetings During the Reporting Period

Meetings	Date	The designated website for publishing the voting results	Date of disclosure of the voting results	Resolutions
2021 Annual General Meeting	24 June 2022	The website of the SSE The website of the HKEx	25 June 2022 24 June 2022	All the 10 resolutions were considered and approved at the AGM by a combination of on-site voting by poll and internet voting.
2022 First A shareholders Class Meeting				Resolution on Granting the Board the General Mandate to Repurchase H Shares was considered and approved at the A shareholders Class Meeting by a combination of on-site voting by poll and internet voting.
2022 First H shareholders Class Meeting				Resolution on Granting the Board the General Mandate to Repurchase H Shares was considered and approved at this H shareholders Class Meeting by way of on-site voting.
2022 First Extraordinary General Meeting	28 October 2022	The website of the SSE The website of the HKEx	29 October 2022 28 October 2022	All 2 resolutions were considered and approved at the EGM by a combination of on-site voting by poll and internet voting.

All the resolutions tabled at the general meeting above were passed.

The Company accepted registration of shareholders' attendance, and arranged a special session for the shareholders' effective consideration of proposals at the meeting. shareholders actively participated in the meeting and were 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. Directors, Supervisors and senior management of the Company attended the meeting. Arranging special Q&A sessions in the meetings enabled interactions between shareholders and the management.

The Company's shareholders' representative, Supervisors' representative, witness lawyers and the representative of Computershare Hong Kong Investor Services Limited acted as scrutineers at the general meetings. The PRC legal advisor of the Company issued the legal opinion. Representatives of the auditors attended the Annual General Meeting.

IV. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) Changes in Shareholding and Remuneration of Directors, Supervisors and Senior Management

1. Directors, Supervisors and senior management as at the end of the reporting period

Unit: RMB ten thousand

						Remuneration paid (before tax)				Social insurance, housing funds and corporate annuities paid by the Company						
							Performance remuneration (including emoluments)									
Name	Positions	Gender	Age	Date of Appointment (from the first Appointment date)	Scheduled expiration of term of office	Basic remuneration		Including: performance remuneration for the previous year	Subtotal 1	Basic healthcare, unemployment, work-related injury, maternity insurance and housing provident funds	Retirement plan: basic pension insurance and corporate annuities	Subtotal 2	Other monetary income	Total remuneration before tax	Whether to receive compensation from related parties of the Company	Description
Lv Zhiren	Executive Director	Male	58	24 June 2022	28 May 2023	31.30	43.91	3.21	**75.21**	8.15	15.23	**23.38**	–	98.59	No	Including performance remuneration for one month in 2021
	Chief Executive Officer and Deputy Secretary of the Party Committee			29 December 2021	–											
Xu Mingjun	Executive Director	Male	59	29 May 2020	28 May 2023	31.30	79.19	38.49	**110.49**	8.15	15.54	**23.69**	–	134.18	No	Including performance remuneration for 12 months in 2021
	Secretary of the Party Committee and Executive Vice President			29 November 2018	–											
Jia Jinzhog	Non-Executive Director	Male	59	29 May 2020	28 May 2023	–	–	–	**–**	–	–	**–**	–	–	Yes	–
Yang Rongming	Non-Executive Director	Male	57	25 June 2021	28 May 2023	–	–	–	**–**	–	–	**–**	–	–	Yes	–
Yuen Kwok Keung	Independent Non-Executive Director	Male	58	29 May 2020	28 May 2023	–	30.00	–	**30.00**	–	–	**–**	–	30.00	No	–
Bai Chong-En	Independent Non-Executive Director	Male	59	29 May 2020	28 May 2023	–	30.00	–	**30.00**	–	–	**–**	–	30.00	No	–
Chen Hanwen	Independent Non-Executive Director	Male	54	29 May 2020	28 May 2023	–	30.00	–	**30.00**	–	–	**–**	–	30.00	No	–
Liu Xiaolei	Employee Director	Female	48	5 July 2022	28 May 2023	12.82	14.51	0.00	**27.33**	4.32	5.75	**10.07**	–	37.40	No	Remuneration is calculated from July to December 2022
Tang Chaoxiong	Chairman of the Supervisory Committee	Male	54	24 June 2022	28 May 2023	–	–	–	**–**	–	–	**–**	–	–	Yes	–
Zhou Dayu	Supervisor	Male	57	17 June 2016	28 May 2023	–	–	–	**–**	–	–	**–**	–	–	Yes	–
Zhang Feng	Employee Supervisor	Male	47	5 July 2022	28 May 2023	11.10	15.81	0.00	**26.91**	4.32	5.69	**10.01**	–	36.92	No	Remuneration is calculated from July to December 2022
Huang Qing	Secretary of the Board and Member of the Party Committee and General Counsel	Male	57	6 November 2004	11 January 2023	31.30	71.23	36.53	**102.53**	8.15	14.80	**22.95**	–	125.48	No	Including performance remuneration for 12 months in 2021
Yang Xiangbin	Deputy Secretary of the Party Committee	Male	57	6 April 2021	–	25.04	59.24	24.28	**84.28**	8.15	12.96	**21.11**	–	105.39	No	Including performance remuneration for nine months in 2021
Wang Xingzhong	Executive Vice President and Member of the Party Committee	Male	54	30 December 2019	–	25.04	71.30	36.34	**96.34**	8.15	13.95	**22.10**	–	118.44	No	Including performance remuneration for 12 months in 2021
	Employee Director			29 May 2020	5 July 2022											

Name	Positions	Gender	Age	Date of Appointment (from the first Appointment date)	Scheduled expiration of term of office	Remuneration paid (before tax): Basic remuneration	Remuneration paid (before tax): Performance remuneration (including emoluments)	Remuneration paid (before tax): Performance remuneration (including emoluments): Including: performance remuneration for the previous year	Remuneration paid (before tax): Subtotal 1	Social insurance, housing funds and corporate annuities paid by the Company: Basic healthcare, unemployment, work-related injury, maternity insurance and housing provident funds	Social insurance, housing funds and corporate annuities paid by the Company: Retirement plan: basic pension insurance and corporate annuities	Social insurance, housing funds and corporate annuities paid by the Company: Subtotal 2	Other monetary income	Total remuneration before tax	Whether to receive compensation from related parties of the Company	Description
Li Zhiming	Executive Vice President and Member of the Party Committee	Male	54	26 March 2021	–	25.04	63.63	28.67	**88.67**	8.15	13.08	**21.23**	–	109.90	No	Including performance remuneration for ten months in 2021
Song Jinggang	Chief Financial Officer and Member of the Party Committee	Male	48	26 August 2022	–	12.52	17.48	0.00	**30.00**	4.32	7.15	**11.47**	–	41.47	No	Remuneration is calculated from July to December 2022
Cui Weishan	Member of the Party Committee and Secretary of the Disciplinary Committee	Male	56	17 November 2021	–	25.04	37.66	2.70	**62.70**	8.15	13.48	**21.63**	–	84.33	No	Including performance remuneration for one month in 2021
Total						230.50	563.96	170.22	**794.46**	70.01	117.63	**187.64**	–	982.10	–	–

Note:

(1) The remuneration package of Directors and Supervisors for 2022 is subject to approval by the Company at the 2022 annual general meeting; the remuneration package of the senior management was approved by the Board.

(2) The remuneration received from the Company covers the year of 2022 or the period from the commencement of term of office of the Company during 2022.

(3) None of the personnel mentioned above held any shares in the Company during the term of service in 2022.

(4) The 2019 annual general meeting of the Company approved that term of service of the fifth session of the Board and the Supervisory Committee is three years (29 May 2020 to 28 May 2023). The terms of office in the above table are identical to the dates of appointment by the general meeting or the Board. If there are no dates of appointment by the general meeting or the Board, the terms of office are identical to the dates of appointment by the Party Organisations. According to the Articles of Association, a Director or Supervisor whose term of office expires shall continue to perform his/her duties if such position is not yet re-elected.

(5) The ages were calculated as at 31 December 2022.

(6) Mr. Huang Qing resigned as secretary to the Board, company secretary and general counsel of the Company on 11 January 2023 and has also ceased to be the authorised representative of the Company pursuant to Rule 3.05 of the Hong Kong Listing Rules.

2. Directors, Supervisors and senior management resigned during the reporting period

Unit: RMB ten thousand

						Remuneration paid (before tax)				Social insurance, housing funds and corporate annuities paid by the Company						
							Performance remuneration (including emoluments)									
Name	Positions	Gender	Age	Date of Appointment of Directors, Supervisors and senior management (from the first Appointment date)	Scheduled expiration of term of office	Basic remuneration		Including: performance remuneration for the previous year	Subtotal 1	Basic healthcare, unemployment, work-related injury, maternity insurance and housing provident funds	Retirement plan: basic pension insurance and corporate annuities	Subtotal 2	Other monetary income	Total remuneration before tax	Whether to receive compensation from related parties of the Company	Description
Wang Xiangxi	Chairman and Executive Director	Male	60	21 June 2019	29 July 2022	–	–	–	-	–	–	-	–	–	Yes	–
Luo Meijian	Chairman of Supervisory Committee	Male	58	29 May 2020	24 June 2022	–	–	–	-	–	–	-	–	–	Yes	–
Zhang Changyan	Employee's Supervisor	Male	52	2 December 2019	5 July 2022	–	–	–	-	–	–	-	–	–	Yes	–
Xu Shancheng	Chief Financial Officer and Member of the Party Committee	Male	58	28 December 2018	28 March 2022	6.26	39.42	30.68	**45.68**	1.91	3.44	**5.35**	–	51.03	No	The remuneration period is January to March 2022; including performance remuneration for 12 months in 2021
Total						6.26	39.42	30.68	**45.68**	1.91	3.44	**5.35**	–	51.03	–	–

Note:

(1) The remuneration package of Directors and Supervisors for 2022 is subject to approval by the Company at the 2022 annual general meeting; the remuneration package of the senior management was approved by the Board.

(2) None of the personnel mentioned above held any shares in the Company during the term of service in 2022.

(3) The ages were calculated as at 31 December 2022.

(II) Details of Current and Resigned Directors, Supervisors and Members of Senior Management of the Company during the Reporting Period

1. Brief biography

(1) Directors in office as at the end of the reporting period

Name	Biographical details
 Lv Zhiren Executive Director, Chief Executive Officer and Deputy Secretary of the Party Committee	Born in November 1964, male, Chinese, a member of the Communist Party and a senior engineer. Mr. Lv has extensive work experience in corporate management in strategy, operation, risk, ESG and other fields. He graduated from the School of Economics and Management of Beijing Union University in 1987, majoring in National Economic Management and obtained an EMBA degree from Shanghai University of Finance and Economics in 2005. Mr. Lv has served as the Executive Director of the fifth session of the Board of the Company since June 2022, the Chief Executive Officer of the Company since December 2021, and deputy secretary of the Party Committee of the Company since November 2021. Mr. Lv served as secretary to the Party Committee of Guodian Power Development Co., Ltd. from September 2018 to November 2021, deputy general manager of Guodian Power Development Co., Ltd. from September 2018 to December 2021, director of Guodian Power Development Co., Ltd. from February 2020 to December 2021, director, secretary to the Party Committee and deputy general manager of Beijing GD Power Co., Ltd. from February 2019 to December 2021, and deputy president of the Company from March 2017 to September 2018. Prior to the foregoing, Mr. Lv had served as the general manager of the Strategic Planning Department of the former Shenhua Group Corporation Limited and the Company.

Name	Biographical details
 Xu Mingjun Executive Director, Executive Vice President and Secretary of the Party Committee	Born in October 1963, male, Chinese, a member of the Communist Party of China, a graduate of postgraduate program and a senior political engineer. Mr. Xu has extensive experience in corporate management. Mr. Xu has served as the Executive Director of the fifth session of the Board of the Company since May 2020, the secretary of the Party Committee of the Company since September 2018, and the executive vice president of the Company since November 2018. Mr. Xu has served as the assistant to the general manager of China Energy concurrently from May 2018 to October 2019, and assistant to general manager of former China Guodian, secretary to the Leading Party Group, secretary to the Party Committee and Executive Vice President of GD Power, assistant to Chief Executive Officer of the China Energy and secretary to the Party Committee and Executive Vice President of GD Power from May 2016 to September 2018. Prior to the foregoing, Mr. Xu had served in various capacities, including the chief of political work office, a member and a deputy secretary to the Party Committee directly under China Guodian, the secretary to the board of directors, the assistant to the general manager and the head of general office of former China Guodian, the director of people work division of the Departmental Party Committee of the State Bureau of Coal Industry, the deputy director of labour union working division, deputy director of general division of people work department and a director-level investigator and researcher under the Central Enterprise Working Committee, the director of news division and assistant inspector of the bureau of publicity under the State-owned Assets Supervision and Administration Commission of the State Council, a deputy secretary of prefectural committee in Tacheng, Xinjiang, a deputy inspector of the bureau of publicity under the SASAC.

Name	Biographical details
 Jia Jinzhong Non-executive Director	Born in July 1963, male, Chinese, a member of the Communist Party, a professor-level senior engineer, and received a master's degree in engineering. Mr. Jia has been engaged in railway transportation production management. Mr. Jia has served as the Non-executive Director of the fifth session of the Board of the Company since May 2020, and has served as the Senior Business Officer of China Energy since July 2021. Mr. Jia served as the chief economist of China Energy Investment Corporation Limited from May 2018 to July 2021. From March 2017 to September 2019, he served as vice president of the Company. Prior to the foregoing, Mr. Jia had successively served as the deputy general manager, standing deputy general manager, secretary of the Party Committee, chairman of the board of Shuohuang Railway Development Co., Ltd., deputy section head of Yuanping Train Depot of Taiyuan Railway Branch, deputy director of Taiyuan West Railway Station of Taiyuan Railway Branch, manager of Yuanping Branch of Shuohuang Railway Development Co., Ltd., secretary of the Party Committee and manager of Suning Branch of Shuohuang Railway Development Co., Ltd..

Name	Biographical details
 Yang Rongming Non-executive Director	Born in May 1965, male, Chinese, a member of the Communist Party of China, and a professorate senior engineer. Mr. Yang has extensive experience in coal enterprise management. He graduated from the Mining Engineering Department of Fuxin Mining Institute in 1990, majoring in mining engineering. In 2010, he received a master's degree in engineering from Shandong University of Science and Technology. In 2016, he received a postgraduate degree and a doctorate degree in engineering from Liaoning Technical University. Mr. Yang has served as the Non-executive Director of the fifth session of the Board of the Company since June 2021, the director of coal and transportation industry management department of China Energy Group since December 2020. From May 2018 to December 2020, he served as secretary of the Party Committee and chairman of Shenhua Zhunneng Group Co., Ltd.. From May 2009 to May 2018, he served as deputy general manager, general manager and deputy secretary of Party Committee of Shenhua Shendong Coal Group Co., Ltd., director, general manager and deputy secretary of Party Committee of Shenhua Xinjie Energy Co., Ltd., secretary of the Party Committee, director and chairman (legal representative) of Yulin Shenhua Energy Co., Ltd. Prior to the foregoing, Mr. Yang had served as deputy head of Liuta Colliery, former Shenhua Group Wanli Coal Company Limited, manager of Shuozhou Branch, assistant to the general manager and deputy general manager of Wanli Coal Branch of China Shenhua Energy Company Limited.

Name	Biographical details
 Yuen Kwok Keung Independent Non-executive Director	Born in June 1964, male, Chinese, Senior Counsel, Hong Kong Grand Bauhinia Medal, and Justice of the Peace. Dr. Yuen received a master's degree in laws from City University of Hong Kong in 1997 and an honorary doctor degree in laws from Hong Kong Shue Yan University in 2018. Dr. Yuen has extensive legal experience. Dr. Yuen has served as the Independent Non-executive Director of the fifth session of the Board of the Company since May 2020 and is a senior barrister with Temple Chambers. Dr. Yuen is also a committee member of the International Commercial Expert Committee of the International Commercial Court of the Supreme People's Court of the People's Republic of China, a council member of the Hong Kong International Arbitration Centre and a member of the Exchange Fund Advisory Committee concurrently. Dr. Yuen had served as Secretary for Justice of the HKSAR (2012 to 2018), Recorder of the High Court (2006 to 2012), a member of the Judicial Officers Recommendation Commission (2009 to 2018), chairman of the Hong Kong Bar Association (2007 to 2009), a non-official member of the Advisory Committee on Corruption of the Independent Commission Against Corruption (2009 to 2012), and a non-executive director of Mandatory Provident Fund Schemes Authority (2010 to 2012).

Name	Biographical details
 Bai Chong-En Independent Non-executive Director	Born in October 1963, male, Chinese. Dr. Bai received a Ph.D. in Mathematics from the University of California, San Diego in 1988, and a Ph.D. in Economics from Harvard University in 1993. Dr. Bai has extensive experience in economic management, finance and corporate governance. Dr. Bai has served as the Independent Non-executive Director of the fifth session of the Board of the Company since May 2020. Dr. Bai has been the dean of the School of Economics and Management of Tsinghua University since 2018 and Mansfield Freeman chair professor since 2004. Dr. Bai currently also serves as the vice president of All-China Federation of Industry and Commerce (全國工商聯), the vice president of the tenth session of Society of Public Finance of China and a member of the Academic Committee of the Council, vice president of China Association of Labour Economics. Dr. Bai has served as department chair of department of economics, associate dean and executive associate dean of School of Economics and Management of Tsinghua University, and associate professor at the School of Economics and Finance of the University of Hong Kong, independent director of China CITIC Bank Corporation Limited, and member of the Executive Committee of the International Economic Association.

Name	Biographical details
 Chen Hanwen Independent Non-executive Director	Born in January 1968, male, Chinese and a member of the Communist Party. Dr. Chen graduated from Accounting Department of School of Economics of Xiamen University in 1997 with a doctorate degree in economics. Dr. Chen has extensive experience in auditing and accounting theory and methods, risks and internal control. Dr. Chen has served as the Independent Non-executive Director of the fifth session of the Board of the Company since May 2020. Dr. Chen is an honorary dean and a professor of the School of Internal Audit in Nanjing Audit University, and he also serves as chair professor at China Business Executives Academy, Dalian and executive director of the China Auditing Society concurrently. Dr. Chen serves as an external Supervisor of Bank of Communications Co., Ltd. and an independent director of Beijing Tri-Prime Gene Pharmaceutical Co., Ltd., and independent director of Shenwan Hongyuan Securities Co., Ltd. Prior to the foregoing, Dr. Chen had served as a distinguished professor of Huiyuan, University of International Business and Economics, a first-level professor at the International Business School, a professor and a doctoral tutor of the Accounting Department of the International Business School, and a national second-level professor, and the deputy dean of the Graduate School, the deputy dean of the School of Management, the director, professor, and doctoral tutor of the Accounting Department of Xiamen University.

Name	Biographical details
 Liu Xiaolei Employee Director	Born in October 1974, female, Chinese and a member of the Communist Party of China, a senior economist. She graduated from the China University of Political Science and Law (CUPL) in 1999 majoring in law and obtained a Ph.D. degree in legal theory from CUPL in 2016. Ms. Liu has served as the Employee Director of the fifth session of the Board of the Company since July 2022, the manager of the legal division of the corporate management and legal affairs department of the Company since November 2018. From May 2010 to November 2018, she served as the manager of the dispatched directors division of the property rights administration office of former Shenhua Group Corporation Limited and the Company, and a staff member of the legal division of the corporate management and legal affairs department of the Company.

(2) Existing Supervisors as at the end of the reporting period

Name	Biographical details
 Tang Chaoxiong Chairman of the Supervisory Committee	Born in February 1968, male, Chinese and a member of the Communist Party of China, a senior accountant. Mr. Tang has extensive experience in financial management. He graduated from Changsha Institute of Water Conservancy and Electric Power in 1991, majoring in finance and accounting. Mr. Tang has served as the Chairman of the fifth session of the Supervisory Committee of the Company since June 2022, the head of capital operation department of China Energy since April 2021, a Non-executive Director of China Longyuan Power Group Corporation Limited since June 2021. From November 2016 to April 2021, Mr. Tang served as the Chief Financial Officer, deputy manager and Member of the Party Committee of Guodian Technology & Environment Group Corporation Limited. Prior to the foregoing, Mr. Tang had served as the chairman, deputy general manager, Chief Financial Officer and member of Leading Party Group of Guodian Technology & Environment Group Corporation Limited; deputy general manager and member of Leading Party Group of former China Guodian Capital Holdings Ltd (國電資本控股有限公司), and deputy general manager and member of Leading Party Group of former Guodian Finance Co., Ltd. (國電財務有限公司).

Name	Biographical details
 Zhou Dayu Supervisor	Born in October 1965, male, Chinese, a member of the Communist Party and a researcher. Mr. Zhou obtained a bachelor's degree in National Economic Management at Peking University in 1986 and a master's degree in International Finance at Peking University in 2001. Mr. Zhou has served as the Supervisor of the fifth session of the Supervisory Committee of the Company since May 2020, a director of the Materials and Procurement Supervision Department of the China Energy since March 2020 and a director of the China National Energy Group Materials Co., Ltd. (國家能源集團物資有限公司) since April 2021. Mr. Zhou has served as a Supervisor of the fourth session of Supervisory Committee of the Company from June 2017 to May 2020 and a Supervisor of the third session of Supervisory Committee of the Company from June 2016 to June 2017, the Director of the Industrial Coordination Department of China Energy from May 2018 to March 2020, the General Manager of the Capital Operation Department of former Shenhua Group Corporation and the Company from March 2016 to May 2018, and the General Manager of the Business Administration Department of former Shenhua Group Corporation and the Company from November 2009 to March 2016. Prior to the foregoing, Mr. Zhou had successively held the post of the deputy General Manager and General Manager of the Planning Department and a Deputy Director of the Policy and Law Research Office of Shenhua Group Corporation.

Name	Biographical details
 Zhang Feng Employee Supervisor	Born in November 1975, male, Chinese and a member of the Communist Party of China and a senior engineer. He graduated from North China Electric Power University in 1997, majoring in power plant centralized control operation. Mr. Zhang has served as the Employee Supervisor of the fifth session of the Supervisory Committee of the Company since July 2022, the deputy director of the office of committee for discipline inspection of the Company since April 2022. From June 2018 to April 2022, he served as a staff member and the manager of the general office of the organisational personnel department (human resources department) of the Company. From February 2013 to June 2018, he served as senior director of general manager working department, secretary of the Party group, deputy division-level staff member of general manager working department, secretary of Youth League Committee, assistant to the director and deputy director of the general office of the Party group of GD Power Development Co., Ltd. Prior to the foregoing, Mr. Zhang had served as the chief engineer of the information department of Guodian Zhejiang Beilun No. 1 Power Generation Co., Ltd. and other positions.

(3) Senior management in office as at the end of the reporting period

For the biographical details of Lv Zhiren, Chief Executive Officer and deputy Secretary to the Party committee, Xu Mingjun, Secretary to the Party committee and deputy general manager, please refer to the biographical details of Directors. Mr. Huang Qing resigned as the secretary of the Board in January 2023, please refer to the 2021 Annual Report of the Company for his biographical details. The biographical details of other senior management are as follows:

Name	Biographical Details
 Wang Xingzhong Executive Vice President and Member of the Party Committee	Born in April 1968, male, Chinese, a member of the Communist Party and a professor-level senior engineer. Mr. Wang has long experience in railway transport, operation and management. He graduated from the Shanghai Railway Institute (上海鐵道學院) in 1989, majoring in railway engineering and obtained the master academic qualification and a Ph.D. degree in engineering from China Academy of Railway Sciences (中國鐵道科學研究院) in 2011. Mr. Wang has served as Executive Vice President and a member of the Party Committee of the Company since December 2019, and the Employee Director of the fifth session of the Board of the Company from May 2020 to July 2022. Mr. Wang served as the Director and deputy secretary of operating management center of transport industry of China Energy and the Company from May 2018 to December 2019, and the general manager of transport management department of the former Shenhua Group Corporation and the Company from February 2015 to May 2018. Prior to the foregoing, Mr. Wang had successively served as deputy secretary of the Party Committee and chairman of Shenhua Baoshen Railway Group Co., Ltd., deputy secretary of the Party Committee, chairman and general manager of Shenhua Baoshen Railway Group Co., Ltd., chairman of Shenhua Ganquan Railway Co., Ltd., and the deputy general manager of Shenhua Zhunge'er Energy Co., Ltd and general manager of Dazhun Railway Company.

Name	Biographical Details
 Li Zhiming Executive Vice President and Member of the Party Committee	Born in January 1968, male, Chinese, a member of the Communist Party and a senior engineer. Mr. Li has extensive experience in management of coal enterprises. He graduated from Heilongjiang Institute of Mining and Technology in 1990, majoring in industrial and civil construction and obtained a master's degree of Engineering from China University of Mining and Technology in 2002. Mr. Li has served as a member to the Party Committee of the Company since February 2021, Executive Vice President of the Company since March 2021, and director of Inner Mongolia Branch of China Energy and the Company since October 2022. From December 2015 to December 2020, he successively served as general manager, deputy secretary of the Party Committee, chairman (legal representative) and secretary of the Party Committee of Shenhua Beidian Shengli Energy Co., Ltd., and standing deputy general manager, general manager, secretary of the Party Committee and Executive Director of the Shengli Energy Branch of the Company. Prior to the foregoing, Mr. Li had served as general manager of engineering management department of former Shenhua Group Corporation and the Company, deputy general manager of Shenhua Zhunge'er Energy Co., Ltd and other positions.

Name	Biographical Details
 Song Jinggang Chief Financial Officer and Member of the Party Committee	Born in November 1974, male, Chinese, a member of the Communist Party and a senior accountant. Mr. Song has extensive experience in financial management. He graduated from Chongqing Institute of Industrial Management in 1997, majoring in accounting, and obtained a master's degree in business administration from Sichuan College of Business Administration in 2005. Mr. Song served as a member to the Party Committee of the Company since June 2022, and the Chief Financial Officer of the Company since August 2022. From October 2020 to June 2022, Mr. Song served as a director, general manager and deputy secretary of the Party committee of China Energy Capital Holdings Co., Ltd.. From April 2020 to October 2020, he served as the director, general manager and deputy secretary of the Party committee of China Energy Finance Company Limited. From December 2019 to April 2020, he served as the first-level business director of China Energy Capital Holdings Co., Ltd. and Guodian Finance Co., Ltd.. From April 2017 to December 2019, he served as the deputy secretary of the Party committee, director, inspector and first-level business director of Changjiang Property Insurance Co., Ltd.. Prior to the foregoing, Mr. Song had served as the deputy director of the financial management department of China Guodian Corporation, the chief accountant and a member of the Party group of Guodian Changyuan Electric Power Co., Ltd. and a member of the Party group of Guodian Hubei Electric Power Co., Ltd., deputy chief accountant and head of financial property department of Guodian Dadu River Basin Hydropower Development Co., Ltd..

The Company resolutely implemented the new requirements on political construction in the new era, and strengthened the overall leadership of the Party. The Company has revised and improved the Articles of Association and rules and regulations of the Company, institutionalized the Party Committee research and discussion as a pre-procedure of major decision-making, and organically integrated the Party leadership with the improvement of corporate governance. Xu Mingjun served as the Secretary of the Party Committee of China Shenhua; Lv Zhiren and Yang Xiangbin served as the deputy secretary to the Party Committee; Wang Xingzhong, Li Zhiming and Song Jinggang served as members of the Party Committee, and Cui Weishan served as a member of the Party Committee and the secretary to the Disciplinary Committee.

Name	Biographical Details
 Yang Xiangbin Deputy Secretary of the Party Committee	Born in October 1965, male, Chinese, a member of the Communist Party, a certified public accountant and a senior accountant. Mr. Yang obtained an MBA degree from the Open University of Hong Kong in 2011. Mr. Yang has served as deputy secretary of the Party Committee of the Company since April 2021, director of the Capital Operation Department of China Energy from May 2018 to March 2021, director of the Capital and Asset Management Department of China Guodian Corporation from May 2016 to May 2018. Prior to the foregoing, Mr. Yang had served as secretary to the Party committee, director and deputy general manager of Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd., director and deputy general manager of Inner Mongolia Pingzhuang Energy Co., Ltd., deputy director of the Financial Property Department and deputy director of the Finance Management Department of China Guodian Corporation and other positions.

Name	Biographical Details
 Cui Weishan Member of the Party Committee and Secretary of the Disciplinary Committee	Born in February 1966, male, Chinese, a member of the Communist Party. Mr. Cui graduated from the Department of Measurement and Control of National College of Defense Technology in 1986, majoring in Remote Radio Telemetry and obtained the master academic qualification from the Party School of the CPC (中央黨校) in 2011, majoring in International Politics. Mr. Cui has served as a member of the Party Committee and secretary of the Disciplinary Committee of the Company since November 2021, deputy leader (director level) of the inspection team of the Party group of China Energy from May 2018 to November 2021, director of the Inspection Work Office of the party disciplinary inspection group of the former Shenhua Group Corporation Limited from January 2012 to May 2018, director of the Discipline Inspection and Supervision Department of the former Shenhua Group Corporation Limited and the Supervisory Department of the Company from May 2010 to January 2012.

The Directors and Supervisors of the Company have performed their duties in accordance with the requirements of the Articles of Association, Rules of Procedure of the Board Meeting and Rules of Procedure of the Supervisory Committee Meeting of the Company. Lv Zhiren, Chief Executive Officer and Deputy Secretary to the Party Committee, is accountable to the Board and exercises his responsibilities as Chief Executive Officer in accordance with the requirements of the Articles of Association. Other senior management members are responsible for business operation of the Company subject to the decision and authorisation of the Board.

2. Positions held in the shareholders of the Company

Category	Name	Name of shareholder	Positions	Commencement of term of office	Expiry of term of office
Directors of China Shenhua	Jia Jinzhong	China Energy	Senior Business Officer	2021-07	–
	Yang Rongming	China Energy	Director of Coal and Transportation Industry Management department	2020-12	–
Supervisors of China Shenhua	Tang Chaoxiong	China Energy	Director of the Capital Operation Department	2021-04	–
		China Longyuan Power Group Corporation Limited	Non-Executive Director	2021-06	
	Zhou Dayu	China Energy	Director of the Materials and Procurement Supervision Department	2020-03	–
		China Energy Group Materials Co. Ltd.	Director	2021-04	–
Senior Management of China Shenhua	Li Zhiming	China Energy	Director of Inner Mongolia Branch	2022-10	–

3. Positions held in other entities

Name	Name of other entities	Positions	Commencement of term of office	Expiry of term of office
Yuen Kwok Keung	Hong Kong International Arbitration Centre	Council Member	2018-10	–
	Hong Kong Exchange Fund Advisory Committee	Member	2018-09	–
	International Commercial Court of the Supreme People's Court of the People's Republic of China	Member of the International Commercial Expert Committee	2018-08	–
	Temple Chambers	Senior Counsel	2018-05	–
Bai Chong-En	School of Economics and Management of Tsinghua University	Dean	2018-08	–
	National Center of Fiscal and Tax Policy Research at Tsinghua University	Director	2008-08	
	School of Economics and Management of Tsinghua University	Professor	2004-07	–
	All-China Federation of Industry and Commerce	Vice Chairman	2022-12	
	Society of Public Finance of China	Vice President of the Tenth Session and a Member of the Academic Committee of the Council	2019-10	–
	China Association of Labour Economics	Vice President	2016-11	–
Chen Hanwen	Nanjing Audit University	Professor and Doctoral Supervisor	2021-07	–
	Shenwan Hongyuan Securities Co., Ltd.	Independent Director	2021-05	–
	Bank of Communications Co., Ltd.	External Supervisor	2019-06	–
	Beijing Tri-Prime Gene Pharmaceutical Co., Ltd.	Independent Director	2018-11	–
	China Business Executives Academy, Dalian	Chair Professor	2013-01	–
	China Auditing Society	Standing Director	2005-07	–

(III) Remuneration of Directors, Supervisors and Senior Management

Decision-making procedures	The remuneration package of Directors and Supervisors of the Company was submitted to the general meeting for approval after consideration and approval by the Remuneration and Assessment Committee of the Board and the Board, and the remuneration package of senior management was submitted to the Board for approval after consideration and approval by the Remuneration and Assessment Committee of the Board.
Basis for determination	The remuneration package of relevant Directors and Supervisors was proposed by 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. The remuneration package of senior management of the Company was formulated by the Company in accordance with relevant provisions on the administration of the annual remuneration of the senior management and performance assessment results for the year and for the term of office.
Actual payment of remuneration	Please refer to "Changes in shareholding and remuneration of Directors, Supervisors and senior management" in this section
Total remuneration actually obtained as at the end of the reporting period	Please refer to "Changes in shareholding and remuneration of Directors, Supervisors and senior management" in this section

(IV) Changes of Directors, Supervisors and Senior Management of the Company

Name	Position	Particulars of changes	Reason for the change
Lv Zhiren	Executive Director	Elected	Elected at the 2021 Annual General Meeting
Tang Chaoxiong	Supervisor	Elected	Elected at the 2021 Annual General Meeting
	Chairman of the Supervisory Committee	Elected	Elected at the 10th meeting of the fifth session of the Supervisory Committee
Liu Xiaolei	Employee Director	Elected	Democratically elected by employees
Zhang Feng	Employee Supervisor	Elected	Democratically elected by employees
Song Jinggang	Chief Financial Officer	Appointed	Appointed at the 14th meeting of the fifth session of the Board
Wang Xiangxi	Chairman, Executive Director	Resigned	Job change
Luo Meijian	Chairman of the Supervisory Committee	Resigned	Job change
Wang Xingzhong	Employee Director	Resigned	Job change
Zhang Changyan	Employee Supervisor	Resigned	Job change
Xu Shancheng	Chief Financial Officer	Resigned	Job change

Mr. Huang Qing resigned as the secretary to the Board of the Company in January 2023 due to job change.

(V) Securities Transaction of Directors, Supervisors and Senior Management

During the reporting period, none of the Directors, Supervisors and senior management of the Company held shares of the Company, and none of the change in shareholding of the Company shall be disclosed pursuant to the Administrative Rules Concerning the Holding and Change of Shares held by Directors, Supervisors and Senior Management of a Listed Company promulgated by the CSRC.

As at 31 December 2022, none of the Directors, Supervisors or chief executives of the Company held any shares of the Company, nor did they have 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)) which were required, pursuant to section 352 of the SFO, to be recorded in the register referred therein, or to be notified to the Company and the HKEx pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

The securities transactions of the Directors of the Company have been carried out in accordance with 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 followed by the Company. The Model Code is also applicable to the Supervisors and senior management of the Company. After making specific enquiries to all Directors, Supervisors and senior management, the Directors, Supervisors or senior management of the Company have confirmed that they have fully complied with the Model Code and the code of conduct regarding securities transactions by Directors during their respective terms of office in 2022.

(VI) Sanction From Securities Regulatory Authorities in the Last Three Years

☐Applicable ✓ Not applicable

(VII) Others

When considering any matters or transactions at any Board meeting, the Directors are required to declare any direct or indirect interests and recluse themselves where appropriate. Saved as their own service contracts, the Financial Service Agreement for 2021 to 2023 signed on 26 March 2021, the Supplemental Agreement to the Financial Service Agreement signed on 28 October 2022, the Mutual Coal Supply Agreement for 2021 to 2023 and the Mutual Supplies and Services Agreement for 2021 to 2023, signed between the Company and China Energy on 27 August 2021, and the related party/ connected transactions with the controlling shareholder China Energy and its subsidiaries disclosed by the Company, none of the Directors and Supervisors of the Company has any material personal interests, directly or indirectly, in material contracts, transactions or arrangements entered into by the Company or any of its subsidiaries in 2022 and subsisting during or at the end of the year; 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. Directors of the Company are entitled to be indemnified for the verification and inspection costs, individual investigation costs, tax liabilities and loss prevention expenses incurred by or relating to the execution and performance of duties subject to the applicable laws and under the coverage of directors liability insurance taken out by the Company for the Directors. These provisions are valid during the year ended 31 December 2022 and remain to be valid as at the date of this report.

Other than their working relationships in the Company, none of the Directors, Supervisors or senior management has any financial, business or family relationship or any relationship in other material aspects with each other. As at 31 December 2022, 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.

V. BOARD OF DIRECTORS

(I) Function and Power of the Board

The Board of the Company shall be accountable to the shareholders at general meetings, and please refer to Article 136 of the Articles of Association on its functions and powers.

The Board of the Company performed its responsibilities in respect of corporate governance in accordance with Rule A.2.1 of Appendix 14 to the Hong Kong Listing Rules: (1) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; (2) to review and monitor the training and continuous professional development of Directors and senior management; (3) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (4) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and (5) to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

During the reporting period, the Board of the Company reviewed and revised a series of relevant corporate governance systems such as in relation to the work of the Board of Directors, internal control and budget management; organised Directors and senior management to participate in various trainings conducive to their continuous professional development; reviewed the compliance management of the Company; reviewed the Company's compliance with the Corporate Governance Code and approved the disclosure in the section headed Corporate Governance and Corporate Governance Report of this report.

The Board of the Company is responsible for the preparation of the accounts. The Company's accounting firm has stated its reporting responsibilities in its audit report on the financial statements for the year 2022.

(II) Board Meetings

Number of Board meetings held during the year	8
Including: Number of meetings held on-site	0
Number of meetings held by correspondence	0
Number of meetings held on-site with correspondence	8

In 2022, the Board of the Company held a total of 8 meetings, at which all the proposals were considered and approved. Details of the meetings are as follows:

No.	Name	Date	Methods	Meeting Resolutions
1	The 11th meeting of the fifth session of the Board	27 January 2022	On-site with correspondence	All 4 resolutions were considered and approved, please refer to the H Share announcement of the Company dated 27 January 2022 and A Share announcement dated 28 January 2022 for details
2	The 12th meeting of the fifth session of the Board	25 March 2022	On-site with correspondence	All 35 resolutions were considered and approved, please refer to the H Share announcement of the Company dated 25 March 2022 and A Share announcement dated 26 March 2022 for details
3	The 13th meeting of the fifth session of the Board	27 April 2022	On-site with correspondence	All 7 resolutions were considered and approved, please refer to the H Share announcement of the Company dated 27 April 2022 and A Share announcement dated 28 April 2022 for details
4	The 14th meeting of the fifth session of the Board	26 August 2022	On-site with correspondence	All 12 resolutions were considered and approved, please refer to the H Share announcement of the Company dated 26 August 2022 and A Share announcement dated 27 August 2022 for details
5	The 15th meeting of the fifth session of the Board	23 September 2022	On-site with correspondence	All 6 resolutions were considered and approved, please refer to the H Share announcement of the Company dated 23 September 2022 and A Share announcement dated 24 September 2022 for details
6	The 16th meeting of the fifth session of the Board	28 October 2022	On-site with correspondence	All 5 resolutions were considered and approved, please refer to the H Share announcement of the Company dated 28 October 2022 and A Share announcement dated 29 October 2022 for details
7	The 17th meeting of the fifth session of the Board	30 November 2022	On-site with correspondence	All 3 resolutions were considered and approved, please refer to the H Share announcement of the Company dated 30 November 2022 and A Share announcement dated 1 December 2022 for details
8	The 18th meeting of the fifth session of the Board	30 December 2022	On-site with correspondence	All 6 resolutions were considered and approved, please refer to the H Share announcement of the Company dated 30 December 2022 and A Share announcement dated 31 December 2022 for details

(III) Performance of the Directors

1. Directors in office as at the end of the reporting period

Name of Director	Independent director or not	Attendance at Board meetings: Required attendance at Board meetings this year	Attendance in Person	Attendance by correspondence	Attendance by proxy	Absence	Absent at two consecutive meetings in person or not	Attendance rate	Attendance rate of general meetings
Lv Zhiren	No	5	5	0	0	0	No	5/5	1/1
Xu Mingjun	No	8	8	1	0	0	No	8/8	4/4
Jia Jinzhong	No	8	8	3	0	0	No	8/8	4/4
Yang Rongming	No	8	6	0	2	0	No	6/8	4/4
Yuen Kwok Keung	Yes	8	8	8	0	0	No	8/8	1/4
Bai Chong-En	Yes	8	8	4	0	0	No	8/8	3/4
Chen Hanwen	Yes	8	8	6	0	0	No	8/8	4/4
Liu Xiaolei	No	5	5	0	0	0	No	5/5	1/1

Note: In the above table, the attendance rate of Board meetings = number of attendances in person/number of required attendances at Board meetings; the attendance rate of the general meeting = number of attendances in person/number of required attendances at general meetings. The same below.

2. Directors resigned during the reporting period

		Attendance at Board meetings							
Name of Director	Independent director or not	Required attendance at Board meetings this year	Attendance in Person	Attendance by correspondence	Attendance by proxy	Absence	Absent at two consecutive meetings in person or not	Attendance rate	Attendance rate of general meetings
Wang Xiangxi	No	3	3	0	0	0	No	3/3	3/3
Wang Xingzhong	No	3	3	0	0	0	No	3/3	3/3

The Company secures the conditions for directors to carry out their work and actively adopts the suggestions and opinions put forward by the directors. The Company's "Procedure Rules for the Board" and "Independent Directors System" provide policy guarantees for directors to perform their duties; the departments designated to undertake the affairs of the Board, the affairs of independent directors and the work of the Independent Board Committee assist directors in carrying out research, attending meetings and expressing opinions.

In 2022, the Board of Directors of the Company held 8 meetings and considered 78 resolutions, and disclosed the voting results of all resolutions in a timely manner, information on resolution voting subject to suspension of disclosure has also been disclosed in a timely manner once its suspension reason released. If the resolution of the Board meeting has any interest in any director or any associate of the director, or the director has an associated/connected relationship with the enterprise involved in the resolution of the Board meeting, the associated/connected director shall be abstained from voting. All directors acted in good faith, prudently and diligently in the interest of the Company as a whole in the performance of their duties and effectively performed their management, operation and decision-making powers over the Company.

(IV) Independence of the Board and Performance of Duties of Independent Directors

The Company has developed and implemented various systems to ensure that the Board receives independent views and opinions. These systems include engaging and appointing an independent financial adviser to make recommendations to the Independent Board Committee on the resolution of material connected transactions; conducting various forms of research activities, such as on-site visits to production and operation site; inquiring relevant information with the Company's office system; regularly receiving digitalized information submitted by the Company such as special reports of Directors and Supervisors and weekly stock updates to obtain reference information for decision-making. The address book of the management of the Company is open to the independent directors to facilitate the communication of information between the independent directors and the management at any time.

The fifth session of the Board of the Company has three Independent Non-Executive Directors: Yuen Kwok Keung, Bai Chong-En and Chen Hanwen, among whom Chen Hanwen is a professional in audit and accounting. Dr. Chen is an honorary dean and professor at the School of Internal Audit of Nanjing Audit University, and he also serves in a number of auditing and accounting academic research institutions in China. He is a member of the Institute of Internal Auditors, focusing on auditing and accounting theory and practice, internal control, risk management and corporate governance. He has published many papers in international accounting journals and authoritative journals in the field of economic management in China.

The Company has received annual written confirmation 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. 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 the Company, relevant rules of procedure of meetings and the Independent Directors system of the Company. They maintained their independence as independent directors, performed their functions of supervision, participated in the formation of various important decisions of the Company and reviewed regular reports, financial reports and related party/connected transactions of the Company. Therefore, the independent directors of the Company play an important role in the regulated operation of the Company and protect the legitimate interests of minority shareholders.

For the attendance of independent directors at Board meetings and general meetings, please refer to the section of "Performance of duties of the Directors". For details of the work of independent Directors, please refer to the "2022 Work Report of independent directors of China Shenhua Energy Company Limited" as disclosed in the overseas regulatory announcement of the Company dated 24 March 2023.

(V) Implementation of Resolutions Passed at the General Meetings by the Board

No.	General Meeting	Subject Matter	Status
1	2021 Annual General Meeting	To approve the Report of the Board of Directors of China Shenhua Energy Company Limited for the Year 2021	–
		To approve the Report of the Supervisory Committee of China Shenhua Energy Company Limited for the Year 2021	–
		To approve the Financial Report of China Shenhua Energy Company Limited for the year 2021	–
		To approve the profit distribution plan of the Company for the year 2021	Completed
		To approve the remuneration package of Directors and Supervisors for the year 2021	Completed
		To approve the appointment of KPMG Huazhen LLP and KPMG as the PRC and the international auditors of the Company for the year of 2022, respectively	For details of remuneration, please see the section headed "Significant Events" of this report
		To elect Lv Zhiren as the Executive Director of the fifth session of the Board	In performance
		To elect Tang Chaoxiong as the Shareholders' Representative Supervisor of the of the fifth session of the Supervisory Committee	In performance
		To approve the amendments to certain annual caps for daily related transactions by the Company	Annual cap not exceeded
		To approve the general mandate of the Board to repurchase H Shares	H Share Repurchase has not been made as at the end of the reporting period
2	2022 First A shareholders Class Meeting	To approve the general mandate of the Board to repurchase H Shares	H Share Repurchase has not been made as at the end of the reporting period
3	2022 First H shareholders Class Meeting	To approve the general mandate of the Board to repurchase H Shares	H Share Repurchase has not been made as at the end of the reporting period
4	2022 First Extraordinary General Meeting	To approve the shareholders' return plan for 2022 to 2024 of the Company	In progress
		To approve the amendments to Financial Service Agreement for 2021 to 2023 with China Energy Finance Co., Ltd. by the Company	In progress

(VI) Diversity of the Board

The Board of the Company has established the board diversity policy for members of the Board, which mainly includes policy statements, measurable objectives, monitoring and reporting, which were set out and disclosed in the rules of procedure of the Nomination Committee of the Board of the Company.

During the reporting period, a new executive director was nominated by the Board of Directors and elected by the general meeting, and a new female director was democratically elected by employees. As at the end of the reporting period, the Board of Directors of the Company consisted of 8 Directors, including 2 Executive Directors, 2 Non-executive Directors, 3 Independent Non-executive Directors and 1 Employee Director. Among them, there were 7 male directors and 1 female director, and 7 directors from the PRC and 1 director from Hong Kong Special Administrative Region of China. Directors are from various domestic and overseas industries, and the composition of the members features diversity. Each Director's knowledge base and field of expertise are professional and complementary in the overall board structure, which guarantees the scientific decision-making of the Board. The following directors' skills matrix graphically illustrates the professional skills or knowledge and experience of the members of the Board of Directors.

Directors' skills matrix

Skills and experience		Number of Directors *(person)*
Energy	Possessing many years of experience in the operation and management of large-scale coal and power generation enterprises, assets or projects.	3
Transportation	Possessing many years of experience in the operation and management of domestic railways, ports and shipping enterprises.	2
Strategic management	Responsible for or participated in the formulation and implementation of the long-term development direction, objectives, tasks and strategies of the enterprise.	2
Economics and Finance	Being an expert or veteran in the field of economics or finance, and is responsible for or participated in relevant research or internal management in the enterprise.	1
Finance and Audit	Possessing experience in corporate financial management, auditing, or being a professional in these fields.	1
Risk management	Possessing experience in corporate risk and internal control management, or being a professional in this field.	2
Law	Legal professionals, or have experience in corporate legal affairs management.	2
ESG management	Possessing experience in enterprise ESG management or ESG risk management.	4

(VII) Continuous Professional Development of Directors

All Directors of the Company proactively participate in continuous professional development to develop and refresh their knowledge and skills. All Directors have provided their relevant training records for the year of 2022 to the Company, and all Directors have attended relevant trainings organised by regulatory authorities or industry associations as required. During the year, the total duration of various trainings such as special training for Directors and Supervisors, training for independent directors and standardised operation of listed companies attended by all Directors was approximately 108.4 hours. The Company also regularly provided the Directors with its operational and financial information, regulatory developments in China's mainland and Hong Kong, industry information, typical cases and other information to ensure that they continue to contribute to the Board with comprehensive information under appropriate situation. The secretary to the Board of Directors of the Company has participated in a total of more than 15 hours of training in 2022 according to the relevant requirements.

No.	Name	Position	Training content	Training sponsor	Cumulative training time *(hours)*
1	Lv Zhiren	Executive Director, Chief Executive Officer and Deputy Secretary of the Party Committee	Special trainings for Directors and Supervisors, standardised governance of listed companies, etc.	China Securities Regulatory Commission Beijing Regulatory Bureau; The Listed Companies Association of Beijing	9.5
2	Xu Mingjun	Executive Director, Secretary of the Party Committee, and Executive Vice President	Special Training for Directors and Supervisors	China Securities Regulatory Commission Beijing Regulatory Bureau; The Listed Companies Association of Beijing	3
3	Jia Jinzhong	Non-executive Directors	Special trainings for Directors and Supervisors, supervision of annual reports, etc.	The Listed Companies Association of Beijing	8.5
4	Yang Rongming	Non-executive Directors	Analysis of independent directors rules, standardised operation of listed companies, standardised performance of Directors, Supervisors and Senior Executives, etc.	China Association for Public Companies	10.5
5	Yuen Kwok Keung	Independent Non-executive Directors	Follow-up training for independent directors	SSE	18
6	Bai Chong-En	Independent Non-executive Directors	Follow-up training for independent directors	SSE	18
7	Chen Hanwen	Independent Non-executive Directors	Follow-up training for independent directors	SSE	18
8	Liu Xiaolei	Employee Director	Special training for directors and Supervisors, standardised operation of listed companies, compliance management, etc.	SSE; China Association for Public Companies; The Listed Companies Association of Beijing	22.9

VI. THE PERFORMANCE OF DUTIES OF THE COMMITTEES UNDER THE BOARD DURING THE REPORTING PERIOD

(I) Composition of the Committees

As at the end of the reporting period, the Company has established five committees under the Board, and the details are as follows:

The fifth session of the Board committees

Strategy and Investment Committee	Lv Zhiren, Jia Jinzhong
Audit and Risk Management Committee	Chen Hanwen (Chairman), Yuen Kwok Keung, Bai Chong-En
Remuneration and Assessment Committee	Yuen Kwok Keung (Chairman), Chen Hanwen, Xu Mingjun
Nomination Committee	Bai Chong-En (Chairman), Chen Hanwen, Xu Mingjun
Safety, Health, Environment and ESG Working Committee	Lv Zhiren (Chairman), Yang Rongming, Liu Xiaolei

(II) The Duties and Performance of Duties of the Committees

During the reporting period, each committee under the Board did not express any dissenting views in performing their duties. The performance of duties of each committee is set out as follows:

1. Strategy and Investment Committee

(1) Major duties of the Strategy and Investment Committee

Studying the Company's long-term development strategic planning and annual comprehensive plan; studying the adjustment of the principal business, negative list of investment projects, major investment and financing, asset restructuring, transfer of property rights, capital operation, reform and restructuring and other major issues that require decisions by the Board of Directors, and submit consideration opinions to the Board of Directors; and other authorities as conferred by the Board.

(2) Work summary for the year

In 2022, the Strategy and Investment Committee held 4 meetings by way of consideration resolutions in writing, including "14th Five-Year Plan" of the Company and the policy of carbon peak. All proposals were approved.

(3) Attendance of committee meetings by each committee member

① Directors in office as at the end of the reporting period

Name of Director	Independent director or not	Required attendance at the committee meeting	Attendance in Person	Attendance by correspondence	Attendances by proxy	Absences	Attendance rate
Lv Zhiren	No	2	2	2	0	0	2/2
Jia Jinzhong	No	4	4	4	0	0	4/4

Note: Attendance by correspondence includes the number of written meetings. Same as below.

② Directors resigned during the reporting period

Name of Director	Independent director or not	Required attendance at the committee meeting	Attendance in Person	Attendance by correspondence	Attendance by proxy	Absence	Attendance rate
Wang Xiangxi	No	2	2	2	0	0	2/2

(4) Convening committee meetings

Convening date	Meeting content	Key opinions and suggestions
25 January 2022	To consider the Proposal on the Implementation of the 2021 Comprehensive Plan of China Shenhua Energy Company Limited and the Comprehensive Plan Arrangement for 2022	Agreed
21 March 2022	To consider the Proposal on the Amendments to the Rules of Procedure for the Strategy Committee of China Shenhua Energy Company Limited and the Proposal on the Amendments to the Administrative Measures for Strategic Planning of China Shenhua Energy Company Limited (Trial)	Agreed
19 August 2022	To consider the Proposal on the Amendments to the 14th Five-Year Development Plan of China Shenhua Energy Company Limited	Agreed
21 December 2022	To consider the Proposal on Reviewing the Carbon Peaking Action Plan of China Shenhua Energy Company Limited	Agreed

2. Audit and Risk Management Committee

(1) Major duties of the Audit and Risk Management Committee

Supervising and assessing the work of the external auditors; proposing to employ or replace the external auditors; supervising and evaluating the internal audit work; coordinating the internal audit and the external audit; auditing the financial information of the Company and its disclosure; supervising and evaluating the internal control of the Company; and other matters authorised by laws and regulations, the Articles of Association and the Board.

(2) Work Summary for the year

In 2022, the Audit and Risk Management Committee performed its duties in strict compliance with the Rules of Procedures of the Audit and Risk Management Committee of the Board of Directors, the Rules on Work of the Audit and Risk Management Committee of the Board of Directors and the Rules on Work of the Annual Report of the Audit and Risk Management Committee of the Board of Directors of the Company. A total of ten meetings were held, of which two were written meetings and eight were on-site meetings. All resolutions were approved.

① Financial statements

The Audit and Risk Management Committee fulfilled its mandatory duties to review the 2021 financial report. Before conducting formal review on the results for the year 2021, the Audit and Risk Management Committee previewed the 2021 financial report (draft) by way of written resolution at a meeting and the 2021 Financial Report of China Shenhua Energy Company Limited (Draft) was approved on 16 March 2022. On 22 March 2022, the Audit and Risk Management Committee listened to the annual report of audit work by the auditors, KPMG Huazhen LLP and KPMG (collectively known as "KPMG"), reviewed the audit report on internal control, confirmed the efficiency of internal control over the annual financial report, and convened separate meetings with KPMG to further discuss on the findings of annual auditing, the independence of auditors and other matters. The Audit and Risk Management Committee considered and approved the Proposal of the 2021 Financial Report of the China Shenhua Energy Company Limited fully based on sufficient consideration of the auditors' opinions on the annual audit from KPMG.

The Audit and Risk Management Committee conducted the necessary process to review the interim financial report of 2022. On 22 June 2022, the Audit and Risk Management Committee considered and approved the 2022 Interim Review Plan of China Shenhua Energy Company Limited by way of written resolution, which agreed the auditors, KPMG to conduct the interim review depending on the review plan. On 23 August 2022, the Audit and Risk Management Committee listened to KPMG 's work report on the 2022 interim review of China Shenhua and had communication with them on noteworthy items in the review. The Audit and Risk Management Committee considered and approved the Proposal of the Interim Financial Report of 2022 of the China Shenhua Energy Company Limited fully based on sufficient consideration of the auditors' opinions on the annual audit from KPMG.

The Audit and Risk Management Committee carefully considered the first and third quarterly financial reports of 2022 of the Company, and considered and approved relevant proposals.

In addition, the Audit and Risk Management Committee listened to KPMG's report on 2022 audit plan of the Company and made requirements on 25 October 2022.

② External auditors

During the process of reappointing auditors for 2022, the Audit and Risk Management Committee carefully considered the relevant proposals, evaluated performance of duties of KPMG in 2021, and reviewed relevant integrity records and qualification certificates. The Audit and Risk Management Committee believes that KPMG has the professional ability, experience and qualifications to provide audit services for the Company, and possesses the corresponding investor protection ability and independence, along with a well proved credit record in the past three years, which enables it to meet the Company's annual audit work requirements. The Audit and Risk Management Committee agreed that KPMG continues to serve as the auditors of the Company, and recognised the annual audit fee.

③ Internal review

On 22 March 2022, the Audit and Risk Management Committee reviewed and unanimously passed the relevant resolutions such as the 2021 internal audit work report and 2022 internal audit work points of the Company, and put forward requirements for the internal audit work in 2022. On 23 August 2022, the Audit and Risk Management Committee reviewed the Internal Audit Work Report of China Shenhua Energy Company Limited for the First Half of 2022 and agreed to revise the Company's internal audit management regulations.

④ Risk management and internal control

During the reporting period, the Audit and Risk Management Committee reviewed the basic rules for internal control and risk management, guided the construction and operation of internal control and risk management system, approved the internal evaluation plan of the Company, reviewed the annual internal evaluation report and other Material Matters related to internal control and risk management of the Company, and completed the work related to the supervision and guidance of internal control and risk management delegated by the Board to give advice on the construction of internal control and risk management system, and communicate with the management.

In order to perform its review duties on the internal control evaluation report, the Audit and Risk Management Committee, by way of written resolution on 16 March 2022, pre-reviewed the 2021 Internal Control Evaluation Report of China Shenhua Energy Company Limited (Draft). On 22 March 2022, the Proposal on the 2021 Internal Control Evaluation Report of China Shenhua Energy Company Limited was reviewed again and passed unanimously. On 23 August 2022, the Audit and Risk Management Committee reviewed and approved the Company's improvement and implementation plan for the internal control and risk management system and the 2022 internal control evaluation plan, and put forward work requirements for improving internal control and risk management capabilities and internal control evaluation quality. On 25 October 2022, the Audit and Risk Management Committee reviewed and approved the formulation of the Company's internal control and risk management regulations and the revision of the Company's internal control evaluation methods, and emphasised the need to do a good job in system training and implementation.

In terms of financial monitoring, the Audit and Risk Management Committee, by considering proposals, reviewed and unanimously passed the Company's proposals on 2021 budget implementation and 2022 budget arrangements, 2021 profit distribution plan, 2022 capital budget and debt financing plan, accounting policy changes and other matters. In terms of operation monitoring, the Audit and Risk Management Committee reviewed and approved related proposals on daily related party/continuing connected transactions, revision of the "Financial Service Agreement" with Finance Company, risk assessment of Finance Company, shareholder return planning, and other matters. It also put forward requirements for the disclosure of relevant proposals. In terms of compliance monitoring, the Audit and Risk Management Committee reviewed and passed several proposals on revising important systems such as guarantee management, external donations, and debt financing management methods.

In 2022, the Audit and Risk Management Committee did not receive any reports or complaints about its inappropriateness to the Company from the Company's employees and other stakeholders (such as customers, suppliers) by any ways.

(3) Attendance of committee meetings by each committee member

Name of Director	Independent director or not	Required attendance at the committee meeting	Attendance in Person	Attendance by correspondence	Attendance by proxy	Absence	Attendance
Chen Hanwen	Yes	10	10	7	0	0	10/10
Yuan Guoqiang	Yes	10	10	10	0	0	10/10
Bai Chong-En	Yes	10	9	5	1	0	10/10

(4) Convening of committee meetings

Convening date	Meeting content	Key opinions and suggestions
25 January 2022	To consider the Proposal on the Implementation of the 2021 Budget and the Budget Arrangement for 2022 of China Shenhua Energy Company Limited	Agreed
16 March 2022	To consider the Proposal on the 2021 Financial Report of China Shenhua Energy Company Limited (draft) and the Proposal on the 2021 Internal Control Evaluation Report of China Shenhua Energy Company Limited (draft)	Agreed
22 March 2022	1. To listen to the auditors KPMG's report on annual audit work and on the implementation of the Company's continuing connected transactions agreement for 2021; 2. To consider 19 proposals on the Company's financial report for the year 2021, internal control audit report, environmental, social responsibility and corporate governance report, and reappointment of external auditors for the year 2022.	Agreed. It is recommended that the Company should: 1. fully assess and control the reasonableness of the fees for re-engagement of accounting firms. 2. attach great importance to and keep track of the risks of the Finance Company, and further strengthen the risk management and control of the Finance Company.

Convening date	Meeting content	Key opinions and suggestions
22 April 2022	1. To listen to the independent financial adviser's report on the preparation of the letter revising the annual cap for certain daily related party transactions; 2. To consider proposals on the Company's financial report for the first quarter of 2022, changes in accounting policies, and amendments to the Rules on Work of the Audit Committee of the Board of China Shenhua Energy Company Limited and the Rules on Work of Annual Reports of the Audit Committee of the Board of China Shenhua Energy Company Limited	Agreed
22 June 2022	To consider the Interim Review Work Plan for 2022 of China Shenhua Energy Company Limited	Agreed
23 August 2022	1. To listen to KPMG's report on the interim review work of the Company in 2022 and the proposals to be submitted to the Board of Directors and the general meeting for consideration; 2. To consider 8 proposals, including the Company's 2022 interim report, the Finance Company's continuous risk assessment report and the 2022 internal control evaluation work plan.	Agreed. It is recommended that the Company should: 1. improve the continuous risk assessment report on the Finance Company and provide sufficient evidence to support. 2. consider and understand the risk management items from different risk perspectives and pay attention to the actual implementation of the plan.

Convening date	Meeting content	Key opinions and suggestions
20 September 2022	To consider 4 proposals, including the risk assessment report of Finance Company Limited and the risk disposal plan for the related deposit and loan business between the Company and Finance Company	Agreed. It is recommended that the Company should communicate with the stock exchange and relevant departments.
25 October 2022	1. To listen to the report on the proposed acquisition of 30% equity interest in Jinjie Energy and the KPMG's report on the audit work plan of the Company for the year 2022; 2. To consider 4 proposals on the financial report of the Company for the third quarter of 2022 and the formulation of the internal control risk management regulations of Company.	Agreed. It is recommended that the Company should: 1. ensure the fair price of related party transactions and follow the rules on information disclosure of related party transaction of the stock exchanges at two places. 2. strengthen the training on internal control risk management.
30 November 2022	To consider the Proposal on Acquisition of 30% Equity Interests of Guoneng Jinjie Energy Co., Ltd. and the Proposal on Capital Increase to China Energy Finance Co., Ltd.	Agreed. Regarding the proposal of the Company to acquire 30% equity interests of Jinjie Energy, it is recommended that the Company should: 1. comply with relevant systems and regulations to ensure compliance throughout the process; relevant processes and documents shall be designed and managed strictly. 2. focus on the communication and information disclosure with shareholders; after the completion of the acquisition, the management control system shall be revised and supplemented in a timely manner to ensure the completeness of the internal control system and relevant systems.
30 December 2022	To consider 3 proposals on external donation	Agreed

On 21 March 2023, the Audit and Risk Management Committee listened to KPMG's report on the audit work in 2022, and discussed the scope of audit work and audit procedures, key audit matters and key concerns, auditors' independence and other matters that require management attention; reviewed the financial statements for the year 2022 and internal control audit report, and assessed the effectiveness of the internal control over financial statements; reviewed the report on internal control and the ESG report and agreed to submit such reports to the Board for consideration.

3. Remuneration and Assessment Committee

(1) The principal duties of the Remuneration and Assessment Committee

To make recommendations to the Board on formulation of the remuneration plan or proposal for Directors, Supervisors, Chief Executive Officer 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; to study the assessment standards for Directors, Supervisors, Chief Executive Officer and other senior management, and examine the performance of duties by Directors, Supervisors, Chief Executive Officer and other senior management of the Company and carry out annual performance assessment on them; to supervise the implementation of the remuneration system of the Company, review and approve the remuneration determined by performance in accordance with the Company's objectives determined by the Board; to exercise the following duties as authorised by the Board: to determine the specific remuneration of all the Executive Directors, Supervisors, Chief Executive Officer and other senior management, including non-monetary benefits, pension rights and compensation (including the compensation for the loss or termination of their duties or appointment); to review and approve the payment of compensation to Executive Directors, Supervisors, Chief Executive Officer and other senior management in relation to the loss or termination of their duties or appointment, so as to ensure that such compensation is determined in accordance with the related terms of the contract; or otherwise, such compensation shall be fair and reasonable and does not impose an undue burden on the Company; to review and approve the compensation arrangements involved in the dismissal or removal of Directors due to their improper conduct, so as to ensure that such arrangements are determined in accordance with the related terms of the contract; or otherwise, such arrangements shall be reasonable and appropriate; to make recommendations to the Board on the remuneration of the Non-Executive Directors (factors to be considered include remuneration packages offered by comparable companies, time commitment and responsibilities of each Director, employment conditions for other positions of the Group and whether the remuneration should be based on performance, etc); to ensure that none of the Directors or any of their associates determines their own remunerations; and to execute other matters as authorised by the Board.

(2) Work summary for the year

In 2022, the Remuneration and Assessment Committee held 3 meetings. All proposals at the meeting were approved and all members attended the meeting.

The remuneration and assessment committee shall assess, for Director's annual remuneration of 2022, the performance of Executive Directors who hold management position in the Company based on the remuneration policy for management and makes recommendation on remuneration. It's proposed that the Company shall not pay compensation to Non-executive Directors and the proposed remuneration for Independent Non-executive Directors is RMB300,000 per year. The remuneration and assessment committee will make recommendations to the Board on the Director's remuneration scheme developed by it. The Company entered into a service contract with Lv Zhiren during the reporting period.

The remuneration and assessment committee adopted the mode (ii) as set out under the rule E.1.2(c) of the Corporate Governance Code, which is to make recommendations to the Board on the remuneration packages of individual Executive directors and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment).

(3) Attendance of committee members

Name of Directors	Independent director	The number of required attendance	The number of attendance in person	The Number of participations by correspondence	The Number of attendance by proxy	The Number of absences	Attendance rate
Yuen Kwok Keung	Yes	3	3	3	0	0	3/3
Chen Hanwen	Yes	3	3	1	0	0	3/3
Xu Mingjun	No	3	3	1	0	0	3/3

(4) *Convening of the committee meeting*

Convening date	Meeting content	Key opinions and suggestions
25 January 2022	To consider the Proposal on the Recommended Index of the 2022 Annual Business Performance Appraisal of the Management of China Shenhua Energy Company Limited	Agreed
22 March 2022	To consider 5 proposals including the 2021 remuneration of the Company's Directors, Supervisors and senior management, amendments to the Rules of Procedures for the Remuneration and Assessment Committee of the Board of Directors of China Shenhua Energy Company Limited, and the formulation of the Management Measures for the Business Performance Appraisal of the Management of China Shenhua Energy Company Limited (Trial)	Agreed
23 August 2022	To consider the Proposal on Amending the Employment Agreement, Annual Business Performance Responsibility Letter and Tenure Business Performance Responsibility Letter of the Management Members	Agreed

4. **Nomination Committee**

(1) The principal duties of the Nomination Committee

To formulate the Board diversity policy, regularly review the structure, size and diversity of the Board, and to make recommendations to the Board with regard to any proposed changes; to assess and verify the independence of independent Non-Executive Directors; to develop standards, procedures and systems for selection of Directors, Chief Executive Officer and other senior management, and make recommendations to the Board, taking into account the Company's corporate strategy and the combination of skills, knowledge, experience and diversity needed in the future; to extensively seek for qualified candidates of Directors, Chief Executive Officer and other senior management; to examine the candidates of Directors, Chief Executive Officer and other senior management and make recommendations; to nominate candidates for members of the Board Committees (other than members of the Nomination Committee and the Chairman of any Board Committee); to draft development plans for Chief Executive Officer, other senior management and key reserve talents taking into account the Company's corporate strategy and the combination of skills, knowledge, experience and diversity needed in the future; to review the board diversity policy where appropriate, and review the quantitative objectives set up by the Board to implement the Board diversity policy and their progress of achievement, as well as to disclose the results of review in the Corporate Governance Report annually; to make recommendations to the Board on the appointment or re-appointment of Directors, general managers and other senior management and succession planning; and to carry out any other matters as authorised by the Board.

(2) Work summary for the year

In 2022, the Nomination Committee held 2 meetings by way of written resolution. All proposals at the meetings were approved. The Nomination Committee extensively seeks for qualified candidates for Directors, and has taken full account of his skills, experience and diversity requirements in the nomination of Director.

The Nomination Committee shall disclose the Board diversity in the corporate governance report of the Company annually and monitor the implementation of the Board diversity policy. The Nomination Committee is of the view that (1) the Board diversity policy of the Company complies with the relevant requirements of the place of listing which can meet the development needs of the Company; (2) the structure of the Board of the Company is reasonable and the implementation of the diversity policy is effective.

(3) Attendance of committee members

Name of Directors	Independent director	The number of required attendance	The number of attendance in person	The Number of participations by correspondence	The Number of attendance by proxy	The Number of absences	Attendance rate
Bai Chong-En	Yes	2	2	2	0	0	2/2
Chen Hanwen	Yes	2	2	2	0	0	2/2
Xu Mingjun	No	2	2	2	0	0	2/2

(4) Convening of the committee meeting

Convening date	Meeting content	Key opinions and suggestions
21 March 2022	To consider the Proposal on the Amendments to the Rules of Procedures of the Nomination Committee of the Board of Directors of China Shenhua Energy Company Limited, Proposal on the Formulation of the Management Measures for the Selection and Appointment of the Management of China Shenhua Energy Company Limited (Trial)	Agreed
23 August 2022	To consider the Proposal on the Appointment of Song Jinggang as the Chief Financial Officer of China Shenhua Energy Company Limited	Agreed

5. Safety, Health, Environment and ESG Working Committee

(1) The principal duties of the Safety, Health, Environment and ESG Working Committee

To supervise the implementation of safety, health, environmental protection and ESG working plans of the Company; to make recommendations to the Board or the Chief Executive Officer on material issues in respect of safety, health, environmental protection and ESG working of the Company, including but not limited to employee development, climate change, biodiversity and water resources management; to inquire into the material incidents and responsibilities regarding the Company's production, operations, property assets, staff or other facilities, as well as to review and supervise the resolution of such incidents; to review the Company's annual ESG report; to review the Statement of Governance of the Board disclosed in the Company's annual ESG report; to supervise and review the identification, evaluation and management process of the matters related to the Company's ESG governance activities and the progress of related objectives including but not limited to employee development, climate change, biodiversity and water resources management; and other issues as authorised by the Board.

(2) Work summary for the year

In 2022, the Safety, Health, Environment and ESG Working Committee held 3 meetings by way of consideration in writing, which further improved ESG governance mechanism of the Company. All proposals at the meetings were approved.

(3) Attendance of committee members

① Directors in office at the end of the reporting period

Name of Directors	Independent director	The number of required attendance	The number of attendance in person	The Number of participations by correspondence	The Number of attendance by proxy	The Number of absences	Attendance rate
Lv Zhiren	No	1	1	1	0	0	1/1
Yang Rongming	No	3	3	3	0	0	3/3
Liu Xiaolei	No	1	1	1	0	0	1/1

② Directors resigned during the reporting period

Name of Directors	Independent director	The number of required attendance	The number of attendance in person	The Number of participations by correspondence	The Number of attendance by proxy	The Number of absences	Attendance rate
Wang Xingzhong	No	2	2	2	0	0	2/2

(4) Convening of the committee meeting

Convening date	Meeting content	Key opinions and suggestions
17 March 2022	To consider 3 proposals including the amendments to the Rules of Procedures of the Safety, Health and Environment Protection Working Committee of the Board of Directors of China Shenhua Energy Company Limited, the performance in 2021 and the key points of work in 2022 of the Company in the environmental, social responsibility and corporate governance, and the 2021 Environmental, Social Responsibility and Corporate Governance Report of China Shenhua Energy Company Limited	Agreed
8 August 2022	To consider the Proposal on Formulating the Management Measures on Environmental, Social and Corporate Governance (ESG) for Suppliers of China Shenhua Energy Company Limited (Trial)	Agreed
23 December 2022	To consider the Proposal on the Assessment Results of the Importance of Environmental, Social Responsibility and Corporate Governance of China Shenhua Energy Company Limited in 2022	Agreed

VII. SUPERVISORY COMMITTEE'S REPORT

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 of the People's Republic of China and the Articles of Association.

(I) Performance of Duties of the Supervisory Committee

Three current Supervisors of the Company are Tang Chaoxiong, Zhou Dayu and Zhang Feng. Please refer to "Details of Current and Resigned Directors, Supervisors and Members of Senior Management of the Company during the reporting period" in this report for biographical details of the three Supervisors.

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 of the Company conducted strict supervisions on the lawful operations, financial position and the performance of duties of the Board and the management of the Company, and did not have any dissenting view over the matters it supervised during the reporting period.

1. Attendance at the meeting

In 2022, the Supervisory Committee of the Company held six meetings in total. Details are set as follows:

Meeting	Date	Venue	Method of Meeting	Attendance of Supervisors	Subject matter	Poll results
The eighth meeting of the fifth session of the Supervisory Committee	25 March	Beijing	On-site	All	Proposal of the 2021 Financial Report of China Shenhua Energy Company Limited	Passed unanimously
					Proposal of the 2021 Profit Distribution Plan of China Shenhua Energy Company Limited	Passed unanimously
					Proposal of the 2021 Annual Report of China Shenhua Energy Company Limited	Passed unanimously
					Proposal of the 2021 ESG Report of China Shenhua Energy Company Limited	Passed unanimously
					Proposal of the 2021 Assessment Report on Internal Control of China Shenhua Energy Company Limited	Passed unanimously
					Proposal of the 2021 Supervisory Committee's Report of China Shenhua Energy Company Limited	Passed unanimously

Meeting	Date	Venue	Method of Meeting	Attendance of Supervisors	Subject matter	Poll results
					Proposal of the Election of shareholder Representative Supervisors of the Fifth Session of the Supervisory Committee of China Shenhua Energy Company Limited	Passed unanimously
The ninth meeting of the fifth session of the Supervisory Committee	27 April	Beijing	On-site	All	Proposal of the 2022 First Quarterly Financial Report of China Shenhua Energy Company Limited	Passed unanimously
					Proposal of the 2022 First Quarterly Report of China Shenhua Energy Company Limited	Passed unanimously
					Proposal of Change of Accounting Policy of China Shenhua Energy Company Limited	Passed unanimously
The tenth meeting of the fifth session of the Supervisory Committee	24 June	Beijing	On-site	All	Proposal of the Election of the Chairman of the Supervisory Committee	Passed unanimously
The eleventh meeting of the fifth session of the Supervisory Committee	26 August	Beijing	On-site	All	Proposal of the 2022 Interim Financial Report of China Shenhua Energy Limited	Passed unanimously
					Proposal of the 2022 Interim Report of China Shenhua Energy Company Limited	Passed unanimously
The twelfth meeting of the fifth session of the Supervisory Committee	23 September	Beijing	On-site	All	Proposal of the Company's shareholder Return Plan for 2022 to 2024	Passed unanimously
The thirteenth meeting of the fifth session of the Supervisory Committee	28 October	Beijing	On-site	All	Proposal of the 2022 Third Quarterly Financial Report of China Shenhua Energy Company Limited	Passed unanimously
					Proposal of the 2022 Third Quarterly Report of China Shenhua Energy Company Limited	Passed unanimously

The Supervisory Committee made recommendations on work, including to strengthen management of property right, improve auditing and further improve quality action plan for listed companies by listening to the report of the management and effective considerations of the meeting resolutions, and fluent communications with management of the Company. Management has implemented them carefully and made feedback timely.

2. **Investigation and research**

In January 2022, the then Supervisors investigated the technological innovation of the Company, during which they watched the promotion video of achievements in smartness of coal mines, transportation and ports, listened to the development report regarding "technological innovation and big data", "smart transportation" and "smart coal mines" and fully discussed and communicated with the management of the Company.

On April 2022, the then Supervisors went to National Institute of Clean-and-low-carbon Energy for investigation, during which they listened to the presentation of the work, communicated and discussed on the research of the green and low-carbon technology, building of culture, management of human resources and development and research system, visited the comprehensive exhibition hall, assay laboratory and pilotscale test base, deeply discussed with the research personnel to inquire in details above the development and research and application of the technology and others, so as to carry out study on the effect of the development and research of the clean-and-low-carbon energy on supporting the quality development and green and low-carbon transformation of China Shenhua.

(II) Independent Opinion of the Supervisory Committee on the Lawful Operation of the Company

In 2022, the Company has conducted one Annual General Meeting, one class meeting of holders of A Shares, one class meeting of holders of H Shares, one extraordinary general meeting and eight Board meetings. Supervisors of the Company attended meetings as required.

The Supervisory Committee is of the opinion that the Board and the management of the Company have acted in strict accordance with the Company Law, the Articles of Association and relevant regulations of the jurisdiction where the Company is listed, 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 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.

(III) Independent Opinion of the Supervisory Committee on the Financial Position of the Company

The Supervisory Committee is of the opinion that the Company has regulated financial audit and sound internal control system, and 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. The financial report for 2022 has been audited by KPMG in accordance with China Accounting Standards for Business Enterprises and International Financial Reporting Standards, each of whom had issued a standard unqualified audit report.

(IV) Independent Opinion of the Supervisory Committee on Connected Transactions of the Company

After careful review of the connected transactions of the Company in 2022, the Supervisory Committee is of the opinion that connected transactions in relation to China Energy Group, Finance Company and China State Railway Group Co., Ltd. are necessary for the routine operation of the Company. The relevant considerations are in accordance with prevailing market principle and the transactions are 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 applicable rules and requirements of the listing rules, and the disclosure of information is standardised and transparent. The Supervisory Committee is not aware of any act prejudicial to the interest of the Company.

(V) Independent Opinion of the Supervisory Committee on the Major Acquisition and Disposal of Assets of the Company

During the reporting period, other than the 30% equity interest in Guoneng Jinjie Energy Co., Ltd. acquired through China Beijing Equity Exchange, there were no major acquisition and disposal of assets of the Company. The procedures for the Company's asset acquisitions were legal and effective, and the prices of the transactions followed market principles, which were conducted at arm's length, in compliance with the provisions of the Company Law, the Articles of Association and relevant laws and regulations, without prejudice to the interests of the shareholders or resulting in loss of the Company's assets.

(VI) Independent Opinion of the Supervisory Committee on the Self-assessment Report on Internal Control of the Company

The self-assessment report on internal control of the Company has truthfully reflected the establishment and implementation of the internal control of the Company and its internal control system is sound and effective.

(VII) Independent Opinion of the Supervisory Committee on the Establishment and Implementation of the Measures on Insider Management

The insider management system of the Company is sound and comprehensive, effective in its implementation and able to keep all insider information confidential.

The Supervisory Committee of the Company will continue to perform its duties with due care to facilitate the standardised operation of the Company and to safeguard the lawful interests of the Company and its shareholders in strict compliance with the Company Law and the Articles of Association.

VIII. RISK MANAGEMENT AND INTERNAL CONTROL

(I) Establishment and Implementation of the Risk Management and Internal Control System

The Company has established a risk-oriented internal control system. The Company's internal control and risk management system is characterized by the establishment of a closed-loop management mechanism integrating regular material risk assessment and monitoring, annual internal control evaluation, daily risk audit and special supervision and inspection of internal control, and the establishment of an organisational structure with hierarchical responsibilities of the Board and its Audit and Risk Management Committee, various functional departments of the headquarters and the subsidiaries (branches) of the Company to ensure effective operation of internal control and risk management. The objectives of the Company's internal control are to reasonably ensure compliance of its operation and management with laws and regulations, safety of its assets, truthfulness and integrity of its financial reports and related information, so as to improve operational efficiency and effectiveness, and facilitate the accomplishment of its development strategies.

In accordance with the relevant laws and regulations of the PRC as well as the corporate regulatory system on internal control of the Company, the Board is responsible for the maintenance of the risk management and internal control system as well as reviewing the effectiveness of such systems and honestly disclosing the internal control evaluation reports. Due to the inherent limitations of its internal control, the Company can only provide reasonable assurance for the achievement of the above objectives. In addition, there are risks in inferring the effectiveness of future internal control based on the results of internal control evaluations as changes in the circumstances may cause internal control to become inappropriate or the degree of compliance with control policies and procedures to be reduced. The Supervisory Committee of the Company supervises the establishment and implementation of the internal control system by the Board. The management of the Company, as the main body of responsibility, is responsible for the implementation of its internal control and risk management system, researching and reviewing the major issues in relation thereto, organising and preparing the special systems, work plans and countermeasures therefor in their respective areas and supervising the implementation thereof.

The Company's procedures for identifying, evaluating and managing material risks include: risk assessment and reporting at the beginning of the year, quarterly material risk monitoring, daily risk management and special supervision and inspection, and annual evaluation of its internal control. At the end of each year, the Company will organise a comprehensive risk assessment for the following year, collect various types of risk-related information in a timely manner in accordance with the strategies and operational and management objectives, effectively identify various types of risks affecting such strategies and operational and management objectives in conjunction with the internal and external environment of the Company, analyze and evaluate the identified risks, analyze the likelihood and conditions of the occurrence of risks, evaluate their impact on the Company's achievement of its objectives, determine the results of risk assessment and risk response strategies in combination with risk preference and risk tolerance after the Board have reviewed the same, take appropriate control measures and follow up and monitor significant risks on a quarterly basis. For information on the major risks faced by the Group and the countermeasures, please refer to Section IV "Major Risks and Countermeasures" of this report.

The Company has an internal control supervision and inspection mechanism to review the effectiveness of the risk management and internal control system through annual evaluation of internal control. The procedures for annual evaluation of internal control include: formulation of internal control evaluation plan, formation of a working group for internal control inspection; commencement of self-evaluation, inspection and evaluation of internal control; communication, identification and rectification of internal control deficiencies; preparation and disclosure of internal control evaluation report after the review of the Board. Significant and material deficiencies will be finally recognised by the Board. For the identified significant and material deficiencies, the Board will adopt appropriate countermeasures to keep the risks under control to a tolerable extent and hold the relevant departments or personnel accountable therefor.

With respect to the handling and release of insider information, the Company has formulated internal systems such as the Regulations on Registration of Insider Information and Informants and Regulations on Information Disclosure and Internal Reporting of Material Matters, which set forth the range of insider information and informants, the reporting process, registration and filing, and prohibited acts. Prior to the release of insider information, the Company implements differentiated handling of the flow of insider information and strictly controls the scope of informants; registers the informants of insider information in a complete and timely manner and requires them to sign a confidentiality undertaking to prevent the leakage of insider information.

The Company reviews and evaluates its risk management and internal control system annually during the reporting period. The Company's report on the internal control evaluation for 2022 has been reviewed and approved by the Board, which, together with the Audit and Risk Management Committee of the Company, consider that the inspection and supervision mechanism is able to evaluate the effectiveness of the Company's internal control and risk management operations. According to the evaluation, during the reporting period, the Company has included all the businesses and matters involving significant risks (including the financial, operational and compliance aspects) in the scope of evaluation, and the internal control system has been established and effectively implemented for all significant businesses and matters, and the objectives of the Company's internal control have been achieved. The Company has complied with the provisions of the code of conduct related to risk management and internal control.

As presented in the 2022 Report on Internal Control Evaluation of the Board, no material defects were found in the internal control of financial reporting as at the base date of the Report on Internal Control Evaluation, pursuant to the identification of material defects in the internal control over the financial reporting of the Company. The Board is of the opinion that the Company has maintained effective internal control over its financial reporting in all material aspects in accordance with the requirements under the Enterprise Internal Control Normative System and relevant regulations and its supplementary guidelines as well as other regulatory requirements on internal control. Based on the identification of material defects in the internal control over non-financial reporting of the Company, no material defects were identified by the Company in the internal control over non-financial reporting as at the base date of the Report on Internal Control Evaluation. Nothing that would affect the evaluation result of the effectiveness of internal control occurred from the base date of the Report on Internal Control Evaluation to the date of issuance of the Report on Internal Control Evaluation.

Material defects in the internal control during the reporting period:

☐ Applicable ✔ Not applicable

(II) Description of Self-Assessment Report on Internal Control and Audit Report on Internal Control

KPMG Huazhen LLP, engaged by the Company, has issued the standard unqualified Audit Report on Internal Control. The Audit Report on Internal Control is of the opinion that as at 31 December 2022, China Shenhua had 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. The above audit opinions are in line with the opinions set out in the Self-assessment Report of the Board.

Please refer to the relevant announcement disclosed by the Company on the website of the SSE on 25 March 2023 for the 2022 Report on Internal Control Evaluation and Audit Report on Internal Control.

(III) Management Control over Subsidiaries

The Company exercises effective control over its subsidiaries in major areas and key areas through the establishment of rules and regulations, supervision and evaluation, and information technology construction. In terms of control system according to the provisions of the Articles of Association of its subsidiaries, the Company reviews resolutions involving the appointment and removal and evaluation of personnel, the appointment of Directors, Supervisors and senior management and the establishment of organisation to be submitted to the general meeting, the Board and the Supervisory Committee of the subsidiaries for consideration, and exercised nominations rights and voting rights in accordance with the provisions of the Articles of Association of the subsidiaries. In terms of finance, the Company has established an integrated and efficient financial information system and formulated relevant financial accounting systems, fund management, guarantee and other related systems to standardise the accounting of its subsidiaries and branches and fund supervision and control. In terms of internal control, the Company inspects and evaluates the effectiveness of the internal control of its subsidiaries, and supervises and inspects the rectification of internal control deficiencies. In terms of related transaction, the Company formulates the management system and defines the procedures of management, review and approval, supervision and inspection of related transactions of its subsidies. In terms of Material Matters, the Company formulates a system in relation to information disclosure, internal report for Material Matters and inside information management to standardise the confidentiality and transmission of material information, review and disclosure process of Material Matters. The resolutions of the meetings of the Board and general meetings, together with other documents of importance, shall be submitted to the Company by the subsidiaries in a timely manner.

IX. AUDITORS' REMUNERATION AND RELATED MATTERS

Please refer to "APPOINTMENT AND REMOVAL OF AUDITORS" in the "Significant Events" section of this report.

X. CORPORATE CULTURE

The core values of the Company's corporate culture take "diligence, dedication, innovation, ambition" as the corporate spirit, "building a world class integrated energy listed company with global competitiveness" as the Company's goal and development vision, "green development and pursuit of excellence" as the core value, and "One Target, Three Models and Five Strategies, and Seven First-class" as the development strategy. Through in-depth study and implementation of the core values of the corporate culture, the Company has been able to fully encourage and stimulate the enthusiasm and creativity of its employees by focusing on the development strategy of the Company, effectively promoting the coordination and consistency of the Company and the cooperation among employees, forming a strong internal power and action force to ensure the long-term sustainable development of the Company.

In order to ensure that the corporate culture is clearly communicated to all employees, the Company has formulated the "Management Measures for Corporate Culture Construction in the Headquarters of China Shenhua Energy Company Limited (Trial)" and organised study and dissemination of information related to the core value system of the Company's corporate culture. A corporate culture column on the Company's official website has been set up to facilitate employees' learning and to provide a channel for relevant people to understand the Company's corporate culture. In order to support the construction of corporate culture, the Company formulated the "Regulations for the Evaluation and Commendation of Advanced Models of Spiritual Civilization and Corporate Culture of China Shenhua (Trial)" and organised the evaluation and commendation activities for advanced models of spiritual civilization and corporate culture in 2022.

The development plans and decisions made by the Board are in line with the corporate culture of the Company. The Board is also committed to establishing a sound compliance culture to ensure the Company's compliance with the securities regulations in both the Chinese mainland and Hong Kong. During the reporting period, the Company formulated an implementation plan for the "Year of Compliance Management Enhancement" and a special treatment plan for operational compliance issues to further strengthen compliance governance. It also formulated the "A+H Compliance Risk Pre-Control Guidelines for Listed Companies and the Compliance Database for Key Areas" to provide reference for the Company's implementation of regulations in the listed regulatory areas and key areas.

XI. EMPLOYEES

(I) Employees as at the end of 2022

Number of current employees of the headquarter of the Company *(number of person)*	224
Number of current employees of the branches/subsidiaries of the Company *(number of person)*	82,805
Total number of current employees of the Group *(number of person)*	**83,029**
Number of retired employees in respect of which the Company and subsidiaries bore cost *(number of person)*	13,396

Function

Category of Function	Number of person
Operation and repair	50,681
Management and administration	14,008
Finance	1,589
Research and development	2,940
Technical support	9,064
Sales and marketing	698
Others	4,049
Total	**83,029**

Education Level

Category of Education Level	Number of person
Postgraduate and above	3,859
University graduate	35,213
College graduate	20,832
Specialized secondary school graduate	8,709
Graduate of technical school, high school and below	14,416
Total	**83,029**

(II) Remuneration Policy

The Company insists on efficiency and effectiveness orientation and has formulated a salary policy that combines salary and performance evaluation, tilts toward front-line employees and is competitive in the industry. The Company has also carried out in-depth reform of the distribution system, optimised the income distribution structure, given full play to the role of salary incentive, and stimulated the vitality of corporate talents.

(III) Training Program

The Company has 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 2022, the accrued capital used for training was approximately RMB245 million. The number of attendances in training was approximately 1,549,100 with training hours of approximately 9,324,500 hours in aggregate. For details, please refer to the 2022 ESG Report of the Company.

(IV) Outsourced Work in 2022

Total number of working hours of outsourced work	68.28 million hours
Total remuneration paid for outsourced work	4,978 million

(V) Gender Diversity of Employees

The differences in education, cultural background, occupational background and job requirements of employees are the main factors affecting the gender diversity of employees. The Company continues to bring in various types of professionals of different genders and nationalities in accordance with its development needs, so as to cultivate and build a pipeline of talents with appropriate scale, high-end leadership, reasonable structure and excellent quality, establish and maintain the Company's talent advantage in the industry in which it operates and lay a solid talent foundation for the realisation of the Company's development strategy.

As at the end of 2022, the Group had 13,000 female employees, accounting for 15.7% of total employees, and 70,029 male employees, accounting for 84.3% of total employees.

XII. PROFIT DISTRIBUTION POLICY DURING THE REPORTING PERIOD

(I) Formulation, Implementation or Adjustment of Cash Dividend Policy

In accordance with the requirements of the relevant laws and regulations and the Articles of Association, the profit distribution policy of the Company shall maintain continuity and stability and take full consideration of achieving reasonable returns for investors. The Company shall give priority to profit distribution in cash dividends. The profit distribution policy of the Company complies with the Opinions of the State Council on Further Improving the Quality of Listed Companies (《國務院關於進一步提高上市公司質量的意見》) and the Guideline on Encouragement of Cash Dividend Distribution of Listed Companies promulgated by the CSRC.

Pursuant to the Articles of Association, the profit distribution of the Company shall be made based on the profit for the year attributable to equity holders of the Company in the consolidated financial statements prepared under the China Accounting Standards for Business Enterprises and the International Financial Reporting Standards, whichever is lower. Annual profit distribution in cash shall be no less than 35% of the net profit for the year attributable to equity holders of the Company subject to the relevant conditions.

In order to implement the Securities Law of the PRC, strengthen the protection of investors' legitimate rights and interests, and respond to the demands of investors, especially minority shareholders, as approved on the 2022 first extraordinary general meeting of the Company and in line with the Article of Association, the profit distributed by the Company in cash from 2022 to 2024 shall not be less than 60% of the net profit attributable to shareholders of the Company realised in that year.

(II) Special Description for Cash Dividend Policy

Whether it complies with the provisions of the Articles of Association or the requirements of the proposals of the general meeting	✓ Yes	☐No
Whether the criteria and percentage of dividends are clear and unambiguous	✓ Yes	☐No
Whether the relevant decision procedures and mechanism are complete	✓ Yes	☐No
Whether independent directors have performed their duties and responsibilities and played their full role	✓ Yes	☐No
Whether small and medium shareholders have adequate opportunities to express the opinions and concerns, and whether their legitimate rights are fully protected	✓ Yes	☐No

(III) Cash Dividend Scheme/Plan

1. Cash dividend scheme for 2022

Net profit attributable to equity holders of the Company for 2022 under the China Accounting Standards for Business Enterprises amounted to RMB69,626 million, with basic earnings per share of RMB3.504/share; profit attributable to equity holders of the Company for 2022 under the International Financial Reporting Standards amounted to RMB72,903 million, with basic earnings per share of RMB3.669/share. As at 31 December 2022, the profit available for distribution to shareholders of the Company under the China Accounting Standards for Business Enterprises amounted to RMB195,903 million.

The Board proposed the payment of a final dividend in cash of RMB2.55 per share (inclusive of tax) for the year 2022 based on the total share capital registered on the equity registration date of implementing equity distribution. Calculated based on the total share capital of 19,868,519,955 shares of the Company as at 31 December 2022, the final dividend totals RMB50,665 million (inclusive of tax), accounting for 69.5% of the profit for the year attributable to equity holders of the Company under the International Financial Reporting Standards, or 72.8% of the net profit for the year attributable to equity holders of the Company under the China Accounting Standards for Business Enterprises.

	Profit distribution scheme/plan for the recent three years (including the reporting period)			
	Dividend per 10 shares (inclusive of tax)	Amount of cash dividend (inclusive of tax)	Net profit attributable to equity holders of the Company in the consolidated financial statements of the respective dividend year in accordance with China Accounting Standards for Business Enterprises	Percentage to the net profit attributable to equity holders of the Company in the consolidate d financial statements
	RMB	*RMB million*	*RMB million*	*%*
Final dividend for the year 2022 (Proposed)	25.5	50,665	69,626	72.8
Final dividend for the year 2021	25.4	50,466	50,269	100.4
Final dividend for the year 2020	18.1	35,962	39,170	91.8

2. The above final dividend plan for the year 2022 is in compliance with the requirement of the Articles of Association and endorsed by the independent directors and approved by the Board. When recommending the plan for the year 2022, the Board has attended to and considered the opinions and concerns of the shareholders of the Company. The Company will hold the 2022 annual general meeting on Friday, 16 June 2023 to consider the relevant resolutions, including the above dividend plans as proposed by the Board.

3. The final dividend for the year 2022, which is denominated and declared in RMB, will be paid in RMB to holders of the Company's A shares, including holders of the Company's A shares through the Northbound Trading Link of the Shanghai-Hong Kong Stock Connect, hereinafter referred to as the "Northbound Shareholders", and holders of the Company's H shares through the Southbound Trading Link (including Shanghai and Shenzhen markets, hereinafter referred to as the "Southbound Shareholders"). Dividends to holders of the Company's H shares, except the Southbound Shareholders, will be paid in HKD. The dividend paid in HKD is calculated as the average benchmark rate of RMB against HKD of five business days preceding the date of declaration of such dividend, as published by the Bank of China.

In accordance with the preliminary arrangement of profit distribution plan for year 2022 and the 2022 annual general meeting of the Company, the final dividend for the year 2022 for the Company's H shareholders is estimated to be distributed on or about 16 August 2023.

4. Pursuant to the Articles of Association:

(1) After the SSE is closed in the afternoon on Tuesday, 13 June 2023, the shareholders of A shares of the Company and its proxies of shareholders as registered in the China Securities Depository and Clearing Corporation Limited Shanghai Branch are entitled to attend and vote at the 2022 annual general meeting of the Company;

(2) According to the relevant regulations of China Securities Depository and Clearing Corporation Limited Shanghai Branch and market practice adopted for final dividend distribution for A shares, the Company will publish a separate announcement on implementation of equity distribution in respect of the distribution of final dividend for the year 2022 to holders of A shares after the 2022 annual general meeting to determine the record date, ex-rights date and dividend distribution date for the distribution of final dividend for the year 2022 to holders of A shares.

5. The arrangement of temporary closure of the register of members of H shares of the Company:

		Temporary closure of the register of members			
No.	Corresponding Rights	First Day (inclusive)	Last Day (inclusive)	The last day for registering members	The Company's share registrar for H shares
1	Attending and voting at the 2022 annual general meeting	Tuesday, 13 June 2023	Friday, 16 June 2023	4:30 p.m. on Monday, 12 June 2023	Computershare Hong Kong Investor Services Limited
2	Entitled to the final dividend for the year 2022	Saturday, 24 June 2023	Friday, 30 June 2023	4:30 p.m. on Friday, 23 June 2023	Computershare Hong Kong Investor Services Limited

6. In accordance with the provision of Enterprise Income Tax Law of the PRC and its implementation regulations and the State Taxation Administration of the PRC (Guo Shui Han [2008] No. 897), 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. The Company shall withhold and pay enterprise income tax in respect of the final dividend for the year 2022 of the Company for the non-resident enterprise shareholders whose name would appear on the register of members for H shares of the Company on 30 June 2023.

7. According to Guo Shui Han [2011] No. 348 issued by the State Taxation Administration, the Company shall distribute cash dividends to the individual shareholders whose names appear on the register of members for H shares, and has obligations to withhold and pay individual income tax for dividend payable. 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 China's mainland 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% with China, the Company shall withhold individual income tax at a rate of 10%. If the individual shareholders of the H shares are residents of countries which have an agreed tax rate of less than 10% with China, the Company shall withhold individual income tax on behalf of them in accordance with relevant provisions required by the Announcement of the State Taxation Administration in relation to the Administrative Measures on Preferential Treatment Entitled by Non-resident Taxpayers under Tax Treaties (No. 35 Announcement of the State Taxation Administration in 2019). If the individual shareholders of the H shares are residents of countries which have an agreed tax rate of over 10% but less than 20% with China, the Company shall withhold the individual income tax on behalf of them 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 withhold the individual income tax at a rate of 20%.

   The Company shall use the registered address (hereinafter referred to as "registered address") as recorded in the register of members of H shares on 30 June 2023 as the criterion in determining the residence of the individual shareholders of H shares who are entitled to receive the final dividend for the year 2022 of the Company, and withhold and pay individual income tax accordingly. If the residence of the individual shareholders of H shares is inconsistent with the registered address, such shareholders shall notify the Company's share registrar for H shares at or before 4:30 p.m. on 23 June 2023 with the relevant evidence at Computershare Hong Kong Investor Services Limited of 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

8. With respect to the Southbound Shareholders, according to the relevant requirements of China Securities Depository and Clearing Corporation Limited, China Securities Depository and Clearing Corporation Limited Shanghai Branch and Shenzhen Branch shall receive cash dividends distributed by the Company as the nominee of the Southbound Shareholders for Shanghai market and Shenzhen market, respectively and distribute such cash dividends to the relevant Southbound Shareholders through its depository and clearing system.

According to the relevant provisions under the "Notice of MOF, SAT and CSRC on the Tax Policies for Shanghai-Hong Kong Stock Connect Pilot Programme" (Cai Shui [2014] No. 81) and the "Notice of MOF, SAT and CSRC on the Tax Policies for Shenzhen-Hong Kong Stock Connect Pilot Programme" (Cai Shui [2016] No. 127) under the Ministry of Finance, State Administration of Taxation of China and CSRC, the Company shall withhold individual income tax at the rate of 20% with respect to dividends received by individual investors in China's mainland for investing in H-shares listed on the HKEx through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect. The dividends and bonuses earned by securities investment funds in China's mainland investing in shares listed on the HKEx through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect shall be withheld on a individual income tax basis. The Company is not required to withhold income tax on dividends derived by enterprise investors in China's mainland, and such enterprises shall report the income and make tax payment by themselves. The record date and the relevant arrangements of dividend distribution for Southbound Shareholders are the same as that of the Company's shareholders of H shares

9. The Company assumes no responsibility arising from any delayed or inaccurate determination of the status of the shareholders or any dispute over the mechanism of withholding. Shareholders should consult their tax advisers regarding China's mainland, Hong Kong and other tax implications of owning and disposing of the Company's H shares.

10. Pursuant to the Articles of Association, the Company is entitled to forfeit the dividends which have been declared for more than six years but yet to be claimed, subject to compliance with relevant Chinese laws and administrative regulations. Shareholders are advised to collect the dividends distributed by the Company in a timely manner.

XIII. THE SHARE OPTIONS INCENTIVE PLAN, EMPLOYMENT STOCK OWNERSHIP SCHEME OR OTHER EMPLOYEE INCENTIVE SITUATION OF THE COMPANY AND THEIR IMPACTS

☐Applicable ✓ Not applicable

XIV. APPRAISAL MECHANISM FOR SENIOR MANAGEMENT, AND THE ESTABLISHMENT AND IMPLEMENTATION OF THE INCENTIVE MECHANISM DURING THE REPORTING PERIOD

The Company insists on the unity of incentives and constraints, establishes a remuneration mechanism that matches the operating performance, risks and responsibilities, and fully mobilizes the enthusiasm of senior management. The Company has deepened the contractual management of the tenure system, combined with the division of senior management positions, and signed differentiated appointment agreements, annual operating performance responsibility letters and tenure operating performance responsibility letters for one person per position. The main production and operation indicators in the business performance assessment index are shared by the senior management; personalized assessment indicators are added according to the division of business; safety and environmental protection indicators are linked to the performance of each senior management. The annual performance evaluation of senior management is conducted at the end of the year based on the completion of relevant metrics, and the annual remuneration will be paid in accordance with the evaluation results.

I. ENVIRONMENTAL INFORMATION

(I) Environmental protection information of the companies and their significant subsidiaries classified as the Key Pollutant Discharge Units as published by the competent environmental protection authorities of the PRC

1. Information on pollutant discharge

As at 31 December 2022, a total of 39 subsidiaries of the Group that belong to the key pollutant discharge units ("Key Pollutant Discharge Units") published by the environmental protection authorities (including atmospheric environment, water environment, soil environment and other environmental categories), are mainly coal-fired power plants, coal chemical plants and coal preparation plants, which are located in places including Inner Mongolia, Shaanxi, Hebei, Fujian and Guangdong.

The main pollutants in the atmospheric environment are sulfur dioxide, nitrogen oxides and soot, which are emitted organisationally and continuously to the atmosphere through the chimneys. The enterprises are mainly public thermal power plants, coal-to-chemical captive power plants, heating boilers for mines and coking plants. Emission standards implemented include Emission Standards for Air Pollutants Produced by Thermal Plants (GB13223-2011), Emission Standards for Air Pollutants Produced by Boilers (GB13271-2014) and Emission Standards for Pollutants Produced by Coking Chemical Industry (GB16171 – 2012).

The main pollutants of the water environment are chemical oxygen demand (COD), which are discharged continuously and discontinuously to the surface water through the sewage outfall of the enterprises. The enterprises are mainly coal chemical enterprises and public thermal power plants. The emission standards implemented were the Comprehensive Emission Standards for Sewage (GB8978-1996).

In 2022, the emissions of Key Pollutant Discharge Units in terms of atmospheric environment are as follows:

Name of the entity	Main pollutants	Total emissions	Average emission concentration	Approved total emission	Number of discharge ports	Distribution of discharge ports	Excessive emissions	Operation rate of pollution prevention facilities
		tonne	*mg/Nm³*	*tonne/year*			*hour*	*%*
Taishan Power	SO_2	1,771	18.9	4,780	6	Units 1 and 2 share one discharge port; Each of Units 3-7 has one discharge port	0	100
	NO_X	2,959	31.5	9,560			0	
	Soot	150	1.6	1,620			0	
Huizhou Thermal	SO_2	485	27.1	501.52	1	All units share one discharge port	0	100
	NO_X	698	41.5	716.46			0	
	Soot	20	1.2	71.65			0	

Name of the entity	Main pollutants	Total emissions *tonne*	Average emission concentration *mg/Nm³*	Approved total emission *tonne/year*	Number of discharge ports	Distribution of discharge ports	Excessive emissions *hour*	Operation rate of pollution prevention facilities *%*
Liuzhou Power	SO_2	158	14.5	3,727.2	1	All units share one discharge port	0	100
	NO_X	393	33.5	1,863.6			0	
	Soot	26	2.6	559			0	
Guoneng Shenfu (Shishi) Power Generation Co., Ltd.	SO_2	926	22.3	3,675	2	Each unit has one discharge port	1	100
	NO_X	1,694	41.4	3,675			0	
	Soot	186	4.6	309			14	
Guoneng Shenfu (Jinjiang) Thermal Power Co., Ltd.	SO_2	61	13.8	182	1	All units share one discharge port	3	100
	NO_X	193	43.6	260			3	
	Soot	3	0.8	52			0	
Guoneng Shenfu (Longyan) Power Generation Co., Ltd.	SO_2	237	19.7	358	1	All units share one discharge port	0	100
	NO_X	518	44.0	839			46	
	Soot	29	2.4	360			1	
Guoneng (Lianjiang) Gangdian Co., Ltd.	SO_2	620	24.8	1,632.2	2	Each unit has one discharge port	2	100
	NO_X	1,026	45.2	2,282.2			1	
	Soot	101	4.6	466.34			0	
Jiujiang Power	SO_2	425	13.0	2,805	2	Each unit has one discharge port	0	100
	NO_X	1,112	34.0	3,014			0	
	Soot	25	0.8	1,065			0	
Yongzhou Power	SO_2	55	17.2	895	2	Each unit has one discharge port	0	100
	NO_X	83	35.8	1,080			0	
	Soot	3	1.3	110			0	
Guoneng Chongqing Wanzhou Electric Power Co., Ltd.	SO_2	837	21.6	1,291.5	2	Each unit has one discharge port	0	100
	NO_X	1,649	43.1	1,837.5			0	
	Soot	70	1.8	367.5			0	
Sichuan Energy Jiangyou Power Plant	SO_2	27	17.8	540	1	All units share one discharge port	0	99.98
	NO_X	108	74.2	1,080			5	
	Soot	11	9.0	216			0	

Name of the entity	Main pollutants	Total emissions	Average emission concentration	Approved total emission	Number of discharge ports	Distribution of discharge ports	Excessive emissions	Operation rate of pollution prevention facilities
		tonne	*mg/Nm³*	*tonne/year*			*hour*	*%*
Guoneng Jiangyou Thermal Power Co., Ltd.	SO_2	128	11.1	385	1	All units share one discharge port	0	99.98
	NO_X	423	38.2	550			0	
	Soot	70	6.4	110			0	
Guoneng Sichuan Tianming Power Generation Co., Ltd.	SO_2	424	16.0	924	2	Each unit has one discharge port	0	100
	NO_X	1,033	39.0	1,313			0	
	Soot	57	2.2	174			0	
Mengjin Power	SO_2	406	19.8	1,079	2	Each unit has one discharge port	0	100
	NO_X	790	38.8	1,542			0	
	Soot	50	2.5	308			0	
Shouguang Power	SO_2	400	13.4	1,347.5	2	Each unit has one discharge port	0	100
	NO_X	919	31.0	1,925			0	
	Soot	36	1.2	192.5			0	
Cangdong Power	SO_2	568	12.7	1,842.65	4	Each unit has one discharge port	0	100
	NO_X	1,039	23.0	2,632.36			0	
	Soot	104	2.3	292.06			0	
Dingzhou Power	SO_2	429	9.8	1,814.32	4	Each unit has one discharge port	0	99.96
	NO_X	888	20.8	2,591.88			13	
	Soot	124	1.6	521.88			0	
Dianta Power Plant of Shendong Power	SO_2	427	20.0	1,031.81	1	All units share one discharge port	0	100
	NO_X	712	33.2	1,474.02			0	
	Soot	51	2.5	294.80			0	
Shendong Power Daliuta Thermal Power Plant	SO_2	0.2	0.1	47.32	1	All units share one discharge port	0	100
	NO_X	22	25.9	67.6			4	
	Soot	0.1	5.8	13.52			0	
Shendong Power Guojiawan Power Plant	SO_2	9	2.7	420	1	All units share one discharge port	0	100
	NO_X	42	25.2	600			0	
	Soot	2	0.6	120			0	

Name of the entity	Main pollutants	Total emissions	Average emission concentration	Approved total emission	Number of discharge ports	Distribution of discharge ports	Excessive emissions	Operation rate of pollution prevention facilities
		tonne	*mg/Nm³*	*tonne/year*			*hour*	*%*
Shenmu Power	SO_2	87	11.8	189	1	All units share one discharge port	0	100
	NO_X	209	29.8	270			0	
	Soot	14	2.0	54			0	
Jinjie Energy (Power Plant)	SO_2	1,141	16.2	2,459	3	Every two units share one discharge port	0	100
	NO_X	2,197	31.1	4,422.18			1	
	Soot	185	2.7	884.45			1	
Power Plant of Guoneng Yili Energy Co., Ltd.	SO_2	974	50.8	3,200	4	Each unit has one discharge port	0	100
	NO_X	1,379	71.9	3,200			1	
	Soot	19	1.0	480			1	
Zhunge'er Power	SO_2	332	21.6	3,840	2	Each of Phase I and Phase II has one discharge port	0	100
	NO_X	586	39.5	3,840			0	
	Soot	50	3.5	576			0	
Shengli Energy	SO_2	323	13.3	1,016.4	2	Each unit has one discharge port	2	100
	NO_X	536	20.8	1,271			0	
	Soot	53	2.0	290.4			0	
Baotou Coal Chemical	SO_2	128	11.6	2,674.18	6	The thermoelectric boiler share one discharge port, and a separate discharge port is set for the tail gas of the sulfur recovery facilities, waste alkali incinerator, polyethylene/polypropylene polyblends silo, 2-PH vacuum while exhaust.	0	100
	NO_X	318	29.0	1,337.09			0	
	Soot	29	2.6	401.13			0	
The First Coking Plant of Bayan Nur Energy	SO_2	23	22.6	75	1	One coke oven chimney	14	100
	NO_X	256	242.3	750			0	
	Soot	9	9.3	45			3	
Shuiquan Surface Mine of Baotou Energy	SO_2	3	211.0	Registration management, not approved	1	One discharge port for coal-fired boiler	0	100
	NO_X	1	104.0				0	
	Soot	4	71.8				0	

Name of the entity	Main pollutants	Total emissions	Average emission concentration	Approved total emission	Number of discharge ports	Distribution of discharge ports	Excessive emissions	Operation rate of pollution prevention facilities
		tonne	*mg/Nm³*	*tonne/year*			*hour*	*%*
Zhunge'er Energy	SO_2	42	137.4	59.02	4	5 coal-fired boilers share one discharge port and each of 3 gas-fired boilers has one discharge port	0	100
	NO_X	36	123.1	76.16			0	
	Soot	9	35.3	12.48			0	
China Shenhua Ha'erwusu Surface Mine	SO_2	35	171.0	42	1	4 coal-fired boilers share one discharge port	0	100
	NO_X	40	202.7	52.5			0	
	Soot	6	28.5	8.75			0	
Huangyuchuan Colliery of Guoneng Yili Energy Co., Ltd.	SO_2	17	41.2	82	4	Two discharge ports for coal mines and two discharge ports for coal preparation plant	0	100
	NO_X	37	90.7	70			0	
	Soot	7	15.2	21			0	
Shendong Coal Bu'ertai Colliery	SO_2	24	75.0	53.24	1	One discharge port for coal-fired boiler	0	100
	NO_X	58	188.6	72.51			0	
	Soot	5	26.3	14.5			0	
Majiata Water Heating Department of Shendong Coal Mining Services Co., Ltd.	SO_2	14	255.8	16.21	1	2 boilers, one for alternative and one for use, share one discharge port	0	97
	NO_X	12	229.2	20.26			0	
	Soot	2	35.0	3.38			0	

In 2022, the Key Pollutant Discharge Units in terms of water environment included Baotou Coal Chemical, The First Coking Plant of Bayan Nur Energy, Mengjin Power and Zhunge'er Power, all of which achieved zero discharge of sewage and wastewater, with a 100% operation rate of pollution prevention facilities. In 2022, all solid hazardous wastes of Key Pollutant Discharge Units in terms of soil environment and other environmental factors entrusted qualified units with compliant disposal.

Name of the entity	Hazardous solid waste production volume *tonne*	Disposed volume during the reporting period *tonne*	Inventory at the end of the period *tonne*
Baotou Coal Chemical	3,632.48	3,632.48	0
Explosive plant of Zhunge'er Energy	845.82	845.82	0
China Energy Zhunneng Group Co., Ltd.	0	0	0
Alumina Testing Plant of Shenhua Zhunneng Resources Development & Utilisation Co., Ltd.	0	0	0
Shendong Coal Mining Services Co., Ltd.	52.27	52.27	0
Shendong Coal Bulianta Colliery	120.87	120.87	0
Zhunge'er Power	0	0	0
The First Coking Plant of Bayan Nur Energy	39,780.13	39,780.13	0
Baorixile Energy	322.48	320.38	20.17

Investors should be aware that the above data are the results of the self-monitoring of the Company, which are not confirmed by the local ecological and environmental protection regulatory authorities and may be different from the final data determined by the local ecological and environmental protection regulatory authorities.

With regard to the provisions under the existing laws, the managerial personnel believes that there is no contingent risk in relation to environmental protection that may bring material and adverse effect to the financial position and operating results of the Group. Contingent liabilities which may arise in the future cannot be accurately predicted.

2. Construction and operation of pollution prevention and control facilities

During the reporting period, the Key Pollutant Discharge Units of the Group were well-equipped with pollution prevention and control facilities that were under stable operation.

Type of Enterprises	Construction of pollution prevention and control facilities
Power plants	A sewage treatment system has been installed. Each of the power generation units was equipped with dust collectors, desulfurization and denitration facilities. Boilers were equipped with low NOx combustors and closed type coal bunkers or yards. Related facilities were equipped with sound insulation facilities. Hazardous wastes were stored temporarily at the storage.
Coal mines	Sewage treatment facilities (stations) and mine water fluorochemicals control facilities were constructed. Industrial boilers were equipped with dust collectors, desulfurization and denitration facilities. The coal is transported by a totally enclosed belt conveyor system. Dust suppression systems are provided for the crushing, transportation and washing process or dust is reduced by spraying solidifying agent and sprinkling water. Coal yards were closed type. Hazardous wastes were stored temporarily at the storage.
Coal chemical plants	Desulfurization and denitration facilities, sulphur recycling incineration system, dust collectors, sewage treatment equipment, recycled water facilities, high concentration-salt water crystallization facilities and temporary hazardous wastes storage were set up.

3. Environmental effect appraisal of construction project and other administrative approvals on environmental protection

In terms of construction project, the Group carried out simultaneously three management measures, being the environmental impact appraisal, the energy conservation appraisal, the soil conservation inspection and acceptance and the environmental protection inspection and acceptance. The environmental impact appraisal, the environmental protection inspection and acceptance, the water environmental protection inspection and acceptance and other relevant tasks of construction completion were conducted in accordance with the law. Pollutants discharge licences of the Key Pollutant Discharge Units are as follows:

Company Name	Drainage Permit Number	Issuing Authority	Date of Licence	Expiry Date	Description of Licence Changes in 2022
Taishan Power	91440781727840297A001P	Jiangmen Ecological Environment Bureau	1 June 2020	31 May 2025	Changes of the information on solid wastes and self-monitoring
Huizhou Thermal	91441304MA57BR9C15001V	Huizhou Ecological Environment Bureau	1 June 2020	31 May 2025	Changes of company information
Liuzhou Power	91450223079082611001P	Administrative Approval Bureau of Liuzhou	22 June 2017	21 June 2025	Nil
Guoneng Shenfu (Shishi) Power Generation Co., Ltd.	91350581052340074H001P	Quanzhou Ecological Environment Bureau	23 June 2020	22 June 2025	Nil
Guoneng Shenfu (Jinjiang) Thermal Power Co., Ltd.	91350582766182784B001P	Quanzhou Ecological Environment Bureau	23 June 2020	22 June 2025	Changes of company information
Guoneng Shenfu (Longyan) Power Generation Co., Ltd.	91350800665064105M001P	Longyan Ecological Environment Bureau	1 July 2020	30 June 2025	Nil
Guoneng (Lianjiang) Gangdian Co., Ltd.	91350122593475975R001P	Fuzhou Lianjiang Ecological Environment Bureau	9 September 2021	8 September 2026	Nil
Jiujiang Power	91360429573617139E001P	Jiujiang Ecological Environment Bureau	25 October 2020	24 October 2025	Nil
Yongzhou Power	91431100064229496R001R	Yongzhou Ecological Environment Bureau	28 October 2021	27 October 2026	Changes of company information
Guoneng Chongqing Wanzhou Electric Power Co., Ltd.	91500101050356427B001P	Chongqing Wanzhou District Ecological Environment Bureau	23 March 2020	22 March 2025	Changes of approved emission volume
Sichuan Energy Jiangyou Power Plant	91510781772954680 7001P	Mianyang Ecological Environment Bureau	4 December 2020	3 December 2025	Nil
Guoneng Jiangyou Thermal Power Co., Ltd.	9151078174971681XL001P	Mianyang Ecological Environment Bureau	4 December 2020	3 December 2025	Nil
Guoneng Sichuan Tianming Power Generation Co., Ltd.	91510781060333106 1001P	Mianyang Ecological Environment Bureau	29 March 2021	28 March 2026	Change of company information
Mengjin Power	91410000674137417P001P	Luoyang Ecological Environment Bureau	17 January 2022	16 January 2027	Changes of company information

Company Name	Drainage Permit Number	Issuing Authority	Date of Licence	Expiry Date	Description of Licence Changes in 2022
Shouguang Power	91370783695434656X001P	Weifang Ecological Environment Bureau	7 September 2021	6 September 2026	Nil
Cangdong Power	911309117356054492001P	Administrative Approval Bureau of Cangzhou	18 September 2021	17 September 2026	Changes of company information
Dingzhou Power	91130000601110408T001P	Dingzhou Ecological Environment Bureau	3 November 2022	2 November 2027	Re-acquired
Dianta Power Plant of Shendong Power	916108069239349286001P	Yulin Ecological Environment Bureau	27 May 2020	26 May 2025	Nil
Shendong Power Daliuta Thermal Power Plant	91610000710924961H001P	Yulin Ecological Environment Protection Bureau	19 June 2020	18 June 2025	Nil
Shendong Power Guojiawan Power Plant	916108226879560162001P	Yulin Ecological Environment Bureau	27 May 2020	26 May 2025	Changes of company information
Shenmu Power	9161080675884861Y001P	Yulin Ecological Environment Bureau	19 June 2017	18 June 2025	Nil
Jinjie Energy (Power Plant)	916108067552479760C001P	Yulin Ecological Environment Bureau	27 May 2020	26 May 2025	Changes of name and legal representative
Power Plant of Guoneng Yili Energy Co., Ltd.	91150621797172626N001P	Dalateqi Branch of Erdos Ecological Environment Bureau	13 June 2020	12 June 2025	Changes of company information
Zhunge'er Power	9115000070125242XH001P	Erdos Ecological Environment Bureau	13 June 2020	12 June 2025	Nil
Shengli Energy	911525006640967 46A	Xilin Gol League Ecological Environment Bureau	2 July 2021	1 July 2026	Nil
Baotou Coal Chemical	911502000783949434001P	Baotou Ecological Environment Bureau	1 July 2020	30 June 2025	Changes of approved emission volume
The First Coking Plant of Bayan Nur Energy	91150824566931138J001P	Bayan Nur Ecological Environment Bureau	22 December 2022	21 December 2025	Additional general industrial solid wastes information, solid wastes warehouses and ports of water scrubber.
Shuiquan Surface Mine of Baotou Energy	91150221680006886Y001X	Tumd Right Banner Branch of Baotou Ecological Environment Bureau	13 August 2020	12 August 2025	Nil
Zhunge'er Energy	9115000070125242XH002Q	Jungar Banner Branch of Erdos Ecological Environment Bureau	29 September 2022	28 September 2027	Continue
Explosive plant of Zhunge'er Energy	9115000070125242XH004V	Erdos Ecological Environment Bureau	20 August 2020	19 August 2023	Nil
China Shenhua Ha'erwusu Surface Mine	91150622667310795M001V	Jungar Banner Branch of Erdos Ecological Environment Bureau	29 September 2022	28 September 2027	Continue

Company Name	Drainage Permit Number	Issuing Authority	Date of Licence	Expiry Date	Description of Licence Changes in 2022
Huangyuchuan Colliery of Guoneng Yili Energy Co., Ltd.	91150622674392223P001V	Jungar Banner Branch of Erdos Ecological Environment Bureau	21 September 2022	20 September 2027	Continue
Shendong Coal Bu'ertai Colliery	91150000710923934F005Q	Ejin Horo Banner Branch of Erdos Ecological Environment Bureau	29 September 2022	28 September 2027	Continue
Shendong Coal Bulianta Colliery	91610821770043971N006U	Ejin Horo Banner Branch of Erdos Ecological Environment Bureau	26 September 2022	25 September 2027	Continue
Majiata Water Heating Department of Shendong Coal Mining Services Co., Ltd.	91150000710923934F001V	Ejin Horo Banner Branch of Erdos Ecological Environment Bureau	29 September 2022	28 September 2027	Continue

4. Emergency plan for unexpected environmental incidents

During the reporting period, the subsidiaries of the Company formulated their emergency plans for unexpected environmental incidents and conducted regular drills. The emergency preparation plans for environmental emergencies in the Key Pollutant Discharge Units are as follows:

Name of the entity	Filing Authority	Record Number
Taishan Power	Jiangmen Ecological Environment Bureau	440781-2021-0019-M
Huizhou Thermal	Huizhou Ecological Environment Bureau	441301-2020-036-H
Liuzhou Power	Liuzhou Luzhai Ecological Environment Bureau	450223-2020-012-M
Guoneng Shenfu (Shishi) Power Generation Co., Ltd.	Quanzhou Shishi Ecological Environment Bureau	350581-2021-054-M
Guoneng Shenfu (Jinjiang) Thermal Power Co., Ltd.	Quanzhou Jinjiang Ecological Environment Bureau	350582-2022-069-M
Guoneng Shenfu (Longyan) Power Generation Co., Ltd.	Longyan Xinluo Ecological Environment Bureau	350802-2020-036-L
Guoneng (Lianjiang) Gangdian Co., Ltd.	Fuzhou Lianjiang Ecological Environment Bureau	350122-2022-011-M
Jiujiang Power	Jiujiang Hukou Ecological Environment Bureau	360429-2022-020-M
Yongzhou Power	Dong'an Branch of Yongzhou Ecological Environment Bureau	431122-2022-001-M

Name of the entity	Filing Authority	Record Number
Guoneng Chongqing Wanzhou Electric Power Co., Ltd.	Chongqing Wanzhou Ecological Environment Bureau	5001012021 070005
Sichuan Energy Jiangyou Power Plant	Mianyang Ecological Environment Bureau	510781-2021-15-M
Guoneng Jiangyou Thermal Power Co., Ltd.	Mianyang Ecological Environment Bureau	510781-2021-15-M
Guoneng Sichuan Tianming Power Generation Co., Ltd.	Mianyang Jiangyou Ecological Environment Bureau	510781-2022-8-L
Mengjin Power	Mengjin Branch of Luoyang Ecological Environment Bureau	410322-2021-186-M
Shouguang Power	Shouguang Branch of Weifang Ecological Environment Bureau	370783-2022-196-M
Cangdong Power	Bohai New District Branch of Cangzhou Ecological Environment Bureau	130962-2022-009-M
Dingzhou Power	Dingzhou Ecological Environment Bureau	139001-2022-052-M
Dianta Power Plant of Shendong Power	Shenmu Branch of Yulin Ecological Environment Bureau	610821-2021-066-L
Shendong Power Daliuta Thermal Power Plant	Shenmu Branch of Yulin Ecological Environment Bureau	610821-2021-136-M
Shendong Power Guojiawan Power Plant	Fugu Branch of Yulin Ecological Environment Bureau	610822-2022-023-M
Shenmu Power	Shenmu Branch of Yulin Ecological Environment Bureau	610821-2021-050-L
Jinjie Energy (Power Plant)	Shenmu Ecological Environment Bureau	610821-2020-094-L
Power Plant of Guoneng Yili Energy Co., Ltd.	Dalateqi Branch of Erdos Ecological Environment Bureau	150621-2022-002-M
Zhunge'er Power	Zhunge'er Banner Branch of Erdos Ecological Environment Bureau	150622-2021-195-L
Shengli Energy	Xilin Hot Branch of Xilin Gol League Ecological Environment Bureau	152502-2022-039-L
Baotou Coal Chemical	Jiuyuan District Branch of Baotou Ecological Environment Bureau	150207-2020-027-H
The First Coking Plant of Bayan Nur Energy	Urad Zhongqi Environmental Protection Bureau	150824-2020-07-M
Shuiquan Surface Mine of Baotou Energy	Tumd Right Banner Branch of Baotou Ecological Environment Bureau	150221-2021-045-L
Zhunge'er Energy	Jungar Banner Branch of Erdos Ecological Environment Bureau	150622-2021-200-L 150622-2021-206-L 150622-2021-198-L 150622-2021-199-L

Name of the entity	Filing Authority	Record Number
Explosive plant of Zhunge'er Energy	Jungar Banner Branch of Erdos Ecological Environment Bureau	150622-2021-196-L
China Shenhua Ha'erwusu Surface Mine	Jungar Banner Branch of Erdos Ecological Environment Bureau	150622-2021-192-L 150622-2021-207-L 150622-2021-198-L 150622-2021-191-L
Huangyuchuan Colliery of Guoneng Yili Energy Co., Ltd.	Jungar Banner Branch of Erdos Ecological Environment Bureau	150622-2023-027-L
Shendong Coal Bu'ertai Colliery	Ejin Horo Banner Branch of Erdos Ecological Environment Bureau	150627-2021-68-L
Shendong Coal Bulianta Colliery	Ejin Horo Banner Branch of Erdos Ecological Environment Bureau	150627-2022-19-L
Shendong Coal Mining Services Co., Ltd.	Ejin Horo Banner Branch of Erdos Ecological Environment Bureau	150627-2021-126-L 150627-2021-127-L 150627-2021-128-L
Baorixile Energy	Prairie Chenbarhu Banner Branch of Hulun Buir Ecological Environment Bureau	150725-2021-002-2

5. Environment self-monitoring plan

The Group standardised the management of the online environmental protection monitoring system, and formulated the Administration Measures for the Online Environmental Protection Monitoring System (Trial)* (《環保在線監測系統管理辦法(試行)》) in accordance with the relevant national standards and administrative regulations for online monitoring of pollution source. All subsidiaries of the Company have completed the preparation of their self-monitoring plans. All the data in relation to wastewater and exhaust gas from automatic monitoring and entrusted monitoring were timely uploaded to the monitoring platform of the local environmental protection department according to relevant requirements.

6. Administrative penalties for environmental problems during the reporting period

Name of the entity	Date	Penalty Number	Amount of penalty *RMB0,000*	Reasons for penalty	Rectification Progress
Jinjie Energy (Coal Mine)	13 June 2022	No. 89 of Shan K Shen Mu Huan Fa [2022]	15	The number of discharge ports failed to comply with the discharge permit	Under rectification. Water resources demonstration report and other procedures are being handled to clarify that the comprehensive utilization of mine drainage water will be carried out and registered in accordance with relevant regulations.
	11 July 2022	No. 98 of Shan K Shen Mu Huan Fa [2022]	178.9	The environment impact reports were not approved for newly build coal dust boilers	Under rectification. The preparation of the boiler environmental impact assessment report has been completed and the official approval has been obtained according to the prescribed procedures.
	15 August 2022	No. 117 of Shan K Shen Mu Huan Fa [2022]	20	Hazardous warehouses went into operation before acceptance	Approval has been obtained from the Ministry of Ecology and Environment.
Shendong Power Guojiawan Power Plant	10 February 2022	No. 69 of Shan K Huan Fa [2022]	10	No solid waste management ledgers were established	A solid waste management ledger has been added.
	15 June 2022	No. 71 of Shan K Fu Gu Huan Fa [2022]	10	No protective measures were taken in accordance with national standards during the solid waste storage process	Protective measures have been taken in accordance with national standards.
	15 June 2022	No. 72 of Shan K Fu Gu Huan Fa [2022]	5	The coal uploading pit was not fully closed and no effective dust control measures were taken	Under rectification and construction.
Dianta Power Plant of Shendong Power	24 March 2022	No. 32 of Shan K Shen Mu Huan Fa [2022]	20	No protective measures were taken in accordance with national standards in the temporary storage of spent denitrification catalyst	Protective measures have been taken in accordance with national standards.
	26 September 2022	No. 144 of Shan K Shen Mu Huan Fa [2022]	2	Some transport vehicles of the plant caused protection materials leaking due to unclosed management	Measures have been taken to complete the rectification.

7. Environmental protection tax payment and environmental pollution liability insurance

During the reporting period, the Key Pollutant Discharge Units of the Group paid environmental protection tax in accordance with the Environmental Protection Tax Law of the People's Republic of China, and they were entitled to tax reduction or exemption in accordance with laws and regulations.

Total actual payment of environmental protection tax *(RMB0,000)*	Amount of environmental protection tax paid by tax item *(RMB0,000)*			
	Air pollutant	Water pollutant	Solid Waste	Noise
24,239.1	24,119.5	119.6	0	0

During the reporting period, the total amount of environmental pollution liability insurance for the Key Pollutant Discharge Units of the Group was RMB770 million.

(II) Environmental issues of companies other than those classified as the Key Pollutant Discharge Units

1. Administrative penalties for environmental problems

Name of the entity	Date	Penalty Number	Amount of penalty *RMB0,000*	Reasons for penalty	Rectification Progress
Shendong Coal Branch	17 January 2022	No. 7 of E Huan Fa [2022]	617.8424	Affiliated coal mines completed the production capacity increase in 2015, for which it failed to re-submit for approval on environmental impact assessment	The environmental impact report of the reconstruction and expansion project has been approved by the Ministry of Ecology and Environment.
	17 January 2022	No. 8 of E Huan Fa [2022]	1,138.5096	Affiliated coal mines completed the production capacity increase in 2015, for which it failed to re-submit for approval on environmental impact assessment	The environmental impact report of the reconstruction and expansion project has been approved by the Ministry of Ecology and Environment.
	28 January 2022	No. 11 of E Huan Fa [2022]	299.5692	Affiliated coal mines completed the production capacity increase in 2018, for which it failed to re-submit for approval on environmental impact assessment	The environmental impact report of the reconstruction and expansion project has been approved by the Ministry of Ecology and Environment.

Name of the entity	Date	Penalty Number	Amount of penalty *RMB0,000*	Reasons for penalty	Rectification Progress
	23 March 2022	No. 45 of E Huan Fa [2022]	50	Repair workshop of affiliated coal mines did not collect oily sewage water	Rectified
	23 March 2022	No. 46 of E Huan Fa [2022]	10	Coal well water treatment station of affiliated coal mines did not install the water outlet equipment	Rectified
	30 March 2022	No. 61 of Shan K Shen Mu Huan Fa [2022]	60	Affiliated coal mines dumped and piled up hazardous wastes	Rectified
	27 June 2022	No. 94 of Shan K Shen Mu Huan Fa [2022]	1,264.45235	Construction without prior approval	Under rectification. The environmental impact report of production capacity increase has been submitted to the Ministry of Ecology and Environment for review and is expected to be approved in the second half of 2023.
	27 June 2022	No. 95 of Shan K Shen Mu Huan Fa [2022]	331.10735	Construction without prior approval	Under rectification. The environmental impact report of production capacity increase has been submitted to the Ministry of Ecology and Environment for review and is expected to be approved in the second half of 2023.
	15 August 2022	No. 101 of Shan K Shen Mu Huan Fa [2022]	20	Hazardous warehouses went into operation before acceptance	Rectified
	15 August 2022	No. 103 of Shan K Shen Mu Huan Fa [2022]	20	Hazardous warehouses went into operation before acceptance	Rectified
	15 August 2022	No. 104 of Shan K Shen Mu Huan Fa [2022]	20	Hazardous warehouses went into operation before acceptance	Rectified
	15 August 2022	No. 107 of Shan K Shen Mu Huan Fa [2022]	20	Hazardous warehouses went into operation before acceptance	Rectified
Shendong Coal Shangwan Colliery	25 January 2022	No. 3 of E Huan Yi Fa [2022]	10	The permitted service term and volume of the Wujiata gangue dump expired	The gangue discharging operation has been stopped
Shendong Coal Bulianta Colliery	25 January 2022	No. 4 of E Huan Yi Fa [2022]	10	Some gangues did not enter the gangue dump	The gangue discharging operation has been stopped

Name of the entity	Date	Penalty Number	Amount of penalty *RMB0,000*	Reasons for penalty	Rectification Progress
Shendong Coal Bu'ertai Colliery	25 January 2022	No. 5 of E Huan Yi Fa [2022]	10	The permitted service term of the gangue dump expired, and its area exceeded permitted area	The gangue discharging operation has been stopped
Shendong Coal Wulanmulun Colliery	14 February 2022	No. 3 of Yi Niao Zhi Fa [2022]	9	The water access licence was not applied for timely after capacity additions	Under rectification. The water resources demonstration report has been prepared and submitted for review and verification. The evidence collection is expected to be completed before the end of 2023.
Baotou Energy Wanli First Mine	10 January 2022	No. 14 of E Huan Fa [2022]	10.28	Excessive daily discharge of the gas and dust from heating boilers	Equipment and technology have been updated to avoid deviations in collected data caused by external factors.
	18 May 2022	No. 2 of E Shui Fa Jue Zi [2022]	8	The water consumption exceeds the volume permitted in the reply	The old pipes have been replaced, and the statistics and reporting of water consumption have been standardised.
	15 June 2022	No. 34 of Dong Huan Fa [2022]	36.34	Some of the gangues were not disposed of at the gangue dump	The gangues shall be delivered to the carrier for disposal in a compliant manner.
Baotou Energy Shenshan Surface Mine	28 July 2022	No. 176 of E Zhun Huan Fa [2022]	5	Dust generated by stripping operations	The dust suppression facilities and equipment have been improved.
	13 October 2022	No. 209 of E Zhun Huan Fa [2022]	5.457	Capacity additions were completed in 2021, but the formalities of EIA approval was not gone through	The Ministry of Ecology and Environment has conducted on-site verification of environmental impact assessment and is expected to obtain evidence by the end of March 2023.

2. Other environmental information

During the reporting period, the Group took on environmental protection responsibilities according to the unified requirements, regularly carried out special environmental protection monitoring and hidden danger investigation and treatment, built and operated pollution control facilities, carried out land reclamation and vegetation restoration, and minimised the impact of production on the environment.

During the reporting period, the total emission of major pollutants of the Group was as follows:

	Sulfur dioxide	**Nitrogen oxide**	**Soot**	**Chemical oxygen demand (COD)**	**Hazardous solid waste**
	0,000 tonnes	*0,000 tonnes*	*0,000 tonnes*	*tonnes*	*tonnes*
Key Pollutant Discharge Units	1.15	2.20	0.15	0	44,754.0
Other enterprises	0.58	2.32	0.15	745.9	8,439.2
Total	**1.73**	**4.52**	**0.30**	**745.9**	**53,193.2**

Notes: Since 2022, the Group has calculated the total solid hazardous waste emissions based on the full scope of the Directory of National Hazardous Wastes (2021 Edition).

The environmental information contained in the 2022 Report on Environment, Social Responsibility and Corporate Governance of the Company, which was disclosed simultaneously with this Report, was independently verified by KPMG Huazhen LLP, and an assurance report was issued.

(III) Actions taken by the Company to protect ecology, prevent pollution and take on environmental responsibilities

1. Environmental policies and implementation

The Group resolutely implements the decisions and arrangements of the CPC Central Committee and the State Council on ecological civilization construction and ecological environment protection, abides by the Environmental Protection Law and other national laws and regulations, practises the development concept of "green hills and blue waters are invaluable assets", and regards ecological environment protection as the basic premise and rigid constraint for business development. The Group establishes relevant mechanisms for environmental protection, actively promotes pollution prevention and ecological treatment, strengthens the comprehensive utilization of mine water and other resources, and promotes the transformation of mining areas for ecological restoration to ecological optimisation. The Group will promote the optimisation and upgrade of industrial structure, optimise the integrated operation efficiency of coal and electricity, develop and build clean and renewable energy, implement energy conservation and emission reduction measures, control the intensity of greenhouse gas emissions, and steadily promote "carbon peak" and "carbon neutrality". In 2022, the Group invested a total of RMB3.843 billion in environmental protection.

2. Environmental protection measures and achievements

During the reporting period, the Group continuously carried out in-depth pollution prevention and control, and comprehensively promoted the construction of green mines, green transportation, green power and green chemical industry. The Group enhanced the supporting capacity of environmental governance system and fully covered the ecological and environmental monitoring system for the Key Pollutant Discharge Units and the ecological remote sensing monitoring of enterprises in the Yellow River Basin. The Group completed the ecological environmental protection, monitoring and evaluation of the key enterprises in the Yangtze River Basin. Furthermore, the Group strengthened the construction, operation and maintenance of pollution prevention facilities, while promoting the comprehensive governance of pollutants. In addition, the discharge of major air pollutants was up to the standard; the use ratio of sewage and wastewater reached 74.15%; and the comprehensive utilization rate of solid wastes reached 62.76%. Hazardous solid wastes were processed and disposed of in accordance with the law. The Group strictly adhered to the red line of ecological protection and the integrated protection of the Mountain-River-Forest-Farmland-Lake-Grass-Sand System. Meanwhile, the Group promoted the governance of ecological restoration and the protection of biodiversity as a whole. The cumulative reclamation rate of the surface mine dump reached 99% and the cumulative governance rate of the subsided land reached 100%.

(IV) Measures and effects taken to reduce carbon emissions during the reporting period

During the reporting period, the Group followed the national "1+N" policy system for realising carbon peaking and carbon neutrality by adhering to the bottom line of energy security and promoting carbon peak work in an orderly and steady manner, striving to reduce carbon emissions.

The Group facilitated the green and low-carbon transformation by optimising the safe, clean, efficient and intelligent development and utilization of coal in compliance with the law. Thus, the Group is able to provide clean coal products to society. The Group combined centralised base and distributed operation to steadily increase the proportion of the installed capacity of new energy. As at the end of the reporting period, our subsidiaries put 35 photovoltaic generation projects into production with a total electric energy production of 105,500 KW.

The Group tapped its potentials for energy saving and carbon reduction. The Group drove the overall upgrading of the coal power industry with energy-saving and environmental protection technologies. The Company's comprehensive energy consumption per RMB10,000 output value recorded a year-on-year decrease of 9.6%. The Group promoted the concept of "linkage of three reforms" in coal power units in an orderly manner. The comprehensive auxiliary power ratio recorded a year-on-year decrease of 0.22%. The coal consumption for power supply of coal-fired power generators decreased by 1.8 g/KWh on a year-on-year basis. The whole-flow demonstration project of CO_2 capture and storage after combustion of Jinjie Energy Coal-fired Power Plant maintained safe operation for over 500 days, setting the new record for the long-term operation of demonstration project of coal power CCUS technology.

The Group optimised its energy structure vigorously by exploring the development of clean fuels based on the utilization of hydrogen and ammonia energy, eliminating outdated electrical and mechanical equipment with high energy consumption, substituting electricity for coal and oil with the aid of technologies and upgrading equipment. The Company consumed green power of 72.016 million KWh throughout the year.

The Group carried out the construction of green enterprises by increasing the greening coverage of the operating location, giving full play to carbon reduction and carbon sequestration and advancing natural carbon sink. The surface mine land reclamation area increased by 2.28 million square meters, and the underground mines subsidence area's land governance coverage increased by 67.13 million square meters. The greening coverage increased by 45.45 million square meters and the carbon sink conversion rate was 0.185 million tonnes.

II. DETAILS OF THE COMPANY'S ACTIVE FULFILMENT OF SOCIAL RESPONSIBILITIES

Please refer to the 2022 ESG Report of the Company, which was disclosed simultaneously with this Report.

III. DETAILS OF THE COMPANY'S EFFORTS TO CONSOLIDATE AND EXPAND THE ACHIEVEMENTS OF POVERTY ALLEVIATION AND RURAL REVITALIZATION

In 2022, the Group resolutely implemented General Secretary Xi Jinping's important exposition on and spirit of rural revitalization by earnestly implementing decision-making arrangements made by the CPC Central Committee. The Group gave full play to enterprise resources, technical advantages, integrated industry cultivation, talent training, employment, ecological management and protection, pairing and joint construction, and other assistance measures. The Group fully consolidated the achievements of poverty alleviation in three targeted assistance counties, i.e. Mizhi County and Wubu County in Shaanxi Province and Butuo County in Sichuan Province, so as to effectively engage in the rural revitalization. In this way, the Group facilitated the development, governance, and construction of the assisted counties and villages to gain new outcomes.

During the reporting period, the Group carried out 29 assistance projects including infrastructure construction and industrial development in the above-mentioned 3 counties. The assistance funds invested by the Group reached approximately RMB78.3 million, and the external assistance funds amounted to RMB607,000. The Group believed that the inner driving forces can be motivated by increasing people's confidence and helping them acquire knowledge and skills. Thus, the Group organised and trained 4,768 technical talents and grass-root cadres. The Group expanded the scope of assisting through consumption to assist more poor and low-income people in getting employed in nearby places. The Group spent more than RMB14.3741 million through purchasing and selling agricultural products. The Group recruited 25 undergraduates from families with financial difficulties to work for the subsidiaries of China Shenhua and relocated 10 people from families with financial difficulties.

Apart from the targeted assistance counties, the Company's headquarters and 16 subsidiaries carried out donation work such as joining hands with local people for shared development, offering assistance to targeted regions and providing pairing supports. The Group fully improved the development conditions and abilities in rural areas and comprehensively advanced the rural revitalization. The Group implemented 45 relevant projects and donated funds amounting to approximately RMB165 million.

I. PERFORMANCE OF COMMITMENT

Background of Commitment	Type of Commitment	Party Making the Commitment	Commitment	Date and Duration of Commitment	Any Time Limit for Commitment	Timely and Strict Performance of Commitment	Detailed reasons shall be specified if commitment is not fulfilled in time	Further steps shall be specified if commitment is not fulfilled in time
Commitment in relation to initial public offering	Non-competition	China Energy	The two parties entered into "Non-competition Agreement" on 24 May 2005 and a "Supplemental Agreement to the Existing Non-Competition Agreement" on 1 March 2018. The Company serves as the integration platform of the coal business under the China Energy. China Energy has committed not to compete with the Company in respect of the Company's principal businesses (coal exploration, mining, processing, sales; production and sales of comprehensive utilization of coal products; development and management of coal products; railway transportation; port transportation; the industry and ancillary services related to the business aforementioned) whether in China or abroad, and granted the Company options and pre-emptive rights to acquire and be transferred any business opportunities and assets which may pose potential competition.	24 May 2005, long-term; 1 March 2018, within five years after the completion of China Energy merging with China Guodian by the way of absorption	Yes	Yes, in progress	N/A	N/A

For details of commitments, please refer to "Avoidance of Competition" of Section V of this report.

II. NON-OPERATING APPROPRIATION OF FUNDS BY CONTROLLING SHAREHOLDER(S) AND OTHER RELATED PARTIES DURING THE REPORTING PERIOD

☐ Applicable ✔ Not applicable

III. GUARANTEES IN VIOLATION OF REGULATIONS

☐ Applicable ✔ Not applicable

IV. AUDIT OPINIONS AND OTHER EXPLANATIONS

(I) Explanation from the Board and the Supervisory Committee for the "non-standard audit report" issued by the auditors

☐ Applicable ✔ Not applicable

(II) The Company's analysis and explanation about the reasons for and impact of changes in accounting policies, accounting estimates or accounting method

Pursuant to the relevant provisions of Accounting Standards for Business Enterprises Interpretation 15, the Group has retrospectively adjusted the external sales of products or by-products emerging before the fix assets become ready for their intended use or during the research and development process between 1 January 2021 to the date of initial implementation. Such retrospective adjustment has no material impact on the financial statements of the Group. For details, please refer to the "Major Changes in Accounting Policies" as set out in the Notes to the Financial Statements for the year 2022 prepared by the Company according to the PRC Accounting Standards for Business Enterprises.

According to the relevant rules of the Amendment to IAS 16 – Proceeds from Property, Plant and Equipment Before Their Intended Use, the commissioning sales were retrospectively adjusted from the beginning of the earliest period for presenting the initially implemented financial statements till the implementation date. Such retrospective adjustment has no material impact on the financial statements of the Group. For details, please refer to the "Changes in Accounting Policies" as set out in the Notes to the Financial Statements for the year 2022 prepared by the Company according to the International Financial Reporting Standards.

(III) The Company's analysis and explanation about the reasons for and impact of correction to material previous errors

☐ Applicable ✔ Not applicable

V. APPOINTMENT AND REMOVAL OF AUDITORS

Name of Domestic Auditors of the Company	KPMG Huazhen LLP
Remuneration of Domestic Auditors of the Company *(RMB million)*	7.15
Term of Auditing of Domestic Auditors of the Company *(year)*	4
Name of International Auditors of the Company	KPMG
Remuneration of International Auditors of the Company *(RMB million)*	1.4
Term of Auditing of International Auditors of the Company *(year)*	4

On 24 June 2022, KPMG Huazhen LLP and KPMG were appointed as the domestic and international (Hong Kong) auditors of the Company respectively for 2022 at the Company's 2021 Annual General Meeting. Saved as disclosed above, the Company did not replace auditors in any year of the last three years.

	Name	Remuneration
Internal Control Auditor	KPMG Huazhen LLP	RMB0.95 million

In 2022, the above two auditors did not serve as the external auditors of subsidiaries of the Company.

VI. INSOLVENCY OR RESTRUCTURING RELATED MATTERS

☐ Applicable ✔ Not applicable

VII. MATERIAL LITIGATION AND ARBITRATION

☐ Applicable ✔ Not applicable

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 did not have any material litigation or claim which was pending or threatened against the Group.

As at 31 December 2022, the Group was the plaintiff, defendant or the party of certain non-material litigations and arbitration. The management of the Company believes that any possible legal liability which may be incurred from the aforesaid cases will not have any material impact on the financial position of the Group.

VIII. SANCTIONS AND RECTIFICATIONS IMPOSED ON THE LISTED COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER, DE FACTO CONTROLLER AND OFFEROR

☐ Applicable ✔ Not applicable

IX. EXPLANATION FOR CREDIT OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

☐Applicable ✔ Not applicable

After enquiring National Enterprise Credit Information Publicity System, neither the Company nor China Energy, the controlling shareholder of the Company, was included in the list of enterprises with serious illegal and dishonest acts.

X. MATERIAL RELATED PARTY/CONNECTED TRANSACTIONS

(I) Related party/Connected transactions during the daily operation

The Company has a related party/connected transaction team under the direct supervision of the Chief Financial Officer, which is responsible for the management of related party/ connected transactions; and the Company has established a business process, which properly delineates the responsibilities of the Company, its subsidiaries and branches in the management of related party/connected transactions. The Company has also established routine examinations, reporting systems and accountability systems in the subsidiaries and branches of the Company, as to ensure the related party/connected transactions be conducted in accordance with the terms of framework agreement.

As at the end of the reporting period and during the reporting period, the continuing related party/connected transaction agreements entered into by the Company include:

1. **Non-exempt continuing related party/connected transactions between the Group and China Energy Group**

China Energy holds 69.52% equity interest in the Company, and it is the related party (connected person) of the Company.

On 22 October 2021, the Company's 2021 first extraordinary general meeting approved the 2021 to 2023 Mutual Coal Supply Agreement (the "Mutual Coal Supply Agreement") and the 2021 to 2023 Mutual Supplies and Services Agreement (the "Mutual Supplies and Services Agreement") with China Energy on 27 August 2021, and determined the annual transaction upper limit of such daily related party/connected transactions from 2021 to 2023. These agreements expire on 31 December 2023. Due to the rise in coal and service prices and the increase in demand, the Company's 2021 annual general meeting held on 24 June 2022 approved the revision of both the annual upper limit of coal supplied by the Group to China Energy Group from 2021 to 2023 under the Mutual Coal Supply Agreement and the annual upper limit of products and services provided by the Group to China Energy Group from 2021 to 2023 from 2022 to 2023 under the Mutual Supplies and Services Agreement. (Please refer to the Company's H share announcement on 25 March 2022 and A share announcement on 26 March 2022)

60% of the Finance Company is owned by China Energy, the Company's controlling shareholder, and the Finance Company is a related party (connected person) of the Company. The Finance Company provides financial services to members of the Group in accordance with their business scope. The 2020 annual general meeting of the Company held on 25 June 2021 approved the 2021 to 2023 Financial Services Agreement (the "Financial Service Agreement") signed by the Company and the Finance Company on 26 March 2021 and the annual upper limit of the relevant related party/connected transactions thereunder from 2021 to 2023. On 28 October 2022, the Company's first extraordinary general meeting in 2022 approved the signing of the Supplementary Agreement to the Financial Services Agreement (the "Supplementary Agreement") between the Company and the Finance Company, which revised certain terms of the Financial Service Agreement, and revised the annual caps for daily deposit balance (including accrued interest) of the Company and its subsidiaries in the Finance Company in 2022 and 2023. The term of validity of the Supplementary Agreement is from 1 January 2022 to 31 December 2023. (Please refer to the Company's H share announcement on 23 September 2022 and A share announcement on 24 September 2022)

A. *The Mutual Coal Supply Agreement entered into by the Company and China Energy*

On 27 August 2021, the Company entered into the Mutual Coal Supply Agreement with China Energy. The Mutual Coal Supply Agreement is effective from 1 January 2021 and will expire on 31 December 2023. Pursuant to the Mutual Coal Supply Agreement, the Group and China Energy Group mutually supply coal.

The pricing policy for mutual coal supply under the Mutual Coal Supply Agreement sets out below: the supply price under the Agreement is calculated by the unit price RMB/tonne multiplied by the actual weight. The unit price of coal shall be determined by both parties after arm's length negotiations with reference to the market price and conditions and the following factors, provided that the transaction terms shall not be less favourable than those provided by independent third parties:

(1) The national industrial policy as well as industry and market conditions in the PRC;

(2) The specified guidelines issued by National Development and Reform Commission of the People's Republic of China (NDRC) in relation to the coal purchase prices (if any);

(3) The current trading coal prices of the local coal exchange or market in the PRC, i.e., the coal price with the same quality that is offered to or offered by independent third parties under normal market conditions and normal commercial terms in the same or nearby regions. For local spot coal price, reference is generally made to (i) the spot price index of the local coal exchange or market in Bohai-rim region or nearby provinces as published on China Coal Market Website (www.cctd.com.cn) organised by China Coal Transportation & Sale Society in the PRC; (ii) the sale price of local large-scale coal enterprises as published by each coal industry website (if any); and/or (iii) the price quotations of a number of enterprises with comparable quality, quantity and location (if any);

(4) The quality of the coal (including the estimated calorific value of coal as required by different coal-fired power generating units);

(5) The quantity of coal; and

(6) The transportation fees.

Where the price of mutual coal supplies between both parties is not applicable under the pricing principles of the Agreement due to any changes by laws and regulations, policies and market of China, both parties may adjust pricing principles of aforesaid changes.

B. The Mutual Supplies and Services Agreement entered into by the Company and China Energy

On 27 August 2021, the Company entered into the Mutual Supplies and Services Agreement with China Energy. The Mutual Supplies and Services Agreement is effective from 1 January 2021 and will expire on 31 December 2023. Pursuant to the Mutual Supplies and Services Agreement, the Group and China Energy Group mutually supply products and provide services.

The pricing principles for the products and services provided under the Mutual Supplies and Services Agreement are set out below:

(1) General pricing principles

a. Government-prescribed price and government-guided price: if at any time, the government-prescribed price is applicable to any particular product or service, such product or service shall be supplied at the applicable government-prescribed price. Where a government-guided fee standard is available, the price shall be agreed within the range of the government-guided price.

b. Tender and bidding price: where tender and bidding process is necessary under applicable laws and regulations, the price shall be ultimately determined in accordance with the tender and bidding process.

c. Market price: the price of the same or similar products or services provided by an independent third party during its ordinary course of business on normal commercial terms. The management shall consider at least two comparable transactions with independent third parties for the same period when determining whether the price for any product or service transaction under the Agreement is the market price. The Group shall conduct market price research through industry websites and various independent industry information providers, and participate in activities organised by leading industry organisation.

d. Agreed price: to be determined by adding a reasonable profit margin over a reasonable cost. The management shall consider at least two comparable transactions with independent third parties for the same period when determining the reasonable profit of any product or service transaction under the Agreement. The Group shall conduct market price research through industry websites and various independent industry information providers, and participate in activities organised by leading industry organisation.

(2) In addition to the above, the parties further agreed on the following pricing policies in respect of following products and services:

a. Rail transportation: price prescribed by National Development and Reform Commission of the People's Republic of China (NDRC) and other related government competent authorities.

b. Construction: where tender and bidding process is necessary under applicable laws and regulations, the price ultimately determined in accordance with the tender and bidding process; where tender and bidding process is not necessary under applicable laws and regulations, the market price.

c. Refined oil products: the government-guided price.

d. Power transaction: government-guided price shall prevail if there is any; the uniform clearing price shall prevail in centralised price bidding transaction; the prices of recent comparable transactions shall be referred to in independently negotiated transactions.

e. Hardware and software equipment and related technology services: market price (including tender and bidding price).

f. Chemical products: market price.

g. Production equipment and spare parts, office products: market price.

h. Tendering services: price prescribed by National Development and Reform Commission of the People's Republic of China.

i. Technical consulting services: agreed price with a profit margin of approximately 10%.

j. Information technology services: both parties negotiate and agree on the service price within the scope of budget, which is reviewed by professional institution(s) with pricing reviewing qualification according to relevant national and industrial rules and regulations on construction pricing, pricing mechanisms and fee standards, with reference to the market customs of the information technology industry, actual standards and market price, taking into account the actual condition of the Company's information technology construction.

k. Logistics and support services and training services: agreed price (cost plus a profit margin of approximately 5%).

l. Basic social security and pension management services and staff data recording services: agreed price (cost plus a profit margin of approximately 5%).

m. Various daily administrative services to the headquarters of China Energy (exclusive of financial management and services): agreed price (cost plus a profit margin of approximately 5%).

Where the price of mutual supplies and services between the Group and China Energy Group is not applicable under the pricing principles of the Agreement due to the changes in laws and regulations, policies and the market of China, both parties may adjust the pricing principles of respective supplies and services.

C. The Financial Services Agreement entered into by the Company and Finance Company

On 26 March 2021, the Company entered into the Financial Services Agreement with the Finance Company. The Financial Services Agreement is effective from 1 January 2021 to 31 December 2023. On 28 October 2022, the Company's first extraordinary general meeting in 2022 approved the signing of the Supplementary Agreement between the Company and the Finance Company, effective from 1 January 2022 to 31 December 2023. Pursuant to the Financial Services Agreement, Finance Company would provide comprehensive credit (without any pledge and guarantee provided by the Members of the Group) and other financial services to the Members of the Group, and the Members of the Group may place deposits in Finance Company. The pricing policy of the Financial Services Agreement (revised according to the Supplementary Agreement) is as follows:

(1) In terms of deposits and loans or similar services provided by Finance Company to the Members of the Group, subject to compliance with the relevant rules and regulations of PBOC, the CBIRC and other relevant regulatory authorities:

a. The interest rates for deposits placed by the Members of the Group with Finance Company shall be not less than the benchmark deposit interest rate for the same period published by the People's Bank of China and the interest rate paid by major commercial banks in the PRC for comparable deposits services provided to the Members of the Group and shall be negotiated in normal commercial terms.

b. The interest rates for loans granted by Finance Company to the Members of the Group shall be not more than the loan prime rate for the corresponding period stipulated by the PBOC and not more than the interest rates stipulated by major commercial banks in the PRC for comparable loans services provided to the Members of the Group and shall be negotiated in normal commercial terms.

(2) In terms of paid services provided by Finance Company to the Members of the Group:

a. Finance Company can provide paid consultation, agency, settlement, transfer, investment, letter of credit, online banking, entrusted loan, guarantee, bill acceptance and other related services to the Members of the Group.

b. Subject to compliance with the relevant rules and regulations of PBOC, CBIRC and other relevant regulatory authorities, the service fees charged by Finance Company for the provision of the above financial services to the Members of the Group shall be not more than the service fees charged by major commercial banks in the PRC for comparable financial services provided to the Members of the Group and shall be negotiated in normal commercial terms.

2. Non-exempt continuing connected transactions between the Group and other parties

D. Continuing Connected Transactions Framework Agreement between the Company and China State Railway Group Co., Ltd. ("China Railway")

China Railway Taiyuan Group Co., Ltd. ("Taiyuan Railway Bureau") is the parent company of Daqin Railway Co., Ltd., which is a substantial shareholder of Shuohuang Railway, a significant subsidiary of the Company. China Railway is the controlling shareholder of Taiyuan Railway Bureau. Therefore, China Railway constitutes a connected person of the Company under the Hong Kong Listing Rules. On 28 October 2019, the Company and Taiyuan Railway Bureau which acted for and on behalf of China Railway entered into the 2020 to 2022 Continuing Connected Transactions Framework Agreement (the "Continuing Connected Transactions Framework Agreement"), effective from 1 January 2020 to 31 December 2022. Pursuant to the Continuing Connected Transactions Framework Agreement, the Group and China Railway Group (China Railway and its subsidiaries, including Taiyuan Railway Bureau Group (including Taiyuan Railway Bureau and its subsidiaries)) have agreed to provide transportation service, supply coal and provide other products and services to each other.

The prices of the transactions under the Continuing Connected Transactions Framework Agreement shall be agreed in the implementation agreements in accordance with the following general principles:

(1) The prices of transportation service mutually provided by the China Railway Group and the Group shall be determined in the following priority:

(i) The prices as determined by the government;

(ii) If the prices are not specified by the government, the prices shall be determined in accordance with the pricing standards and rules of national railways within the guidance prices set by the government;

(iii) If the prices are not specified by the government and the government has not set applicable guidance prices, the prices shall be determined in accordance with the applicable industry price settlement rules;

(iv) Except for applying the prices specified by the government, the guidance prices set by the government and the industry settlement rules, if there are comparable market prices or pricing standards, priority shall be given to such market prices or pricing standards as reference to determine the prices upon negotiation;

(v) If none of the above-mentioned pricing standards is available, the prices shall be determined with reference to the prices of non-connected transactions between the connected parties and independent third parties;

(vi) If neither comparable market prices nor prices of non-connected transactions are available for reference, the prices shall be determined upon negotiation according to the aggregate of the total actual costs for providing the relevant services, reasonable profits and taxes and additional charges paid.

(2) The price of coal mutually supplied by the China Railway Group and the Group is the product of the unit price RMB/tonne multiplied by the actual weight. The unit price of coal shall be determined by both parties after arm's length negotiations with reference to the market price and conditions and the following factors, provided that the transaction terms shall not be less favourable than those provided by independent third parties:

(i) The national industrial policy as well as industry and market conditions in the PRC;

(ii) The specified guidelines issued by NDRC setting out the coal purchase prices (if any);

(iii) The current coal transaction price of the local coal exchange or market in the PRC, i.e., the price of the coal with comparable quality that is sold to or by independent third parties under normal market conditions and normal commercial terms in the same or nearby regions. For local spot coal price, reference is made to (i) the spot price index of the local coal exchange or market in Bohai-rim region or nearby provinces as published on the website of 中國煤炭市場網(www.cctd.com.cn) organised by China Coal Transportation& Sale Society (中國煤炭運銷協會) in the PRC; (ii) the sale price of local large coal enterprises as published by each coal industry website (if any); and/or (iii) price quotation of one or more other enterprises with comparable quality, quantity and location (if any);

(iv) The quality of the coal;

(v) The quantity of coal; and

(vi) The estimated transportation fees.

(3) The price of other products and services mutually provided by the China Railway Group and the Group shall be determined in accordance with the general principles and order of this section:

(i) Government-prescribed price and government-guided price: if at any time, the government-prescribed price is applicable to any particular product or service, such product or service shall be supplied at the applicable government-prescribed price. Where a government-guided fee standard is available, the price will be agreed within the range of the government-guided price;

(ii) Tender and bidding price: where tender and bidding process is necessary under relevant laws, regulations and rules, the price shall be ultimately determined in accordance with the tender and bidding process;

(iii) Market price: The price shall be determined according to the prices of the same or similar products or services provided by an independent third party during its ordinary course of business on normal commercial terms. The management shall consider at least two comparable transactions with independent third parties for the same period when determining whether the price for any product or service transaction under this Agreement is the market price; and

(iv) Agreed price: to be determined by adding a reasonable cost and a reasonable profit margin. The management shall consider at least two comparable transactions with independent third parties for the same period when determining the reasonable profit of any product or service under this Agreement.

In addition to the above, for certain types of product or service, the following pricing policy is adopted:

(i) Rolling stock usage: market price.

(ii) Overhaul services and railway track maintenance services: price prescribed by NDRC or other related government competent authorities.

(iii) Equipment supply: tender and bidding price.

(iv) Business consulting and technical services: agreed price (cost plus a profit margin of approximately 5%).

(4) If the agreed pricing principles cannot be applied by China Railway Group and the Group due to changes in China's laws, regulations, policies and other circumstances, China Railway Group and the Group can adjust the pricing principles of corresponding services according to such changes.

On 28 October 2022, the Company and Taiyuan Railway Bureau which acted for and on behalf of China Railway entered into the Continuing Connected Transactions Framework Agreement for 2023 to 2025 (the "New Continuing Connected Transactions Framework Agreement"), effective from 1 January 2023 to 31 December 2025. Pursuant to the New Continuing Connected Transactions Framework Agreement, the Group and China Railway Group (China Railway and its subsidiaries, including Taiyuan Railway Bureau Group (including Taiyuan Railway Bureau and its subsidiaries)) have agreed to provide transportation service, supply coal and provide other products and services to each other.

Except for the following adjustments to the pricing policies for specific types of products and services, there is no significant difference between the pricing principles of the New Continuing Connected Transactions Framework Agreement and those of the Continuing Connected Transactions Framework Agreement:

Under the New Continuing Connected Transactions Framework Agreement, the following pricing policies are adopted for specific types of products and services:

(i) Rolling stock usage: agreed price.

(ii) Overhaul services and railway track maintenance services: agreed price or tender and bidding price.

(iii) Equipment supply: tender and bidding price.

(iv) Business consultation and technical services: agreed price or tender and bidding price.

The prices of the transactions under the New Continuing Connected Transactions Framework Agreement shall be agreed in the implementation agreements according to the pricing principles of the New Continuing Connected Transactions Framework Agreement.

The agreements A to C above are related party transactions under the Shanghai Listing Rules, while the abovementioned agreements A to D are continuing connected transactions under the Hong Kong Listing Rules.

3. Implementation of and review opinions on the non-exempt continuing related party/connected transactions

In 2022, the implementation of the abovementioned agreements A to D is set out in the table below. In particular, the total amount of related party/connected transactions for sale of products and provision of services by the Group to China Energy Group under the Mutual Coal Supply Agreement and the Mutual Supplies and Services Agreement amounted to RMB112,755 million, representing 32.7% of the revenue of the Group during the reporting period.

		Provision of products and services by the Group to related parties/connected persons and other inflows			Purchase of products and services from related parties/connected persons by the Group and other outflows		
No.	Name of agreement	Transaction cap during the reporting period	Transaction amount during the reporting period	Proportion in the same type of transactions	Transaction cap during the reporting period	Transaction amount during the reporting period	Proportion in the same type of transactions
		RMB million	*RMB million*	*%*	*RMB million*	*RMB million*	*%*
A	Mutual Coal Supply Agreement	99,000	94,195	40.9	29,000	9,831	15.1
B	Mutual Supplies and Services Agreement	39,000	18,560	–	17,000	7,780	–
	including: (1) Products		7,712	9.2		3,147	3.3
	(2) Services		10,848	38.4		4,633	15.6
D	Continuing Connected Transactions Framework Agreement	7,300	2,207	0.9	19,800	9,076	4.8

No.	Name of agreement	Transaction item		Transaction cap during the reporting period	Transaction amount during the reporting period
				RMB million	*RMB million*
C	Financial Services Agreement	(1)	Maximum daily balance of comprehensive facilities provided by Finance Company to the members of the Company (including loans, credits, bill acceptance and discount, guarantee, performance guarantee, overdrafts, opening letters of credit, etc., inclusive of accrued interest thereon)	100,000	29,544
		(2)	Maximum daily deposit balance of the members of the Company in Finance Company (inclusive of accrued interest thereon)	75,000	72,316
		(3)	Total fee including agency fee, commission fee, consulting fee or other service fee charged by Finance Company for providing the members of the Company with financial services, including but not limited to consultancy, agency, settlement, transfer, investment, letter of credit, online banking, entrusted loan, guarantee, acceptance of bill and other services to the members of the Company	300	16

The above continuing related party/connected transactions were in the ordinary course of business of the Company, and they were strictly in compliance with procedures of review and approval by independent directors and independent shareholders as well as disclosure requirements.

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 abovementioned agreements A to D and are of the view that (1) those transactions were entered into in the ordinary course of business of the Group; (2) those transactions were on normal commercial terms or better terms; and (3) those transactions were conducted according to the agreements governing them on terms that are fair and reasonable and in the interest of the shareholders of the Company as a whole.

KPMG, the international auditors of the Company, have reviewed the continuing connected transactions under the abovementioned agreements A to D and issued a letter to the Board, indicating that they were not aware of any matters for which they would consider that the abovementioned continuing connected transactions (1) were not approved by the Board of the Company; (2) were not conducted according to the Company's pricing policy in terms of all material aspects; (3) were not conducted according to the terms of the relevant agreements of transactions in terms of all material aspects; and (4) exceeded the caps.

21 types of related party transactions were disclosed in Note 42 of the financial statements for the year 2022 prepared by the Company under the International Financial Reporting Standards. According to the Hong Kong Listing Rules, except for the transactions under item ii "income from entrusted loans", the purchase of coal from affiliated companies of the Group under item x "purchase of coal" and certain transactions under item xvi "other income", all of the other related party transactions disclosed in Note 42 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 disclosure of the above connected transactions and continuing connected transactions.

(II) Material related party/connected transactions regarding joint external investments

On 30 November 2022, all of the shareholders of the Finance Company in which the Company holds shares, i.e. China Energy, the Company and subsidiaries of the Company (Shuohuang Railway, Zhunge'er Energy and Baoshen Railway), entered into the capital increase agreement of finance company with the Finance Company, pursuant to which, they will subscribe the new capital of Finance Company with an amount of RMB5 billion in the same proportion of their respective shareholdings (the "Transaction"). The total amount of the new capital to be subscribed by the Company, Shuohuang Railway, Zhunge'er Energy and Baoshen Railway is RMB2 billion. After the completion of the Transaction, the registered capital of the Finance Company will increase from RMB12.5 billion to RMB17.5 billion. The Transaction has been reviewed and approved at the 17th meeting of the 5th Board of Directors of the Company. (Please refer to the Company's H share announcement on 30 November 2022 and A share announcement on 1 December 2022). The transaction constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

On 28 December 2022, the Finance Company received the Approval from Beijing Office of China Banking and Insurance Regulatory Commission on the Change of Registered Capital of China Energy Finance Co., Ltd. (Jing Yin Bao Jian Fu [2022] No. 848), approving the increase of the registered capital of the Finance Company from RMB12.5 billion to RMB17.5 billion and the amount and proportion of capital contribution of each shareholder.

(III) Debts and liabilities between related parties

Unit: RMB million

Related parties	Relation	Funds provided to related parties			Funds offered by related parties to the Group		
		Opening balance	Amount incurred	Closing balance	Opening balance	Amount incurred	Closing balance
China Energy	Controlling shareholder	–	–	–	874	–	874
Finance Company	Controlled subsidiary of the parent company	27,126	31,724	58,850	21,397	4,322	25,719
Other related parties	Others	400	–	400	201	352	553
Total		27,526	31,724	59,250	22,472	4,674	27,146

Reasons for debts and liabilities between related parties	(1) The Long and short-term borrowings provided by China Energy to the Group. (2) The Group's deposits in/loans from the Finance Company. (3) The entrusted loans were issued or received by the Group. Internal decision procedures have been performed in respect of the above related debts and liabilities in accordance with relevant regulations.
Repayment of debts and liabilities between related parties	Currently, the principal and interests of the above borrowings and entrusted loans are repaid in a normal manner in accordance with the repayment schedule.
Undertakings related to debts and liabilities between related parties	N/A
Impacts of debts and liabilities between related parties on the operating results and financial position of the Company	The above borrowings and entrusted loans are beneficial to the relevant project construction and production operation of the Group, and they have no material impacts on the operating results and financial position of the Company.

(IV) Financial business between the Company and the Finance Company which is a related party of the Company

1. Main financial indicators of the Finance Company

	Unit	2022	2021	Change %
Revenue	RMB million	**4,036**	2,998	34.6
Total profit	RMB million	**2,546**	2,770	(8.1)
Net profit	RMB million	**2,010**	2,113	(4.9)

	Unit	31 December 2022	31 December 2021	Change %
Total assets	RMB million	**221,886**	143,734	54.4
Total liabilities	RMB million	**196,733**	120,427	63.4
Owner's equity	RMB million	**25,153**	23,307	7.9

Note: The above financial data was prepared in accordance with the China Accounting Standards for Business Enterprises, and was audited.

2. Main risk indicators of the Finance Company

No.	Control indicators	As at 31 December 2022
1	Capital adequacy rate shall not be lower than regulatory requirements	12.50%
2	Non-performing asset rate shall not be higher than 4%	0%
3	Non-performing loan rate shall not be higher than 5%	0%
4	Capital loss provision adequacy ratio shall not be lower than 100%	+∞ (none noted sub-prime suspicious loss assets)
5	Loan loss provision adequacy ratio shall not be lower than 100%	+∞ (none noted sub-prime suspicious loss assets)
6	Liquidity ratio shall not be lower than 25%	28.30%
7	Ratio of self-owned fixed assets shall not be higher than 20%	0.06%
8	Total amount of investment shall not be higher than 70% of net assets	57.97%
9	Borrowing ratio shall not be higher than 100%	0%
10	Total acceptance and rediscount of bill shall not be higher than net assets	36.97%

The above monitoring indicators of the finance company meet the regulatory requirements.

3. Deposit business

Unit: RMB million

					Amount for the period		
Related party	Relation	Maximum daily deposit limit	Deposit interest rate range	Opening balance	Total amount deposited for the period	Total amount withdrawn for the period	Closing balance
Finance Company	A subsidiary of the controlling shareholder	75,000	0.40%-3.20%	27,126	348,907	317,183	58,850
Total	/	/	/	27,126	348,907	317,183	58,850

Note: "Maximum daily deposit limit" refers to the maximum daily deposit balance (including accrued interest incurred) of the Group in Finance Company during the reporting period.

4. Loan business

Unit: RMB million

Related party	Relation	Loan limit	Loan interest rate range	Opening balance	Amount for the period: Total amount of loan for the period	Amount for the period: Total amount of repayment for the period	Closing balance
Finance Company	A subsidiary of the controlling shareholder	100,000	1.9744%-3.95%	21,397	17,643	13,321	25,719
Total	/	/	/	21,397	17,643	13,321	25,719

Note: "Loan limit" refers to the maximum daily balance (including accrued interest incurred) of the loans provided by Finance Company to the Group.

5. Credit facilities or other financial business

Unit: RMB million

Related parties	Relation	Business Type	Quota	Amount for the period
Finance Company	A subsidiary of the controlling shareholder	Bill discount	100,000	4,376
Finance Company	A subsidiary of the controlling shareholder	Issue of acceptance bill	100,000	1,959
Finance Company	A subsidiary of the controlling shareholder	Intermediary business	300	16

Note: The maximum daily balance of the comprehensive credit facilities (including loans, bill acceptance and discount, etc.) provided by Finance Company to the Group as approved by the general meeting of the Company is RMB100,000 million.

XI. MATERIAL CONTRACTS AND THEIR PERFORMANCE

(I) Trust, contracting and leasing

During the reporting period, the Company did not enter into or have any management and administration contracts in respect of the whole or any material part of the business of the Company.

(II) Guarantees

Unit: RMB million

1. Guarantee provided by the Company to external parties (excluding the guarantee granted to its subsidiaries)

Guarantor	Relation between the guarantor and the listed company	Guarantee	Amount guaranteed	Date of provision of guarantee (execution date of agreement	Beginning date of guarantee	Expiry date of guarantee	Type of guarantee	Whether performance has been completed	Whether guarantee is overdue	Amount of guarantee overdue	Whether counter guarantee is provided	Whether guarantee is for the benefit of related parties	Relation
Baorixile Energy	A subsidiary	Hulunbei'er Liangyi Railway Company Limited	62.78	2008.08.30	2008.08.30	2029.08.29	Joint and several liability guarantee	No	No	0	No	No	N/A

Total amount of guarantee provided during the reporting period (excluding guarantee provided to its subsidiaries)	(9.66)
Total balance of guarantee at the end of the reporting period (A) (excluding guarantee provided to its subsidiaries)	62.78

2. Guarantee provided by the Company and its subsidiaries for the benefit of its subsidiaries

Total amount of guarantee provided for the benefit of subsidiaries during the reporting period	217.84
Total balance of guarantee provided for the benefit of subsidiaries at the end of the reporting period (B)	3,405.69

3. Total amount of guarantee (including guarantee for the benefit of its subsidiaries)

Total amount of guarantee (A+B)	3,468.47
Proportion of total amount of guarantee to the net assets attributable to equity holders of the Company at the end of the year under China Accounting Standards for Business Enterprises in 2022 (%)	0.9
Including:	
Amount of guarantee provided for the benefit of shareholders, de facto controller and their related parties (C)	0
Amount of guarantee directly or indirectly provided for the benefit of parties with a gearing ratio in excess of 70% (D)	3,468.47
Portion of the total amount of guarantee in excess of 50% of net assets (E)	0
Aggregate of the three abovementioned guarantees (C+D+E)	3,468.47
Description of the potential joint and several repayment liability for outstanding guarantee	Please refer to below
Description of guarantee	Please refer to below

Note: The balance of guarantee provided by the subsidiary to external parties of total amount of guarantee at the end of the reporting period equals to the amount of external guarantee of the subsidiary multiplied by the shareholding of the Company in the subsidiary.

As at the end of the reporting period, the total balance of the amount of guarantee provided by the Group amounted to RMB3,468.47 million, including:

(1) As at the end of the reporting period, the guarantee provided by Baorixile Energy, a subsidiary in which the Company owns 56.61%, for the benefit of external parties was as follows: prior to the acquisition of Baorixile Energy by the Company in 2011 and pursuant to the Guarantee Agreement on the Syndicated Renminbi Loan for the Cooperative Railway Project Connecting Yimin and Yiershi Newly Constructed by Hulunbei'er Liangyi Railway Company Limited, in 2008, Baorixile Energy, as one of the guarantors, provided joint and several liability guarantee to Hulunbei'er Liangyi Railway Company Limited (hereinafter referred to as the "Liangyi Railway Company", of which Baorixile Energy owns 14.22% of the shares) for the syndicated loans. The major liability guaranteed was the debts due to the lender with a maximum balance of RMB207.47 million from 2008 to 2027, regardless of whether the debt is due when the above period expires. The above syndicated loans will fall due by tranches between 2011 and 2026. The Guarantee Agreement provides that the guarantee period of the debts borne by the guarantor shall be calculated from the due date of each tranche to two years after the due date of the last tranche, i.e. 2029.

Given that Liangyi Railway Company failed to pay the loan interest on time due to its deteriorating business operation, as resolved by the shareholders' general meeting of Liangyi Railway Company, additional capital was injected into Liangyi Railway Company by its shareholders (including Baorixile Energy). Baorixile Energy has injected an accumulated amount of RMB11.82 million into Liangyi Railway Company.

As at the end of the reporting period, Baorixile Energy, in proportion to its shareholding, repaid the principal on the loans on behalf of Liangyi Railway Company amounting to a total of RMB90.30 million. Baorixile Energy already made full provision for impairment on its 14.22% equity interest in Liangyi Railway Company and the repayment amount paid on its behalf. Together with other shareholders, Baorixile Energy will continue to call for improvement of business operation of Liangyi Railway Company. As at 31 December 2022, Liangyi Railway Company had a gearing ratio of 184.2%.

(2) As at the end of the reporting period, the amount of guarantee between subsidiaries in consolidated reports of the Company, in proportion to its shareholding, amounted to approximately RMB3,405.69 million, which was mainly due to the fact that Shenhua Hong Kong Limited, the wholly-owned subsidiary of the Company, provided guarantees for the issuance of USD0.5 billion bonds by China Shenhua Overseas Capital Co., Ltd., its wholly-owned subsidiary.

For the details of the opinions of the independent directors, please refer to the relevant reports disclosed with this report.

(III) Entrusted cash asset management

1. General status of entrusted loans

Unit: RMB million

Type of products	Source of funding	Maximum Balance Note	Outstanding ending balance	Overdue Uncollectible amount
Entrusted loans	Own fund	400.0	400.0	0

Note: Maximum balance refers to the daily highest balance of the entrusted loan of such type of the Group in 2022.

2. Individual entrusted loans

Unit: RMB million

Name of borrower	Relation between the borrower and the Group	Trustee	Amount of entrusted loans	Initial date of loans	Expiry date of loans	Duration of loans	Source of fund	Investment of fund	Determination of compensation	Interest rate	Actual return for 2022	Principal recovered for 2022	Whether it has been through legal procedures
Elion Chemical Industry Co., Ltd.	An associate of a subsidiary	Bank of China	400.0	2020/12/24	2023/12/23	3 years	Own fund	Replacement of loans	Interest to be paid quarterly	4.75%	19.26	0	Yes

As at 31 December 2022, the Group did not grant entrusted loans with an amount exceeding 5% of the Group's latest audited net assets attributable to equity holders of the Company to any individual party. The Company did not utilise the proceeds raised to grant entrusted loans, and there was no entrusted loan that was involved in litigations. No provision for impairment for the above entrusted loans has been made by the Group. Under centralised capital management of the Group, the entrusted loans among the Company and its subsidiaries were used for meeting operating and development needs. Such entrusted loans have been eliminated in the consolidated financial statements of the Group.

Section VIII Changes in Shares and Shareholders

I. CHANGES OF ORDINARY SHARE CAPITAL

(I) Changes of the number of ordinary shares

1. Changes of the number of shares

Unit: share

	As at 31 December 2021		Change		As at 31 December 2022	
	Number	Percentage %	Repurchase and cancellation	Subtotal	Number	Percentage %
I. Shares with selling restrictions	0	0.00	0	0	0	0.00
II. Shares without selling restrictions	19,868,519,955	100.00	0	0	19,868,519,955	100.00
1. RMB ordinary shares	16,491,037,955	83.00	0	0	16,491,037,955	83.00
2. Overseas listed foreign shares	3,377,482,000	17.00	0	0	3,377,482,000	17.00
III. Total number of shares	19,868,519,955	100.00	0	0	19,868,519,955	100.00

2. Explanations of changes of shares

In 2022, the Group did not repurchase, sell or redeem any securities of the Company under the Hong Kong Listing Rules.

As at the disclosure date of this report, so far as the Directors are aware, the Company has satisfied minimum public float requirement under Rule 8.08 of the Hong Kong Listing Rules.

(II) Changes of shares with selling restrictions

☐ Applicable ✔ Not applicable

II. ISSUANCE AND LISTING OF SECURITIES

The Company did not issue any ordinary share, convertible corporate bond, warrant bond, corporate bond or other derivative securities, nor did it enter into any equity-linked agreement during the reporting period.

(I) Changes of the total number of ordinary shares, the shareholding structure and the asset and liability structure of the Company

☐ Applicable ✔ Not applicable

(II) Pre-emptive rights

There are no provisions for pre-emptive rights under the Articles of Association and the 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.

III. SHAREHOLDERS

(I) Total number of shareholders

Total number of shareholders of ordinary shares as at the end of the reporting period (accounts)	161,069
Including: Holders of A shares (including China Energy)	159,163
Registered holders of H shares	1,906
Total number of ordinary shareholders at the end of last month prior to the disclosure date of this annual report (accounts)	181,211
Including: Holders of A shares (including China Energy)	179,311
Registered holders of H shares	1,900

(II) Shareholdings of top ten shareholders and top ten holders of marketable shares (or shareholders without selling restrictions) as at the end of the reporting period

Unit: share

	Shareholdings of top ten shareholders						
	Increase/ Decrease during	Number of shares held at		Number of shares	Shares subject to pledge, tag or lock-up		
Name of shareholder	the reporting period	the end of the reporting period	Percentage	with selling restrictions	Status	Number	Nature of shareholders
			%				
China Energy Investment Corporation Limited	0	13,812,709,196	69.52	0	Nil	N/A	State-owned corporation
HKSCC NOMINEES LIMITED	-213,579	3,369,264,907	16.96	0	Unknown	N/A	Overseas corporation
China Securities Finance Corporation Limited	0	594,718,004	2.99	0	Nil	N/A	Others
Hong Kong Securities Clearing Company Limited	+102,267,431	320,937,248	1.62	0	Nil	N/A	Overseas corporation
Central Huijin Asset Management Ltd.	0	106,077,400	0.53	0	Nil	N/A	State-owned corporation
China Life Insurance Company Limited – Dividend – Personal dividend – 005L – FH002 Hu	+70,319,933	73,100,358	0.37	0	Nil	N/A	Others
Industrial and Commercial Bank of China – Shanghai Index 50 Trading Open-end Index Securities Investment Fund	+398,142	28,224,064	0.14	0	Nil	N/A	Others
Zhuhai Ruifeng Huibang Asset Management Co., Ltd. – Ruifeng Huibang No.3 Privately Offered Fund	0	22,233,848	0.11	0	Nil	N/A	Others
National Social Security Fund Portfolio 106	+11,566,297	21,011,097	0.11	0	Nil	N/A	Others
Abu Dhabi Investment Authority	+8,577,304	18,291,703	0.09	0	Nil	N/A	Overseas corporation

Shareholdings of top ten shareholders without selling restrictions

Name of shareholder	Number of shares without selling restrictions	Type and number of shares	
		Type	Number
China Energy Investment Corporation Limited	13,812,709,196	RMB ordinary shares	13,812,709,196
HKSCC NOMINEES LIMITED	3,369,264,907	Overseas-listed foreign shares	3,369,264,907
China Securities Finance Corporation Limited	594,718,004	RMB ordinary shares	594,718,004
Hong Kong Securities Clearing Company Limited	320,937,248	RMB ordinary shares	320,937,248
Central Huijin Asset Management Ltd.	106,077,400	RMB ordinary shares	106,077,400
China Life Insurance Company Limited – Dividend – Personal dividend – 005L – FH002 Hu	73,100,358	RMB ordinary shares	73,100,358
Industrial and Commercial Bank of China – Shanghai Index 50 Trading Open-end Index Securities Investment Fund	28,224,064	RMB ordinary shares	28,224,064
Zhuhai Ruifeng Huibang Asset Management Co., Ltd. – Ruifeng Huibang No.3 Privately Offered Fund	22,233,848	RMB ordinary shares	22,233,848
National Social Security Fund Portfolio 106	21,011,097	RMB ordinary shares	21,011,097
Abu Dhabi Investment Authority	18,291,703	RMB ordinary shares	18,291,703
Description of the special repurchase accounts of the top ten shareholders	N/A		
Description of the abovementioned shareholders' entrusting of voting rights, entrusted voting rights and waivers of voting rights	N/A		
Details regarding the related relation among the above shareholders or whether they are parties acting in concert	Both HKSCC NOMINEES LIMITED and Hong Kong Securities Clearing Company Limited are wholly-owned subsidiaries of Hong Kong Exchanges and Clearing Limited. Save as disclosed above, the Company is not aware of any connected relation between the top ten shareholders without selling restrictions and the top ten shareholders, and whether they are parties acting in concert as defined in the Measures for Administration of Acquisition of Listed Companies of CSRC.		
Details regarding the holders of preference shares with voting rights restored and the number of shares held	N/A		

Note: The H shares are held by HKSCC NOMINEES LIMITED on behalf of a number of its clients; the A shares are held by HKSCC LIMITED on behalf of a number of its clients.

(III) Major shareholders' interests and short positions in the shares of the Company

As at 31 December 2022, persons set out 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 shareholder	Capacity	H share/ A share	Nature of interest	Number of H shares/ A shares held	Percentage of H shares/ A shares held in the total issued H shares/ A shares %	Percentage of H shares/ A shares held in the share capital of the Company %
1	China Energy	Beneficial owner	A share	N/A	13,812,709,196	83.76	69.52
2	BlackRock, Inc.	Interest of the corporation controlled by the major shareholder	H share	Long position	193,904,316	5.74	0.98
				Short positions	78,500	0.00	0.00

As at 31 December 2022, save as disclosed above, there were no other persons who held interests and/or short positions in the shares or underlying shares of the Company, which are required to be recorded in the register to be kept under section 336 of Part XV of the SFO, or who was a major shareholder of the Company.

IV. CHANGES OF CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

(I) Controlling shareholder as at the end of the reporting period

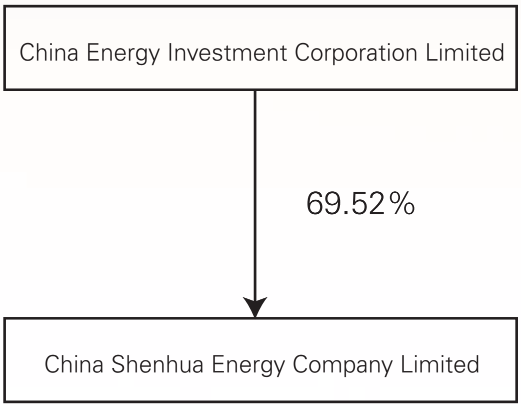
1. Legal person

Name	China Energy Investment Corporation Limited
Legal representative	Liu Guoyue
Date of incorporation	23 October 1995
Principal business	State-owned assets operating activities within the scope authorised by the State Council; investment and management activities in various sectors including resource products (e.g. coal), coal-to-liquids, chemical processing of coal, electricity, heat, ports, various kinds of transportation, finance, domestic and international trade and logistics, real estate, advanced technology and information consultation; planning, organising, coordinating and managing the production and operating activities in above sectors of the members of China Energy; and sales of chemical materials and chemical products (excluding hazardous chemicals), textiles, construction materials, machinery, electronic equipment and office equipment. (Market entity is allowed to choose the business to be engaged in and carry out such business activities pursuant to laws; for projects that are subject to approval pursuant to the law, business operations shall commence in accordance with the business scope approved upon receipt of the approval from relevant authorities; no business activities which are prohibited or restricted by the state or Beijing industrial policies shall be carried out.)
The shareholdings in other domestically or overseas listed companies during the reporting period	Directly or indirectly holding 50.78% shares of GD Power Development Co., Ltd.; Directly or indirectly holding 58.56% shares of China Longyuan Power Group Corporation Limited; Directly holding 67.50% shares of CHN Energy Changyuan Electric Power Co., Ltd; Indirectly holding 50.99% shares of Ningxia Yinglite Chemicals Co., Ltd.; Indirectly holding 41.26% shares of Yantai Longyuan Power Technology Co., Ltd.

2. **Description of changes of the controlling shareholder during the reporting period**

There were no changes of the controlling shareholder of the Company during the reporting period.

3. **Diagram of the equity and controlling relation between the Company and its controlling shareholder at the end of the reporting period**



(II) De facto controller

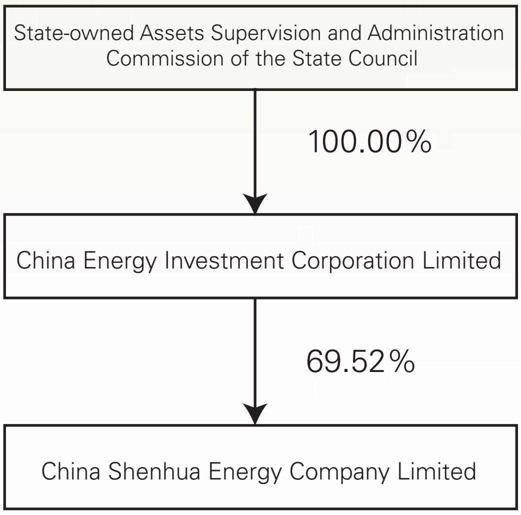
1. **Legal person**

Name State-owned Assets Supervision and Administration Commission of the State Council

2. **Description of changes of the control of the Company during the reporting period**

There were no changes of the de facto controller of the Company during the reporting period.

3. **Diagram of the equity and controlling relation between the Company and its de facto controller at the end of the reporting period**



V. OTHER CORPORATE SHAREHOLDERS WITH MORE THAN 10% SHAREHOLDING IN THE COMPANY

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

VI. RESTRICTIONS ON THE REDUCTION IN THE SHAREHOLDING

☐ Applicable ✔ Not applicable

VII. DETAILED IMPLEMENTATION OF SHARE REPURCHASE

☐ Applicable ✔ Not applicable

Section IX Investor Relations

In 2022, China Shenhua firmly adhered to the requirements of the Securities Law of the PRC, the Opinions of the State Council on Further Improving the Quality of Listed Companies* (《國務院關於進一步提高上市公司質量的意見》), the Work Guidelines for the Investor Relations Management of Listed Companies* (《上市公司投資者關係管理工作指引》) and relevant laws and regulations and documents, attached great importance to the legitimate rights and interests of investors, continuously improved the communication channels between the Board and investors, optimised corporate governance, strengthened market value management, actively explored new development ideas, listened to investors' voices, and was committed to building long-term, stable and win-win shareholder relations and sharing the achievements of corporate development with investors.

I. PRACTICING INTERNAL SKILLS WELL TO ENHANCE CORE COMPETITIVENESS

Accelerate the upgrading and transformation and formulate an action plan for carbon peaking. The Company's management focused on long-term development and organised several strategic seminars to analyse the new situation of China's energy development, and to formulate and optimise the "carbon peak" action plan of the Company. The Company will actively participate in energy reform and develop new energy business by adopting various methods such as self-build and operation, industrial fund and equity investment while continuing to consolidate the advantages of integrated operation.

Strengthen internal management and insist on creating performance through management. In 2022, the Company was selected as one of the corporate governance demonstration state-owned enterprises. The Company strengthened the management of subsidiaries and branches and regional management in a sustained way, set up the Inner Mongolia branch, which enhanced the value creation ability and market competitiveness of our enterprises in Inner Mongolia Autonomous Region and promoted the high-quality development of the regional industry in Inner Mongolia Autonomous Region. The Company acquired the interests of minority shareholders of Jinjie Energy, which consolidated the advantages in the integrated operation of coal and electricity and improved our profitability.

Strictly control governance risks and continuously strengthen the management of related transactions. In 2022, the Company adjusted the annual caps of daily related transactions such as the Financial Services Agreement and the Mutual Coal Supply Agreement. During the formulation of the agreements, in order to fully protect the interests of small and medium-sized shareholders, the management of the Company communicated with the regulators and controlling shareholders on the agreement plans for many times, so as to maximise the favourable terms and enhance the operating performance of the Company with strict compliance with the listing rules of the two listing places and reducing the governance risks.

Actively return profits to shareholders and share development achievements with shareholders. With the approval of the first extraordinary general meeting of shareholders of 2022, the Company increased the cash dividend ratio from 2022 to 2024 to not less than 60% of the net profit attributable to shareholders of the Company in that year, 10 percentage points higher than the previous dividend planning. The Board recommended to pay a final dividend of RMB2.55 per share (tax inclusive) in 2022, RMB50,665 million (tax inclusive) in total, accounting for approximately 72.8% of the net profit attributable to shareholders of the Company under the China Accounting Standards for Business Enterprises in 2022. Since its listing, the Company has accumulated cash dividends paid to shareholders (including the final dividend of 2022) of RMB402.129 billion.

II. STRENGTHENING PUBLIC AWARENESS AND INVESTOR RELATIONS MANAGEMENT

Adhere to the position of the people and keep in mind the mission of investor relations. The Company strengthened information disclosure and corporate governance supervision in a sustained way and has been rated as Class A in terms of information disclosure by SSE for 9 consecutive years. We organised 36 training sessions for Directors, Supervisors, and senior management throughout the year to enhance the awareness of "the key few" public companies. We fully respect and revere investors. We revised the Measures for the Management of Investor Relations of China Shenhua Energy Company Limited* (《中國神華能源股份有限公司投資者關係管理辦法》). We continuously improve the three-dimensional investors protection safety net, effectively enhancing investors' sense of gain.

Improve the service quality for investors by taking the results briefing as the main base. In 2022, the Company held four results briefings, namely for the year 2021, the first quarter of 2022, the half year of 2022, and the third quarter of 2022 to explain the Company's results and development ideas in details and guide investors to accurately understand the Company's operations. In the four briefings, the Company replied a total of 321 pre-meeting and on-site questions. Combined with the current information access preferences of investors, especially small and medium-sized investors, the Company prepared some video clips and charts to interpret the annual and interim results documents so that small and medium-sized investors were willing to watch and understand.

Caring for shareholders and resolutely safeguard shareholders' rights to know and decision-making. In 2022, the Company held two general meetings and A shareholder class meetings and H shareholder class meetings. In response to the proposals concerned by shareholders, the Company communicated with 32 domestic and oversea institutional shareholders and several individual shareholders, and answered the relevant questions seriously, thus ensuring investors' right to know to the maximum extent. The Company took the convenience of shareholders as the first priority, and held the general meetings on the spot. The person in charge and the management of the Company deeply communicated with shareholders attended, especially individual shareholders, and heard the opinions and suggestions for the operation and development of the Company from shareholders.

Providing better daily service for investors and maintain two-way communication channels. The Company paid high attention to the appeals of small and medium-sized investors, provided equal and smooth communication channels, ensured smooth communication channels such as investor hotline and investor mailbox, played a supporting role in investors' studies and research and actively responded to questions on SSE e-interactive platform to achieve high-quality communication with investors both offline and online. During the year, the Company held a total of 68 investor communication meetings through investor research and conference calls, with more than 1,600 investors involved. The Company answered 122 questions from investors on the SSE e-interactive platform, answering investors' queries in a timely manner. The Company regularly reported investors' concerns and demands to the management and the Board of the Company to ensure that investors' voices be delivered in a timely and effective manner.

III. AWARDS OF CHINA SHENHUA IN 2022

No.	Date of Award	Name of Major Award	Awarded by
1	March 2022	Best Practice Case of Listed Companies for Rural Revitalization	China Association for Public Companies
2	April 2022	Best ESG Disclosure Award, Best IR Hong Kong Listed Company (A+H)	New Fortune
3	June 2022	Selected as the "Listed Company with Strong Returns"	China Association for Public Companies
4	June 2022	Selected as the "Listed Company with Sincere Returns"	China Association for Public Companies
5	August 2022	No. 14 on the list of China's Top 100 Listed Companies 2022	China Business Top 100 Forum
6	August 2022	2022 Outstanding CSR Report Release for Enterprises in the Coal Industry	China National Coal Association
7	August 2022	Class A Assessment on Information Disclosure of Listed Companies on the Main Board of SSE 2021 to 2022	SSE
8	August 2022	Listed Company with ESG Influence	Fortune
9	September 2022	16th New Value for a New Era Top 100 Valuable Main-Board Listed Companies of China	Securities Times
10	September 2022	The Outstanding Management Team for the 16th Annual Value Evaluation of Listed Companies in China	Securities Times
11	October 2022	2022 China ESG50	Forbes China

No.	Date of Award	Name of Major Award	Awarded by
12	November 2022	"ESG Pioneer 50 Index of Central Enterprises", "ESG Governance Pioneer 50 Index of Central Enterprises", "ESG Social Value Pioneer 50 Index of Central Enterprises" and "ESG Risk Management Pioneer 50 Index of Central Enterprises"; "Focusing on ESG Ecological Construction to Empower Enterprise's Sustainable Development" selected as an outstanding ESG case	The 5th China Enterprise Forum
13	November 2022	Excellent Listed Company of the Year	Stock Star
14	December 2022	2022 Best Practices for Directors' Offices of Listed Companies	China Association for Public Companies
15	December 2022	5A Assessment on 2022 Evaluation of the Performance of Board Secretaries of Listed Companies	China Association for Public Companies
16	December 2022	Top 100 Enterprises of China, China Top 100 Special Contribution Enterprise Award, Excellent Secretary of Board Award for Top 100 Enterprises of China	China Business Top 100 Forum
17	December 2022	Best ESG Practice for A-share Listed Companies in 2022	China Association for Public Companies
18	December 2022	Sustainable Development Contribution Award	CAIJING
19	December 2022	Advanced Enterprise of Coal Industry in Energy Saving and Emission Reduction for 2020 to 2021	China National Coal Association, China Coal Processing & Utilization Association

Independent auditor's report to the members of
China Shenhua Energy Company Limited
(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of China Shenhua Energy Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 208 to 333, which comprise the consolidated statement of financial position as at 31 December 2022, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standard Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accounts ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (CONTINUED)

Impairment assessment on coal mines related non-current assets

Refer to Notes 16(i),17,18,19 and 22 to the consolidated financial statements and the accounting policies in Note 3.

Key audit matter	How our audit addressed the key audit matter
As at 31 December 2022, the Group's coal mines related non-current assets, which comprise property, plant and equipment, construction in progress, exploration and evaluation assets and other non-current assets, had a total carrying value of RMB98,491 million. In accordance with the prevailing accounting standards, management performed assessment at the end of the reporting period to determine whether there was any indication that these coal mines related non-current assets may be impaired. An asset is impaired when its recoverable amount, or the recoverable amount of the cash generating unit to which it belongs, is less than its carrying amount. As at 31 December 2022, management performed an impairment assessment on assets or assets group with indications of impairment on the balance sheet date. The recoverable amounts of these coal mines related non-current assets is determined based on the higher of value in use that based on future discounted cash flows on a cash generating unit basis and the net value of the assets or assets group's fair value minus disposal costs.	Our procedures in relation to impairment assessment on coal mines related non-current assets included: • obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls relating to impairment assessment on non-current assets, understanding of the Group's procedures to identify impairment indicators of the non-current assets and evaluating management's identification of impairment indicators, if any, based on the internal sources and external sources of information; • assessing the appropriateness of the methodologies used by management to estimate value in use with reference to the requirements of the prevailing accounting standards; • challenging the reasonableness of significant judgements and estimates, such as sales growth rate related to future market supply and demand conditions, future coal price, future capital expenditure, future operating costs and discount rates used in management's calculation of value in use based on our knowledge of the business and industry;

KEY AUDIT MATTERS (CONTINUED)

Impairment assessment on coal mines related non-current assets (continued)

Refer to Notes 16(i),17,18,19 and 22 to the consolidated financial statements and the accounting policies in Note 3.

Key audit matter	How our audit addressed the key audit matter
When assessing the recoverable amounts, management is required to make a number of judgemental assumptions, particularly relating to the discount rates, the underlying cash flows projection based on the future market supply and demand conditions. Any changes in management's judgement may impact the results of the impairment assessment. As set out in Notes 16(i),17,19 and 22 to the consolidated financial statements, management concluded that an impairment provision for coal mines related non-current assets of RMB1,160 million was required for the current year. We identified impairment assessment on coal mines related non-current assets as a key audit matter due to the significant judgment made by management in determining the recoverable amounts of the assets and considering the possibility of management bias in the selection of assumptions adopted.	• When the management determines the recoverable amount by using the value in use calculations that based on future discounted cash flows, engaging our internal valuation specialists to assess whether the discount rates applied in the value in use calculations were within the reasonable range; • evaluating the historical accuracy of management's forecasts by comparing cash flow forecasts made in previous periods to the actual results in the current year; • evaluating the sensitivity analysis on discount rates and considering the resulting impact on the impairment assessment for the year and whether there were any indicators of management bias; and • assessing the relevant disclosures in the consolidated financial statements in respect of management's impairment assessment with reference to the requirements of the prevailing accounting standards.

KEY AUDIT MATTERS (CONTINUED)

Timing of revenue recognition from sale of coal

Refer to Note 5 to the consolidated financial statements and the accounting policies in Note 3.

Key audit matter

Sale of coal accounted for 67% of the Group's revenue for the year ended 31 December 2022. Sale of coal is recognised when the control of the coal is transferred to the customer. Management evaluates the terms of individual contracts in order to determine the appropriate timing for revenue recognition, which varies amongst contracts.

Revenue is one of the key performance indicators of the Group. We identified the timing of revenue recognition as a key audit matter because of the different terms of trade offered by the Group to its customers which increases the risk that revenue could be recorded in the incorrect period or could be subject to manipulation to meet targets or expectations.

How our audit addressed the key audit matter

Our audit procedures to assess the timing of revenue recognition from the sale of coal included the following:

- obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls over revenue recognition from the sale of coal;
- inspecting coal sale contracts on a sample basis, to identify terms and conditions relating to transfer of the control of the coal and assessing the Group's timing of revenue recognition with reference to the requirements of the prevailing accounting standards;
- obtaining confirmations, on a sample basis, from customers of the Group in relation to coal sales transactions during the year and balances of trade receivables of the year end and, for unreturned confirmations, performing alternative procedures by comparing the sales amount of the transactions with relevant underlying documentation or cash receipts subsequent to the financial year end relating to trade receivable balances;

KEY AUDIT MATTERS (CONTINUED)

Timing of revenue recognition from sale of coal (continued)

Refer to Note 5 to the consolidated financial statements and the accounting policies in Note 3.

Key audit matter	How our audit addressed the key audit matter
	• comparing, on a sample basis, whether specific coal sales transactions recorded before and after the financial year end date with relevant underlying documentation, which included sales invoices, goods dispatch notes, customer receipts, or shipping documents, as applicable under the respective sales transactions contracts, to determine whether the related revenue had been recognised in the appropriate financial period on the basis of the terms of sale as set out in the respective sales contracts; and • inspecting underlying documentation for journal entries relating to coal sales which were considered to meet specific risk-based criteria.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Guen Kin Shing.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

24 March 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

(Expressed in Renminbi ("RMB"))

	Notes	Year ended 31 December 2022 RMB million	2021 (Restated) RMB million
Revenue			
Goods and services	5	**344,533**	335,640
Cost of sales	7	**(226,624)**	(239,805)
Gross profit		**117,909**	95,835
Selling expenses		**(410)**	(581)
General and administrative expenses		**(9,930)**	(9,119)
Research and development costs		**(3,722)**	(2,499)
Other gains and losses	11	**(3,184)**	(955)
Other income	8	**1,100**	893
Loss allowances, net of reversal	11	**(1,337)**	(2,561)
Other expenses		**(2,136)**	(1,103)
Interest income	9	**3,071**	2,492
Finance costs	9	**(3,930)**	(2,583)
Share of results of associates		**2,223**	(874)
Profit before income tax		**99,654**	78,945
Income tax expense	10	**(14,297)**	(18,161)
Profit for the year	11	**85,357**	60,784
Profit for the year		**85,357**	60,784
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss, net of income tax:			
Fair value changes on investments in equity instruments at fair value through other comprehensive income		**219**	292
Share of other comprehensive income of associates		**326**	–
Items that may be reclassified subsequently to profit or loss, net of income tax:			
Exchange differences		**898**	(172)
Fair value changes on investments in debt instruments at fair value through other comprehensive income		**4**	–
Share of other comprehensive income of associates		**(7)**	66
Other comprehensive income for the year, net of income tax		**1,440**	186
Total comprehensive income for the year		**86,797**	60,970

Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the year ended 31 December 2022

(Expressed in Renminbi ("RMB"))

	Notes	Year ended 31 December 2022 RMB million	2021 (Restated) RMB million
Profit for the year attributable to:			
Equity holders of the Company		**72,903**	51,422
Non-controlling interests		**12,454**	9,362
		85,357	60,784
Total comprehensive income for the year attributable to:			
Equity holders of the Company		**74,162**	51,645
Non-controlling interests		**12,635**	9,325
		86,797	60,970
Earnings per share			
– Basic/diluted *(RMB)*	15	**3.669**	2.588

The notes on pages 218 to 333 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 December 2022

(Expressed in RMB)

	Notes	31 December 2022 RMB million	31 December 2021 (Restated) RMB million
Non-current assets			
Property, plant and equipment	16	**274,103**	263,431
Construction in progress	17	**20,843**	26,201
Exploration and evaluation assets	18	**5,218**	4,000
Intangible assets	19	**4,059**	4,651
Right-of-use assets	23	**24,023**	22,240
Interests in associates	20	**49,714**	47,708
Equity instruments at fair value through other comprehensive income	21	**2,386**	2,174
Other non-current assets	22	**28,905**	28,089
Deferred tax assets	29	**4,877**	3,568
Total non-current assets		**414,128**	402,062
Current assets			
Inventories	24	**12,096**	12,633
Accounts and bills receivables	25	**12,100**	13,607
Financial assets at fair value through other comprehensive income	21	**502**	376
Prepaid expenses and other current assets	26	**15,849**	18,514
Restricted bank deposits	27	**6,357**	4,479
Time deposits with original maturity over three months		**32,688**	1,701
Cash and cash equivalents	28	**131,458**	156,706
Assets classified as held for sale		**–**	294
Total current assets		**211,050**	208,310
Current liabilities			
Borrowings	30	**12,630**	9,917
Accounts and bills payables	33	**38,972**	35,216
Accrued expenses and other payables	34	**34,724**	29,109
Current portion of lease liabilities	32	**297**	187
Current portion of long-term liabilities	35	**674**	1,427
Income tax payable		**5,510**	9,028
Contract liabilities		**5,597**	6,864
Total current liabilities		**98,404**	91,748
Net current assets		**112,646**	116,562
Total assets less current liabilities		**526,774**	518,624

Consolidated Statement of Financial Position (Continued)

At 31 December 2022

(Expressed in RMB)

	Notes	31 December 2022 RMB million	31 December 2021 (Restated) RMB million
Non-current liabilities			
Borrowings	30	**38,438**	49,193
Bonds	31	**3,453**	3,172
Long-term liabilities	35	**10,613**	8,025
Accrued reclamation obligations	36	**9,005**	6,754
Deferred tax liabilities	29	**1,098**	974
Lease liabilities	32	**1,445**	1,510
Total non-current liabilities		**64,052**	69,628
Net assets		**462,722**	448,996
Equity			
Share capital	37	**19,869**	19,869
Reserves		**377,068**	359,984
Equity attributable to equity holders of the Company		**396,937**	379,853
Non-controlling interests		**65,785**	69,143
Total equity		**462,722**	448,996

Approved and authorised for issue by the board of directors on 24 March 2023.

Lv Zhiren
Executive Director

Xu Mingjun
Executive Director

The notes on pages 218 to 333 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

(Expressed in RMB)

	Equity attributable to equity holders of the Company								Non-controlling interests	Total equity
	Share capital RMB million (Note 37)	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 (Note (iv))	Retained earnings RMB million (Note (v))	Total RMB million	RMB million	RMB million
At 31 December 2021	19,869	84,766	3,657	(334)	22,425	(14,316)	263,971	380,038	69,183	449,221
Impact on initial application of amendments to IAS 16, *Property, plant and equipment: Proceeds before intended use (Note 2)*	–	–	–	–	–	–	(185)	(185)	(40)	(225)
At 1 January 2022 (Restated)	19,869	84,766	3,657	(334)	22,425	(14,316)	263,786	379,853	69,143	448,996
Profit for the year	–	–	–	–	–	–	72,903	72,903	12,454	85,357
Other comprehensive income for the year	–	–	–	705	–	554	–	1,259	181	1,440
Total comprehensive income for the year	–	–	–	705	–	554	72,903	74,162	12,635	86,797
Dividend declared *(Note 14)*	–	–	–	–	–	–	(50,466)	(50,466)	–	(50,466)
Appropriation of maintenance and production funds *(Note (iii))*	–	–	–	–	6,006	–	(6,006)	–	–	–
Utilisation of maintenance and production funds *(Note (iii))*	–	–	–	–	(2,649)	–	2,649	–	–	–
Acquisition of non-controlling interest in subsidiaries	–	–	–	–	–	(6,698)	–	(6,698)	(3,306)	(10,004)
Contributions from non-controlling shareholders	–	–	–	–	–	–	–	–	1,936	1,936
Distributions to non-controlling shareholders	–	–	–	–	–	–	–	–	(14,629)	(14,629)
Others	–	–	–	–	–	45	41	86	6	92
At 31 December 2022	19,869	84,766	3,657	371	25,782	(20,415)	282,907	396,937	65,785	462,722

	Equity attributable to equity holders of the Company										
	Share capital *RMB million* *(Note 37)*	Treasury shares *RMB million*	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* *(Note (iv))*	Retained earnings *RMB million* *(Note (v))*	Total *RMB million*	Non-controlling interests *RMB million*	Total equity *RMB million*
At 1 January 2021	19,890	(256)	85,001	3,657	(201)	20,236	(14,809)	250,685	364,203	65,384	429,587
Profit for the year (Restated)	–	–	–	–	–	–	–	51,422	51,422	9,362	60,784
Other comprehensive income for the year	–	–	–	–	(133)	–	356	–	223	(37)	186
Total comprehensive income for the year	–	–	–	–	(133)	–	356	51,422	51,645	9,325	60,970
Dividend declared *(Note 14)*	–	–	–	–	–	–	–	(35,962)	(35,962)	–	(35,962)
Appropriation of maintenance and production funds *(Note (iii))*	–	–	–	–	–	5,581	–	(5,581)	–	–	–
Utilisation of maintenance and production funds *(Note (iii))*	–	–	–	–	–	(3,392)	–	3,392	–	–	–
Cancellation of repurchased own shares	(21)	256	(235)	–	–	–	–	–	–	–	–
Contributions from non-controlling shareholders	–	–	–	–	–	–	–	–	–	1,646	1,646
Distributions to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(6,739)	(6,739)
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	(227)	(227)
Others	–	–	–	–	–	–	137	(170)	(33)	(246)	(279)
At 31 December 2021 (Restated)	19,869	–	84,766	3,657	(334)	22,425	(14,316)	263,786	379,853	69,143	448,996

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 issuance of A shares in 2007.

Notes: (Continued)

(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 Corporation Limited ("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 maintenance and production funds

Pursuant to the relevant PRC regulations, the Group is required to transfer production and maintenance funds at fixed rates based on relevant bases, such as production volume, to a specific reserve account. 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.

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 of the Company (the "Directors") have not proposed any appropriation to the discretionary surplus reserve in 2022 and 2021.

(iv) Other reserves

Other reserves mainly represents the consideration paid for acquisition of subsidiaries under common control, acquisition of non-controlling interests in subsidiaries and share of other reserves of associates.

(v) Retained earnings

Included in the retained earnings of the Group were its share of the surplus reserve of its domestic subsidiaries amounted to RMB29,631 million as at 31 December 2022 (31 December 2021: RMB26,936 million).

The notes on pages 218 to 333 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

(Expressed in RMB)

	Year ended 31 December	
	2022	2021 (Restated)
	RMB million	*RMB million*
Operating activities		
Profit before income tax	**99,654**	78,945
Adjustments for:		
Depreciation of property, plant and equipment *(Note 11)*	**20,626**	19,245
Depreciation of right-of-use assets *(Note 11)*	**849**	725
Amortisation of intangible assets *(Note 11)*	**486**	413
Amortisation of long-term deferred expenses *(Note 11)*	**1,287**	1,162
Gains on disposal of property, plant and equipment, intangible assets and non-current assets *(Note 11)*	**(188)**	(346)
Losses on disposal of subsidiaries and associates *(Note 11)*	**–**	9
Impairment losses on property, plant and equipment *(Note 11)*	**2,151**	535
Impairment losses on construction in progress *(Note 11)*	**86**	376
Impairment losses on intangible assets *(Note 11)*	**348**	11
Impairment losses on right-of-use assets *(Note 11)*	**201**	–
Impairment losses on goodwill *(Note 11)*	**56**	36
Impairment losses on interests in associates *(Note 11)*	**–**	60
Reversal of allowance for prepaid expenses *(Note 11)*	**(6)**	–
Impairment losses on other non-current assets *(Note 11)*	**47**	–
Write-down of inventories *(Note 11)*	**489**	274
Interest income *(Note 9)*	**(3,071)**	(2,492)
Share of results of associates	**(2,223)**	874
Loss allowances, net of reversal *(Note 11)*	**1,337**	2,561
Interest expenses	**3,338**	2,698
Exchange loss/(gain), net *(Note 9)*	**564**	(115)
Other income from debt restructuring	**(176)**	–
Operating cash flows before movements in working capital	**125,855**	104,971
Changes in working capital:		
Decrease/(increase) in inventories	**48**	(157)
Decrease/(increase) in accounts and bills receivables	**523**	(2,779)
Increase in prepaid expenses and other assets	**(319)**	(5,027)
Increase in accounts and bills payables	**2,794**	2,326
Increase in accrued expenses and other liabilities	**1,100**	9,488
(Decrease)/increase in contract liabilities	**(1,267)**	1,608
Cash generated from operations	**128,734**	110,430
Income tax paid	**(19,000)**	(16,080)
Net cash generated from operating activities	**109,734**	94,350

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2022

(Expressed in RMB)

	Year ended 31 December	
	2022	2021 (Restated)
	RMB million	*RMB million*
Investing activities		
Additions of property, plant and equipment, intangible assets, exploration and evaluation assets, construction in progress and other non-current assets	**(26,865)**	(23,011)
Increase in right-of-use assets	**(1,819)**	(627)
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets	**1,236**	900
Investments in associates	**(519)**	(736)
Net cash received from disposal of subsidiaries	**–**	1,389
Net cash received from disposal of assets classified as held for sale	**294**	2,566
Net cash received from acquisition of subsidiaries	**–**	614
Dividend received from associates	**1,075**	1,613
Interest received	**2,796**	2,135
Increase in restricted bank deposits	**(1,878)**	(1,088)
Placing of time deposits with original maturity over three months	**(38,998)**	(1,046)
Maturity of time deposits with original maturity over three months	**8,011**	10,531
Collection of other current assets	**82**	141
Net cash used in investing activities	**(56,585)**	(6,619)

For the year ended 31 December 2022

(Expressed in RMB)

	Year ended 31 December	
	2022	2021 (Restated)
	RMB million	*RMB million*
Financing activities		
Capital element of lease rentals paid *(Note 28(b))*	**(238)**	(197)
Interest element of lease rentals paid *(Note 28(b))*	**(43)**	(29)
Interest paid *(Note 28(b))*	**(2,925)**	(3,214)
Proceeds from borrowings *(Note 28(b))*	**27,653**	22,114
Repayments of borrowings *(Note 28(b))*	**(36,424)**	(21,741)
Redemption of bonds *(Note 28(b))*	**(77)**	–
Proceeds from bills discounted	**1,040**	995
Consideration for acquisition of non-controlling interest in subsidiaries	**(10,004)**	–
Contributions from non-controlling shareholders	**1,669**	1,129
Distributions to non-controlling shareholders	**(8,919)**	(6,826)
Dividend paid to equity holders of the Company *(Note 14)*	**(50,466)**	(35,962)
Net cash used in financing activities	**(78,734)**	(43,731)
(Decrease)/increase in cash and cash equivalents	**(25,585)**	44,000
Cash and cash equivalents, at the beginning of the year	**156,706**	112,880
Effect of foreign exchange rate changes	**337**	(174)
Cash and cash equivalents, at the end of the year	**131,458**	156,706

The notes on pages 218 to 333 form part of these financial statements.

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, metallurgical and coal chemical producers in the PRC.

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 Hong Kong Dollars ("HKD") 7.50 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 SSE.

1. PRINCIPAL ACTIVITIES AND ORGANISATION (CONTINUED)

Immediate parent and ultimate controlling party

On 28 August 2017, Shenhua Group received the Notice regarding the Restructuring of China Guodian Corporation and Shenhua Group Corporation Limited (Guo Zi Fa Gai Ge [2017] No. 146) from the State-owned Assets Supervision and Administration Commission of the State Council, which approves that China Guodian Corporation (the "China Guodian") and Shenhua Group shall implement the joint restructuring, China Guodian shall be merged into Shenhua Group, and the company name of Shenhua Group shall be changed to China Energy Investment Corporation Limited (the "China Energy Group"). China Energy Group will be the parent company after the completion of the restructuring.

On 27 November 2017, Shenhua Group has completed the industrial and commercial registration of changes in the business license. The Directors consider the immediate parent and ultimate holding company of the Group to be China Energy Group.

2. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRSs issued by the IASB to these financial statements for the current accounting period:

- Amendments to IAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to IAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRSs are discussed below:

Amendments to IAS 16, *Property, plant and equipment: Proceeds before intended use*

The amendments prohibit an entity from deducting the proceeds from selling items produced before that asset is available for use from the cost of an item of property, plant and equipment. Instead, the sales proceeds and the related costs should be included in profit and loss. The amendments do not have a material impact on these financial statements.

From 1 January 2022, the Group respectively has accounted for the proceeds and costs of sales of trial operation and recognised in profit or loss for the current period, and meanwhile in accordance with the amendments above, applied the amendments retrospectively to the sales of trial operation that occurred between the beginning of the earliest period presented of the financial statements and the effective date.

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Amendments to IAS 16, *Property, plant and equipment: Proceeds before intended use* (Continued)

The impact of the retrospective adjustments of the above accounting policy changes on the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income at 31 December 2021, which was prepared in accordance with IFRSs, is as follows: Property, plant and equipment decreased by RMB225 million, total equity decreased by RMB225 million, revenue increased by RMB424 million, cost of sales increased by RMB649 million, and profit for the year decreased by RMB225 million, respectively, as at 31 December 2021.

Amendments to IAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Previously, the Group included only incremental costs when determining whether a contract was onerous. In accordance with the transitional provisions, the Group has applied the new accounting policy to contracts for which it has not yet fulfilled all its obligations at 1 January 2022, and has concluded that none of them is onerous.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board (the "IASB"). They are presented in Renminbi ("RMB") and all values are rounded to the nearest million (RMB' million) except when otherwise indicated. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of preparation (Continued)

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments as disclosed in Note 39.3, which have been measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 *Impairment of Assets*.

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 preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of preparation (Continued)

The estimates and underlying assumptions are reviewed on an ongoing 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.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 4.

Significant accounting policies adopted by the Group are disclosed 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 when 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.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

– the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

– potential voting rights held by the Group, other vote holders or other parties;

– rights arising from other contractual arrangements; and

– any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (Continued)

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.

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 transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in 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 relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations

Acquisitions of businesses, other than business combination under common control 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, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee benefits respectively.

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 non-controlling 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 are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business 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 group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill (Continued)

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 unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

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, after applying the expected credit losses (the "ECL") model to such other long-term interests where applicable), 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates (Continued)

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 Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 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 is recognised when the recoverable amount is less than the carrying value of the investment in associates. 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 of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-current assets held for sale (Continued)

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except for financial assets within the scope of IFRS 9, which continue to be measured in accordance with the accounting policies as set out in respective sections.

Revenue from contracts with customers

Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

– the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

– the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

– the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-current assets held for sale (Continued)

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than entity's functional currencies (foreign currencies) 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, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to 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 period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 deferred income 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 and a supplemental defined contribution pension plan approved by the government are recognised as an expense when employees have rendered service entitling them to the contributions.

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 of income or expense that are taxable or deductible in other years and 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 bases 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 differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

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 future 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

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 other items of plant and equipment, 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:

Categories	**Term for deprecation (year)**
Buildings	10 – 55 years
Mining related machinery and equipment	5 – 40 years
Generators related machinery and equipment	8 – 35 years
Railway and port	6 – 45 years
Vessels	25 years
Coal chemical related machinery and equipment	8 – 20 years
Furniture, fixtures, motor vehicles and other equipment	5 – 35 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.

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.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related cost are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (Continued)

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.

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 units-of-production basis 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 units-of-production basis. Stripping costs and secondary development expenditure, mainly comprising costs on blasting, haulage, excavation, etc. incurred during the production stage of the ore body and does not providing any improved access to 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (Continued)

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.

Expenditure during the initial exploration preparation stage of a project is charged to profit or loss as incurred. Exploration and evaluation costs, including the costs of acquiring licenses, 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.

Once the final feasibility study has been completed and a development decision has been taken, accumulated capitalised exploration and evaluation expenditures in respect of an area of interest are transferred to property, plant and equipment. In circumstances when an area of interest is abandoned or management decides it is not commercially viable, any accumulated costs in respect of that area are written off in the period the decision is made.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (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 flows for 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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (Continued)

Internally-generated intangible assets – research and development expenditure (Continued)

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 not under common control

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 acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (Continued)

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset are measured as 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.

Impairment of tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of tangible and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leased assets (Continued)

(i) As a lessee (Continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS 16 Leases. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of IFRS 16 and recognised the change in consideration as if it were not a lease modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption method, then the Group classifies the sub-lease as an operating lease.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities measured at fair value through profit and loss (the "FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities FVTPL are recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points 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 asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

– the financial asset is held within a business model whose objective is to collect contractual cash flows; and

– the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (the "FVTOCI"):

– the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and

– the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the other reserves; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

Impairment of financial assets

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under IFRS 9 (including accounts receivable, other receivables, long-term receivables, loans to China Energy Group and fellow subsidiaries, entrusted loans and financial guarantee contracts). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for accounts receivable. The ECL on these assets are assessed individually for credit-impaired debtors or using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) ***Significant increase in credit risk (Continued)***

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

– an actual or expected significant deterioration in the financial instrument's external credit rating (if available);

– significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

– existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

– an actual or expected significant deterioration in the operating results of the debtor;

– an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group). The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concessions that the lenders would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial re-organisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

Impairment of financial assets (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL (Continued)

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

– Nature of financial instruments (i.e. the Group's accounts and bills receivables and other receivables are each assessed as a separate group. Loans receivable are assessed for ECL on an individual basis);

– Past-due status; and

– External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognisation. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

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 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 measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI upon application of IFRS 9, the cumulative gain or loss previously accumulated in other reserves is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities and equity (Continued)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at amortised cost

Financial liabilities including borrowings, accounts and bills payables, other payables, long-term liabilities, medium-term notes and bonds are subsequently measured at amortised cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

– the amount of the loss allowance determined in accordance with IFRS 9/IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and

– the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. 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-currency exchange rate swaps, and are initially recognised at fair value at the date when the derivative contracts are entered into, and remeasured at fair value at the end of the reporting period, with any gains or losses recognised in profit or loss.

Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties (Continued)

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group.

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

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 Guoneng Hebei Dingzhou Power Co., Ltd. ("Dingzhou Power")

Note 44 describes that Dingzhou Power is a subsidiary of the Company although the Company 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 40%, respectively. Details of Dingzhou Power are set out in Note 44.

The Directors evaluated whether the Company has the practical ability to lead the relevant activities of Dingzhou Power to determine whether the Company has actual control over Dingzhou Power. The Company is the largest equity owner of Dingzhou Power and no other equity owners individually or in aggregate had the power to control Dingzhou Power according to the articles of association. Historically, the Company controlled the operation of Dingzhou Power by appointing senior management, approving annual budget and determining the remuneration of employees etc. Considering above mentioned factors, the Directors are of the opinion that the Company has sufficiently dominant power over Dingzhou Power as the Company is the governing body of most of the relevant activities of it. Therefore the financial statements of Dingzhou Power are consolidated by the Company during the periods presented.

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 mainly include property, plant and equipment, construction in progress, exploration and evaluation assets, intangible assets, right-of-use assets, interests in associates and other non-current assets, the recoverable amount of the asset need to be determined. The recoverable amount is the higher of its fair value less cost of disposal and value in use. It is difficult to precisely estimate fair value because quoted market prices for these assets may not be readily available. In determining the value in use, the Group uses all readily available information in determining expected cash flows generated by the cash-generating unit to which the asset belongs and they are discounted to their present value, which requires significant judgement relating to cash flow items such as level of sale volume, selling price, amount of operating costs and future returns.

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 or lower than the amount estimated.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

4.2 Key sources of estimation uncertainty (Continued)

Depreciation

Other than the freehold land and 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 and residual value of the assets regularly based on the Group's historical experience with similar assets and taking into account anticipated technological changes. Depreciation for future periods is adjusted if there is a significant change from previous estimates. The carrying amount of the property, plant and equipment is disclosed in Note 16.

Deferred tax assets

As at 31 December 2022, deferred tax assets of RMB4,877 million (2021: RMB3,568 million) have been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of RMB8,621 million (2021: RMB7,097 million) and deductible temporary differences of RMB9,349 million (2021: RMB8,864 million) due to the unpredictability of future profit streams. The realisation of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less or more than expected, a material reversal or further provision of deferred tax assets may arise, which will be recognised in profit or loss in the period in which such a reversal or further provision takes place.

Fair value measurement of financial instruments

Certain of the Group's financial assets, unquoted equity instruments and accounts and bills receivables amounting to RMB2,888 million as at 31 December 2022 (RMB2,550 million as at 31 December 2021) are measured at fair values with fair values being determined based on unobservable inputs using valuation techniques as set out in Note 39.3. Changes in assumptions relating to any key inputs may have a material impact on the reported fair values of these instruments.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

4.2 Key sources of estimation uncertainty (Continued)

Provision of ECL for accounts receivables

The Group uses provision matrix to calculate ECL for accounts receivable. The provision rates are based on the aging of accounts receivable as groupings of receivables that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, accounts and bills receivables with significant balances and credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's accounts receivable are disclosed in Notes 25 and 39.2, respectively.

Obligations for land reclamation

The estimation of the liabilities for 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 development plan of the mines, 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 36.

5. REVENUE FROM GOODS AND SERVICES

Disaggregation of revenue of business lines and geographical location of customers is as follows:

Segments	Coal		Power		Railway		Port		Shipping		Coal chemical		Other		Total	
	2022	2021	2022	2021 (Restated)	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021 (Restated)
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Types of goods or service																
Sales of goods																
Coal	230,050	249,569	–	–	–	–	–	–	–	–	–	–	–	–	230,050	249,569
Power	–	–	77,767	57,023	–	–	–	–	–	–	–	–	–	–	77,767	57,023
Coal chemical products	–	–	–	–	–	–	–	–	–	–	5,777	5,277	–	–	5,777	5,277
Others	6,255	6,672	6,574	7,360	–	–	–	–	–	–	602	574	–	–	13,431	14,606
	236,305	256,241	84,341	64,383	–	–	–	–	–	–	6,379	5,851	–	–	327,025	326,475
Transportation and other services																
Railway	–	–	–	–	11,618	5,730	–	–	–	–	–	–	–	–	11,618	5,730
Port	–	–	–	–	–	–	1,677	771	–	–	–	–	–	–	1,677	771
Shipping	–	–	–	–	–	–	–	–	2,089	1,321	–	–	–	–	2,089	1,321
Others	–	–	–	–	1,805	1,108	282	211	37	–	–	–	–	24	2,124	1,343
	–	–	–	–	13,423	6,838	1,959	982	2,126	1,321	–	–	–	24	17,508	9,165
Total	236,305	256,241	84,341	64,383	13,423	6,838	1,959	982	2,126	1,321	6,379	5,851	–	24	344,533	335,640
Geographical markets																
Domestic markets	230,421	252,481	77,945	57,415	13,423	6,838	1,959	982	2,126	1,321	6,379	5,851	–	24	332,253	324,912
Overseas markets	5,884	3,760	6,396	6,968	–	–	–	–	–	–	–	–	–	–	12,280	10,728
Total	236,305	256,241	84,341	64,383	13,423	6,838	1,959	982	2,126	1,321	6,379	5,851	–	24	344,533	335,640

5. REVENUE FROM GOODS AND SERVICES (CONTINUED)

Segments	Coal		Power		Railway		Port		Shipping		Coal chemical		Other		Total	
	2022	2021	2022	2021 (Restated)	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021 (Restated)
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Timing of revenue recognition																
A point in time	236,305	256,241	84,341	64,383	–	–	–	–	–	–	6,379	5,851	–	–	327,025	326,475
Over time	–	–	–	–	13,423	6,838	1,959	982	2,126	1,321	–	–	–	24	17,508	9,165
Total	236,305	256,241	84,341	64,383	13,423	6,838	1,959	982	2,126	1,321	6,379	5,851	–	24	344,533	335,640

The Group's revenue from contracts with customers is RMB344,456 million for the year ended 31 December 2022 (2021: RMB335,530 million as restated).

Set out below is the reconciliation of the revenue with the amounts disclosed in the segment information.

Segments	Coal		Power		Railway		Port		Shipping		Coal chemical		Other		Total	
	2022	2021	2022	2021 (Restated)	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021 (Restated)
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Revenue disclosed in segment information																
External customers	236,305	256,241	84,341	64,383	13,423	6,838	1,959	982	2,126	1,321	6,379	5,851	–	24	344,533	335,640
Inter-segment	41,169	36,420	184	165	28,774	33,861	4,482	5,458	3,925	4,874	–	–	529	297	79,063	81,075
	277,474	292,661	84,525	64,548	42,197	40,699	6,441	6,440	6,051	6,195	6,379	5,851	529	321	423,596	416,715
Adjustment and eliminations	(41,169)	(36,420)	(184)	(165)	(28,774)	(33,861)	(4,482)	(5,458)	(3,925)	(4,874)	–	–	(529)	(297)	(79,063)	(81,075)
Revenue	236,305	256,241	84,341	64,383	13,423	6,838	1,959	982	2,126	1,321	6,379	5,851	–	24	344,533	335,640

The Group produces and sells coal and coal chemical products to customers at spot market. For sales of coal and coal chemical products, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customers' specific location. According to the Group's historical experiences, there was no significant exchange or return of coal and coal chemical products occurred. There is no sales-related warranties associated with coal and coal chemical products.

For sales of power, revenue is recognised upon the transmission of electric power to the power grid companies. Power could not be returned or exchanged and there is also no warranties associated with power sales.

5. REVENUE FROM GOODS AND SERVICES (CONTINUED)

The Group provides railway transportation services, shipment transportation services as well as port loading and storage services to customers. Such services are recognised as a performance obligation satisfied over time as the Group rendering the services. Revenue is recognised for these services based on the stage of completion of the performance obligation using output method.

All performance obligations of sales of coal, power and coal chemical products, railway and shipment transportation services, and port loading and storage services are part of contracts with an original expected duration of one year or less, and as permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

6. 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 chief operating decision maker ("CODM"), including president, senior vice president and chief financial officer, for the purposes of resource allocation and performance assessment, the Group has presented the following six (2021: six) 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, the power operations segment and the coal chemical operations 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 operations segment and external suppliers, thermal power, wind power, water power and gas power to generate electric power for the sale to coal operations segment and external customers. Electric power is sold to the power grid companies in accordance with planned power output at the tariff rates as approved by the relevant government authorities. Electric power produced in excess of the planned power output is sold at the tariff rate as agreed upon with the respective power grid companies which are generally lower than the tariff rates for planned power output.

6. SEGMENT AND OTHER INFORMATION (CONTINUED)

(3) Railway operations – which provide railway transportation services to the coal operations segment, the power operations segment, the coal chemical operations segment and external customers. The rates of freight charges billed to the coal operations segment, the power operations segment, the coal chemical 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 operations segment, the coal operations segment and external customers. The rates of freight charges billed to the power operations segment, the coal operations segment and external customers are consistent.

(6) Coal chemical operations – which use coal from the coal operations segment to first produce methanol and further process into polyethylene and polypropylene, together with other by-products, for sale to external customers. The Group sells its polyethylene at spot market.

(a) Segment results

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

6. SEGMENT AND OTHER INFORMATION (CONTINUED)

(a) Segment results (Continued)

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2022 and 2021 is set out below:

	Coal		Power		Railway		Port		Shipping		Coal chemical		Total	
	2022	2021	2022	2021 (Restated)	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021 (Restated)
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Revenue from external customers	236,305	256,241	84,341	64,383	13,423	6,838	1,959	982	2,126	1,321	6,379	5,851	344,533	335,616
Inter-segment revenue	41,169	36,420	184	165	28,774	33,861	4,482	5,458	3,925	4,874	–	–	78,534	80,778
Reportable segment revenue	277,474	292,661	84,525	64,548	42,197	40,699	6,441	6,440	6,051	6,195	6,379	5,851	423,067	416,394
Reportable segment profit	73,536	58,949	7,969	1,800	12,742	15,723	2,268	2,623	706	1,003	538	706	97,759	80,804
Including:														
Interest expenses	1,252	849	1,656	1,514	772	1,107	154	136	–	–	34	50	3,868	3,656
Depreciation and amortisation	8,954	8,769	6,702	5,495	5,357	5,094	1,057	1,024	288	313	776	726	23,134	21,421
Share of results of associates	883	345	322	(3)	4	(4)	4	6	–	–	–	–	1,213	344
Loss allowances and impairment of assets	1,595	1,140	1,097	69	753	(3)	62	3	(31)	–	12	61	3,488	1,270

(b) Reconciliations of reportable segment revenue, segment profit and other items of profit or loss for the years ended 31 December 2022 and 2021 are set out below:

	Reportable segment amounts		Unallocated head office and corporate items		Elimination of inter-segment amounts		Consolidated	
	2022	2021 (Restated)	2022	2021	2022	2021	2022	2021 (Restated)
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Revenue	423,067	416,394	529	321	(79,063)	(81,075)	344,533	335,640
Profit/(loss) before income tax	97,759	80,804	1,468	(2,814)	427	955	99,654	78,945
Interest expenses	3,868	3,656	1,100	900	(1,734)	(1,963)	3,234	2,593
Depreciation and amortisation	23,134	21,421	114	124	–	–	23,248	21,545
Share of results of associates	1,213	344	851	(1,133)	159	(85)	2,223	(874)
Loss allowances and impairment of assets	3,488	1,270	1,221	2,583	–	–	4,709	3,853

6. SEGMENT AND OTHER INFORMATION (CONTINUED)

(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, exploration and evaluation assets, intangible assets, right-of-use assets, interests in associates, certain 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 right-of-use assets, and the location of operations, in the case of exploration and evaluation assets, intangible assets, other non-current assets and interests in associates.

	Revenue from external customers		Specified non-current assets	
	Year ended 31 December		Year ended 31 December	
	2022	2021 (Restated)	**2022**	2021 (Restated)
	RMB million	*RMB million*	***RMB million***	*RMB million*
Domestic markets	**332,253**	324,912	**385,779**	376,920
Overseas markets	**12,280**	10,728	**6,119**	6,147
	344,533	335,640	**391,898**	383,067

(d) Major customers

Revenue from any individual customer of the Group does not exceed 10% of the Group's revenue. Certain of the Group's customers are entities, which controlled, jointly controlled or significantly influenced by the PRC government ("government-related entities") and collectively considered as the Group's major customers. During the year ended 31 December 2022, revenue from the Group's top five major customers of coal and power segments amounted to RMB137,050 million (2021: RMB118,598 million).

6. SEGMENT AND OTHER INFORMATION (CONTINUED)

(e) Other information

Certain other information of the Group's segments for the years ended 31 December 2022 and 2021 is set out below:

Coal	Coal		Power		Railway		Port		Shipping		Coal chemical		Unallocated items		Eliminations		Total	
	2022	2021	2022	2021 (Restated)	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021 (Restated)
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Coal purchased	65,079	102,865	–	–	–	–	–	–	–	–	–	–	–	–	–	–	65,079	102,865
Cost of coal production	70,535	60,899	–	–	–	–	–	–	–	–	–	–	–	–	(6,854)	(4,904)	63,681	55,995
Cost of coal transportation	50,094	58,027	–	–	16,022	17,460	2,646	2,947	1,526	1,345	–	–	–	–	(37,181)	(44,193)	33,107	35,586
Power cost	–	–	69,534	55,835	–	–	–	–	–	–	–	–	–	–	(33,170)	(30,467)	36,364	25,368
Cost of coal chemical production	–	–	–	–	–	–	–	–	–	–	4,876	4,186	–	–	(1,746)	(1,603)	3,130	2,583
Others	7,045	3,335	3,957	4,833	9,019	4,560	910	395	3,688	3,673	617	568	27	44	–	–	25,263	17,408
Total cost of sales	192,753	225,126	73,491	60,668	25,041	22,020	3,556	3,342	5,214	5,018	5,493	4,754	27	44	(78,951)	(81,167)	226,624	239,805
Profit from operations *(Note (i))*	74,717	59,125	8,957	2,785	13,508	16,310	2,394	2,720	642	980	560	722	(1,528)	(2,951)	(112)	92	99,138	79,783
Capital expenditures *(Note (ii))*	10,638	20,575	11,103	16,876	6,740	3,979	2,868	1,002	167	55	333	851	96	39	–	–	31,945	43,377
Total assets *(Note (iii))*	294,056	268,067	150,602	166,429	124,906	139,551	19,831	19,821	7,417	8,065	8,646	8,864	489,271	446,069	(469,551)	(446,494)	625,178	610,372
Total liabilities *(Note (iii))*	(127,971)	(120,171)	(131,620)	(134,566)	(53,172)	(56,285)	(7,931)	(6,519)	(424)	(514)	(3,206)	(2,425)	(201,295)	(176,717)	363,163	335,821	(162,456)	(161,376)

Notes:

(i) Profit from operations is calculated as revenue minus cost of sales, selling expenses, general and administrative expenses, research and development costs, loss allowances and impairment of assets.

(ii) Capital expenditures consist of addition in property, plant and equipment, construction in process, exploration and evaluation assets, intangible assets, long-term deferred expenses, land use rights and prepayment for mining projects.

(iii) 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.

7. COST OF SALES

	Year ended 31 December	
	2022	2021
		(Restated)
	RMB million	*RMB million*
Coal purchased	**65,079**	102,865
Materials, fuel and power	**33,365**	24,318
Personnel expenses	**25,663**	21,285
Depreciation and amortisation	**19,237**	18,093
Repairs and maintenance	**10,715**	10,731
Transportation charges	**18,930**	18,764
Taxes and surcharges	**19,972**	16,502
Other operating costs	**33,663**	27,247
	226,624	239,805

8. OTHER INCOME

	Year ended 31 December	
	2022	2021
	RMB million	*RMB million*
Government grants	**497**	465
Claim income	**27**	39
Others	**576**	389
	1,100	893

9. INTEREST INCOME/FINANCE COSTS

	Year ended 31 December	
	2022	2021
	RMB million	*RMB million*
Interest income from:		
– bank deposits	**3,053**	2,474
– other loans and receivables	**18**	18
Total interest income	**3,071**	2,492
Interest on:		
– borrowings	**2,560**	2,896
– lease liabilities	**43**	29
– bonds	**135**	130
Total finance costs on financial liabilities not at FVTPL	**2,738**	3,055
Less: amount capitalised	**(497)**	(850)
	2,241	2,205
Others	**132**	105
Unwinding of discount	**993**	388
Exchange loss/(gain), net	**564**	(115)
Total finance costs	**3,930**	2,583
Net finance costs	**859**	91

Note:

Borrowing costs capitalised during the year arose on the general borrowing pools and were calculated by applying a capitalisation rate from 1.80% to 4.41% (2021: from 1.80% to 4.90%) per annum to expenditure on qualifying assets.

10. INCOME TAX EXPENSE

	Year ended 31 December	
	2022	2021
	RMB million	*RMB million*
Current tax, mainly PRC enterprise income tax	**18,295**	20,260
Over provision in respect of prior years	**(2,813)**	(1,465)
Deferred tax	**(1,185)**	(634)
	14,297	18,161

10. INCOME TAX EXPENSE (CONTINUED)

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	
	2022	2021 (Restated)
	RMB million	*RMB million*
Profit before income tax	**99,654**	78,945
Tax at the PRC income tax rate of 25% (2021: 25%)	**24,914**	19,736
Tax effects of:		
– different tax rates of branches and subsidiaries	**(8,229)**	(2,066)
– non-deductible expenses	**1,074**	890
– share of results of associates	**(585)**	194
– utilisation of tax losses and deductible temporary difference previously not recognised	**(346)**	(483)
– tax losses and deductible temporary difference not recognised	**282**	1,355
– over provision in respect of prior years	**(2,813)**	(1,465)
Income tax expense	**14,297**	18,161

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 the PRC group entities is 25% (2021: 25%) except for subsidiaries and branches operating in the western developing region of the PRC which are qualified to be entitled to a preferential tax rate of 15% from 2021 to 2030.

The applicable tax rates of the Group's overseas subsidiaries are as follows:

	Year ended 31 December	
	2022	2021
	%	*%*
Australia	**30.0**	30.0
Indonesia	**22.0**	22.0
United States	**21.0**	21.0
Hong Kong, China	**8.25/16.5***	8.25/16.5*

During the years ended 31 December 2022 and 2021, there was no significant assessable profit and provision for income tax for the overseas subsidiaries.

* The two-tiered profits tax rates regime is applicable from the year of assessment 2018/19 onwards. The profits tax rate for the first Hong Kong Dollars ("HK$") 2,000,000 of profits of corporations will be lowered to 8.25%, and profits above that amount will continue to be subject to the tax rate of 16.5%.

11. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging/(crediting)

	Year ended 31 December	
	2022	2021 (Restated)
	RMB million	*RMB million*
Personnel expenses, including	**42,157**	35,499
– Contributions to defined contribution plans	**4,225**	3,662
Depreciation of property, plant and equipment *(Note 16)*	**20,632**	19,264
Depreciation of right-of-use assets *(Note 23)*	**910**	807
Amortisation of intangible assets *(Note 19)*	**486**	413
Amortisation of long-term deferred expenses *(Note 22)*	**1,288**	1,162
Depreciation and amortisation charged for the year	**23,316**	21,646
Less: amount capitalised	**68**	101
Depreciation and amortisation *(Note)*	**23,248**	21,545
Loss allowances		
– Trade receivables *(Note 39.2)*	**(55)**	21
– Other receivables and other loans *(Note 39.2)*	**1,392**	2,540
	1,337	2,561

11. PROFIT FOR THE YEAR (CONTINUED)

	Year ended 31 December	
	2022	2021
	RMB million	*RMB million*
Other gains and losses, represent		
– gains on disposal of property, plant and equipment, intangible assets and non-current assets	**(188)**	(346)
– losses on disposal of subsidiaries and associates	**–**	9
– impairment losses on property, plant and equipment *(Note 16)*	**2,151**	535
– impairment losses on construction in progress *(Note 17)*	**86**	376
– impairment losses on intangible assets *(Note 19)*	**348**	11
– impairment losses on interests in associates	**–**	60
– impairment losses on right-of-use assets *(Note 23)*	**201**	–
– impairment losses on goodwill	**56**	36
– reversal of allowance for prepaid expenses	**(6)**	–
– impairment losses on other non-current assets	**47**	–
– write down of inventories	**489**	274
	3,184	955
Carrying amount of inventories sold	**168,743**	186,436
Operating lease charges relating to short-term leases, leases of low-value assets and variable lease payments	**272**	185
Auditors' remuneration		
– audit service	**37**	33

Note:

Cost of sales include an amount of depreciation and amortisation of RMB19,237 million for the year ended 31 December 2022 (2021: RMB18,093 million).

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' and Supervisors' remuneration for the year, disclosed pursuant to the applicable Listing Rules and CO, is as follows:

	Year ended 31 December 2022				
	Fee *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*
Chairman					
Wang Xiangxi *(Note (i) Note (iii))*	–	–	–	–	–
Sub-total	–	–	–	–	–
Executive directors					
Lv Zhireng *(Note (ii))*	–	0.39	0.44	0.15	0.98
Xu Mingjun	–	0.39	0.79	0.16	1.34
Sub-total	–	0.78	1.23	0.31	2.32
Non-executive directors					
Jia Jinzhong *(Note (i))*	–	–	–	–	–
Yang Rongming *(Note (i) Note (ii))*	–	–	–	–	–
Sub-total	–	–	–	–	–

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

	Year ended 31 December 2022				
	Fee	Basic salaries, housing and other allowance and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Independent non-executive directors					
Chen Hanwen	0.30	–	–	–	0.30
Bai Chong-En	0.30	–	–	–	0.30
Yuan Guoqiang	0.30	–	–	–	0.30
Sub-total	0.90	–	–	–	0.90
Employee director					
Liu Xiaolei *(Note (ii))*	–	0.17	0.15	0.06	0.38
Wang Xingzhong *(Note (iii))*	–	0.33	0.71	0.14	1.18
Sub-total	–	0.50	0.86	0.20	1.56
Supervisors					
Zhang, Feng *(Note (ii))*	–	0.15	0.16	0.06	0.37
Zhou Dayu *(Note (i))*	–	–	–	–	–
Luo Meijian *(Note (i) Note (iii))*	–	–	–	–	–
Tang, Chaoxiong *(Note (ii) Note (iv))*	–	–	–	–	–
Zhang Changyan *(Note (i) Note (iii))*	–	–	–	–	–
Sub-total	–	0.15	0.16	0.06	0.37
Total	0.90	1.43	2.25	0.57	5.15

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

	Year ended 31 December 2021				
	Fee *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*
Chairman					
Wang Xiangxi *(Note (i))*	–	–	–	–	–
Sub-total	–	–	–	–	–
Executive directors					
Yang Jiping *(Note (iii))*	–	0.26	0.78	0.09	1.13
Xu Mingjun	–	0.39	0.92	0.14	1.45
Sub-total	–	0.65	1.70	0.23	2.58
Non-executive directors					
Jia Jinzhong *(Note (i))*	–	–	–	–	–
Yang Rongming *(Note (i) Note (ii))*	–	–	–	–	–
Sub-total	–	–	–	–	–

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

	Year ended 31 December 2021				
	Fee	Basic salaries, housing and other allowance and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Independent non-executive directors					
Chen Hanwen	0.30	–	–	–	0.30
Bai Chong-En	0.30	–	–	–	0.30
Yuan Guoqiang	0.30	–	–	–	0.30
Sub-total	0.90	–	–	–	0.90
Employee director					
Wang Xingzhong	–	0.33	0.83	0.12	1.28
Sub-total	–	0.33	0.83	0.12	1.28
Supervisors					
Zhou Dayu *(Note (i))*	–	–	–	–	–
Luo Meijian *(Note (i))*	–	–	–	–	–
Zhang Changyan *(Note (i))*	–	–	0.39	–	0.39
Sub-total	–	–	0.39	–	0.39
Total	0.90	0.98	2.92	0.35	5.15

Discretionary bonuses were determined by the remuneration committee in accordance with the relevant human resources policies.

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

Notes:

(i) The emoluments of these directors and Supervisors were borne by China Energy Group during the years ended 31 December 2022 and 2021.

(ii) Mr. Yang Rongming was elected and appointed as non-executive director on 25 June 2021.

Mr. Tang Chaoxiong was elected and appointed as Supervisor on 24 June 2022.

Mr. Lv Zhiren was elected and appointed as executive director on 24 June 2022.

Ms. Liu Xiaolei was elected and appointed as employee director on 5 July 2022.

Mr. Zhang Feng was elected and appointed as Supervisor on 5 July 2022.

(iii) Mr. Yang Jiping resigned as executive director on 16 November 2021.

Mr. Luo Meijian resigned as Supervisor on 24 June 2022.

Mr. Wang Xingzhong resigned as employee director on 5 July 2022.

Mr. Zhang Changyan resigned as Supervisor on 5 July 2022.

Mr. Wang Xiangxi resigned as chairman and executive director on 29 July 2022.

(iv) The emolument of Mr. Tang ChaoXiong was borne by China Energy Group during the years ended 31 December 2022.

Except for those emoluments of directors or Supervisors whose emoluments were borne by China Energy Group, the executive directors' and Supervisors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

13. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments within the Group, two (2021: three) were directors of the Company whose emoluments are disclosed in note 12. The emoluments of other three (2021: two) highest paid individuals are as follows:

	Year ended 31 December	
	2022	2021
	RMB million	*RMB million*
Basic salaries, housing and other allowances and benefits in kind	**1.06**	0.72
Discretionary bonuses	**1.94**	1.56
Retirement scheme contributions	**0.41**	0.27
	3.41	2.55

Their emoluments are within the following band:

	Year ended 31 December	
	2022	2021
HKD1,000,001 to HKD1,500,000	**3**	1
HKD1,500,001 to HKD2,000,000	**–**	1
	3	2

14. DIVIDENDS

	Year ended 31 December	
	2022	2021
	RMB million	*RMB million*
Dividend approved and paid during the year:		
2021 final – RMB2.54 (2021: 2020 final – RMB1.81) per ordinary share	**50,466**	35,962

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2022 of RMB50,665 million, at RMB2.55 per ordinary share (in respect of the year ended 31 December 2021: final dividend RMB50,466 million, at RMB2.54 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 RMB72,903 million (2021(Restated): RMB51,422 million) and the weighted average of 19,869 million ordinary shares (2021: 19,869 million shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	Year ended 31 December	
	2022	2021
	million	*million*
Number of shares in issue at 1 January	**19,869**	19,890
Effect of shares repurchased	**–**	(21)
Weighted average number of shares in issue	**19,869**	19,869

No diluted earnings per share for both 2022 and 2021 were presented as there were no potential ordinary shares in existence during both years.

16. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Mining structures and mining rights	Mining related machinery and equipment	Generators related machinery and equipment (Restated)	Railway and port	Vessels	Coal chemical related machinery and equipment	Furniture, fixtures, motor vehicles and other equipment	Total (Restated)
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Cost									
At 1 January 2021	59,237	40,318	69,343	96,301	132,488	7,560	12,813	18,180	436,240
Additions (Restated)	166	8,757	2,091	163	1,569	8	44	107	12,905
Transferred from construction in progress (Restated) *(Note 17)*	2,855	(1)	2,939	17,704	8,151	14	160	1,177	32,999
Reclassification and other additions	(973)	(215)	260	–	928	–	–	–	–
Disposals or write-off	(219)	(104)	(1,558)	(1,374)	(389)	–	(30)	(705)	(4,379)
Exchange adjustment	(179)	–	–	(40)	–	–	–	(12)	(231)
Classified as assets held for sale	(1,310)	–	–	–	–	–	–	–	(1,310)
At 31 December 2021(Restated)	59,577	48,755	73,075	112,754	142,747	7,582	12,987	18,747	476,224
Additions	712	3,586	1,525	268	2,975	3	21	712	9,802
Transferred from construction in progress *(Note 17)*	3,656	237	2,132	11,249	5,395	10	501	673	23,853
Reclassification and other additions	(1,056)	(87)	831	–	339	–	(50)	23	–
Disposals or write-off	(485)	(5)	(940)	(108)	(343)	–	(108)	(198)	(2,187)
Exchange adjustment	127	5	–	159	–	–	–	14	305
At 31 December 2022	62,531	52,491	76,623	124,322	151,113	7,595	13,351	19,971	507,997

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings	Mining structures and mining rights	Mining related machinery and equipment	Generators related machinery and equipment (Restated)	Railway and port	Vessels	Coal chemical related machinery and equipment	Furniture, fixtures, motor vehicles and other equipment	Total (Restated)
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Depreciation and impairment									
At 1 January 2021	15,452	15,323	51,003	40,104	53,657	1,867	7,300	13,336	198,042
Charge for the year	1,705	2,364	3,883	4,436	5,296	334	675	571	19,264
Reclassification	30	(93)	41	–	22	–	–	–	–
Impairment losses	226	–	153	11	–	–	131	14	535
Disposals or write-off	(238)	(37)	(1,507)	(1,383)	(322)	–	(25)	(396)	(3,908)
Exchange adjustment	(103)	–	(1)	(17)	–	–	–	(3)	(124)
Classified as assets held for sale	(1,016)	–	–	–	–	–	–	–	(1,016)
At 31 December 2021	16,056	17,557	53,572	43,151	58,653	2,201	8,081	13,522	212,793
Charge for the year	2,280	2,382	3,541	5,217	5,363	317	717	815	20,632
Reclassification	(10)	–	24	–	–	–	(14)	–	–
Impairment losses *(Note (i))*	753	58	249	932	126	–	7	26	2,151
Disposals or write-off	(447)	(1)	(891)	(87)	(261)	–	(93)	(51)	(1,831)
Exchange adjustment	65	–	–	73	–	–	–	11	149
At 31 December 2022	**18,697**	**19,996**	**56,495**	**49,286**	**63,881**	**2,518**	**8,698**	**14,323**	**233,894**
Carrrying values									
At 31 December 2022	**43,834**	**32,495**	**20,128**	**75,036**	**87,232**	**5,077**	**4,653**	**5,648**	**274,103**
At 31 December 2021	43,521	31,198	19,503	69,603	84,094	5,381	4,906	5,225	263,431

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes:

(i) Impairment losses

– Impairment losses for smallest identifiable group of assets that generate independent cash flows ("CGUs")

In 2022, management identified certain property, plant and equipment and other related non-current assets having impairment indications.

Management performed impairment assessments of these assets as at 31 December 2022, and measured the recoverable amounts as the higher of value-in-use or fair values less costs of disposal for each CGU. Value-in-use is determined based on the discounted cash flow analysis covering the shorter of their economic or legal useful life, and pre-tax discount rate ranging from 7.67% to 8.69%. The fair value of the properties and plants was determined by considering the cost charged if the Group rebuild the assets under current condition, and the fair value of equipments was determined by using market comparison approach with reference to the recent transaction price of similar assets, after taking into account of its remaining useful lives. The fair value is categorised as a Level 3 measurement. The main impairment provisions included in property, plant and equipment were as follows:

	RMB million
Guoneng Shendong Coal Group Co., Ltd.	299
Guoneng Yili Energy Co., Ltd.	236
Guoneng Sichuan Energy Co., Ltd.	504
Guoneng Baoshen Railway Group Co., Ltd.	363
Guoneng Guangtou Liuzhou Power Generation Co., Ltd.	197
Guoneng Mengjin Thermal Power Co., Ltd.	136
Shenshuo Railway Branch of China Shenhua Energy Co., Ltd.	100

(i) The Group was in the process of applying for the title certificates of certain of its properties with an aggregate carrying amount of RMB3,421 million as at 31 December 2022 (2021: RMB4,036 million). The Directors are of the opinion that the Group is entitled to lawfully and validly occupy or use the above mentioned properties.

(ii) As at 31 December 2022, the property, plant and equipment with carrying amount of RMB826 million (2021: RMB815 million) have been pledged to the banks to secure the banking facilities granted to the Group.

(iii) As at 31 December 2022, the carrying amount of the Group's investment property included in the property, plant and equipment was RMB926 million (as at 31 December 2021: RMB624 million).

17. CONSTRUCTION IN PROGRESS

	Year ended 31 December	
	2022	2021 (Restated)
	RMB million	*RMB million*
At the beginning of the year	**26,201**	39,845
Additions	**19,416**	23,163
Transferred to property, plant and equipment *(Note 16)*	**(23,853)**	(32,999)
Transferred to intangible assets *(Note 19)*	**(43)**	(625)
Transferred to right-of-use assets *(Note 23)*	**(792)**	(2,807)
Impairment losses *(Note (ii))*	**(86)**	(376)
At the end of the year	**20,843**	26,201

Notes:

(i) As at 31 December 2022, 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.

(ii) As a result of deferral of certain projects, management performed impairment assessment of the related construction in progress and concluded that impairment provision of RMB86 million was required and charged into profit or loss for the current year.

18. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets represent the expenditures related to coal exploration and evaluation activities incurred by the Group. As at 31 December 2022, the carrying amount of the exploration and evaluation assets was RMB5,218 million(31 December 2021: RMB4,000 million).

19. INTANGIBLE ASSETS

The movement of intangible assets, mainly licenses, software and franchises, is as follows:

	Year ended 31 December	
	2022	2021
	RMB million	*RMB million*
At the beginning of the year	**4,651**	3,888
Additions	**875**	563
Transferred from construction in progress	**43**	625
Amortisation	**(486)**	(413)
Disposal	**(676)**	(1)
Impairment losses	**(348)**	(11)
At the end of the year	**4,059**	4,651

20. INTERESTS IN ASSOCIATES

	31 December	31 December
	2022	2021
	RMB million	*RMB million*
Unlisted shares, at cost	**48,240**	47,723
Share of post-acquisition profits and other comprehensive income, net of dividend received	**1,474**	(15)
	49,714	47,708

(Expressed in RMB)

20. INTERESTS IN ASSOCIATES (CONTINUED)

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	Proportion of ownership interest and voting power held by the Group 31 December 2022 %	 31 December 2021 %	Principal activities
Beijing GD Power Co., Ltd. ("Beijing GD")	**42.53**	42.53	Generation and sale of electricity
Haoji Railway Co., Ltd. ("Haoji Railway")	**12.50**	12.50	Provision of transportation service
Shendong Tianlong Group Co., Ltd.	**20.39**	20.39	Coal production and sale
Sichuan Guangan Power Co., Ltd.	**20.00**	20.00	Generation and sale of electricity
Guohua (Hebei) Renewables Co., Ltd.	**25.00**	25.00	Generation and sale of electricity
Inner Mongolia Yili Chemical Industry Co., Ltd.	**25.00**	25.00	Production and sale of chemicals
China Energy Finance Co., Ltd. ("Finance Company")	**40.00**	40.00	Provision of comprehensive financial service

20. INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information of the material associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, is disclosed below:

	31 December 2022/ Year ended 31 December 2022			31 December 2021/ Year ended 31 December 2021		
	Beijing GD	Finance Company	Haoji Railway	Beijing GD	Finance Company	Haoji Railway
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Current assets	29,147	135,540	11,148	29,548	85,451	9,724
Non-current assets	107,038	87,677	149,925	126,331	59,552	147,381
Total assets	136,185	223,217	161,073	155,879	145,003	157,105
Current liabilities	36,393	196,676	8,129	47,922	120,417	2,671
Non-current liabilities	14,855	36	101,266	23,247	91	102,945
Total liabilities	51,248	196,712	109,395	71,169	120,508	105,616
Non-controlling interests	27,201	–	–	25,681	–	–
Equity attributable to equity holders of the company	57,736	26,505	51,678	59,029	24,495	51,489
Revenue	119,297	5,415	14,008	101,461	4,034	9,242
Profit/(loss) for the year	179	2,010	160	(4,009)	2,117	(1,944)
Total comprehensive income/(loss) for the year	209	2,010	160	(4,018)	2,117	(1,944)
Equity attributable to equity holders of the company	57,736	26,505	51,678	59,029	24,495	51,489
Group's proportion of ownership interest	42.53%	40.00%	12.50%	42.53%	40.00%	12.50%
Carrying amount of equity investment in associated company	24,555	10,602	6,460	25,105	9,798	6,436

20. INTERESTS IN ASSOCIATES (CONTINUED)

Aggregate information of associates that is not individually material:

	31 December 2022 *RMB million*	31 December 2021 *RMB million*
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**8,097**	6,369
Aggregate amounts of the Group's share of those associates:		
– Profit for the year	**1,323**	227
– Total comprehensive income for the year	**1,629**	332

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2022 *RMB million*	31 December 2021 *RMB million*
Non-current asset		
Unlisted equity securities *(Note(i))*	**2,386**	2,174
Current asset		
Accounts and bills receivables *(Note(ii))*	**502**	376
	2,888	2,550

Notes:

(i) The above unlisted equity investments represent the Group's equity interest in entities established in the PRC. The Directors of the Company have elected to designate these equity investments as FVTOCI as it is the Group's strategy to hold these investments for long-term purposes and realise their performance potential in the long run.

(ii) As at 31 December 2022, certain accounts and bills receivables were classified as financial assets at FVTOCI, as certain subsidiaries' business model is achieved both by collecting contractual cash flows and selling of these assets.

22. OTHER NON-CURRENT ASSETS

	31 December 2022 RMB million	31 December 2021 RMB million
Prepayments in connection with construction work, equipment purchases and others *(Note (i))*	**5,861**	4,868
Prepayments for mining projects	**4,000**	5,273
Deductible VAT and other tax	**315**	392
Long-term entrusted loans *(Note 26 (i))*	**–**	400
Service concession receivables *(Note (ii))*	**14,967**	12,853
Goodwill	**143**	199
Long-term deferred expenses *(Note (iii))*	**3,619**	4,104
	28,905	28,089

Notes:

(i) At 31 December 2022, the Group had prepayments to China Energy Group and fellow subsidiaries amounting to RMB94 million (2021: RMB377 million).

(ii) Pursuant to the Power Purchase Agreements entered between certain power plants of the Group and PT Perusahaan Listrik Negara (Persero) ("PLN"), an independent third party, certain power plants of the Group build power plants to supply electricity to PLN for a 25-30 years period from the power plant's commercial operation date under the service concession scheme. Service concession receivables represents service provided in connection with the service concession arrangement, for which a guaranteed minimum payments have been agreed. Due to the length of the payment plans, receivables are the present value of future guaranteed cash receipts discounted using effective interest rate.

(iii) The movement of long-term deferred expenses during the year is as follows:

	Year ended 31 December	
	2022 *RMB million*	2021 *RMB million*
At the beginning of the year	**4,104**	3,602
Additions	**813**	1,692
Amortisation	**(1,288)**	(1,162)
Disposal	**(10)**	(28)
At the end of the year	**3,619**	4,104

23. RIGHT-OF-USE ASSETS

The right-of-use assets represent land use rights paid to the PRC's government authorities and the leased assets. The Group is in the process of applying for the title certificates of certain land use rights certificates with an aggregate carrying amount of RMB3,130 million as at 31 December 2022 (2021: RMB3,685 million). The Directors are of the opinion that the Group is entitled to lawfully and validly occupy or use the above mentioned lands.

As at 31 December 2022, the Group has no bank loans secured by the Group's right-of-use assets (2021: Nil).

The Group's leases assets includes buildings, machinery, equipment and other properties, and land use rights. Information about leases for which the Group is a lessee is presented below:

	Buildings *RMB million*	Machinery, equipment and other properties *RMB million*	Land use rights *RMB million*	Total *RMB million*
Cost				
At 1 January 2021	389	907	22,708	24,004
Additions	120	1,160	627	1,907
Transferred from construction in progress	–	–	2,807	2,807
Disposals	–	(350)	(143)	(493)
At 31 December 2021	509	1,717	25,999	28,225
Additions	280	3	1,819	2,102
Transferred from construction in progress	–	–	792	792
At 31 December 2022	**789**	**1,720**	**28,610**	**31,119**
Accumulated depreciation				
At 1 January 2021	(158)	(294)	(4,891)	(5,343)
Depreciation	(119)	(89)	(599)	(807)
Disposals	–	144	85	229
At 31 December 2021	(277)	(239)	(5,405)	(5,921)
Depreciation	(149)	(168)	(593)	(910)
At 31 December 2022	**(426)**	**(407)**	**(5,998)**	**(6,831)**
Impairment losses				
At 1 January 2022	–	–	(64)	(64)
Additions	–	–	(201)	(201)
At 31 December 2022	–	–	(265)	(265)
Net book value				
At 31 December 2022	**363**	**1,313**	**22,347**	**24,023**
At 31 December 2021	**232**	**1,478**	**20,530**	**22,240**

24. INVENTORIES

	31 December 2022 RMB million	31 December 2021 RMB million
Coal	6,385	6,373
Materials and supplies	6,698	7,384
Others *(Note)*	1,236	1,127
	14,319	14,884
Less: write-down of inventories	(2,223)	(2,251)
	12,096	12,633

Note: Others mainly represent properties for sale and properties under development.

Movement in write-down of inventories during the year is as follows:

	Year ended 31 December	
	2022 RMB million	2021 RMB million
At the beginning of the year	2,251	2,142
Write down of inventories	489	274
Write off of inventories	(517)	(165)
At the end of the year	2,223	2,251

25. ACCOUNTS AND BILLS RECEIVABLES

	31 December 2022 *RMB million*	31 December 2021 *RMB million*
Accounts receivable		
– China Energy Group and fellow subsidiaries	**2,472**	3,391
– Associates	**31**	256
– Third parties	**9,686**	7,888
	12,189	11,535
Less: allowance for credit losses	**(1,221)**	(1,277)
	10,968	10,258
Bills receivable		
– China Energy Group and fellow subsidiaries	**36**	567
– Third parties	**1,096**	2,782
	1,132	3,349
	12,100	13,607

As at 31 December 2022 and 31 December 2021, accounts and bills receivables from contracts with customers amounted to RMB13,321 million and RMB14,884 million, respectively.

Bills receivable were mainly issued by PRC banks and were expiring within one year. As at 31 December 2022, the Group has no bills (2021: Nil) pledged to secure bills payable.

As at the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	31 December 2022 *RMB million*	31 December 2021 *RMB million*
Less than one year	**10,578**	9,527
One to two years	**155**	143
Two to three years	**27**	80
More than three years	**208**	508
	10,968	10,258

25. ACCOUNTS AND BILLS RECEIVABLES (CONTINUED)

As at 31 December 2022, included in the Group's accounts receivables are debtors with gross carrying amount of RMB5,743 million (2021: RMB5,926 million) which are past due as at the reporting date. The past due balances are not considered as in default because the debtors are not in significant financial difficulty and the management expects that the debtor is able and likely to pay for the debts. The Group does not hold any collateral over these balances.

Details of credit risks of accounts and bills receivables for the year ended 31 December 2022 are set out in Note 39.2.

Included in accounts receivable, the following amounts are denominated in foreign currencies:

	31 December 2022 *RMB million*	31 December 2021 *RMB million*
United States Dollars ("USD")	**539**	717
Euro ("EUR")	**–**	534
Great Britain Pound ("GBP")	**–**	23
Indonesian Rupiah ("IDR")	**400**	470
	939	1,744

Transfers of financial assets

As at 31 December 2022, the Group endorsed bills receivable amounting to RMB274 million (2021: RMB861 million) to suppliers to settle the accounts payable of same amounts and discounted bills receivable amounting to RMB4,288 million (2021: RMB331 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 (the "Continuing Involvement"). In the opinion of the Directors, the fair values of the Continuing Involvement are insignificant, and the Group has transferred substantially all the risks and rewards of ownership relating to these bills receivable, and accordingly derecognised the full carrying amounts of the bills receivable, in case of bills receivable endorsed to suppliers, derecognised the associated accounts payable.

Certain subsidiaries of the Company entered into accounts receivables factoring agreements with financial service companies, and the subsidiaries transferred accounts receivables to the financial service companies and received bills receivables and cash, respectively. During the year ended 31 December 2022, the subsidiaries paid RMB7 million (2021: RMB15 million) for the accounts receivables factoring and recognised in expenses.

26. PREPAID EXPENSES AND OTHER CURRENT ASSETS

	31 December 2022 *RMB million*	31 December 2021 *RMB million*
Financial assets measured at amortised cost		
– Service concession receivables *(Note 22(ii))*	**2,073**	1,964
– Current portion of entrusted loans *(Note (i))*	**400**	–
– Other receivables due from associates	**500**	502
– Other receivables	**2,817**	2,709
– Other loans	**4,500**	4,500
	10,290	9,675
Less: impairment losses	**4,674**	3,207
	5,616	6,468
Prepaid expenses and deposits	**7,106**	8,361
Deductible VAT and other taxes	**3,127**	3,685
	15,849	18,514

Note:

(i) The Group has entrusted loan of RMB400 million to an associate through a PRC state-owned bank, with an interest rate of 4.75% per annum. The applicable interest rate is determined in accordance with the prevailing interest rates published by People's Bank of China (the "PBOC").

27. RESTRICTED BANK DEPOSITS

Restricted bank deposits represent collaterals for bills payable and collaterals related to the operating of mines and ports.

The Group performed impairment assessment on restricted bank deposits and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

Details of impairment assessment of restricted bank deposits are set out in Note 39.2.

28. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows comprise cash at bank and in hand, and time deposits with original maturity within three months.

	31 December 2022 *RMB million*	31 December 2021 *RMB million*
Deposits with banks and other financial institutions	**170,503**	162,886
Less: Restricted bank deposits	**6,357**	4,479
Less: Time deposits with original maturity over three months	**32,688**	1,701
Cash and cash equivalents in the consolidated cash flow statement	**131,458**	156,706

As at 31 December 2022, the Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

Details of impairment assessment of bank deposits are set out in Note 39.2.

28. CASH AND CASH EQUIVALENTS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities

The table below shows the detailed changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings	Bonds	Lease liabilities	Accrued interest payable	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
	(Note 30)	*(Note 31)*	*(Note 32)*	*(Note 34)*	
At 1 January 2022	**59,110**	**3,172**	**1,697**	**209**	**64,188**
Capital element of lease rentals paid	**–**	**–**	**(238)**	**–**	**(238)**
Interest element of lease rentals paid	**–**	**–**	**(43)**	**–**	**(43)**
Interest paid	**–**	**–**	**–**	**(2,925)**	**(2,925)**
Proceeds from borrowings	**27,653**	**–**	**–**	**–**	**27,653**
Income from debt restructuring	**(176)**	**–**	**–**	**–**	**(176)**
Repayments of borrowings	**(36,424)**	**–**	**–**	**–**	**(36,424)**
Redemption of bonds	**–**	**(77)**	**–**	**–**	**(77)**
Foreign exchange	**905**	**350**	**–**	**–**	**1,255**
Amortisation of discount on bonds	**–**	**8**	**–**	**–**	**8**
Interest expenses	**–**	**–**	**43**	**2,843**	**2,886**
Increase in lease liabilities from entering into new leases during the year	**–**	**–**	**283**	**–**	**283**
At 31 December 2022	**51,068**	**3,453**	**1,742**	**127**	**56,390**
At 1 January 2021	59,098	3,241	848	263	63,450
Capital element of lease rentals paid	–	–	(197)	–	(197)
Interest element of lease rentals paid	–	–	(29)	–	(29)
Interest paid	–	–	–	(3,214)	(3,214)
Proceeds from borrowings	22,114	–	–	–	22,114
Repayments of borrowings	(21,741)	–	–	–	(21,741)
Foreign exchange	(361)	(76)	–	–	(437)
Amortisation of discount on bonds	–	7	–	–	7
Interest expenses	–	–	29	3,160	3,189
Increase in lease liabilities from entering into new leases during the year	–	–	1,396	–	1,396
Decrease in lease liabilities during the year	–	–	(350)	–	(350)
At 31 December 2021	59,110	3,172	1,697	209	64,188

28. CASH AND CASH EQUIVALENTS (CONTINUED)

(c) Total cash outflow for leases

Amounts included in the consolidated cash flow statement for leases comprise the following:

	Year ended 31 December	
	2022	2021
	RMB million	*RMB million*
Within operating cash flows	**272**	185
Within financing cash flows	**281**	226
	553	411

These amounts relate to the following:

	Year ended 31 December	
	2022	2021
	RMB million	*RMB million*
Lease rental paid	**553**	411

29. DEFERRED TAXATION

For the purpose of the presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purpose.

	31 December 2022	31 December 2021
	RMB million	*RMB million*
Deferred tax assets	**4,877**	3,568
Deferred tax liabilities	**(1,098)**	(974)
	3,779	2,594

29. DEFERRED TAXATION (CONTINUED)

The following are the major deferred tax assets and liabilities recognised and movements thereon during the current and prior year:

	At 1 January 2022 *RMB million*	**Credited/ (charged) in profit or loss and other comprehensive income** *RMB million*	**31 December 2022** *RMB million*
Allowances, primarily for receivables and inventories	**556**	**(90)**	**466**
Property, plant and equipment	**288**	**443**	**731**
Tax losses utilised	**88**	**(88)**	**–**
Tax allowable expenses not yet incurred	**1**	**–**	**1**
Unrealised profits from sales within the Group	**1,375**	**54**	**1,429**
Accrued salaries and other expenses not yet paid	**34**	**376**	**410**
Others	**252**	**490**	**742**
Net deferred tax assets	**2,594**	**1,185**	**3,779**

	At 1 January 2021 *RMB million*	Credited/ (charged) in profit or loss and other comprehensive income *RMB million*	31 December 2021 *RMB million*
Allowances, primarily for receivables and inventories	609	(53)	556
Property, plant and equipment	193	95	288
Tax losses utilised	96	(8)	88
Tax allowable expenses not yet incurred	1	–	1
Unrealised profits from sales within the Group	1,196	179	1,375
Accrued salaries and other expenses not yet paid	58	(24)	34
Others	(193)	445	252
Net deferred tax assets	1,960	634	2,594

29. DEFERRED TAXATION (CONTINUED)

At the end of the reporting period, the Group has unused tax losses of RMB8,621 million (2021: RMB7,449 million) and unrecognised deductible temporary differences of RMB9,349 million (2021: RMB8,864 million) available for offset against future profits. No deferred tax asset has been recognised in respect of the remaining RMB8,621 million (2021: RMB7,097 million) losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of RMB589 million (2021: RMB1,324 million) that will be utilised in 2023.

30. BORROWINGS

An analysis of the Group's borrowings is as follows:

	31 December 2022 *RMB million*	31 December 2021 *RMB million*
Current borrowings:		
Short-term bank and other borrowings	**5,216**	4,248
Current portion of long-term borrowings	**7,414**	5,669
	12,630	9,917
Non-current borrowings:		
Long-term borrowings, less current portion	**38,438**	49,193
	51,068	59,110
Secured	**9,709**	10,070
Unsecured	**41,359**	49,040
	51,068	59,110

The Group's short-term borrowings are unsecured and bear interest at rates ranging from 1.65% to 3.50% per annum (2021: 3.00% to 4.35% per annum), and long-term borrowings bear interest at rates ranging from 1.80% to 5.60% per annum (2021: 1.80% to 4.90% per annum).

30. BORROWINGS (CONTINUED)

	31 December 2022 RMB million	31 December 2021 RMB million
The exposure of the long-term borrowings and the contractual maturity dates:		
Within one year	**7,414**	5,669
More than one year, but not exceeding two years	**718**	5,337
More than two years, but not exceeding five years	**3,388**	3,854
More than five years	**34,332**	40,002
	45,852	54,862

The Group's long-term borrowings comprise:

		31 December 2022 RMB million	31 December 2021 RMB million
Loans from banks and other institutions			
RMB denominated	Interest rates ranging from 4.28% to 4.9% per annum with maturities through 21 October 2041	**31,667**	42,388
RMB denominated	Interest rates ranging from LPR-1.55% to LPR per annum with maturities through 8 October 2041	**4,268**	3,195
USD denominated	Interest rates ranging from Libor+0.7% to Libor+2.85% per annum with maturities through 26 December 2034	**9,114**	8,220
Japanese Yen ("JPY") denominated	Interest rates ranging from 1.80% to 2.60% per annum with maturities through 20 March 2031	**803**	1,057
Euro denominated	Interest rate at 2.85% per annum with maturities through 22 June 2022	**–**	2
		45,852	54,862
Less: current portion of long-term borrowings		**7,414**	5,669
		38,438	49,193

30. BORROWINGS (CONTINUED)

As at 31 December 2022, included in the above outstanding long-term borrowings, were entrusted loans from China Energy Group and fellow subsidiaries amounting to RMB23,162 million (2021: RMB21,179 million).

Certain borrowings are secured over certain property, plant and equipment with a carrying amount of RMB826 million (2021: RMB815 million) (see Note 16(iii)).

31. BONDS

The Group issued a dollar bond of a total USD500 million on 20 January 2015 and repurchased the dollar bond of USD11 million in December 2022. The net proceeds of the Dollar bond issued were mainly used for repayment of loans of subsidiaries. Details of the Group's bond are as follow:

	Effective interest rate %	Due date	**31 December 2022** ***RMB million***	31 December 2021 *RMB million*
10-year corporate bond	4.10%	19/01/2025	**3,453**	3,172

32. LEASE LIABILITIES

The lease liabilities were repayable as follow:

	31 December 2022		31 December 2021	
	Present value of the minimum lease payments ***RMB million***	**Total minimum lease payments** ***RMB million***	Present value of the minimum lease payments *RMB million*	Total minimum lease payments *RMB million*
Within 1 year	**297**	**360**	187	216
After 1 year but within 2 years	**240**	**316**	225	267
After 2 years but within 5 years	**348**	**530**	476	628
After 5 years	**857**	**1,214**	809	1,015
	1,445	**2,060**	1,510	1,910
	1,742	**2,420**	1,697	2,126
Less: total future interest expenses		**(678)**		(429)
Present value of lease liabilities		**1,742**		1,697

33. ACCOUNTS AND BILLS PAYABLES

	31 December 2022 RMB million	31 December 2021 RMB million
Accounts payable		
– China Energy Group, an associate of China Energy Group and fellow subsidiaries	**2,158**	2,064
– Associates	**956**	626
– Third parties	**34,757**	31,100
	37,871	33,790
Bills payable	**1,101**	1,426
	38,972	35,216

The following is an aging analysis of accounts and bills payables, presented based on invoice date.

	31 December 2022 RMB million	31 December 2021 RMB million
Less than one year	**34,476**	31,468
One to two years	**1,804**	888
Two to three years	**874**	400
More than three years	**1,818**	2,460
	38,972	35,216

Included in accounts and bills payables, the following amounts are denominated in foreign currencies:

	31 December 2022 RMB million	31 December 2021 RMB million
USD	**426**	1,202
Euro	**71**	84
Others	**423**	474
	920	1,760

34. ACCRUED EXPENSES AND OTHER PAYABLES

	31 December 2022 RMB million	31 December 2021 RMB million
Accrued staff wages and welfare benefits	**8,750**	5,941
Accrued interest payable	**127**	209
Taxes payable other than income tax	**7,176**	10,610
Dividends payable	**6,904**	1,194
Other accrued expenses and payables *(Note)*	**11,767**	11,155
	34,724	29,109

Note:

Other accrued expenses and payables of the Group included:

	31 December 2022 RMB million	31 December 2021 RMB million
Amounts due to China Energy Group and fellow subsidiaries	**945**	584
Amounts due to associates	**8**	4
	953	588

The above balances are unsecured, interest-free and payable on demand.

35. LONG-TERM LIABILITIES

	31 December 2022 RMB million	31 December 2021 RMB million
Payables for acquisition of mining rights *(Note (i))*	**7,046**	6,453
Deferred income *(Note (ii))*	**1,352**	1,408
Defined benefit plans	**582**	4
Others	**2,307**	1,587
	11,287	9,452
Analysed for reporting purpose as:		
Current liabilities	**674**	1,427
Non-current liabilities	**10,613**	8,025
	11,287	9,452

Notes:

(i) The payables for acquisition of mining rights is the present value of the payable mining rights. The mining rights payable shall be paid annually during the execution of the contract.

(ii) Deferred income mainly represents grants provided by several local governments in the PRC to encourage the construction of non-current assets.

36. ACCRUED RECLAMATION OBLIGATIONS

	Year ended 31 December	
	2022 RMB million	2021 RMB million
At the beginning of the year	**6,754**	6,169
Addition for the year	**1,531**	565
Accretion expense	**986**	350
Accrued reclamation obligations utilised	**(266)**	(330)
At the end of the year	**9,005**	6,754

During the year, the coal mine related subsidiaries of the Group re-estimated the reclamation obligations related to the mine geological restoration and environment cost according to the relevant regulations of the state.

37. SHARE CAPITAL

	31 December 2022 RMB million	31 December 2021 RMB million
Registered, issued and fully paid:		
16,491,037,955 domestic listed A shares of RMB1.00 each	**16,491**	16,491
3,377,482,000 H shares of RMB1.00 each	**3,378**	3,378
	19,869	19,869

All A shares and H shares rank pari passu in all material aspects.

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 2022 was 26% (31 December 2021: 26%).

There were no changes in the Group's approach to capital management compared with previous years.

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:

	31 December 2022 *RMB million*	31 December 2021 *RMB million*
Financial assets		
Financial assets at amortised cost	**203,186**	196,114
Equity instruments at FVTOCI *(Note 21)*	**2,386**	2,174
Accounts and bills receivable at FVTOCI *(Note 21)*	**502**	376
	206,074	198,664
Financial liabilities		
Amortised cost	**119,589**	117,341

39.2 Financial risk management objectives and policies

The Group's major financial instruments include accounts and bills receivables, loans and advances to/deposits from/amounts due to China Energy Group and fellow subsidiaries, amounts due from/to associates, other receivables, accounts and bills payables, borrowings, other payables, long-term liabilities and bonds. Details of the financial instruments are disclosed in the 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.

Market risk

(i) Currency risk

The functional currency of most of the group entities is RMB in which most of the transactions are denominated. However, certain of the Group's receivables, bank balances, borrowings and payables are denominated in foreign currencies other than the functional currency in which they are measured. The carrying amounts of the Group's receivables, bank balances, borrowings and payables denominated in foreign currencies are set out in Notes 25, 30 and 33, respectively.

39. FINANCIAL INSTRUMENTS (CONTINUED)

39.2 Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	Year ended 31 December		Year ended 31 December	
	2022 RMB million	2021 RMB million	2022 RMB million	2021 RMB million
USD	74	1,202	903	431
JPY	803	1,057	–	–
Other currencies	584	1,127	2,258	2,773

Sensitivity analysis

The following table details the Group'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.

	USD		JPY		Other currencies	
	Year ended 31 December		Year ended 31 December		Year ended 31 December	
	2022 RMB million	2021 RMB million	2022 RMB million	2021 RMB million	2022 RMB million	2021 RMB million
Increase/(Decrease) in profit after tax for the year:						
– if RMB weakens against foreign currencies	70	(57)	(68)	(78)	142	122
– if RMB strengthens against foreign currencies	(70)	57	68	78	(142)	(122)

39. FINANCIAL INSTRUMENTS (CONTINUED)

39.2 Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate loan and receivables, borrowings and bonds (see Notes 30 and 31).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate borrowings and variable-rate loans. Other than the concentration of interest rate risk related to the movements in London Interbank Offered Rate and the loan interest published by the PBOC, the Group has no significant concentration of interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate borrowings and variable-rate loans and receivables at the end of the reporting period. No sensitivity analysis has been presented for the exposure to interest rates for bank balances as the management of the Group considers that, taking into account that the fluctuation in interest rates on bank balances is minimal, the impact of profit or loss for the year is insignificant.

The analysis is prepared assuming variable-rate borrowings and variable-rate loans and receivables outstanding at the end of the reporting period were outstanding for the whole year.

If interest rates had been 100 basis points (2021: 100 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2022 would decrease/increase by RMB335 million (2021: decrease/increase by RMB387 million).

Credit risk and impairment assessment

As at 31 December 2022, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group arising from the amount of financial guarantees provided by the Group is disclosed in Note 40.2. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and financial guarantee contracts.

39. FINANCIAL INSTRUMENTS (CONTINUED)

39.2 Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Accounts and bills receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

Loan receivables

The credit risks on loan receivables are limited because the counterparties are mainly related parties, the Group assesses the recoverability by reviewing their financial positions and results periodically and considers that its exposure to credit risk arising from default of the counterparties is limited.

Bank balances

The credit risks on bank balances are limited because the counterparties are banks with high credit ratings assigned by credit-rating agencies, such as China Construction Bank, Industrial and Commercial Bank of China, Bank of China and Agricultural Bank of China.

Other receivables

Other receivables represent pledge and guarantee deposit, dividend receivables and interest receivables. The pledge and guarantee deposit is paid for regular businesses. The dividend receivables relate to the investments of the Company and the interest receivables mainly relate to related parties and stated owned entities. Thus, the credit risk on other receivables are limited.

Financial guarantee contracts

The credit risks on financial guarantee contracts are limited because the counterparties are state owned entities with good financial position.

The Group does not have any significant concentration of credit risk. Accounts and bills receivables consist of a large number of customers, spread across diverse industries and geographical areas.

39. FINANCIAL INSTRUMENTS (CONTINUED)

39.2 Financial risk management objectives and policies (Continued)

Financial guarantee contracts (Continued)

The tables below detail the credit risk exposures of the Group's financial assets and financial guarantee contracts, which are subject to ECL assessment:

	Notes	**External credit rating**	**12-month or lifetime ECL**	**31 December 2022** *RMB million*	**31 December** 2021 *RMB million*
Financial assets at amortised costs					
Loans receivables	22, 26	N/A	12-month ECL	**400**	400
Restricted bank deposits	27	N/A	12-month ECL	**6,357**	4,479
Cash	28	N/A	12-month ECL	**164,146**	158,407
Other receivables	26	N/A	12-month ECL	**2,350**	2,262
			Credit-impaired	**967**	949
Service concession receivables	22, 26	N/A	12-month ECL	**17,040**	14,817
Other loans	26	N/A	Credit-impaired	**4,500**	4,500
Accounts receivable	25	N/A	Provision matrix	**10,944**	10,076
(Note (i))			Credit-impaired	**1,245**	1,459
Other items					
Financial guarantee contracts *(Note (ii))*	N/A			**111**	128

Notes:

(i) For accounts receivable, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with credit-impaired, the Group determines the ECL on these items by using a provision matrix, grouped by debtors' aging.

(ii) For financial guarantee contracts, the gross carrying amount represents the maximum amount the Group has guaranteed under the respective contracts.

39. FINANCIAL INSTRUMENTS (CONTINUED)

39.2 Financial risk management objectives and policies (Continued)

Provision matrix – debtors' ageing

As part of the Group's credit risk management, the Group uses debtors' ageing to assess the impairment for its receivables from customers in relation to its sales of coal, power, coal chemical products and transportation services because these customers consist of a large number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for accounts receivables which are assessed based on provision matrix as at 31 December 2022 within lifetime ECL (not credit-impaired). Accounts receivable with credit-impaired with gross carrying amounts of RMB1,245 million (2021: RMB1,459 million) as at 31 December 2022 were assessed individually.

Gross carrying amount

	Average loss rate 2022	Accounts receivable 2022 *RMB million*	Average loss rate 2021	Accounts receivable 2021 *RMB million*
Current (not past due)	0.4%	6,446	0.4%	5,609
Less than one year past due	1%	4,196	1%	4,025
One to two years past due	6%	160	6%	205
Two to three years past due	10%	26	10%	65
More than three years past due	21%	116	23%	172
		10,944		10,076

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 31 December 2022, the Group provided RMB36 million (2021: RMB66 million) impairment allowance for accounts receivable and reversed RMB91 million (2021: RMB45 million), based on the provision matrix.

39. FINANCIAL INSTRUMENTS (CONTINUED)

39.2 Financial risk management objectives and policies (Continued)

Gross carrying amount (Continued)

The following table shows the movement in lifetime ECL that has been recognised for accounts receivable under the simplified approach.

	Lifetime ECL (not credit - impaired) *RMB million*	Lifetime ECL (credit - impaired) *RMB million*	Total *RMB million*
As at 1 January 2021	136	1,163	1,299
Impairment losses recognised	8	58	66
Impairment losses reversed	(23)	(22)	(45)
Write-offs	–	(43)	(43)
As at 1 January 2022	**121**	**1,156**	**1,277**
Impairment losses recognised	**17**	**19**	**36**
Impairment losses reversed	**(33)**	**(58)**	**(91)**
Write-offs	**–**	**(1)**	**(1)**
As at 31 December 2022	**105**	**1,116**	**1,221**

39. FINANCIAL INSTRUMENTS (CONTINUED)

39.2 Financial risk management objectives and policies (Continued)

Gross carrying amount (Continued)

The following tables show reconciliation of loss allowances that has been recognised for other receivables and other loans.

	12-month ECL (not credit - impaired) *RMB million*	Lifetime ECL (credit - impaired) *RMB million*	Total *RMB million*
As at 1 January 2021	211	495	706
– Impairment losses recognised	28	2,583	2,611
– Impairment losses reversed	(1)	(70)	(71)
– Write-offs	–	(62)	(62)
– Other	–	23	23
As at 1 January 2022	**238**	**2,969**	**3,207**
– Impairment losses recognised	**30**	**1,572**	**1,602**
– Impairment losses reversed	**–**	**(210)**	**(210)**
– Effect of disposals of subsidiaries	**–**	**103**	**103**
– Write-offs	**–**	**(28)**	**(28)**
As at 31 December 2022	**268**	**4,406**	**4,674**

Liquidity risk

Liquidity risk is the risk that the Group 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.

39. FINANCIAL INSTRUMENTS (CONTINUED)

39.2 Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The following table details the remaining contractual maturity of the Group'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 can be required to pay:

	31 December 2022						
	Weighted average interest rate	On demand or less than 1 year	1 – 2 years	2 – 5 years	More than 5 years	Total undiscounted cash flows	Total carrying amount
	%	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Financial liabilities:							
Accounts and bills payables, other payables, lease liabilities and long-term liabilities		56,766	2,732	3,061	4,144	66,703	65,068
Borrowings variable interest rate	4.12	9,568	3,062	8,110	31,077	51,817	44,427
Borrowings fixed interest rate	2.83	4,691	233	1,719	296	6,939	6,641
Bonds	4.10	132	132	3,413	–	3,677	3,453
		71,157	6,159	16,303	35,517	129,136	119,589

39. FINANCIAL INSTRUMENTS (CONTINUED)

39.2 Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	31 December 2021						
	Weighted average interest rate	On demand or less than 1 year	1 – 2 years	2 – 5 years	More than 5 years	Total undiscounted cash flows	Total carrying amount
	%	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Financial liabilities:							
Accounts and bills payables, other payables, lease liabilities and long-term liabilities		42,317	4,587	6,323	3,552	56,779	55,059
Borrowings variable interest rate	4.34	7,741	4,985	5,433	40,870	59,029	52,762
Borrowings fixed interest rate	2.97	3,555	1,445	1,453	192	6,645	6,348
Bonds	4.10	124	124	3,318	–	3,566	3,172
		53,737	11,141	16,527	44,614	126,019	117,341

Saved as discussed above, the Group also makes use of banks and financial institutions facilities as one of the effective sources of liquidity.

The maximum liability of financial guarantees issued by the Group is disclosed in Note 40.2.

39. FINANCIAL INSTRUMENTS (CONTINUED)

39.3 Fair value measurements

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

	31 December 2022 *RMB million*	31 December 2021 *RMB million*	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets:				
Equity instruments	2,386	2,174	Level 3	Market comparison approach. Fair value is estimated based on value of comparable listed companies, multiples and discount for lack of liquidity.
Accounts and bills receivables	502	376	Level 3	Discounted cash flow method. The significant unobservable inputs used by the Group for the valuation are the expected rates of return.

There were no transfer between Level 1, Level 2 and Level 3 during the year ended 31 December 2022 and 2021.

39. FINANCIAL INSTRUMENTS (CONTINUED)

39.3 Fair value measurements (Continued)

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:

	31 December 2022		31 December 2021	
	Carrying amount *RMB million*	Fair value *RMB million*	Carrying amount *RMB million*	Fair value *RMB million*
Financial liabilities:				
Fixed rate bank borrowings	6,641	6,525	6,348	6,645
Fixed rate bonds	3,453	3,265	3,172	3,261

The fair value of fixed rate bank borrowings above in the Level 2 category 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 the issuers.

The fair values of bonds are included in the Level 1 category, which have been derived from the quoted prices (unadjusted) in an active market.

40. COMMITMENTS AND CONTINGENT LIABILITIES

40.1 Capital commitments

As at 31 December, the Group had capital commitments for land, buildings and mining rights, exploration and evaluation assets, equipment and other as follows:

	31 December 2022	31 December 2021
	RMB million	*RMB million*
Contracted for but not provided		
– Land, buildings, mining rights and exploration and evaluation assets	**39,638**	41,369
– Equipment	**48,042**	22,639
– Other	**7,060**	5,481
	94,740	69,489

40.2 Financial guarantees issued

As at 31 December 2022, 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. The maximum amount guaranteed is RMB111 million (2021: RMB128 million).

40.3 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.

40. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

40.4 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.

41. EMPLOYEE BENEFITS PLAN

The Group participates, in line with the regulations of the PRC, mainly 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. In addition, as approved by the government, the Group makes contribution to a supplemental defined contribution pension plan for its employees. The fund is managed by a qualified fund manager. 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 2022 were RMB4,225 million (2021: RMB3,662 million).

42. RELATED PARTY TRANSACTIONS

42.1 Transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Group

The Group is controlled by China Energy Group and has significant transactions and relationships with China Energy Group, an associate of China Energy Group and subsidiaries of China Energy Group ("fellow subsidiaries"). Related parties refer to enterprises over which China Energy 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.

The Group had the following transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Group that were carried out in the normal course of business during both years:

42. RELATED PARTY TRANSACTIONS (CONTINUED)

42.1 Transactions with China Energy Group, associates of China Energy Group, fellow subsidiaries, and associates of the Group (Continued)

		Year ended 31 December	
	Notes	**2022**	2021
		RMB million	*RMB million*
Interest income	(i)	**408**	183
Income from entrusted loans	(ii)	**18**	19
Interest expense	(iii)	**812**	810
Purchases of ancillary materials and spare parts	(iv)	**2,756**	1,773
Mining service income	(v)	**–**	3
Ancillary and social services	(vi)	**1,697**	1,294
Transportation service income	(vii)	**8,807**	1,813
Transportation service expense	(viii)	**2,076**	2,357
Sale of coal	(ix)	**94,195**	96,776
Purchase of coal	(x)	**11,967**	16,696
Property leasing	(xi)	**40**	100
Repairs and maintenance services expense	(xii)	**61**	70
Coal export agency expense	(xiii)	**3**	4
Purchase of equipment and construction work	(xiv)	**1,190**	1,101
Sale of coal chemical product	(xv)	**7,712**	6,941
Other income	(xvi)	**2,041**	1,748
Net deposits placed with Finance Company	(xvii)	**58,850**	27,126
Granting of loans from China Energy Group	(xviii)	**18,196**	10,012
Repayment of loans from China Energy Group	(xix)	**13,522**	12,491
Bills receivables discounted from Finance Company	(xx)	**4,376**	3,913
The issuance of bills by Finance Company	(xxi)	**1,959**	–

42. RELATED PARTY TRANSACTIONS (CONTINUED)

42.1 Transactions with China Energy Group, associates of China Energy Group, fellow subsidiaries, and associates of the Group (Continued)

(i) Interest income represents interest earned from deposits in and loans to China Energy Group and fellow subsidiaries. The applicable interest rate is determined in accordance with the prevailing interest 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 interest rates published by the PBOC.

(iii) Interest expense represents interest incurred from deposits placed and loans from China Energy Group and fellow subsidiaries. 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 China Energy Group.

(v) Mining service income represents income earned from coal mining services to a fellow subsidiary.

(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 China Energy Group, fellow subsidiaries and an associate of China Energy Group.

(vii) Transportation service income represents income earned from fellow subsidiaries in respect of coal transportation services.

(viii) Transportation service expense represents expense related to coal transportation service to fellow subsidiaries.

(ix) Sale of coal represents income from sale of coal to fellow subsidiaries.

(x) Purchase of coal represents coal purchased from an associate of the Group, an associate of China Energy Group and fellow subsidiaries.

(xi) Property leasing represents rental paid or payable in respect of properties leased from China Energy Group and fellow subsidiaries.

(xii) Repairs and maintenance services expense represents expense related to machinery repairs and maintenance services provided by an associate of the China Energy Group and fellow subsidiaries.

42. RELATED PARTY TRANSACTIONS (CONTINUED)

42.1 Transactions with China Energy Group, associates of China Energy Group, fellow subsidiaries, and associates of the Group (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.

(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, lease income, etc. earned from China Energy Group, an associate of China Energy Group and fellow subsidiaries.

(xvii) Net deposits placed with Finance Company represents net deposits placed by the Group with Finance Company.

(xviii) Granting of loans from China Energy Group and fellow subsidiaries.

(xix) Repayment of loans to China Energy Group and fellow subsidiaries.

(xx) Bills receivables discounted from Finance Company represents bill acceptance and discount services provided by Finance Company to the Group.

(xxi) The issuance of bills by Finance Company refers to the issuance of acceptance bills by Finance Company to 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.

42. RELATED PARTY TRANSACTIONS (CONTINUED)

42.1 Transactions with China Energy Group, associates of China Energy Group, fellow subsidiaries, and associates of the Group (Continued)

The Group entered into a number of agreements with China Energy Group, an associate of China Energy Group, 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 China Energy Group and fellow subsidiaries. Pursuant to the agreement, an associate of China Energy Group and fellow subsidiaries provide the Group 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 Group 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 an associate of China Energy Group, fellow subsidiaries and associates of the Group. The coal supplied is charged at the prevailing market price.

42. RELATED PARTY TRANSACTIONS (CONTINUED)

42.1 Transactions with China Energy Group, associates of China Energy Group, fellow subsidiaries, and associates of the Group (Continued)

(iii) The Group has entered into a financial services agreement with Finance Company. Pursuant to the agreement, Finance Company provides financial services to the Group. The interest rate for the deposits with Finance Company from the Group and fellow subsidiaries should not be lower than the lowest limit published by the PBOC for the same type of deposit. The interest rate for loans made by Finance Company to the 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 Finance Company 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 of China Energy Group for leasing of certain properties to each other. No rent is payable by the Group before fellow subsidiaries obtains the relevant property ownership certificate. The rental charges are based on comparable market rates. If fellow subsidiaries of China Energy Group 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 favorable than other third party.

(v) The Group has entered into a land leasing agreement with fellow subsidiaries of China Energy Group. 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 of China Energy Group. The fellow subsidiary is appointed as a non – exclusive export agent of the Group 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 coal exported. When obtaining export agent conditions from a third party that are equal to or inferior to those of the National Energy Group, the Company shall give preference to the National Energy Group as the export agent of coal products.

42. RELATED PARTY TRANSACTIONS (CONTINUED)

42.1 Transactions with China Energy Group, associates of China Energy Group, fellow subsidiaries, and associates of the Group (Continued)

(vii) The Group has entered into an agency agreement for the sale of coal with fellow subsidiaries of China Energy Group. The Group is appointed as the exclusive sales agent of fellow subsidiaries of China Energy Group 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 of China Energy Group under which the Group has been granted the right to use certain trademarks. Fellow subsidiaries of China Energy Group 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.

Amounts due from/to China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Group:

	31 December 2022 *RMB million*	31 December 2021 *RMB million*
Cash and time deposits at bank	**58,845**	27,126
Accounts and bills receivables	**2,262**	3,892
Prepaid expenses and other current assets	**1,814**	1,755
Other non-current assets	**110**	426
Total amounts due from China Energy Group, an associate of China Energy Group, fellow subsidiaries and associates of the Group	**63,031**	33,199
Borrowings	**27,134**	22,472
Accounts payable	**3,114**	2,690
Accrued expenses and other payables	**1,109**	657
Contract liabilities	**1,129**	1,781
Total amounts due to China Energy Group, an associate of China Energy Group and fellow subsidiaries, and associates of the Group	**32,486**	27,600

Other than those disclosed in Notes 22, 25, 26, 30, 33 and 34, amounts due from/to China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Group bear no interest, are unsecured and are repayable in accordance with normal commercial terms.

42. RELATED PARTY TRANSACTIONS (CONTINUED)

42.2 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 and retirement scheme contributions.

Key management personnel compensation of the Group is summarised as follows:

	Year ended 31 December	
	2022	2021
	RMB million	*RMB million*
Short-term employee benefits	**9**	9
Post-employment benefits	**1**	1
	10	10

Total remuneration is included in "personnel expenses" as disclosed in Note 11.

42.3 Contributions to post-employment benefit plans

The Group participates in various defined contribution post-employment benefit plans organised by municipal and provincial governments and a supplemental defined contribution pension plan approved by the government for its employees. Further details of the Group's post-employment benefit plans are disclosed in Note 41.

42. RELATED PARTY TRANSACTIONS (CONTINUED)

42.4 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 government-related entities.

Other than those transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries and associates 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.

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 counterparties 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:

42. RELATED PARTY TRANSACTIONS (CONTINUED)

42.4 Transactions with other government-related entities in the PRC (continued)

Transactions with other government-related entities, including state-controlled banks in the PRC

	Year ended 31 December	
	2022	2021
	RMB million	*RMB million*
Coal revenue	**76,889**	68,999
Power revenue	**78,829**	57,437
Transportation costs	**9,097**	9,408
Interest income	**2,627**	2,272
Interest expenses (including amount capitalised)	**2,066**	2,104

Balances with other government-related entities, including state-controlled banks in the PRC

	31 December 2022	31 December 2021
	RMB million	*RMB million*
Accounts and bills receivables	**5,153**	4,644
Prepaid expenses and other current assets	**2,576**	4,268
Cash and time deposits at banks	**105,295**	131,263
Restricted bank deposits	**6,357**	4,479
Borrowings	**23,934**	36,279
Accrued expenses and other payables	**2,385**	1,999
Contract liabilities	**1,178**	3,747

43. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period, the Directors proposed a final dividend, the details of which are disclosed in Note 14.

(Expressed in RMB)

44. SUBSIDIARIES

Details of the Company's material subsidiaries

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	Proportion of ownership interest and voting rights held by the Group		Principal activities
				31 December 2022 %	31 December 2021 %	
Guoneng Sales Group Co., Ltd.	PRC	Limited company	RMB1,889 million	**100**	100	Trading of coal
Guoneng Shendong Coal Group Co., Ltd.	PRC	Limited company	RMB4,989 million	**100**	100	Trading of coal; provision of integrated services
Zhunge'er Energy	PRC	Limited company	RMB7,102 million	**58**	58	Coal mining and development; generation and sale of electricity
Guoneng Baorixile Energy Industrial Co., Ltd.	PRC	Limited company	RMB1,169 million	**57**	57	Coal mining; provision of loading and transportation services
Beidian Shengli Company	PRC	Limited company	RMB2,925 million	**63**	63	Coal mining; provision of loading and transportation services
Guoneng Jinjie Energy Co., Ltd.	PRC	Limited company	RMB3,802 million	**100**	70	Generation and sale of electricity; coal mining development
Shenhua Shendong Power Co., Ltd.	PRC	Limited company	RMB3,024 million	**100**	100	Generation and sale of electricity
Guoneng Yuedian Taishan Power Co., Ltd.	PRC	Limited company	RMB4,670 million	**80**	80	Generation and sale of electricity

(Expressed in RMB)

44. SUBSIDIARIES (CONTINUED)

Details of the Company's material subsidiaries (Continued)

Name of the subsidiary	Place of incorporation and operation	Type of legal entity	Particulars of registered capital	Proportion of ownership interest and voting rights held by the Group		Principal activities
				31 December 2022 %	31 December 2021 %	
Hebei Guohua Cangdong Power Co., Ltd.	PRC	Limited company	RMB1,834 million	**51**	51	Generation and sale of electricity
Dingzhou Power	PRC	Limited company	RMB1,561 million	**41**	41	Generation and sale of electricity
Guoneng Sichuan Energy Co., Ltd.	PRC	Limited company	RMB3,101 million	**66**	66	Generation and sale of electricity; trading of coal
Shenhua Fujian Energy Co., Ltd.	PRC	Limited company	RMB3,280 million	**100**	100	Generation and sale of electricity
Guoneng Shuohuang Railway Development Co., Ltd.	PRC	Limited company	RMB15,231 million	**53**	53	Provision of transportation services
Guoneng Huanghua Harbour Administration Co., Ltd.	PRC	Limited company	RMB6,790 million	**70**	70	Provision of harbour and port services
Guoneng Yuanhai Shipping Co., Ltd.	PRC	Limited company	RMB5,948 million	**51**	51	Provision of transportation services
Guoneng Baotou Coal Chemical Co., Ltd.	PRC	Limited company	RMB5,132 million	**100**	100	Coal chemical
Guoneng Railway Transportation Co., Ltd.	PRC	Limited company	RMB6,203 million	**100**	100	Provision of transportation

(Expressed in RMB)

44. SUBSIDIARIES (CONTINUED)

Details of the Company's material subsidiaries (Continued)

Name of the subsidiary	Place of incorporation and operation	Type of legal entity	Particulars of registered capital	Proportion of ownership interest and voting rights held by the Group		Principal activities
				31 December 2022 %	31 December 2021 %	
China Shenhua Overseas Development & Investment Co., Ltd. ("Shenhua Oversea Capital")	Hong Kong, China	Limited company	HKD5,252 million	**100**	100	Investment holding
PT GH EMM Indonesia	Indonesia	Limited company	USD63 million	**70**	70	Coal mining and development; generation and sale of electricity
Guoneng Baoshen Railway Group Co., Ltd.	PRC	Limited company	RMB11,700 million	**100**	100	Provision of transportation services
(Tianjin) Finance Lease Co., Ltd.	PRC	Limited company	RMB2,500 million	**100**	100	Provision of financial lease services
Guoneng Xinshuo Railway Co., Ltd.	PRC	Limited company	RMB7,405 million	**100**	100	Provision of transportation services
Guoneng Zhunneng Group Co., Ltd.	PRC	Limited company	RMB834 million	**100**	100	Coal mining and development

The above table lists 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.

As at 31 December 2022, Shenhua Oversea Capital had a total USD489 million bond (Note 31). Other than Shenhua Oversea Capital, none of the subsidiaries had issued any debt securities at the end of the year.

44. 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 interest		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
				Year ended 31 December			
		31 December 2022	31 December 2021	2022	2021	31 December 2022	31 December 2021 (Restated)
				RMB million	*RMB million*	*RMB million*	*RMB million*
Zhunge'er Energy *(Note)*	PRC	42.24	42.24	1,715	1,166	17,609	15,951
Guoneng Baorixile Energy Industrial Co., Ltd.	PRC	43.39	43.39	1,571	827	2,573	2,918
Yulin Shenhua Energy Co., Ltd.	PRC	49.90	49.90	673	783	1,912	2,478
Dingzhou Power	PRC	59.50	59.50	397	(142)	1,677	1,524
Guoneng Shuohuang Railway Development Co., Ltd.	PRC	47.28	47.28	3,080	3,671	14,478	17,462
Guoneng Yuanhai Shipping Co., Ltd.	PRC	49.00	49.00	255	369	3,428	3,698
Taishan Power	PRC	20.00	20.00	144	23	1,618	1,474
Guoneng Huanghua Harbour Administration Co., Ltd.	PRC	30.00	30.00	470	502	3,264	3,624
Individually immaterial subsidiaries with non-controlling interests						19,226	20,014
						65,785	69,143

Note: The Company has been informed of the relevant supervising authority's approval on the non-controlling shareholder's disposal of its interests in Zhunge'er Energy, a controlled subsidiary of the Company. Currently, the Company is communicating with all concerning parties on matters in relation to the approval.

44. SUBSIDIARIES (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

	Zhunge'er Energy		Guoneng Baorixile Energy Industrial Co., Ltd.		Yulin Shenhua Energy Co., Ltd.	
	31 December 2022 RMB million	31 December 2021 RMB million	31 December 2022 RMB million	31 December 2021 RMB million	31 December 2022 RMB million	31 December 2021 RMB million
Current assets	34,459	31,098	5,055	2,757	1,628	1,506
Non-current assets	15,804	16,172	8,087	9,566	5,300	5,112
Current liabilities	7,750	9,241	4,778	1,827	2,529	1,217
Non-current liabilities	1,138	560	2,679	4,016	567	436
Total equity	41,375	37,469	5,685	6,480	3,832	4,965

	Year ended 31 December		Year ended 31 December		Year ended 31 December	
	2022 RMB million	2021 RMB million	2022 RMB million	2021 RMB million	2022 RMB million	2021 RMB million
Revenue	14,017	14,892	7,816	5,440	4,808	4,126
Expenses	9,247	11,465	4,169	2,960	3,173	2,365
Profit and total comprehensive income for the year	3,923	2,655	3,488	1,815	1,349	1,516
Dividend paid to non-controlling interests	17	21	1,874	143	1,240	484
Net cash inflow from operating activities	636	720	1,541	1,613	1,669	1,354
Net cash outflow from investing activities	(877)	(452)	(344)	(969)	(255)	(373)
Net cash outflow from financing activities	(38)	(46)	(1,430)	(331)	(1,420)	(1,136)
Net cash (outflow)/inflow	(279)	222	(233)	313	(6)	(155)

44. SUBSIDIARIES (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

	Dingzhou Power		Guoneng Shuohuang Railway Development Co., Ltd.		Guoneng Yuanhai Shipping Co., Ltd.	
	31 December 2022 RMB million	31 December 2021 RMB million	**31 December 2022 RMB million**	31 December 2021 RMB million	**31 December 2022 RMB million**	31 December 2021 RMB million
Current assets	**857**	796	**9,347**	9,328	**2,455**	2,994
Non-current assets	**3,835**	3,994	**34,601**	34,631	**5,012**	5,129
Current liabilities	**1,799**	2,129	**10,347**	3,955	**427**	530
Non-current liabilities	**75**	100	**4,585**	4,674	**44**	46
Total equity	**2,818**	2,561	**29,016**	35,330	**6,996**	7,547

	Year ended 31 December		Year ended 31 December		Year ended 31 December	
	2022 RMB million	2021 RMB million	**2022 RMB million**	2021 RMB million	**2022 RMB million**	2021 RMB million
Revenue	**4,940**	3,686	**21,663**	22,008	**6,051**	6,195
Expenses	**4,104**	3,919	**12,848**	11,686	**5,408**	5,203
Profit and total comprehensive income for the year	**668**	(238)	**6,510**	7,760	**521**	753
Dividend paid to non-controlling interests	**246**	–	**6,064**	3,266	**526**	73
Net cash inflow/(outflow) from operating activities	**1,255**	352	**8,379**	8,127	**1,256**	(124)
Net cash (outflow)/inflow from investing activities	**(234)**	(168)	**(1,101)**	(1,290)	**(438)**	418
Net cash outflow from financing activities	**(1,024)**	(180)	**(7,298)**	(6,748)	**(1,078)**	(55)
Net cash (outflow)/inflow	**(3)**	4	**(20)**	89	**(260)**	239

44. SUBSIDIARIES (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

	Taishan Power		Guoneng Huanghua Harbour Administration Co., Ltd	
	31 December 2022	31 December 2021	**31 December 2022**	31 December 2021
	RMB million	*RMB million*	***RMB million***	*RMB million*
Current assets	**3,028**	2,950	**1,769**	2,238
Non-current assets	**7,577**	7,844	**11,875**	11,579
Current liabilities	**2,521**	3,430	**3,257**	1,313
Non-current liabilities	**–**	–	**328**	1,204
Total equity	**8,084**	7,364	**10,059**	11,300

	Year ended 31 December		Year ended 31 December	
	2022	2021	**2022**	2021
	RMB million	*RMB million*	***RMB million***	*RMB million*
Revenue	**12,350**	10,393	**5,069**	4,993
Expenses	**11,372**	10,211	**2,964**	2,806
Profit and total comprehensive income for the year	**720**	118	**1,513**	1,623
Dividend paid to non-controlling interests	**–**	101	**826**	437
Net cash inflow from operating activities	**1,082**	632	**2,499**	2,383
Net cash outflow from investing activities	**(564)**	(112)	**(680)**	(641)
Net cash outflow from financing activities	**(493)**	(517)	**–**	–
Net cash inflow	**25**	3	**1,819**	1,742

45. INFORMATION ABOUT THE FINANCIAL POSITION AND RESERVES OF THE COMPANY

	31 December 2022	31 December 2021 (Restated)
	RMB million	*RMB million*
Non-current assets		
Property, plant and equipment	**43,584**	44,749
Construction in progress	**3,657**	3,624
Intangible assets	**1,026**	1,071
Right-of-use assets	**5,621**	5,518
Investments in subsidiaries	**160,655**	133,953
Investments in associates	**42,938**	42,300
Equity investments at FVTOCI	**2,223**	1,989
Other non-current assets	**31,151**	24,332
Deferred tax assets	**1,823**	866
Total non-current assets	**292,678**	258,402
Current assets		
Inventories	**2,860**	3,372
Accounts and bills receivables	**8,440**	9,220
Financial assets at FVTOCI	**12**	–
Prepaid expenses and other current assets	**43,307**	39,416
Restricted bank deposits	**4,801**	3,381
Time deposits with original maturity over three months	**28,176**	–
Cash and cash equivalents	**114,937**	142,410
Total current assets	**202,533**	197,799

45. INFORMATION ABOUT THE FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

		31 December 2022	31 December 2021 (Restated)
		RMB million	*RMB million*
Current liabilities			
Borrowings		**367**	311
Accounts and bills payables		**10,429**	8,961
Accrued expenses and other payables		**140,683**	127,896
Current portion of lease liabilities		**599**	344
Current portion of long-term liabilities		**216**	588
Income tax payable		**2,723**	2,540
Contract liabilities		**134**	90
Total current liabilities		**155,151**	140,730
Net current assets		**47,382**	57,069
Total assets less current liabilities		**340,060**	315,471
Non-current liabilities			
Borrowings		**1,311**	1,619
Lease liabilities		**1,460**	2,054
Long-term liabilities		**5,207**	802
Accrued reclamation obligations		**6,743**	4,156
Deferred tax liabilities		**–**	53
Total non-current liabilities		**14,721**	8,684
Net assets		**325,339**	306,787
Equity			
Share capital	37	**19,869**	19,869
Reserves		**305,470**	286,918
Total equity		**325,339**	306,787

45. INFORMATION ABOUT THE FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

	Share premium	Treasury shares	Statutory reserves	Other comprehensive income	Capital and other reserves	Retained earnings	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
At 1 January 2021	85,001	(256)	17,463	146	1,134	185,760	289,248
Profit for the year (Restated)	–	–	–	–	–	33,275	33,275
Other comprehensive income	–	–	–	336	–	–	336
Total comprehensive income for the year	–	–	–	336	–	33,275	33,611
Cancellation of repurchased own shares	(235)	256	–	–	–	–	21
Dividend declared *(Note 14)*	–	–	–	–	–	(35,962)	(35,962)
Appropriation of maintenance and production funds	–	–	3,839	–	–	(3,839)	–
Utilisation of maintenance and production funds	–	–	(2,165)	–	–	2,165	–
At 31 December 2021(Restated)	84,766	–	19,137	482	1,134	181,399	286,918
At 31 December 2021	84,766	–	19,137	482	1,134	181,387	286,906
Impact on initial application of amendments to IAS 16, *Property, plant and equipment: Proceeds before intended use (Note 2)*	–	–	–	–	–	12	12
At 1 January 2022	84,766	–	19,137	482	1,134	181,399	286,918

45. INFORMATION ABOUT THE FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

	Share premium	Treasury shares	Statutory reserves	Other comprehensive income	Capital and other reserves	Retained earnings	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Profit for the year	–	–	–	–	–	68,758	68,758
Other comprehensive income	–	–	–	246	–	–	246
Total comprehensive income for the year	–	–	–	246	–	68,758	69,004
Dividend declared *(Note 14)*	–	–	–	–	–	(50,466)	(50,466)
Appropriation of maintenance and production funds	–	–	3,851	–	–	(3,851)	–
Utilisation of maintenance and production funds	–	–	(1,446)	–	–	1,446	–
Others	–	–	–	–	16	(2)	14
At 31 December 2022	84,766	–	21,542	728	1,150	197,284	305,470

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 2022, the aggregate amount of retained earnings determined in accordance with the China Accounting Standards available for distribution to equity holders of the Company was RMB195,903 million (2021 (Restated): RMB179,823 million).

(Expressed in RMB)

46. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2022

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2022 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
IFRS 17, *Insurance contracts*	1 January 2023
Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current*	1 January 2023
Amendments to IAS 1, *Presentation of financial statements and* IFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*	1 January 2023
Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*	1 January 2023
Amendments to IAS 12, *Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction*	1 January 2023

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

Section XI Documents Available for Inspection

Documents Available for Inspection	The annual report for the year 2022 signed by the person-in-charge of the Company The financial statements signed and sealed by the person-in-charge of the Company, the Chief Accountant, and the person-in-charge of the Accounting Department The original copy of the audit report sealed by the accounting firm and signed and sealed by the certified public accountant The original copies of all documents and announcements of the Company publicly disclosed in the newspapers designated by the CSRC during the reporting period The annual report for the year 2022 published on the websites of SSE and the HKEx

Approval date of the Board of Directors for submission: 24 March 2023

Section XII Summary of Major Financial Information for the Recent Five Years

The finance information below is extracted from the financial statement prepared by the Group in accordance with International Financial Reporting Standards:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December				
	2018 *RMB million*	2019 *RMB million*	2020 *RMB million*	2021 *RMB million* *(restated)*	**2022** ***RMB million***
Revenue	264,101	241,871	233,263	335,640	**344,533**
Operating cost	(173,677)	(164,979)	(162,374)	(239,805)	**(226,624)**
Gross profit	90,424	76,892	70,889	95,835	**117,909**
Selling expenses	(725)	(640)	(555)	(581)	**(410)**
General and administrative expenses	(9,854)	(8,988)	(8,948)	(9,119)	**(9,930)**
Research and development costs	(454)	(940)	(1,362)	(2,499)	**(3,722)**
Other gains and losses	(2,844)	(2)	(194)	(955)	**(3,184)**
Other income	744	708	778	893	**1,100**
Impairment loss, net of reversal	(152)	(139)	(524)	(2,561)	**(1,337)**
Other expenses	(3,504)	(278)	(1,090)	(1,103)	**(2,136)**
Interest income	1,479	1,170	1,684	2,492	**3,071**
Finance costs	(5,421)	(3,294)	(2,263)	(2,583)	**(3,930)**
Share of results of associates	448	433	947	(874)	**2,223**
Profit before income tax	70,141	64,922	59,362	78,945	**99,654**
Income tax expense	(15,977)	(15,145)	(15,378)	(18,161)	**(14,297)**
Profit for the year	54,164	49,777	43,984	60,784	**85,357**
Profit for the year attributable to:					
Equity holders of the Company	44,137	41,707	35,849	51,422	**72,903**
Non-controlling interests	10,027	8,070	8,135	9,362	**12,454**
Earnings per share (RMB)					
–Basic	2.219	2.097	1.803	2.588	**3.669**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December				
	2018 *RMB million*	2019 *RMB million*	2020 *RMB million*	2021 *RMB million* *(restated)*	**2022** ***RMB million***
Total non-current assets	358,330	402,589	390,675	402,062	**414,128**
Total current assets	233,296	160,494	172,229	208,310	**211,050**
Total assets	591,626	563,083	562,904	610,372	**625,178**
Total current liabilities	123,381	95,483	69,493	91,748	**98,404**
Total non-current liabilities	59,408	47,382	63,824	69,628	**64,052**
Total liabilities	182,789	142,865	133,317	161,376	**162,456**
Net assets	408,837	420,218	429,587	448,996	**462,722**
Total equity attributable to equity holders of the Company	331,693	356,077	364,203	379,853	**396,937**
Non-controlling interests	77,144	64,141	65,384	69,143	**65,785**
Total equity	408,837	420,218	429,587	448,996	**462,722**

中国神华能源股份有限公司
CHINA SHENHUA ENERGY COMPANY LIMITED