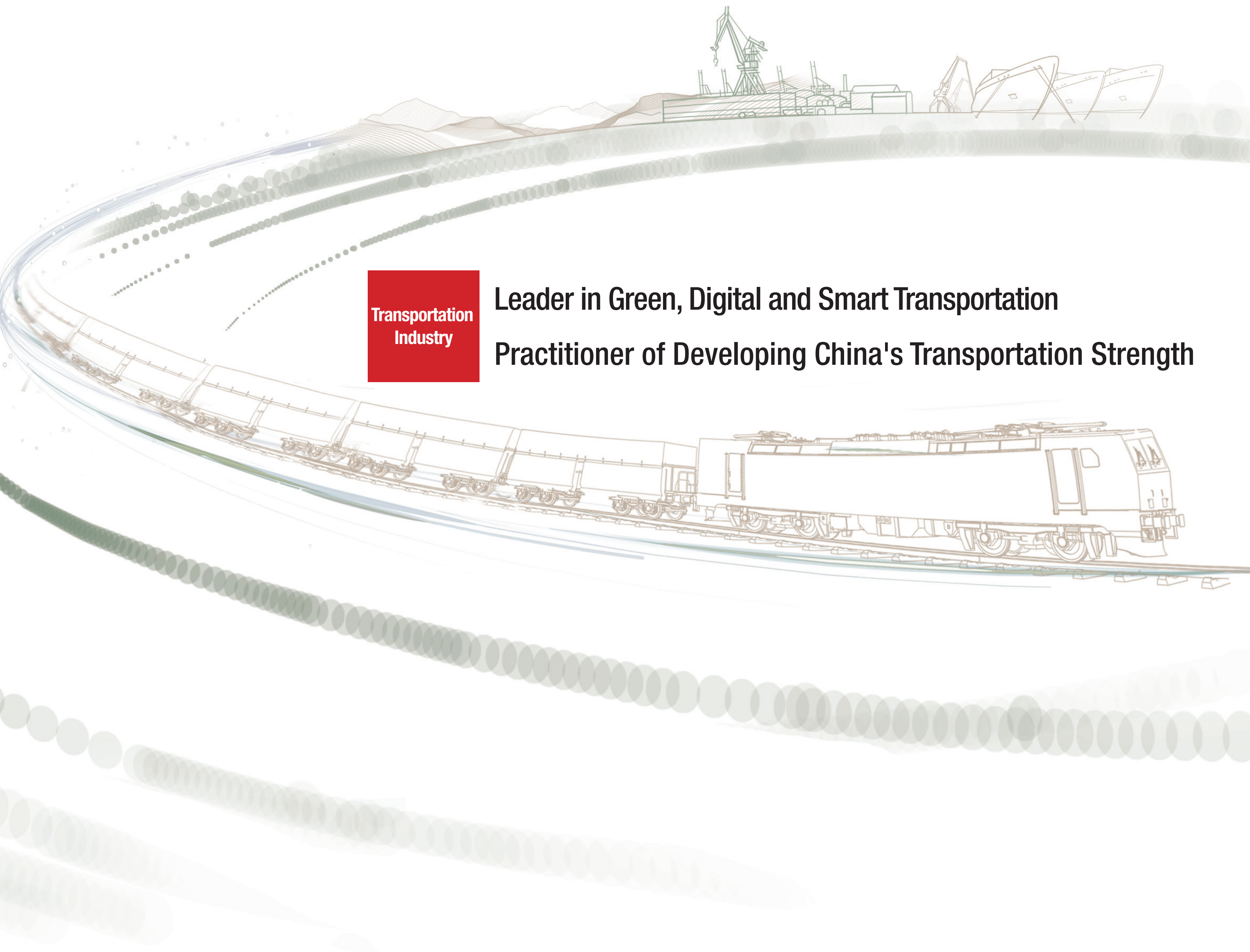
中国神华能源股份有限公司
CHINA SHENHUA ENERGY COMPANY LIMITED

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

Stock Code: 01088

Annual Report 2023



Transportation Industry

Leader in Green, Digital and Smart Transportation

Practitioner of Developing China's Transportation Strength

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 annual report does not contain any misrepresentations, misleading statements or material omissions, and are liable for the authenticity, accuracy and completeness of the information contained in this annual report.

II. This report was approved at the twenty seventh meeting of the fifth session of the Board of the Company. 6 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 2023 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 RMB2.26 per share (inclusive of tax) for the year 2023 based on the total registered share capital on the record date of the implementation of the equity distribution. The profit distribution proposal is subject to the approval by shareholders at the shareholders' general meeting. According to the total share capital of 19,868,519,955 shares of the Company as at 31 December 2023, the final dividend totaling RMB44,903 million (inclusive of tax) will be paid.

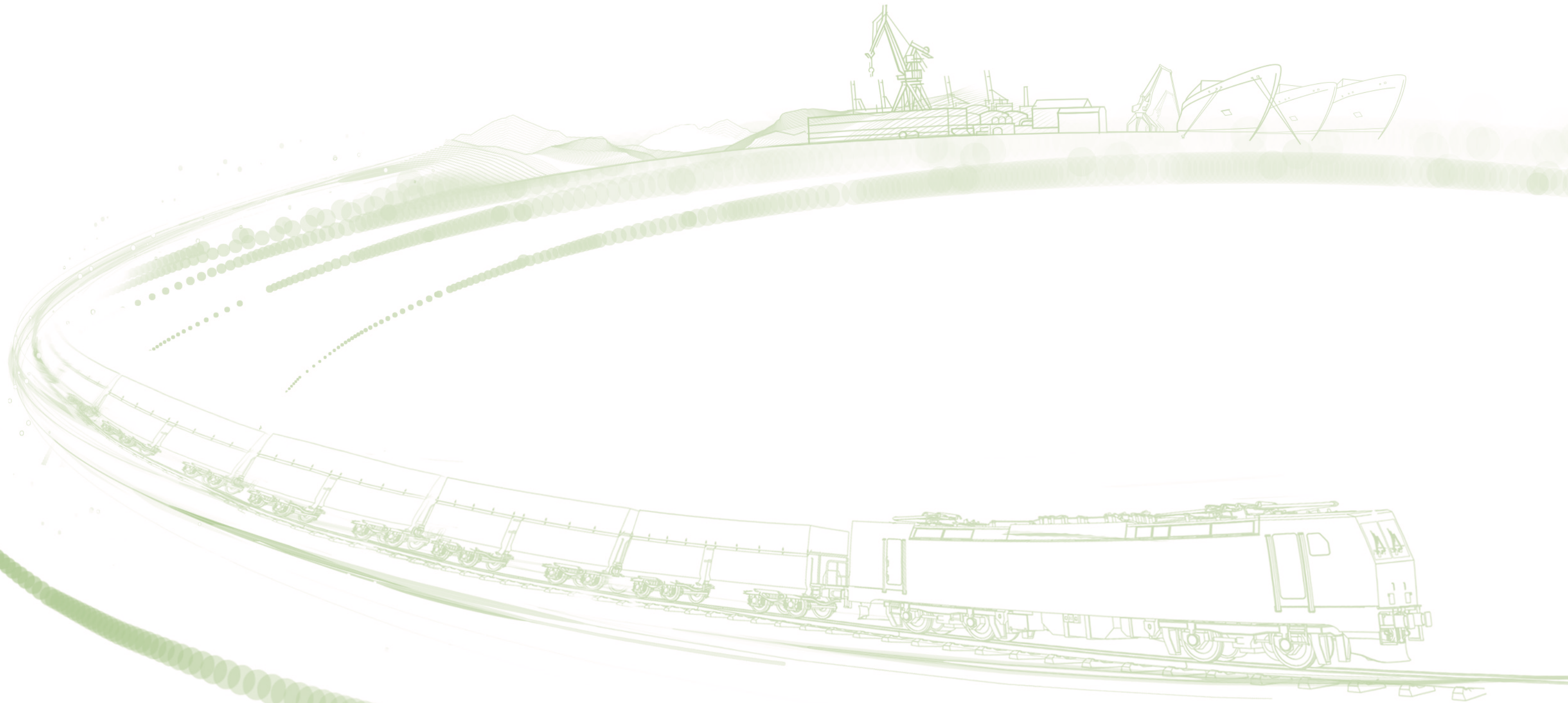
VI. Disclaimer of forward-looking statements: the forward-looking statements in this report made on the basis of subjective assumptions and judgments on future policies and economic conditions, which are subject to risks, uncertainties and assumptions, may differ materially from the actual outcome. Such 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. Any appropriation of funds by the controlling shareholder and other related parties for non-operating purposes: No

VIII. Any provision of external guarantee that has violated the applicable decision-making procedures: No

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

X. Material risk alert: Due to the impact of factors such as supply and demand in the coal and power generation industries and adjustments in industrial policies, the Group is exposed to certain uncertainties as to the achievement of the business targets for the year 2024. In addition, the Company has explained in detail the risks faced by the Company, such as safety production, environmental protection, market competition, project management, investment, integrated operation, compliance, policy and international operation, 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)
Shendong Coal	China Energy Shendong Coal Group Co., Ltd.
Shendong Coal Branch	Shendong Coal Branch of China Shenhua Energy Company Limited
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.
Baotou Energy	China Energy Baotou Energy Co., Ltd.
Yulin Energy	China Energy Yunlin Energy Co., Ltd.
Trading Group	China Energy Trading Group Limited
Shuohuang Railway	China Energy Shuohuang Railway Development Co., Ltd.
Railway Equipment	China Energy Railway Equipment Co., Ltd.
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.
Baotou Coal Chemical	China Energy Baotou Coal Chemical Co., Ltd.
Bayannur Energy	Shenhuan Bayannur Energy Co., Ltd.
Sichuan Energy	China Energy Sichuan Energy Co., Ltd.
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.
Yueyang Power	China Energy Group Yueyang Power Generation Co., Ltd.
Shengli Energy	Shengli Energy Branch of the Company
Beihai Power	China Energy Guangtou (Beihai) Power Generation Co., Ltd.
Qingyuan Power	China Energy Qingyuan Power Generation Co., Ltd.
Finance Company	China Energy Finance Co., Ltd.
Capital Holdings	China Energy Capital Holdings Co., Ltd.
Hangjin Energy	China Energy Hangjin Energy Co., Ltd.
Dayan Mining	Inner Mongolia Dayan Mining Industry Group 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 2023

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. The selection and appointment of the new chairman are in progress.
Authorised Representative of the Company under the Hong Kong Listing Rules	Lv Zhiren, Song Jinggang

II. CONTACTS AND CONTACT DETAILS

	Secretary to the Board, Joint Company Secretary	Representative of Securities Affairs, Joint Company Secretary
Name	Song Jinggang	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 1088	(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 and 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
Place where the Company's annual report is available for inspection	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

Accounting Firm Engaged by the Company (Chinese Mainland)	Name	KPMG Huazhen LLP
	Office Address	8th, Tower E2, Oriental Plaza, 1 East Chang An Avenue, Beijing
	Signing Auditors	Zhang Nan, Wang Xia
Accounting Firm 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 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 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 FINANCIAL INDEX

Items	Unit	2023	2022		Increase or decrease at 2023 as compared with that of 2022
			After restatement	Before restatement	%
Revenue	RMB million	**343,074**	344,533	344,533	(0.4)
Profit for the year	RMB million	**75,192**	85,398	85,357	(12.0)
Profit for the year attributable to equity holders of the Company	RMB million	**64,625**	72,925	72,903	(11.4)
Basic earnings per share	RMB/share	**3.253**	3.670	3.669	(11.4)
Net cash generated from operating activities	RMB million	**89,687**	109,734	109,734	(18.3)
Return on total assets as at the end of the period	%	**11.9**	13.7	13.7	Decreased by 1.8 percentage points
Return on net assets as at the end of the period	%	**15.7**	18.4	18.4	Decreased by 2.7 percentage points
EBITDA	RMB million	**114,573**	121,536	121,536	(5.7)

Items	Unit	At the end of 2023	At the end of 2022		Increase or decrease at the end of 2023 as compared with that of the end of 2022
			After restatement	Before restatement	%
Total assets	RMB million	**633,412**	625,320	625,178	1.3
Total liabilities	RMB million	**151,761**	162,524	162,456	(6.6)
Total equity	RMB million	**481,651**	462,796	462,722	4.1
Equity attributable to equity holders of the Company	RMB million	**411,478**	396,983	396,937	3.7
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	**20.71**	19.98	19.98	3.7
Gearing ratio	%	**24.0**	26.0	26.0	Decreased by 2.0 percentage points
Total debt to total equity ratio	%	**7.3**	10.7	10.7	Decreased by 3.4 percentage points

Reasons for Restatement of Financial Statements:

The Group has implemented Amendments to International Accounting Standard 12, "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" to which the provision applies from 1 January 2023. Taxable and deductible temporary differences arising on recognition of assets and liabilities in a single transaction to which the provision applies are no longer subject to the accounting treatment of initial recognition exemption for deferred tax. According to the relevant requirements of International Accounting Standard 12, "Income Taxes", the corresponding deferred tax liabilities and assets shall be recognised respectively at the time of the transaction. Meanwhile, for the deferred tax related to assets and liabilities arising from the related single transactions between the beginning of the earliest period presented in the financial statements in which the Group first applied the above provisions and the effective date, the retrospective adjustments shall be made. For details of the above changes in accounting policies and the restatement of the financial statements, please refer to the announcement headed Inside Information – Changes in Accounting Policies published by the Company on the website of HKEx on 28 April 2023 and "Changes in Accounting Policies" in notes to the financial statements of 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		
	2023	2022		**At the end of 2023**	At the end of 2022	
		After restatement	Before restatement		After restatement	Before restatement
Under China Accounting Standards for Business Enterprises	**59,694**	69,648	69,626	**408,692**	393,900	393,854
Adjustments for:						
Simple production maintenance, safety production and other related expenditure	**4,931**	3,277	3,277	**2,786**	3,083	3,083
Under International Financial Reporting Standards	**64,625**	72,925	72,903	**411,478**	396,983	396,937

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 2023

Unit: RMB million

	First quarter (January – March)	Second quarter (April – June)	Third quarter (July – September)	Fourth quarter (October – December)
Revenue	87,042	82,400	83,025	90,607
Profit for the period attributable to equity holders of the Company	20,677	16,184	15,640	12,124
Net cash generated from operating activities	29,203	17,146	28,371	14,967

Subject to external factors such as climate change, supply-demand relationship in the coal power market, coal and electricity price fluctuations, as well as other factors including the settlement cycle of cost and expense, asset impairment testing and non-operating expenditures, the Group's results varied from quarter to quarter. For the operation profile of the Group in this year, please refer to Section IV "Director's Report" in this report.

Explanation on the differences between quarterly data and disclosed periodic report data: ☐ Applicable ✔ Not applicable

Dear Shareholders,

2023 marks the inaugural year for comprehensively implementing the guiding principles of the 20th CPC National Congress, and is a crucial year for connecting the past with the future under the "14th Five-Year Plan." The on-the-upturn economy came with balanced supply and demand of energy on the whole, and the green and low-carbon transformation and high-quality development were promoted in depth. Following the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, China Shenhua comprehensively studied and implemented the guiding principles of the 20th CPC National Congress and thoroughly put into practice the spirit delivered in General Secretary Xi Jinping's important speech on his inspection of Huanghua Port, resolutely carried out the decision and deployment made by the CPC Central Committee and the State Council, actively implemented the policy for energy supply and price stability, fulfilled the missions and duties as a central government-owned enterprise, practiced the original aspiration of common prosperity and a shared prosperous future, successfully completed all annual tasks and goals, and maintained a high-quality development trend of stability and progress. The Company achieved a profit for the year attributable to equity holders of the Company of RMB64.625 billion, a basic earnings per share of RMB3.253 per share, a gearing ratio at the end of the period of 24.0%, and a total market capitalisation of RMB598.9 billion at the end of the year.

This year saw us consolidate the cornerstone for energy security through integrated operation. We deeply practiced our responsibility and mission of being the "Ballast for Energy Supply, Pioneer in Energy Revolution", actively responded to challenges such as increased coal imports, energy market price fluctuations, and extreme weather conditions, reinforced the foundation of energy supply security, ensured safe, compliant, and efficient production, and further strengthened the capability of securing coal supply. As a result, the production and sales of commercial coal rose by 3.5% and 7.7% year-on-year, respectively. We deepened the integrated operation of coal and power, ensured stable and increased power generation from electric power units, continuously leveraged the role of coal-fired power in providing basic energy support, and achieved a year-on-year increase of 11.0% and 11.1% in the annual power generation and sales of power. We smoothed the energy transportation guarantee lines, in an effort to establish a multi-functional, comprehensive and modern transportation system that combines railways, ports and shipping. We recorded year-on-year increases in self-owned railway transportation turnover, port loading volume and shipment turnover. With synergistic and efficient operations across various sectors, we successfully achieved stable production and energy supply throughout the year and demonstrated the mission and duty of China Shenhua with outstanding results.

This year witnessed us enhance core competitiveness with focus on industry control. We further improved the resilience and safety level of the supply chain of the integrated industrial chain. We accelerated the acquisition and connection of high-quality coal resources, obtained mining license approvals for Xinjie No. 1 Mine and Xinjie No. 2 Mine. We accelerated the construction of high-quality power points, with Guangdong Qingyuan Power Plant Phase I (2×1,000MW) and Hunan Yueyang Power Plant (2×1,000MW) projects successively put into commercial operation, and Guangxi Beihai Power Plant Phase II (2×1,000MW) Project II under construction. We accelerated the development of transportation corridor capacity, made steady progress in the Shenshuo Railway Capacity Expansion Project and Huangwan Railway Electrification Transformation Project, successfully achieved two-way navigation for 70,000-tonne ships at Huanghua Port, continuously expanded non-coal transportation and reverse transportation businesses, and realised the interconnection of the "land-port-shipping" integrated two-way heavy-haul multimodal transportation. We accelerated the upgrading and transformation of coal chemical projects, with the smooth commencement of the Baotou Coal-to-Olefins Upgrading Demonstration Project. We carried out the "Hundred-Day Safety Production Campaign" in depth and ensured smooth and orderly production and operation. We steadily carried forward the asset injection work and completed on-site due diligence for Hangjin Energy and Dayan Mining.

This year, we, aligning to strategic goals, developed new markets for new energy. Guided by the "goals of carbon peaking in 2030 and carbon neutrality in 2060", we solidly promoted the development of strategic emerging industries. We prepared the Company's 2023 work plan for low-carbon development and set up the leading group accordingly for that. We worked to coordinate the strategic cooperation between the internal and external enterprises of China Energy and local governments and branched out into new energy industry in diverse channels and forms. As at the end of the Reporting Period, the new energy projects planned, under construction and put into operation had a capacity of approximately 3,610 MW. The 150 MW centralized photovoltaic power station at the dump site of open-cut mine of Shengli Energy of the Company, and the distributed photovoltaic projects of Baorixile open-cut mine and Guojiawan Power Plant were connected to the grid, and the two new energy industry investment funds invested and sponsored by the Company yielded stable returns. Focusing on the clean and efficient use of coal, we promoted the "three types of technical reforms" of coal-fired power units, and the standard coal consumption of coal-fired power units decreased by 1.8 g/kWh year on year. We kept an eye on climate change, carried out comprehensive management of air pollution and soil and water conservation, and promoted the coordinated development of ecological, environmental, social and economic benefits. The Mine Eco-tourism Scenic Spot of Zhunge'er Energy has been rated as a national 3A tourist attraction, showcasing that our eco-friendly mining development has set a benchmark in the industry.

This year, we advanced the reform to motivate the endogenous power for innovation development. We further consolidated the results of the three-year action to reform state-owned enterprises and mapped out a blueprint for consolidating and upgrading world-class demonstration enterprise. We established and improved the term and contractual management system for management members to further enhance management effectiveness. We anchored the path of scientific and technological innovation and actively participated in major national scientific and technological research projects. The "600 MW coal-fired power generating unit with ammonia blending combustion" test led by us was successful and the "High-safety and High-precision Positioning Application Demonstration for Group Train Operation Control" organized by us was approved by the Ministry of Science and Technology of China. We expedited the construction of intelligent projects, with Daliuta and Heidaigou collieries passing the acceptance of national intelligent demonstration coal mine construction projects. A number of scientific and technological innovation projects such as intelligent mines, smart transportation, new energy technology, and integrated operations have achieved staged progress. Focusing on directions such as carbon capture and utilisation, hydrogen energy, ammonia energy, and the production and application of green methanol, we actively planned scientific and technological innovation research on forward-looking strategic industries.

This year, we worked hard to lift our corporate governance to a higher level through more standardised operation. With a deep understanding of the core positioning as a state-owned enterprise, we well unified the CPC's leadership with corporate governance. Specifically, we continued work on the foundation of "the general meeting, the Board and the Supervisory Committee", revised and improved the rules of procedure for special committees under the Board, and effectively leveraged the role and responsibilities of the Board. We formulated an action plan for market value enhancement with proactive expectation management, researched and set a "3+4" expectation management indicator system, formulated cash dividend policies in a scientific manner and implemented dividend distribution than expectation, which together further improved the market value management. We worked on the risk prevention and control capacity, and the Company's "six in one" internal control evaluation method was selected as a case study for corporate governance by the State-owned Assets Supervision and Administration Commission of the State Council. As a return of the optimised ESG system, the Company was selected for two consecutive years in the Fortune China ESG Influence List (《財富》中國ESG影響力榜單), ranked first among listed energy companies in the "2023 China Brand Value Evaluation Information" (2023中國品牌價值評價信息), and was presented the highest honours of the best practice case in terms of the board of directors, corporate governance and the office of board of directors of listed companies in 2023 by the China Association for Public Companies. We actively participated in social welfare and charity causes and received awards such as the China Top 100 Enterprises Award and China Ethical Enterprise.

This year, we fully empowered the high-quality development of the enterprise guided by the Party building. We adhered to and strengthened the overall leadership of the CPC, kept in mind the "big picture of the country" and the "essentials of the enterprise", firmly practiced the "two maintenances", and ensured that the spirit of the 20th CPC National Congress and the important instructions and directives of General Secretary Xi Jinping were implemented. We fully leveraged the role of controlling the direction, having the big picture, and ensuring the implementation of the Party Committee, and strictly implemented the "first issue" system. We implemented the "one main line, two guarantees, three combinations and three leads" for the central group of the Party Committee and yielded more fruits from the "One Branch with One Brand, One Brand with One Characteristic" building activity. We profoundly and comprehensively governed the Party with strict discipline, held "Year of Style Construction" and integrity education activities, and made solid and effective efforts in Party style and clean government construction and anti-corruption work. We carefully organised the "China Shenhua Energy Tour 2023" characteristic united front activity, created the "Youth π" youth culture brand, further unified thoughts, built cohesion, and escorted high-quality corporate development.

Braving difficulties and riding the wave, we stand at the forefront of the trend; with a mission on our shoulders, we set sail at the right time. 2024 is the 75th anniversary of the founding of the People's Republic of China, the key year for implementing the "14th Five-Year Plan" and the crucial year for comprehensive construction of a world-class integrated energy listed company. We will adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully implement the spirit of the 20th CPC National Congress and the Second Plenary Session of the 20th CPC Central Committee, earnestly implement the deployment of the Central Economic Work Conference and the Central Financial Work Conference, and accurately grasp the new mission and positioning of "general objectives, general principles and general requirements, "enhance corporate core competitiveness and functionality", and "technology innovation, industry control and security underpinning". Closely concentrating on the corporate development strategy of "one goal, three roles, six responsibilities", we will adhere to the work orientation of "seeking progress while maintaining stability, promoting stability through progress, and establishing before breaking". We will ensure stable energy supply in a safe and compliant manner, promote green and low-carbon transformation of industries, strengthen research on strategic emerging industries and future industries, further enhance capital operation efficiency, actively implement market value management assessment requirements, improve corporate governance, and constantly create a new situation in building a world-class integrated energy listed company.

Firstly, we will enhance the resilience of the industrial chain and solidify the foundation for development. It is crucial to firmly establish a red-line awareness and bottom-line thinking on safety and environmental protection, actively respond to policies and market changes, fully focus on ensuring continuous coal production and stable power supply, maintain smooth energy transportation channels, make all-out efforts to complete the production and operation goals and tasks for the year, consolidate and improve the capability of secure energy supply.

Secondly, we will optimise the integrated operational model by extending, supplementing and strengthening the chain. This involves the orderly advancement of a number of new coal mines, coal power, coal chemical projects such as Xinjie No. 1 Mine and Xinjie No. 2 Mine, Jiangxi Jiujiang Power Plant Phase II, Guangdong Qingyuan Power Plant Phase II, Guangxi Beihai Power Plant Phase II, and Baotou Coal Chemical Coal-to-Olefins Upgrading Demonstration Project, the asset acquisition of Hangjin Energy and Dayan Mining, the creation of a multi-functional comprehensive modern energy transportation channel, and the continuous enhancement of core competitiveness of integrated industries.

Thirdly, we will better serve the national strategy by playing our part as a centrally administrated state-owned enterprise. Guided by the national goal of carbon peaking and carbon neutrality as the guiding value, we will keep a close eye on climate change to improve the clean and efficient use of coal. We will reinforce green mine development and steadily implement clean energy replacement in transportation systems. We will take a holistic approach to study on strategic emerging industries and future industries to accelerate the formation of new quality productive forces and better serve the economic and social development.

Fourthly, we will adhere to the drive of scientific and technological innovation for motivating new momentum for development. We will stay on faster track to develop platforms for tackling core technologies, increase investment in technological development and improve systems and mechanisms for scientific and technological innovation. We will shape a source of original and leading technology in green intelligent mining, coordinated and efficient operation of transportation and logistics, high-end diversified and low-carbon development of modern coal chemical industry.

Fifthly, we will focus on enterprise value management and improve the Company's comprehensive governance. We will unwaveringly consolidate the deepening reform of enterprises by strengthen compliance risk management and control for refined operation management, and develop a first-class financial management system. We will further promote the coordination of industry and finance to optimise the quality of core assets and follow the assessment requirements of market value management for improved effectiveness of capital operation. Bearing the "investor-based" concept in mind, we will work hard on information disclosure and investor relations services to reward shareholders. We will enhance the ability to create value and lend more glories to the Company's prestige brand.

Sixthly, we will fulfill social responsibilities with high standards as contributions to high-quality development of the Company. We will continue to improve the ESG system with ESG management methods at the core and ESG-related special systems as the support to facilitate the upgrade of the ESG information system. We will put in place the requirements of regulatory disclosure guidance, improve quality of ESG report disclosure, reinforce comprehensive ESG governance, thus enhancing the influence of the Company's ESG performance in the industry and the globe.

Board of Directors
China Shenhua Energy Company Limited
22 March 2024

Section IV
Directors' Report

Overview of China Shenhua's Operating Results for 2023

Table 1 Business Targets

		Target for 2024	Actual amount in 2023	Change %
Commercial coal production	100 million tonnes	**3.161**	3.245	(2.6)
Coal sales	100 million tonnes	**4.353**	4.500	(3.3)
Power generation	100 million kWh	**2,163**	2,122.6	1.9
Revenue	RMB100 million	**3,300**	3,430.74	(3.8)
Cost of sales	RMB100 million	**2,358**	2,325.37	1.4
Selling, general and administrative and R&D expenses and net finance costs	RMB100 million	**150**	137.27	9.3
Changes in unit production costs of self-produced coal		**Year-on-year increase of around 10%**	Year-on-year decrease of 2.3%	

Table 2 Financial Indicators

		2023	2022 (Restated)	Change %
Revenue	RMB million	**343,074**	344,533	(0.4)
Profit for the year	RMB million	**75,192**	85,398	(12.0)
EBITDA	RMB million	**114,573**	121,536	(5.7)
Profit for the year attributable to equity holders of the Company	RMB million	**64,625**	72,925	(11.4)
Basic earnings per share	RMB/share	**3.253**	3.670	(11.4)
Net cash generated from operating activities	RMB million	**89,687**	109,734	(18.3)

Table 3 Results of Each Segment

	Coal 2023 RMB million	Coal 2022 RMB million	Power 2023 RMB million	Power 2022 RMB million	Railway 2023 RMB million	Railway 2022 RMB million	Port 2023 RMB million	Port 2022 RMB million	Shipping 2023 RMB million	Shipping 2022 RMB million	Coal chemical 2023 RMB million	Coal chemical 2022 RMB million	Unallocated items 2023 RMB million	Unallocated items 2022 RMB million	Eliminations 2023 RMB million	Eliminations 2022 RMB million	Total 2023 RMB million	Total 2022 RMB million
Revenue from external customers	**228,149**	236,305	**92,202**	84,341	**13,012**	13,423	**2,017**	1,959	**1,596**	2,126	**6,098**	6,379	**-**	-	**-**	-	**343,074**	344,533
Inter-segment revenue	**45,157**	41,169	**205**	184	**29,949**	28,774	**4,732**	4,482	**3,240**	3,925	**-**	-	**548**	529	**(83,831)**	(79,063)	**-**	-
Sub-total of segment revenue	**273,306**	277,474	**92,407**	84,525	**42,961**	42,197	**6,749**	6,441	**4,836**	6,051	**6,098**	6,379	**548**	529	**(83,831)**	(79,063)	**343,074**	344,533
Segment cost of sales	**(196,959)**	(192,753)	**(77,594)**	(73,491)	**(27,380)**	(25,041)	**(3,844)**	(3,556)	**(4,602)**	(5,214)	**(5,569)**	(5,493)	**(23)**	(27)	**83,434**	78,951	**(232,537)**	(226,624)
Segment profit before income tax	**63,753**	73,536	**10,910**	7,969	**11,152**	12,742	**2,307**	2,288	**100**	706	**180**	538	**3,946**	1,468	**428**	427	**92,776**	99,654
	As at 31 December 2023 RMB million	As at 31 December 2022 (Restated) RMB million	**As at 31 December 2023 RMB million**	As at 31 December 2022 (Restated) RMB million	**As at 31 December 2023 RMB million**	As at 31 December 2022 (Restated) RMB million	**As at 31 December 2023 RMB million**	As at 31 December 2022 (Restated) RMB million	**As at 31 December 2023 RMB million**	As at 31 December 2022 (Restated) RMB million	**As at 31 December 2023 RMB million**	As at 31 December 2022 RMB million	**As at 31 December 2023 RMB million**	As at 31 December 2022 (Restated) RMB million	**As at 31 December 2023 RMB million**	As at 31 December 2022 (Restated) RMB million	**As at 31 December 2023 RMB million**	As at 31 December 2022 (Restated) RMB million
Segment total assets	**301,482**	294,168	**167,912**	150,632	**125,301**	124,906	**18,885**	19,831	**7,169**	7,417	**7,858**	8,646	**504,228**	489,271	**(499,423)**	(469,551)	**633,412**	625,320
Segment total liabilities	**(134,258)**	(128,036)	**(139,580)**	(131,621)	**(51,000)**	(53,174)	**(7,120)**	(7,931)	**(601)**	(424)	**(2,080)**	(3,206)	**(203,455)**	(201,295)	**386,333**	363,163	**(151,761)**	(162,524)

Table 4 Operation Data

		2023	2022	Change %
Commercial coal production	million tonnes	**324.5**	313.4	3.5
Coal sales	million tonnes	**450.0**	417.8	7.7
Transportation turnover of self-owned railway	billion tonne km	**309.4**	297.6	4.0
Loading volume at Huanghua Port	million tonnes	**209.5**	206.2	2.1
Loading volume at Tianjin Coal Dock	million tonnes	**45.8**	45.2	1.3
Shipping volume	million tonnes	**152.9**	136.3	12.2
Shipment turnover	billion tonne nm	**164.7**	133.6	23.3
Gross power generation	billion kWh	**212.26**	191.28	11.0
Total power output dispatch	billion kWh	**199.75**	179.81	11.1
Polyethylene sales	thousand tonnes	**364.4**	358.4	1.7
Polypropylene sales	thousand tonnes	**341.5**	340.6	0.3

Table 5 Commercial Coal Production Volume

	2023 Million tonnes	2022 Million tonnes	Change %
Total production	**324.5**	313.4	3.5
By mines			
Shendong Mines	**190.5**	187.6	1.5
Zhunge'er Mines	**72.9**	69.5	4.9
Shengli Mines	**28.3**	27.1	4.4
Baorixile Mines	**31.0**	27.4	13.1
Baotou Mines	**1.8**	1.8	–
By regions			
Inner Mongolia	**225.9**	215.9	4.6
Shaanxi Province	**92.5**	92.5	–
Shanxi Province	**6.1**	5.0	22.0

Table 6 Power Business

Power plants/power type	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 2022 MW	Increase in installed capacity for 2023 MW	Total installed capacity as at 31 December 2023 MW	Equity installed capacity as at 31 December 2023 MW
Zhunge'er Power	North China Power Grid	Inner Mongolia	38.7	34.8	5,863	341	327	660	–	660	381
Shendong Power	Northwest/North China/ Shaanxi Provincial Local Power Grid	Inner Mongolia	269.7	249.4	5,378	316	379	5,014	–	5,014	4,528
Shengli Energy	North China Power Grid	Inner Mongolia	59.2	54.6	4,488	327	314	1,320	–	1,320	1,320
Cangdong Power	North China Power Grid	Hebei	118.1	112.3	4,685	295	399	2,520	–	2,520	1,285
Dingzhou Power	North China Power Grid	Hebei	122.3	113.4	4,854	305	397	2,520	–	2,520	1,021
Taishan Power	South China Power Grid	Guangdong	285.7	270.9	5,581	303	463	5,120	–	5,120	4,096
Huizhou Thermal	South China Power Grid	Guangdong	43.8	39.8	6,631	297	438	660	–	660	660
Qingyuan Power	South China Power Grid	Guangdong	11.1	10.7	5,726	268	412	–	2,000	2,000	1,020
Fujian Energy	East China Power Grid	Fujian	266.1	254.6	5,532	292	431	4,810	–	4,810	3,406
Jinjie Energy	North China Power Grid	Shaanxi	208.7	193.3	5,611	309	317	3,720	–	3,720	3,720
Shouguang Power	North China Power Grid	Shandong	105.3	100.0	5,213	277	418	2,020	–	2,020	1,212
Jiujiang Power	Central China Power Grid	Jiangxi	113.1	107.9	5,656	276	436	2,000	–	2,000	2,000
Mengjin Power	Central China Power Grid	Henan	44.3	41.1	3,688	302	413	1,200	–	1,200	612
Sichuan Energy	Sichuan Power Grid	Sichuan	142.7	135.2	5,489	294	432	2,600	–	2,600	1,666
Liuzhou Power	Guangxi Power Grid	Guangxi	34.6	32.8	4,944	314	454	700	–	700	490
Beihai Power	Guangxi Power Grid	Guangxi	91.6	87.1	4,577	298	436	2,000	–	2,000	2,000
Yongzhou Power	Hunan Power Grid	Hunan	88.1	83.8	4,405	283	477	2,000	–	2,000	1,600
Yueyang Power	Hunan Power Grid	Hunan	16.6	16.0	4,550	284	470	–	2,000	2,000	1,900
EMM Indonesia	PLN	Indonesia	14.3	12.4	4,775	366	498	300	–	300	210
Total of coal-fired power plants/weighted average			**2,074.0**	**1,950.1**	**5,221**	**300**	**412**	**39,164**	**4,000**	**43,164**	**33,127**
Other power plants											
Gas-fired power			39.4	38.5	4,152	194	555	950	–	950	950
Hydropower			6.6	6.4	5,228	/	227	125	–	125	62
Photovoltaic power			2.6	2.5	905	/	318	62	333	395	246

Table 7 Cost of Sales of Coal Segment

	2023 RMB million	2022 RMB million	Change %
Cost of coal purchased	**67,886**	65,079	4.3
Raw materials, fuel and power	**9,726**	9,601	1.3
Personnel expenses	**12,512**	14,400	(13.1)
Repair and maintenance	**2,980**	3,190	(6.6)
Depreciation and amortization	**7,983**	6,966	14.6
Transportation charges	**52,236**	50,094	4.3
Others	**27,036**	25,340	6.7
Tax and surcharge	**16,600**	18,083	(8.2)
Total cost of sales	**196,959**	192,753	2.2

Table 8 Cost of Sales of Power Segment

	2023 Cost RMB million	2023 Power output dispatch 100 million KWh	2023 Unit cost RMB/MWh	2022 (Restated) Cost RMB million	2022 (Restated) Power output dispatch 100 million KWh	2022 (Restated) Unit cost RMB/MWh	Change in unit cost %
Cost of power output dispatch	**72,232**	**1,997.5**	**361.6**	68,444	1,798.1	380.7	(5.0)
Raw materials, fuel and power	**55,866**	**1,997.5**	**279.7**	53,708	1,798.1	298.7	(6.4)
Personnel expenses	**4,207**	**1,997.5**	**21.1**	3,823	1,798.1	21.3	(0.9)
Repair and maintenance	**1,653**	**1,997.5**	**8.3**	1,927	1,798.1	10.7	(22.4)
Depreciation and amortization	**6,723**	**1,997.5**	**33.7**	6,040	1,798.1	33.6	0.3
Others	**3,783**	**1,997.5**	**18.8**	2,946	1,798.1	16.4	14.6
Other operating costs	**4,285**			3,957			
Tax and surcharge	**1,077**			1,090			
Total cost of sales	**77,594**			73,491			

Table 9 Domestic Coal Sales Volume

		2023 Million tonnes	Proportion of domestic sales %	2022 Million tonnes	Change %
Domestic sales		**442.5**	100.0	412.2	7.4
By regions	Northern China	**144.9**	32.7	141.7	2.3
	Eastern China	**146.1**	33.0	135.5	7.8
	Central China and Southern China	**73.6**	16.7	58.6	25.6
	Northeast China	**43.3**	9.8	41.1	5.4
	Others	**34.6**	7.8	35.3	(2.0)
By usage	Thermal coal	**342.5**	77.4	316.1	8.4
	Metallurgy	**16.8**	3.8	14.9	12.8
	Chemical (including coal slurry)	**58.3**	13.2	65.1	(10.4)
	Others	**24.9**	5.6	16.1	54.7

Table 10 Capital Expenditure Plan

	Plan for 2024 RMB100 million	Completion in 2023 RMB100 million
Coal segment	**98.16**	188.72
Power segment	**171.78**	159.22
Transportation segments	**68.21**	69.29
Including: Railway	**53.46**	63.27
Port	**12.49**	4.85
Shipping	**2.26**	1.17
Coal chemical segment	**23.62**	2.27
Others	**6.27**	0.09
Total	**368.04**	419.59

Table 11 Cost of Sales of Transportation and Coal Chemical Segments

	Railway 2023 RMB million	Railway 2022 RMB million	Railway Change %	Port 2023 RMB million	Port 2022 RMB million	Port Change %	Shipping 2023 RMB million	Shipping 2022 RMB million	Shipping Change %	Coal chemical 2023 RMB million	Coal chemical 2022 RMB million	Coal chemical Change %
Cost of internal transportation business	**18,704**	15,484	20.8	**2,520**	2,269	11.1	**3,021**	3,364	(10.2)	**/**	/	/
Raw materials, fuel and power	**2,702**	2,387	13.2	**376**	368	2.2	**461**	562	(18.0)	**3,118**	3,184	(2.1)
Personnel expenses	**5,612**	4,792	17.1	**389**	382	1.8	**21**	22	(4.5)	**455**	402	13.2
Repair and maintenance	**4,971**	3,581	38.8	**249**	233	6.9	**32**	22	45.5	**368**	296	24.3
Depreciation and amortization	**3,458**	3,204	7.9	**694**	534	30.0	**159**	175	(9.1)	**722**	740	(2.4)
External transportation charges	**524**	720	(27.2)	**/**	/	/	**2,056**	2,281	(9.9)	**/**	/	/
Others	**1,437**	800	79.6	**812**	752	8.0	**292**	302	(3.3)	**151**	119	26.9
Cost of external transportation business	**7,476**	7,165	4.3	**892**	910	(2.0)	**1,568**	1,839	(14.7)	**/**	/	/
Prime business cost	**26,180**	22,649	15.6	**3,412**	3,179	7.3	**4,589**	5,203	(11.8)	**4,814**	4,741	1.5
Other operating costs	**766**	1,854	(58.7)	**336**	289	16.3	**5**	/	/	**608**	617	(1.5)
Tax and surcharge	**434**	538	(19.3)	**96**	88	9.1	**8**	11	(27.3)	**147**	135	8.9
Total cost of sales	**27,380**	25,041	9.3	**3,844**	3,556	8.1	**4,602**	5,214	(11.7)	**5,569**	5,493	1.4

Table 12 Coal Sales Price

	2023 Sales volume Million tonnes	2023 Percentage to total sales volume %	2023 Price (excluding tax) RMB/tonne	2022 Sales volume Million tonnes	2022 Percentage to total sales volume %	2022 Price (excluding tax) RMB/tonne	Change Sales volume %	Change Price (excluding tax) %
Total sales volume/average price (excluding tax)	**450.0**	**100.0**	**584**	417.8	100.0	644	7.7	(9.3)
I. Classify by contract pricing mechanism								
(I) Sales through Trading Group	**427.2**	**94.9**	**598**	395.0	94.5	662	8.2	(9.7)
1. Annual long-term agreement	**258.7**	**57.5**	**500**	221.5	53.0	515	16.8	(2.9)
2. Monthly long-term agreement	**110.0**	**24.4**	**808**	133.5	32.0	873	(17.6)	(7.4)
3. Spot commodity	**58.5**	**13.0**	**640**	40.0	9.5	776	46.3	(17.5)
(II) Direct sales through coal mine pit	**22.8**	**5.1**	**328**	22.8	5.5	329	–	(0.3)
II. Classify by internal and external customers								
(I) Sales to external customers	**370.5**	**82.3**	**598**	346.8	83.0	664	6.8	(9.9)
(II) Sales to internal power segment	**74.6**	**16.6**	**525**	66.3	15.9	555	12.5	(5.4)
(III) Sales to internal coal chemical segment	**4.9**	**1.1**	**446**	4.7	1.1	451	4.3	(1.1)

Table 13 Coal Resources Reserve

Mines	Coal resources (under PRC standard) As at 31 December 2023 100 million tonnes	Coal resources As at 31 December 2022 100 million tonnes	Coal resources Change %	Recoverable reserve (under PRC standard) As at 31 December 2023 100 million tonnes	Recoverable reserve As at 31 December 2022 100 million tonnes	Recoverable reserve Change %	Marketable reserve (under JORC standard) As at 31 December 2023 100 million tonnes	Marketable reserve As at 31 December 2022 100 million tonnes	Marketable reserve Change %
Shendong Mines	**149.7**	151.6	(1.3)	**84.5**	85.7	(1.4)	**63.6**	65.5	(2.9)
Zhunge'er Mines	**35.8**	36.5	(1.9)	**28.4**	29.0	(2.1)	**20.6**	21.3	(3.3)
Shengli Mines	**19.1**	19.4	(1.5)	**12.8**	13.1	(2.3)	**2.1**	2.4	(12.5)
Baorixile Mines	**12.8**	13.1	(2.3)	**7.8**	10.8	(27.8)	**8.3**	8.6	(3.5)
Baotou Mines	**0.4**	0.4	–	**0.3**	0.3	–	**0.2**	0.2	–
Xinjie Mines	**108.0**	108.0	–	**/**	/	/	**/**	/	/
Total of China Shenhua	**325.8**	329.0	(1.0)	**133.8**	138.9	(3.7)	**94.8**	98.0	(3.3)

Table 14 Seaborne Coal at Ports

	2023 Million tonnes	2022 Million tonnes	Change %
Self-owned ports	**198.9**	191.6	3.8
Huanghua Port	**156.2**	150.8	3.6
Tianjin Coal Dock	**42.7**	40.7	4.9
Zhuhai Coal Dock	**–**	0.1	(100.0)
Third-party ports	**27.0**	15.5	74.2
Total seaborne coal sales	**225.9**	207.1	9.1

Table 15 Railway Cargo Transportation Turnover

	2023 billion tonne km	2022 billion tonne km	Change %
Self-owned railways	**309.4**	297.6	4.0
Baoshen Railway	**8.8**	9.2	(4.3)
Shenshuo Railway	**54.1**	51.8	4.4
Ganquan Railway	**1.9**	1.6	18.8
Dazhun Railway	**32.3**	28.8	12.2
Bazhun Railway	**3.0**	2.7	11.1
Zhunchi Railway	**12.9**	12.9	–
Shuohuang-Huangwan Railway	**192.3**	187.2	2.7
Huangda Railway	**4.1**	3.4	20.6
State-owned railways	**58.0**	49.3	17.6
Total railway turnover	**367.4**	346.9	5.9

Table 16 Shipping Volume

	2023 Million tonnes	2022 Million tonnes	Change %
The Group's internal customers	**97.8**	84.5	15.7
External customers	**55.1**	51.8	6.4
Total of shipping volume	**152.9**	136.3	12.2

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

主要資產分佈圖 Assets Distribution Map 2023

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. 新街台格廟礦區 Xinjie Taigemiao Mining Area

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

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
- B20. 岳陽電力 Yueyang Power
- B21. 清遠電力 Qingyuan Power

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

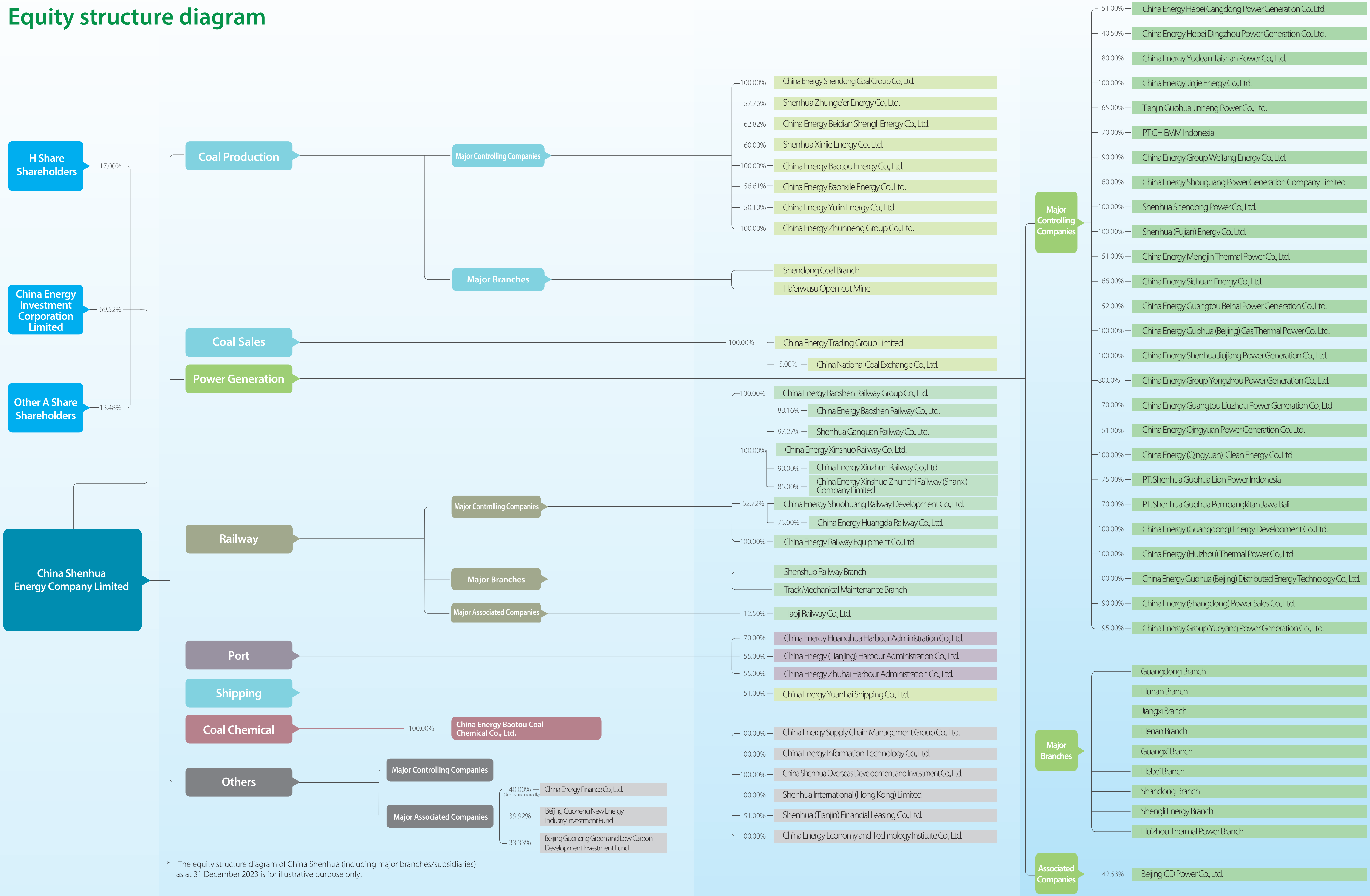
註： ① 於2023年12月31日之分佈圖，僅做示意
② 以審圖號GS(2019)1818號地圖為基礎編製

Note: ① This map as at 31 December 2023 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 2023 is for illustrative purpose only.

I. DISCUSSION AND ANALYSIS ON OPERATION RESULTS

In the year of 2023, the Group actively implemented the national policies on securing energy supply and stabilising prices, and honoured its corporate mission of "serving as the ballast for energy supply and pioneering in energy revolution", with integrated operation being safe and efficient and energy supply being firmly secured. To this end, the Group focused on the clean and efficient utilisation of coal, boosted the development of strategic emerging industries, and efficiently accomplished its annual business targets. The operating results for the year decreased year-on-year as affected by downward coal prices and other factors.

In the year of 2023, the Group recorded profit before income tax of RMB92,776 million (2022: RMB99,654 million), representing a year-on-year decrease of 6.9%; profit for the year attributable to equity holders of the Company of RMB64,625 million (2022: RMB72,925 million, restated), representing a year-on-year decrease of 11.4%; and basic earnings per share of RMB3.253/share (2022: RMB3.670/share, restated), representing a year-on-year decrease of 11.4%.

Item	Unit	Actual amount for 2023	Target for 2023	Proportion of completion %	Actual amount for 2022	Year-on-year change %
Commercial coal production	100 million tonnes	**3.245**	3.094	104.9	3.134	3.5
Coal sales volume	100 million tonnes	**4.500**	4.358	103.3	4.178	7.7
Power generation	100 million kWh	**2,122.6**	2,039	104.1	1,912.8	11.0
Revenue	RMB100 million	**3,430.74**	3,500	98.0	3,445.33	(0.4)
Costs	RMB100 million	**2,325.37**	2,510	92.6	2,266.24	2.6
Sales, general and administration, R&D expenses and net finance costs	RMB100 million	**137.27**	155	88.6	149.21	(8.0)
Changes in unit production costs of self-produced coal	/	**Year-on-year decrease of 2.3%**	Year-on-year increase of approximately 10%	/	Year-on-year increase of 10.9%	/

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

1. Macroeconomic Environment

In 2023, confronted with the intricate and severe international environment and the arduous task of domestic reform, development and stabilisation, all regions and departments in China conscientiously implemented the decisions and arrangements of the CPC Central Committee and the State Council, adhered to the general principle of seeking progress while maintaining stability, fully, accurately and comprehensively implemented the new development philosophy by accelerating the construction of a new development pattern, comprehensively deepening reform and opening-up, increase the intensity of macroeconomic regulation and control, focus on expanding domestic demand, optimising the structure, boosting confidence and preventing and resolving risks. With China's reviving economy in line with the improved stable supply and demand coupled with active promotion of transformation and upgrading, employment and prices were generally stable, people's livelihood was effectively guaranteed with high-quality development being steadily promoted, which successfully achieved major expected goals. The annual gross domestic product (GDP) increased by 5.2% as compared with the previous year in terms of constant prices.

2. Coal Market Environment

(1) China's thermal coal market

In 2023, as China's economic growth stimulated energy demands, the commercial coal consumption kept growing. The production capacity of coal supply continued to be released, the coal storage in major sectors of the society was at a high level, the national coal economic operation remained basically stable, and coal price hub declined overall. As at the end of 2023, the medium- and long-term contract price of the National Coal Seaborne Thermal-Coal Price Index (NCEI) (國煤下水動力煤價格指數) (5,500 kcal) was RMB710 per tonne, representing a decrease of RMB18 per tonne as compared with that at the end of the previous year; the annual average medium- and long-term contract price was approximately RMB714 per tonne, representing a decrease of approximately RMB7 per tonne compared with that of last year, which played the role of "stabiliser" for coal prices. The spot trading price trended downwards with oscillation. The average transaction price for thermal coal price index (5,500 kcal) at Qinhuangdao Port for the year was approximately RMB980 per tonne, representing a year-on-year decrease of approximately 23.7%.

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.

	2023	Year-on-year change %
Industrial raw coal output above designated scale in China *(100 million tonnes)*	**46.6**	2.9
Coal import *(100 million tonnes)*	**4.7**	61.8
National coal transportation volume by railway *(100 million tonnes)*	**27.5**	2.6

In respect of the supply side, the policy of ensuring supply continued to exert strength, the overall coal capacity utilisation rate was at a high level and coal production maintained growth. During the year, the industrial raw coal output above designated scale in China was 4,660 million tonnes, representing a year-on-year increase of 2.9%. The annual raw coal output in Inner Mongolia, Shanxi, Shaanxi and Xinjiang accounted for 81.2% of the industrial raw coal output above designated scale in China, with rising market share. Central coal enterprises took the lead to implement the long-term contract thermal coal mechanism, ensuring the thermal coal supply to the greatest extent. The total coal output during the year was 1,130 million tonnes, representing a year-on-year increase of 4.5%. During the year, the total imported coal was 470 million tonnes, representing a year-on-year increase of 61.8%, mainly from Indonesia, Russia, Australia, Mongolia, etc., with a decrease of approximately 19.5% for imported coal average cost.

In respect of the demand side, China's commercial coal consumption increased by approximately 7.5% year-on-year in 2023. Of which the commercial coal consumption of power generation industry accounted for approximately 59.1% of the total coal consumption, representing a year-on-year increase of 11.5%, showing a relatively rapid growth; commercial coal consumption in the chemical industry increased by 5.4% year-on-year; commercial coal consumption by steel sector increased by approximately 3.0% year-on-year.

(2) International thermal coal market

In 2023, in view of improved global coal supply landscape and high level of inventory among most international thermal coal end-users, the coal price trended downwards with oscillation. The International Energy Agency pointed out that coal is still the most important energy source for global power generation, steel-making, and cement production. It expected that in 2023, the global coal demand would reach 8.54 billion tonnes, representing an increase of 1.4% year-on-year, and the global coal production would be 8.74 billion tonnes, representing an increase of 1.8% year-on-year. According to statistical data, the total coal production in India in 2023 was 1.01 billion tonnes, representing a year-on-year increase of 10.9%; the coal production in Indonesia reached 780 million tonnes, representing a year-on-year increase of 13.0%; the coal production in Mongolia reached 81.192 million tonnes, representing a year-on-year increase of 1.18 times. According to the shipping data, the global growth rate of seaborne coal trade has accelerated, with a cumulative global load of seaborne coal (excluding domestic coastal transportation) of 1.34 billion tonnes in 2023, representing an increase of 6.0% compared to the last year. The exported volume from Indonesia, Australia, Russia, the United States, Mongolia, and other countries maintained growth; the imported volume of China, India, Türkiye, Vietnam and other countries increased, while the imported volume of Germany, Japan, South Korea and Taiwan, China declined year-on-year. As at the end of 2023, the spot price of Newcastle NEWC thermal coal was US$149.0/tonne, representing a decrease of 62.9% as compared to the end of the previous year.

3. Power Market Environment

In 2023, 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 9,224.1 billion kWh, representing a year-on-year increase of 6.7%. The power generation by power plants above designated scale in China was 8,909.1 billion kWh, representing a year-on-year increase of 5.2%. In particular, thermal power generation amounted to 6,231.8 billion kWh, representing a year-on-year increase of 6.1%, accounting for 69.9% of the national power generation; hydropower generation amounted to 1,140.9 billion kWh, representing a year-on-year decrease of 5.6%. The average utilisation hours of power generation equipment of power plants in China with the installed capacity of 6,000 kW and above were 3,592 hours, decreasing by 101 hours year-on-year. Among them, the average utilisation hours of thermal power equipment were 4,466 hours, increasing by 76 hours year-on-year (the average utilisation hours of coal power equipment were 4,685 hours, increasing by 92 hours year-on-year). The average utilisation hours of hydropower equipment were 3,133 hours, representing a year-on-year decrease of 285 hours.

Investment in non-fossil power has accelerated, emphasising the role of coal power. In 2023, the proportion of non-fossil power generation investment in power source investment reached 90%, with installed capacity of non-fossil energy maintaining rapid growth. By the end of 2023, installed capacity of power generation nationwide reached 2,920 GW, of which installed capacity of non-fossil energy reached 1,570 GW, accounting for 53.9% of the total installed capacity. The installed capacity of thermal power generation reached 1,390 GW, of which the installed capacity of coal power generation reached 1,160 GW, representing a year-on-year increase of 3.4%, accounting for 39.9% of total installed capacity of power generation, down to below 40% for the first time, representing a year-on-year decrease of 4.0 percentage points. The ratio of coal power generation to total power generation in 2023 was nearly 60%. Coal power remains the major source of electricity supply in China, which reflects the role of thermal power serving as backup guarantee. In 2023, the capacity tariff policy was introduced, effectively playing the support and adjustment role of coal power to promote renewable energy consumption in the future.

The reform of power mechanism has continued to deepen, the market mechanisms play a decisive role in the allocation of resources in electricity market. In 2023, power trading centres across China organised and completed a total of 5,667.9 billion kWh of market transactions, representing a year-on-year increase of 7.9%, accounting for 61.4% of total power consumption in the whole society, representing a year-on-year increase of 0.6 percentage point. With multi-level power market system operating effectively, the medium- to long-term power direct trading volume in the national power market was 4,428.9 billion kWh, representing a year-on-year increase of 7.0%, and the pilot work of the electricity spot market progressed with stability.

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 located in Shendong Mines, Zhunge'er Mines, Shengli Mines, Baorixile Mines, etc. In 2023, the Group realised commercial coal production of 324.5 million tonnes and the sales of coal of 450.0 million tonnes. The Group controls and operates high-capacity clean coal-fired power generators with great parameters. The Group controlled and operated power generators with an installed capacity of 44,634 MW by the end of 2023, with a total power output dispatch of 199.75 billion kWh in 2023. The Group controls and operates a network of concentric and radial 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 Huangda 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 309.4 billion tonne km for the year. The Group also controls and operates a number of ports and terminals (with a total ship loading capacity of approximately 270 million tonnes/year), such as Huanghua Port, owns the fleet of ships with approximately 2.13 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, heavy-haul railway transportation and smart port operation 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, which efficiently connects resource supply of China West with the energy needs of the southeast seaboard. Hence, we have formed 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 2023, the Group focused on synergy to create efficiency and increase revenue, strengthened the efficient matching of supply chain, actively optimised energy distribution, enhanced the construction of various links such as production, transportation, sales, storage and utilisation, which guaranteed the safe and stable supply of energy, and continuously improved the benefit-creation capability of the value chain, thus cementing its overall strengths.

(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 the Group 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:** The Group 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, heavy-haul railway transportation and smart port operation 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 commercialisation 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	2023	2022 (Restated)	Change %
Revenue	**343,074**	344,533	(0.4)
Cost of sales	**(232,537)**	(226,624)	2.6
Research and development costs	**(3,007)**	(3,722)	(19.2)
Other gains and losses	**(3,583)**	(3,184)	12.5
Other income	**1,272**	1,100	15.6
Loss allowance, net of reversal	**(285)**	(1,337)	(78.7)
Other expenses	**(5,003)**	(2,136)	134.2
Interest income	**2,634**	3,071	(14.2)
Finance costs	**(3,117)**	(3,930)	(20.7)
Share of results of associates	**3,565**	2,223	60.4
Income tax expense	**(17,584)**	(14,256)	23.3
Net cash generated from operating activities	**89,687**	109,734	(18.3)
Net cash used in investing activities	**(36,974)**	(56,585)	(34.7)
Net cash used in financing activities	**(76,131)**	(78,734)	(3.3)

Detailed explanation on material changes in the business type, composition of profit or source of profit of the Company during the Reporting Period: ☐ Applicable ✔ Not applicable

2. Analysis on Revenue and Costs

(1) Factors affecting the revenue

The revenue of the Group in 2023 recorded a slight year-on-year decrease. The main reasons for the decrease are:

① subject to the supply-demand relationship in the coal market, the average coal sales price of the Group decreased by 9.3% year-on-year and the revenue from coal sales decreased year-on-year;

② subject to the decrease in average shipping price, the revenue from shipping operation of the Group decreased year-on-year.

Major operating indicators	Unit	2023	2022	Change for 2023 compared with that for 2022 %	2021
(I) Coal					
1. Commercial coal production	Million tonnes	324.5	313.4	3.5	307.0
2. Coal sales	Million tonnes	450.0	417.8	7.7	482.3
Of which: Self-produced coal	Million tonnes	325.4	316.2	2.9	312.7
Purchased coal	Million tonnes	124.6	101.6	22.6	169.6
(II) Transportation					
1. Transportation turnover of self-owned railway	Billion tonne km	309.4	297.6	4.0	303.4
2. Loading volume at Huanghua Port	Million tonnes	209.5	205.2	2.1	215.0
3. Loading volume at Tianjin Coal Dock	Million tonnes	45.8	45.2	1.3	46.4
4. Shipping volume	Million tonnes	152.9	136.3	12.2	121.2
5. Shipment turnover	Billion tonne nautical miles	164.7	133.6	23.3	112.1
(III) Power generation					
1. Gross power generation	Billion kWh	212.26	191.28	11.0	166.45
2. Total power output dispatch	Billion kWh	199.75	179.81	11.1	156.13
(IV) Coal chemical					
1. Sales of polyethylene	Thousand tonnes	364.4	358.4	1.7	332.8
2. Sales of polypropylene	Thousand tonnes	341.5	340.6	0.3	315.6

(2) Analysis of costs of sales

Unit: RMB million

Breakdown of cost items	Amount for 2023	Percentage to cost of sales for 2023 %	Amount for 2022	Percentage to cost of sales for 2022 %	Year-on-year change in amount %
Cost of purchased coal	67,886	29.2	65,079	28.7	4.3
Raw materials, fuel and power	33,468	14.4	33,365	14.7	0.3
Personnel expenses	25,090	10.8	25,663	11.3	(2.2)
Repair and maintenance	12,034	5.2	10,715	4.7	12.3
Depreciation and amortisation	21,263	9.1	19,237	8.5	10.5
Transportation charges	19,026	8.2	18,930	8.4	0.5
Tax and surcharge	18,385	7.9	19,972	8.8	(7.9)
Others	35,385	15.2	33,663	14.9	5.1
Total cost of sales	232,537	100.0	226,624	100.0	2.6

Of the cost of sales of the Group in 2023:

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

② the main reason for the year-on-year increase in repairs and maintenance costs: more railway maintenance due to the maintenance plan;

③ the main reasons for the year-on-year increase in depreciation and amortisation: the increase in property, plant and equipment of the Group due to the operation of generating units, purchase of coal mine equipment and other impacts;

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

⑤ the main reasons for the year-on-year increase in other costs: the increases in costs of outsourced stripping work for certain open-cut mines and others.

Unit: RMB million

Cost of sales by business segment in 2023 (before elimination on consolidation)

By business segment	Breakdown of cost items	**2023**	2022	Change %
Coal	Cost of purchased coal, raw materials, fuel and power, personnel expenses, repairs and maintenance, depreciation and amortisation, transportation costs, taxes and surcharges, and other operating costs	**196,959**	192,753	2.2
Power generation	Raw materials, fuel and power, personnel expenses, repairs and maintenance, depreciation and amortisation, other expenses, taxes and surcharges, and other operating costs	**77,594**	73,491	5.6
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, taxes and surcharges, and other operating costs	**27,380**	25,041	9.3
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, taxes and surcharges, and other operating costs	**3,844**	3,556	8.1
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, taxes and surcharges and other operating costs	**4,602**	5,214	(11.7)
Coal chemical	Raw materials, fuel and power, personnel expenses, repairs and maintenance, depreciation and amortisation, taxes and surcharges, and other operating costs	**5,569**	5,493	1.4

(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 2023 were 72%, 12%, 16% and 0%, respectively (2022: 75%, 8%, 16% and 1%).

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 2023 (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	273,306	(196,959)	27.9	(1.5)	2.2	Decreased by 2.6 percentage points
Power generation	92,407	(77,594)	16.0	9.3	5.6	Increased by 2.9 percentage points
Railway	42,961	(27,380)	36.3	1.8	9.3	Decreased by 4.4 percentage points
Port	6,749	(3,844)	43.0	4.8	8.1	Decreased by 1.8 percentage points
Shipping	4,836	(4,602)	4.8	(20.1)	(11.7)	Decreased by 9.0 percentage points
Coal chemical	6,098	(5,569)	8.7	(4.4)	1.4	Decreased by 5.2 percentage points

(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	324.5	450.0	23.4	3.5	7.7	4.9
Power	billion kWh	212.26	199.75	/	11.0	11.1	/

(5) Performance of material purchase contracts and material sales contracts

☐ Applicable ✔ Not applicable

(6) Changes in the scope of consolidation due to changes in shareholding of major subsidiaries during the Reporting Period

☐ Applicable ✔ Not applicable

(7) Information related to significant changes or adjustment of businesses, products or services of the Company in the Reporting Period

☐ Applicable ✔ Not applicable

(8) Major customers

In 2023, the total revenue from the top five customers of the Group amounted to RMB146,086 million, accounting for 42.6% of the total revenue of the Group, including the revenue of the Group from its largest customer of RMB112,933million, 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 and its subsidiaries.

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.

(9) Major suppliers

In 2023, the total procurement from the top five suppliers of the Group amounted to RMB32,953 million, accounting for 15.9% of the total procurement for the year, of which the procurement from its largest supplier amounted to RMB19,787 million, representing 9.5% of the total procurement for the year.

3. Expenses and Other Items of Gains and Losses

(1) The main reason for the year-on-year decrease in R&D expenses: mainly affected by R&D progress.

(2) Other gains and losses during the Reporting Period were aggregated as losses, which is mainly due to the following reasons: The Group conducted impairment tests on certain asset groups with low utilization rate such as railways and loss-making power plants, as well as inventories such as spare parts whose value had decreased due to equipment upgrades, and made impairment provisions based on the impairment test results.

(3) The main reason for the year-on-year increase in other income: the increase of revenue from carbon emissions trading and others.

(4) Loss allowance, net of reversal during the Reporting Period are mainly due to: the Group conducted impairment test on the amount with long ages, and made bad debt provision according to the impairment test results.

(5) The main reasons for the year-on-year increase in other expenses: the increase in special rectification expenses related to coal resource field, cost of carbon emissions trading and others.

(6) The main reason for the year-on-year decrease in interest income: the decrease in interest income due to the decrease in the average deposits balance.

(7) The main reason for the year-on-year decrease in financial costs: The Group continued to optimize its debt structure and financing model, strived to reduce its interest-bearing liabilities and financing costs, registering a year-on-year decrease in interest expenses; net foreign exchange losses decreased year-on-year.

(8) The main reason for the year-on-year increase of the share of results of associates: the year-on-year increase in the Group's investment income from power generation and railway associates and Finance Company.

(9) The main reasons for the year-on-year increase in income tax: when certain coal subsidiaries of the Group settled and paid the enterprise income tax for the same period last year, the overpaid tax in previous years was offset against the current income tax, resulting a year-on-year increase of income tax for this year.

4. Research and Development Expenditure

(1) Research and development expenditure

Unit: RMB million

Expensed research and development expenditure in the period	3,007
Capitalised research and development expenditure in the period	1,446
Total research and development expenditure	4,453
Percentage of total research and development expenditure to revenue *(%)*	1.3
Ratio of capitalised research and development expenditure *(%)*	32.5

In 2023, the research and development expenditure of the Group amounted to RMB4,453 million (2022: RMB5,404 million), representing a year-on-year decrease of 17.6%; research and development expenditure accounted for 1.3% of total revenue (2022: 1.6%), representing a year-on-year decrease of 0.3 percentage point.

During the Reporting Period, the R&D projects carried out by the Group mainly include: green mines, research on technologies and equipment related to smart mines, research on clean and efficient combustion technology for ammonia-mixed coal-fired boilers, research on technology of carbon dioxide resources and energy utilisation in coal-fired power plant, research on unit for high temperature subcritical efficiency improvement technology, research on intelligent technology and equipment for heavy-haul trains and heavy-haul railway, research on hydrogen power equipment of heavy-haul railway, research on collaborative function technology of "network-source-storage-vehicle" (網源儲車), research on intelligent ship-related technology, R&D of high-end coal-to-olefins products, etc. In 2023, the Group was granted one Outstanding Awards under the umbrella of Patent Awards of China, 2 provincial-level awards, and 48 prizes from industry associations, as well as a total of 763 licensed patents, including 241 invention patents.

(2) Research and development personnel

Number of research and development personnel in the Group	3,030
Ratio of research and development personnel to the number of total staff *(%)*	3.6

Educational structure of research and development personnel

Category of educational structure	**Number** *Person*
Doctoral candidate	82
Master degree candidate	440
Undergraduate	2,040
Junior college	386
High school and below	82

Age structure of research and development personnel

Category of age structure	**Number** *Person*
Under 30 years old (excluding 30 years old)	487
30-40 years old (including 30 years old, excluding 40 years old)	1,164
40-50 years old (including 40 years old, excluding 50 years old)	730
50-60 years old (including 50 years old, excluding 60 years old)	649
60 years old and above	0

As at the end of 2023, 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, optimized capital structure while reducing the costs of capital under the premise of safeguarding the operation on an on-going basis, and carried out capital management and investments in accordance with the policy of the Company.

(1) Net cash generated from operating activities: net cash inflow in 2023 was RMB89,687 million (net cash inflow in 2022: RMB109,734 million), representing a year-on-year decrease of 18.3%, mainly due to the decline in sales revenue of coal and increase in operation costs.

(2) Net cash used in investing activities: net outflow of RMB36,974 million in 2023, mainly for the purchase and construction of property, plant and equipment, intangible assets and other long-term assets, representing a decrease of 34.7% compared to a net outflow of RMB56,585 million in 2022, mainly attributable to the significant increase in time deposits placed with financial institutions as compared with the corresponding period last year, which led to the higher principal for this year.

(3) Net cash used in financing activities: net outflow of RMB76,131 million in 2023, mainly attributable to repayment of borrowings and payment of dividends, representing a decrease of 3.3% from the net outflow of RMB78,734 million in 2022.

(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	Percentage of total assets at the end of the previous year %	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	**290,839**	**45.9**	274,103	43.8	6.1	Some power generation projects were completed and put into operation
Construction in progress	**18,955**	**3.0**	20,843	3.3	(9.1)	Some power generation projects were completed and put into operation and transferred to property, plant and equipment
Intangible assets	**4,662**	**0.7**	4,059	0.6	14.9	Increase in assets related to the mining rights of No. 1 Mine and No. 2 Mine in Xinjie Mining Area, Bulianta Colliery, Shangwan Colliery
Interests in associates	**55,635**	**8.8**	49,714	8.0	11.9	Completion of capital increase in Finance Company and gains on investment in associates were recognised
Other non-current assets	**27,070**	**4.3**	28,905	4.6	(6.3)	transfer of assets related to the mining rights of No. 1 Mine and No. 2 Mine in Xinjie Mining Area
Inventories	**12,846**	**2.0**	12,096	1.9	6.2	Increase in coal inventories
Accounts and bills receivable	**19,858**	**3.1**	12,100	1.9	64.1	Increase in receivables from power sales; and the increase in settlement on bills for sales of coal and electricity
Financial assets at fair value through other comprehensive income	**254**	**0.0**	502	0.1	(49.4)	Collection of bank acceptances intended to be used for discounting or endorsement upon maturity

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	Percentage of total assets at the end of the previous year %	Change of the amount at the end of the year compared to the end of the previous year %	Main reasons for changes
Restricted bank deposits	7,298	1.2	6,357	1.0	14.8	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	34,514	5.4	32,688	5.2	5.6	The increase in bank time deposits
Cash and cash equivalents	108,174	17.1	131,458	21.0	(17.7)	The decrease in net cash generated from operating activities; payment of 2022 final dividend and repayment of borrowings
Short-term borrowings	4,622	0.7	12,630	2.0	(63.4)	Optimisation of the use of internal funds and increased repayment of short-term borrowings
Accrued expenses and other payables	30,613	4.8	34,724	5.6	(11.8)	Decrease in employee wages payable and resource taxes payable, etc.
Current portion of long-term liabilities	5,184	0.8	674	0.1	669.1	Increase in payables related to special rectification of coal resources field
Income tax payable	4,757	0.8	5,510	0.9	(13.7)	Decrease in profit before income tax
Contract liabilities	7,208	1.1	5,597	0.9	28.8	Increase in advance payment for coal
Long-term borrowings	29,636	4.7	38,438	6.1	(22.9)	Optimisation of the use of internal funds and repayment of more long-term borrowings
Bonds	2,972	0.5	3,453	0.6	(13.9)	Repurchase and cancellation of certain U.S. dollar-denominated bonds
Long-term liabilities	15,125	2.4	10,613	1.7	42.5	The recognition of long-term payables for mining rights of Bulianta Colliery, Shangwan Colliery
Other non-current liabilities	1,194	0.2	0	0.0	/	Mainly the output tax of VAT to be transferred out related to the financial leasing business

2. **Offshore Assets**

As at 31 December 2023, the total offshore assets of the Group amounted to RMB29,674 million, representing 4.7% 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 RMB7,549 million, of 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 RMB7,298 million in total; other restricted assets mainly consisted of property, plant and equipment secured and guaranteed for acquiring bank borrowings.

4. **Distributable Reserves to Shareholders**

As at 31 December 2023, the distributable reserves of the Company to shareholders were RMB201,416 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 2023, the Group insisted on ensuring the energy safety through coal, consolidating and expanding the normalised long-term supply security mechanism, and maintained stable coal production at high levels. The annual output of commercial coal was 324.5 million tonnes (2022: 313.4 million tonnes), representing a year-on-year increase of 3.5%. The Group vigorously promoted the optimization of the layout of the production system, popularized the technique of gob-side entry retaining without coal pillar, so as to optimize the ratio of mining and tunneling of mines and improve the production efficiency. The total footage of advancing tunnels at underground mines for this year was 404 thousand meters (2022: 446 thousand meters), of which Shendong Mines recorded footage of advancing tunnels of 385 thousand meters (2022: 426 thousand meters).

The Group moved to promote the continuation of coal resources, license application and production capacity increase in an orderly way. As at the date of the disclosure of this report, the mining license for Xinjie No. 1 Mine and No. 2 Mine of Xinjie Taigemiao Mine, Inner Mongolia, which is of great significance to the sustained development of the Group's coal resources, has been obtained. The mining licenses of Bulianta Colliery, Shangwan Colliery, Wanli No. 1 Mine and Ha'erwusu Open-cut Mine have completed the change of mining area, and new mining licenses have been obtained. We have obtained reply from the National Mine Safety Administration in respect of the application for increasing of Baode Coal Mine's production capacity from 5 million tonnes/year to 8 million tonnes/year. The application for the increase of production capacity of Lijiahao Colliery and Shengli No. 1 Open-cut Mine was progressed in an orderly manner.

The Group consolidated and promoted the application level of achievements of intelligent and digital technologies for coal mines. By the end of 2023, the Group had built 35 intelligent underground coal mining working faces, 61 intelligent tunneling working faces and 19 intelligent coal preparation plants, and had equipped 208 unmanned production vehicles in open-cut coal mines. Also, the Group had developed and applied an aggregate of over 200 coal mining robots in five categories, namely tunneling, mining, transportation, safety control and rescue.

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 fulfil 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 2023, the Group fulfilled its responsibility as a state-owned enterprise and made effort to ensure the coal supply. The fulfilment rate of medium- and long-term thermal coal contracts is over 100%. The Group flexibly adjusted its business strategy, innovated its pricing mechanism, increased resources, expanded the market, and concurrently made efforts in terms of both the purchase and sales, achieving year-on-year growths in coal sales volume, purchased and imported coal volume. During the year, the coal sales volume of the Group reached 450.0 million tonnes (2022: 417.8 million tonnes), representing a year-on-year increase of 7.7%. The sales volume for the top five external coal customers was 192.4 million tonnes, accounting for 42.8% of the total coal sales volume; in particular, the coal sold to China Energy Group, the largest customer, was 168.8 million tonnes, representing 37.5% of the total coal sales volume. The top five external coal customers are mainly electrical, chemical and coal trading companies.

In 2023, due to the supply-demand relationship in the coal market, the average coal sales price of the Group was RMB584/tonne (exclusive of tax) (2022: RMB644/tonne), representing a year-on-year decrease of 9.3%.

The production and sales of each kind of coal of the Group in 2023 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	324.5	449.8	262,624	172,229	90,395
Others	/	0.2	244	244	0
Total	324.5	450.0	262,868	172,473	90,395

The coal sales of the Group in 2023 is set out below:

① By types of sources of coal

Types of sources of coal	2023 Sales volume	2023 Percentage to total sales volume	2023 Price (exclusive of tax)	2022 Sales volume	2022 Percentage to total sales volume	2022 Price (exclusive of tax)	Change Sales volume	Change Price (exclusive of tax)
	Million tonnes	*%*	*RMB/ tonne*	*Million tonnes*	*%*	*RMB/ tonne*	*%*	*%*
Self-produced coal	325.4	72.3	548	316.2	75.7	597	2.9	(8.2)
Purchased coal	124.6	27.7	679	101.6	24.3	789	22.6	(13.9)
Total sales volume/average price (exclusive of tax)	450.0	100.0	584	417.8	100.0	644	7.7	(9.3)

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

In 2023, the purchased coal sales volume of the Group was 124.6 million tonnes (2022: 101.6 million tonnes), representing a year-on-year increase of 22.6%, accounting for 27.7% of the total coal sales volume of the Group (2022: 24.3%), which mainly due to the fact that the Group had strengthened its marketing management and coal resource organization, resulting an increased sales volume of purchased coal.

② By contract pricing mechanism

	2023			2022			Change	
	Sales volume	Percentage to total sales volume	Price (exclusive of tax)	Sales volume	Percentage to total sales volume	Price (exclusive of tax)	Sales volume	Price (exclusive of tax)
	Million tonnes	*%*	*RMB/ tonne*	*Million tonnes*	*%*	*RMB/ tonne*	*%*	*%*
I. Sales through Trading Group	427.2	94.9	598	395.0	94.5	662	8.2	(9.7)
1. Annual long-term contract	258.7	57.5	500	221.5	53.0	515	16.8	(2.9)
2. Monthly long-term contract	110.0	24.4	808	133.5	32.0	873	(17.6)	(7.4)
3. Spot commodity	58.5	13.0	640	40.0	9.5	776	46.3	(17.5)
II. Direct sales at the coal mine pit	22.8	5.1	328	22.8	5.5	329	0.0	(0.3)
Total sales volume/average price (exclusive of tax)	450.0	100.0	584	417.8	100.0	644	7.7	(9.3)

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

	2023			2022			Change	
	Sales volume	Percentage to total sales volume	Price (exclusive of tax)	Sales volume	Percentage to total sales volume	Price (exclusive of tax)	Sales volume	Price (exclusive of tax)
	Million tonnes	*%*	*RMB/ tonne*	*Million tonnes*	*%*	*RMB/ tonne*	*%*	*%*
Sales to external customers	370.5	82.3	598	346.8	83.0	664	6.8	(9.9)
Sales to internal power segment	74.6	16.6	525	66.3	15.9	555	12.5	(5.4)
Sales to internal coal chemical segment	4.9	1.1	446	4.7	1.1	451	4.3	(1.1)
Total sales volume/average price (exclusive of tax)	450.0	100.0	584	417.8	100.0	644	7.7	(9.3)

④ By sales regions

	2023 Sales volume	2023 Percentage to total sales volume	2023 Price (exclusive of tax)	2022 Sales volume	2022 Percentage to total sales volume	2022 Price (exclusive of tax)	Change Sales volume	Change Price (exclusive of tax)
	Million tonnes	*%*	*RMB/ tonne*	*Million tonnes*	*%*	*RMB/ tonne*	*%*	*%*
I. Domestic sales	442.5	98.3	581	412.2	98.7	638	7.4	(8.9)
(I) Self-produced coal and purchased coal	423.5	94.1	581	394.8	94.5	632	7.3	(8.1)
1. Direct arrival	197.6	43.9	450	188.1	45.0	475	5.1	(5.3)
2. Seaborne	225.9	50.2	695	206.7	49.5	775	9.3	(10.3)
(II) Sales of domestic trading coal	13.3	2.9	556	11.9	2.9	725	11.8	(23.3)
(III) Sales of imported coal	5.7	1.3	706	5.5	1.3	920	3.6	(23.3)
II. Export sales	0.0	0.0	/	0.4	0.1	1,191	(100.0)	/
III. Overseas sales	7.5	1.7	763	5.2	1.2	1,035	44.2	(26.3)
Total sales volume/average price (exclusive of tax)	450.0	100.0	584	417.8	100.0	644	7.7	(9.3)

(3) Coal resources

As at 31 December 2023, under the PRC Standard, the Group had coal reserves amounting to 32.58 billion tonnes, representing a decrease of 0.32 billion tonnes as compared with that of the end of 2022; and recoverable coal reserve amounting to 13.38 billion tonnes, representing a decrease of 0.51 billion tonnes as compared with that of the end of 2022. The Group's marketable coal reserve amounted to 9.48 billion tonnes under the JORC Standard, representing a decrease of 0.32 billion tonnes as compared with that of the end of 2022.

In 2023, 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 RMB226 million (2022: RMB1.218 billion), which was mainly used for the preliminary expenses of Xinjie Mine; the Group's relevant capital expenditure of coal mine development and exploration amounted to RMB10.794 billion (2022: RMB7.008 billion), which was mainly attributable to the payment of the mining right related expenditure for the coal resource of Shangwan Colliery and Bulianta Colliery in Shendong Mine, as well as project construction expenditure of various mines and 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	149.7	84.5	39.2	16.9	63.6
Zhunge'er Mines	35.8	28.4	7.2	11.7	20.6
Shengli Mines	19.1	12.8	5.1	0.2	2.1
Baorixile Mines	12.8	7.8	4.2	1.7	8.3
Baotou Mines	0.4	0.3	0.0	0.1	0.2
Xinjie Mines	108.0	/	/	/	/
Total	325.8	133.8	55.7	30.6	94.8

Notes: 1. Trusted reserve and proved reserve are calculated based on the Classifications for Mineral Resources and Mineral Reserves (GB/T 17766-2020).

2. The trusted reserve of Baotou Mines is 1.067 million tonnes.

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	4,185-5,704	0.2-0.6	7.0-18.4
2	Zhunge'er Mines	Long flame coal	4,412-4,685	0.4-0.7	26.6-29.9
3	Shengli Mines	Lignite	2,956	1.0	24.0
4	Baorixile Mines	Lignite	3,520	0.2	15.6
5	Baotou Mines	Long flame coal/ non-caking coal	3,985-4,427	0.5-1.1	13.3-19.8

Note: The 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

		2023	2022	Change %	Main reasons for changes
Revenue	RMB million	273,306	277,474	(1.5)	Decrease in average sales price of coal
Cost of sales	RMB million	(196,959)	(192,753)	2.2	Increase in sales and purchase cost of purchased coal; increase in depreciation and amortisation, costs of outsourced stripping work for certain open-cut mines and others
Gross profit margin	%	27.9	30.5	Decreased by 2.6 percentage points	
Profit before income tax	RMB million	63,753	73,536	(13.3)	

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

	2023				2022			
Regions	Sales revenue RMB million	Sales costs RMB million	Gross profit RMB million	Gross profit margin %	Sales revenue RMB million	Sales costs RMB million	Gross profit RMB million	Gross profit margin %
Domestic	257,117	(166,785)	90,332	35.1	263,112	(162,133)	100,979	38.4
Export and overseas	5,751	(5,688)	63	1.1	5,884	(5,491)	393	6.7
Total	262,868	(172,473)	90,395	34.4	268,996	(167,624)	101,372	37.7

③ The gross profit from sales of coal products of the Group by coal source before elimination on consolidation

Coal source	2023 Sales revenue *RMB million*	2023 Sales cost *RMB million*	2023 Gross profit *RMB million*	2023 Gross profit margin %	2022 Sales revenue *RMB million*	2022 Sales cost *RMB million*	2022 Gross profit *RMB million*	2022 Gross profit margin %
Self-produced coal	178,242	(89,856)	88,386	49.6	188,818	(89,997)	98,821	52.3
Purchased coal	84,626	(82,617)	2,009	2.4	80,178	(77,627)	2,551	3.2
Total	262,868	(172,473)	90,395	34.4	268,996	(167,624)	101,372	37.7

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

	2023	2022	Change %	Main reasons for changes
Unit production cost of self-produced coal	162.4	166.3	(2.3)	
Raw materials, fuel and power	30.1	30.7	(2.0)	
Personnel expenses	37.4	44.8	(16.5)	Mainly affected by appraisal, etc.; higher benchmark last year
Repairs and maintenance	9.1	10.1	(9.9)	Affected by the maintenance plan, the decrease in repair costs for some open-cut mines
Depreciation and amortisation	23.9	22.8	4.8	Additional mine production equipment; increase in amortisation of long-term deferred expenses
Other costs	61.9	57.9	6.9	Increases in costs of outsourced open-cut mine stripping work and others

Other costs consist of the following three components: (1) expenses directly related to production, including expenses for coal washing, selecting and processing expenses, and mining engineering expenses, etc., accounting for 66%; (2) auxiliary production expenses, accounting for 19%; and (3) land requisition and surface subsidence compensation, environmental protection expenses, tax, etc., accounting for 15%.

2. Power Segment

(1) Production and operation

In 2023, the Group brought into full play the role of coal-fired power generation as a stabiliser by achieving high utilisation rates, high load rates and long periods of uninterrupted operation of coal-fired power generating units. The Group promoted the construction of highly-efficient clean coal power generating units, putting No. 1 and No. 2 power generation units of the Hunan Yueyang Project as well as No. 1 and No. 2 power generation units of the Guangdong Qingyuan Phase I Project into operation successively. Under the "integration, price, cost and profit" (集價本利) business philosophy, the Group coordinated its efforts in volume-secured price maintenance, spot trading and thermal power marketing to realise increase in both sales volume and revenue. The Group realised a total power output dispatch of 199.75 billion kWh throughout the year, accounting for 2.2% of 9,224.1 billion kWh[1] of the total power consumption of the society in the corresponding period, of which the market-based trading power reached 194.56 billion kWh, accounting for an increase to 97.4% of the total power output dispatch. The average electricity selling price was RMB414/MWh (2022: RMB418/MWh), representing a year-on-year decrease of 1.0%.

Intensifying the "three reforms linkages" (三改聯動) of coal-fired power units and promoting green and low-carbon-oriented transformation and development. In 2023, the Group completed energy-saving and consumption-reducing transformation of 10.20 GW, flexibility transformation of 5.58 GW and heating transformation of 4.40 GW of coal-fired power units, thereby adding a new heating capacity of 268 MW, enhancing the peak-shaving operation capacity by 525 MW, and lowering the standard coal consumption of coal-fired power generation units to 294.9 g/kWh (2022: 296.7 g/kWh), a decrease of 1.8 g/kWh as compared with the same period of last year.

The Group expends renewable energy business development channels and continuously ramps up investment. In 2023, the Group took full advantage of land resources including open-cut mine dumps, reclamation areas and idle land along the railway to invest in and build photovoltaic projects. The 150 MW centralised photovoltaic power station at the dump site of open-cut mine of Shengli Energy and the distributed photovoltaic projects in the Baorixile open-cut mine and the Guojiawan Power Plant achieved grid-connected power generation. As at the end of 2023, the Group has put into operation 77 photovoltaic power generation projects with a total installed capacity of 512 MW, of which the total installed capacity for external commercial operation is 395 MW. As at the end of 2023, Beijing Guoneng New Energy Industry Investment Fund and Beijing Guoneng Green and Low-Carbon Development Investment Fund, which were established with the participation of the Company, had completed the merger and acquisition of 37 new energy projects covering photovoltaic, wind power and hydrogen equipment manufacturing, with a cumulative return from project divestment of RMB98 million.

1 Source: National Energy Administration

(2) Power output dispatch and price of electricity sold

Operation location/ power type	Gross power generation (billion kWh) 2023	2022	Change %	Total power output dispatch (billion kWh) 2023	2022	Change %	Price of electricity sold (RMB/MWh) 2023	2022	Change %
(I) Coal-fired power	**207.40**	186.72	11.1	**195.01**	175.36	11.2	**412**	416	(1.0)
Guangdong	**34.06**	32.39	5.2	**32.14**	30.52	5.3	**458**	446	2.7
Shaanxi	**33.46**	30.27	10.5	**30.75**	27.79	10.7	**337**	341	(1.2)
Fujian	**26.61**	22.89	16.3	**25.46**	21.88	16.4	**431**	452	(4.6)
Hebei	**24.04**	23.82	0.9	**22.57**	22.35	1.0	**398**	423	(5.9)
Inner Mongolia	**14.67**	13.34	10.0	**13.38**	12.16	10.0	**320**	349	(8.3)
Sichuan	**14.27**	12.09	18.0	**13.52**	11.39	18.7	**432**	432	0.0
Guangxi	**12.62**	4.69	169.1	**11.99**	4.44	170.0	**441**	429	2.8
Jiangxi	**11.31**	11.74	(3.7)	**10.79**	11.20	(3.7)	**436**	425	2.6
Shandong	**10.53**	9.84	7.0	**10.00**	9.36	6.8	**418**	427	(2.1)
Hunan	**10.47**	9.38	11.6	**9.98**	8.95	11.5	**476**	477	(0.2)
Chongqing	**9.50**	9.70	(2.1)	**9.08**	9.29	(2.3)	**418**	416	0.5
Henan	**4.43**	5.03	(11.9)	**4.11**	4.70	(12.6)	**413**	391	5.6
Indonesia (overseas)	**1.43**	1.54	(7.1)	**1.24**	1.33	(6.8)	**498**	555	(10.3)
(II) Gas-fired power	**3.94**	3.85	2.3	**3.85**	3.76	2.4	**555**	564	(1.6)
Beijing	**3.94**	3.85	2.3	**3.85**	3.76	2.4	**555**	564	(1.6)
(III) Hydropower	**0.66**	0.67	(1.5)	**0.64**	0.65	(1.5)	**227**	226	0.4
Sichuan	**0.66**	0.67	(1.5)	**0.64**	0.65	(1.5)	**227**	226	0.4
(IV) Photovoltaic power	**0.26**	0.04	550.0	**0.25**	0.04	525.0	**318**	444	(28.4)
Inner Mongolia	**0.12**	/	/	**0.11**	/	/	**201**	/	/
Fujian	**0.07**	0.03	133.3	**0.07**	0.03	133.3	**455**	477	(4.6)
Guangdong	**0.03**	0.00	/	**0.03**	0.00	/	**465**	194	139.7
Shaanxi	**0.02**	0.00	/	**0.02**	0.00	/	**271**	333	(18.6)
Shandong	**0.01**	0.01	0.0	**0.01**	0.01	0.0	**355**	348	2.0
Hebei	**0.01**	/	/	**0.01**	/	/	**319**	/	/
Henan	**0.00**	/	/	**0.00**	/	/	**575**	/	/
Total	**212.26**	191.28	11.0	**199.75**	179.81	11.1	**414**	418	(1.0)

Note: In 2023, both the power generation and output dispatch of the photovoltaic power stations of the Group in Henan Province was 1.86 million kWh.

(3) Installed capacity

At the end of the Reporting Period, the total installed capacity of the Group's power generating units reached 44,634 MW, of which the total installed capacity of the coal-fired power generating units was 43,164 MW, accounting for approximately 3.1% of the total installed capacity of thermal power generating units of the society (being 1.39 billion kW[1]).

Unit: MW

Power type	Total installed capacity as at 31 December 2022	Installed capacity increased during the Reporting Period	**Total installed capacity as at 31 December 2023**
Coal-fired power	39,164	4,000	**43,164**
Gas-fired power	950	0	**950**
Hydropower	125	0	**125**
Photovoltaic power	62	333	**395**
Total	40,301	4,333	**44,634**

In 2023, the changes of the Group's installed capacity for coal-fired power generating units are as follows:

Company	**Location**	**Increase of installed capacity** *MW*	**Description**
Yueyang Power	Hunan	2,000	The operation of new units
Qingyuan Power	Guangdong	2,000	The operation of new units
Total	–	4,000	–

1 Source: China Electricity Council

(4) Utilisation rate of power generation equipment

The average utilisation hours of coal-fired generators of the Group reached 5,221 hours for the year 2023, representing a year-on-year increase of 270 hours and 536 hours higher than the national average utilisation hours of 4,685 hours[1] for coal-fired generating units with the installed capacity of 6,000KW and above.

Power type	**Average utilisation hours** *(Hours)*			**Power consumption ratio of power plant** *(%)*		
	2023	2022	Change %	**2023**	2022	Change
Coal-fired power (including gangue-fired power plants)	**5,221**	4,951	5.5	**5.20**	5.24	Decreased by 0.04 percentage point
Gas-fired power	**4,152**	4,054	2.4	**1.56**	1.57	Decreased by 0.01 percentage point
Hydropower	**5,228**	5,340	(2.1)	**0.28**	0.42	Decreased by 0.14 percentage point
Photovoltaic power	**905**	725	24.8	**/**	/	/
Weighted average	**5,167**	4,925	4.9	**5.11**	5.15	Decreased by 0.04 percentage point

1 Source: China Electricity Council

(5) Market transaction of power

	2023	2022	Change %
Total volume of power in market-based transactions *(billion kWh)*	**194.56**	162.92	19.4
Total volume of on-grid power *(billion kWh)*	**199.75**	179.81	11.1
Percentage of the power in market-based transactions *(%)*	**97.4**	90.6	Increased by 6.8 percentage points

(6) Operation results of the power sales business

The principal operation model of the Group's subsidiary, Shandong Power Sales Company, is to earn profit through the price difference between the purchase and sales of electricity, which mainly engages in providing value-added services, such as procurement and sales of power, cross-province transactions, power equipment management, green power trading and power demand-side response agency. In 2023, the agent power output dispatch from Shandong Power Sales Company (excluding those from the Group's self-owned power plants) were 7.15 billion kWh, with the corresponding revenue from power sales and power purchase cost amounting to RMB3,366 million and RMB2,970 million, respectively.

No.	Province	Power output dispatch *Billion kWh*		Average price of electricity sold (exclusive of tax) *RMB/MWh*		Unit cost of power purchase (exclusive of tax) *RMB/MWh*	
		2023	2022	**2023**	2022	**2023**	2022
1	Shandong	**7.15**	5.82	**417**	420	**416**	417

(7) *Capital expenditure*

In 2023, the total capital expenditure of the power generation segment was RMB15,922 million, the capital expenditure breakdown of major power generation projects is set out as below:

No.	Name of project	Contribution amount for the Reporting Period *RMB million*	Percentage of accumulated investment in project to the total budget as at the end of the Reporting Period *%*	Phase of projects at the end of the Reporting Period
1	Guangdong Qingyuan Power Plant Phase I (2×1,000MW)	5,176	100.0	Put into operation
2	Hunan Yueyang Power Plant (2×1,000MW)	3,068	100.0	Put into operation
3	Guangdong Huizhou Thermal Power Phase II Gas-thermal Power Project (2×400MW)	929	46.0	Under construction
4	Jiangxi Jiujiang Power Plant Phase II Expansion Project (2×1,000MW)	350	4.8	Under construction
5	Shengli Energy Open-cut Dump Disposal Photovoltaic Power Station Project (150MW)	312	85.0	Put into operation
6	Guangdong Qingyuan Power Plant Phase II Expansion Project (2×1,000MW)	272	4.0	Under construction
7	Guangxi Beihai Power Plant Phase II Expansion Project (2×1,000MW)	149	2.1	Under construction
8	Hebei Dingzhou Power Plant Phase III Expansion and Thermal Power Project (2×660MW)	/	/	Approved
9	Hebei Cangdong Power Plant Phase III Expansion Project (2×660MW)	/	/	Approved

(8) *Operation results*

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

		2023	2022	Change %	Main reasons for changes
Revenue	RMB million	**92,407**	84,525	9.3	Increase in the power output dispatch
Cost of sales	RMB million	**(77,594)**	(73,491)	5.6	Increase in the power output dispatch
Gross profit margin	%	**16.0**	13.1	Increased by 2.9 percentage points	
Profit before income tax	RMB million	**10,910**	7,969	36.9	

② Revenue from and cost of the power sales of the Group before elimination on consolidation

Unit: RMB million

	Revenue from power sales			Cost of power sales				
Power type	**2023**	2022	Change	**2023**	**Percentage to total costs of power sales in 2023**	2022	Percentage to total costs of power sales in 2022	Change in 2023 over 2022
			%		**%**		%	%
Coal-fired power	**83,252**	75,658	10.0	**70,273**	**97.3**	66,124	96.6	6.3
Gas-fired power	**2,138**	2,119	0.9	**1,812**	**2.5**	2,201	3.2	(17.7)
Hydropower	**146**	148	(1.4)	**108**	**0.1**	109	0.2	(0.9)
Photovoltaic power	**80**	17	370.6	**39**	**0.1**	10	0.0	290.0
Total	**85,616**	77,942	9.8	**72,232**	**100.0**	68,444	100.0	5.5

The Group's cost of power sales 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 sales of the Group in 2023 was RMB361.6/MWh (2022: RMB380.7/MWh), representing a year-on-year decrease of 5.0%, mainly due to the decline of average coal purchase price.

In 2023, the power segment consumed a total of 73.2 million tonnes (2022: 66.0 million tonnes) of coal sold within the Group (including self-produced coal and purchased coal of the Group), representing a year-on-year increase of 10.9%, 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 sold within the Group that was consumed by the power segment accounted for 78.0% of the total coal consumption of power segment, which was 93.8 million tonnes.

③ Cost of power sales of coal-fired power plant of the Group before elimination on consolidation

	2023		2022		Change
	Costs	**Percentage**	Costs	Percentage	in cost
	RMB million	***%***	*RMB million*	*%*	*%*
Raw material, fuel and power	**54,414**	**77.4**	51,919	78.5	4.8
Personnel expenses	**4,117**	**5.9**	3,733	5.6	10.3
Repair and maintenance	**1,576**	**2.2**	1,854	2.8	(15.0)
Depreciation and amortisation	**6,553**	**9.3**	5,858	8.9	11.9
Others	**3,613**	**5.2**	2,760	4.2	30.9
Total cost of power sales of coal-fired power plant	**70,273**	**100.0**	66,124	100.0	6.3

The cost of power sales of coal-fired power plant increased by 6.3% year-on-year. Among them, the year-on-year growth of cost of raw materials, fuel and power was mainly due to the increase in power sales; the year-on-year increase in personnel expenses was mainly due to a number of newly-added generating units of the Group put into operation, which resulted in the increase in related power production personnel; the year-on-year decrease in repair and maintenance costs was mainly due to the overhaul plan; 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 property, plant and equipment; and the year-on-year increase in other costs was mainly attributable to the increase in the other costs related to the newly-commissioned units of the Group, among others.

3. Railway Segment

(1) Production and operation

In 2023, the railway segment of the Group organised coal transportation efficiently with a view of securing energy supply. The Group implemented refinement of management of special railway lines, strengthen the effective connection between special railway line management and transportation resources, and improve the ability of safeguarding railway equipment in a professional, intensive and integrated manner. With the completion of the capacity expansion and transformation project of the Wochang Station of Zhunchi Railway, 20,000-tonne-heavy-haul loaded trains could operate safely across sections of Zhunchi Railway and Shuohuang Railway, further improving the efficiency of coal transportation. In 2023, the transportation turnover of self-owned railway of the Group reached 309.4 billion tonnes km (2022: 297.6 billion tonnes km), representing a year-on-year increase of 4.0%. 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 22.3 million tonnes (2022: 19.6 million tonnes), representing a year-on-year increase of 13.8%, of which the reverse transportation volume reached 16.9 million tonnes during the year.

The Group continued to promote the development of its railway collection and distribution system and improve the overall transportation capacity of its railway lines. The Group made sustained efforts to promote the 300 million-tonne and 450 million-tonne capacity expansion and transformation project for Shenshuo Railway and Shuohuang Railway, respectively, which are expected to enhance the transformation capacity for its main channels. The Group accelerated the electrification of the Huangwan Railway to improve its downstream diversion capacity. The construction of special railway lines including Dongyue line was advanced to enhance the resource acquisition capacity on collection and transportation sides.

(2) Operation results

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

		2023	2022	Change %	Main reasons for changes
Revenue	RMB million	**42,961**	42,197	1.8	Increase in transportation turnover of self-owned railway
Cost of sales	RMB million	**(27,380)**	(25,041)	9.3	Increase in repair and maintenance costs, personnel expenses and others; increase in transportation turnover of self-owned railway
Gross profit margin	%	**36.3**	40.7	Decreased by 4.4 percentage points	
Profit before income tax	RMB million	**11,152**	12,742	(12.5)	

In 2023, the unit transportation cost in the railway segment was RMB0.085/tonne km (2022: RMB0.076/tonne km), representing a year-on-year increase of 11.8%, which was mainly due to the increase in repair and maintenance costs, personnel expenses and others.

4. Port Segment

(1) Production and operation

In 2023, the port segment of the Group optimised the production organisation for arrangement, thereby ensuring the efficient and smooth progress of the integrated industrial chain in all efforts. Loading volume of coal at Huanghua Port was 209.5 million tonnes (2022: 205.2 million tonnes), representing a year-on-year increase of 2.1%, successively ranking the first in terms of the coal loading volume in China. Coal loading volume at Tianjin Coal Dock was 45.8 million tonnes (2022: 45.2 million tonnes), representing a year-on-year increase of 1.3%.

Speeding up the enhanced transportation capacity of ports. The Group actively implemented the spirit as conveyed in the important speech of General Secretary Xi Jinping during his inspection at Huanghua Port, and facilitated the complete run-through of the "railway, port and shipping" integrated reverse transportation, thereby realising the integrated two-way and heavy-loaded multimodal transportation. Huanghua Port's two-way route was successfully opened to 70,000-tonne ships. The Group also steadily pushed forward Phase V of Huanghua Port (coal port area), Phase II of Tianjin Coal Dock, capacity expansion of Zhuhai Port and Phase II of Fujian Luoyuanwan Port, so as to enhance its downstream diversion capacity. The ports have seen rapid development in bulk logistics business, with the 3# and 4# general bulk cargo terminals (50,000 tonnes) of Huanghua Port being put into operation, the bulk cargo volume builds up. The port segment of the Group handled a transportation volume of non-coal commodities of 12.5 million tonnes, representing a year-on-year increase of 62.3%.

Focusing on the intelligent and green development of ports. The Group has intensified the R&D and application of automatic lading technologies, and Huanghua Port has become the first coal port in China to realise smart lading. The Group undertook the pilot project of "Green Port Development" in the campaign of building a powerful country via transportation infrastructure, which has been accepted by the Ministry of Transport. The Group realised the shore power facilities covering all the self-owned terminals and vessels, and achieved remarkable results in reducing pollutants and carbon emissions.

(2) Operation results

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

		2023	2022	Change %	Main reasons for changes
Revenue	RMB million	**6,749**	6,441	4.8	Increase in loading volume on port
Cost of sales	RMB million	**(3,844)**	(3,556)	8.1	Increase in depreciation and amortisation; increase in loading volume on port
Gross profit margin	%	**43.0**	44.8	Decreased by 1.8 percentage points	
Profit before income tax	RMB million	**2,307**	2,268	1.7	

The unit transportation cost in the port segment was RMB12.5/tonne in 2023 (2022: RMB12.0/tonne), representing a year-on-year increase of 4.2%, mainly due to the increase in depreciation and amortisation resulting from the increased port operating assets.

5. Shipping Segment

(1) Production and operation

In 2023, the Group's shipping segment insisted on integrated operation with allocation of shipping capacity in scientific manner to ensure safe coal transportation, achieving an increase in the volume of imported and transit shipments. The shipping volume for the year was 152.9 million tonnes (2022: 136.3 million tonnes), representing a year-on-year increase of 12.2% while shipment turnover amounted to 164.7 billion tonnes nautical miles (2022: 133.6 billion tonnes nautical miles), representing a year-on-year increase of 23.3%. Due to the year-on-year decrease in the coastal shipping prices, revenue of the shipping segment decreased year on year.

(2) Operation results

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

		2023	2022	Change %	Main reasons for changes
Revenue	RMB million	**4,836**	6,051	(20.1)	Decrease in average shipping price
Cost of sales	RMB million	**(4,602)**	(5,214)	(11.7)	Decrease in vessel rental charges and fuel costs
Gross profit margin	%	**4.8**	13.8	Decreased by 9.0 percentage points	
Profit before income tax	RMB million	**100**	706	(85.8)	

In 2023, the unit transportation cost of the shipping segment was RMB0.028/tonne nautical mile (2022: RMB0.039/tonne nautical mile), representing a year-on-year decrease of 28.2%, mainly due to the decrease in vessel rental charges and fuel costs, and the increase in shipment freight turnover.

6. Coal Chemical Segment

(1) Production and operation

The coal chemical segment of the Group comprises the coal-to-olefins project of Baotou Coal Chemical, the main products of which include polyethylene (with production capacity of approximately 300,000 tonnes/year), polypropylene (with production capacity of approximately 300,000 tonnes/year) and a small amount of by-products (including industrial sulphur, mixed C5, industrial propane, mixed C4, industrial methanol, fine methanol and others). In 2023, Baotou Coal Chemical Coal-to-Olefins Upgrading Demonstration Project commenced with additional production capacity of 750,000 tonnes/year. Upon completion, the project will further promote the development of the coal-based new material industry, which is conducive to the consolidation of the Group's integrated operation model.

In 2023, facilities of the coal-to-olefin project of Baotou Coal Chemical maintained a safe and smooth operation and achieved continuous and high production, with the output of polyolefin products totalling 702,900 tonnes, representing a year-on-year increase of 1.3%. The Group promoted the research and development of high-end coal-to-olefin products, broadened the product offerings, and developed new products such as high-transparency polypropylene resin and low-density polyethylene with high-load melt index, thus further enhancing its competitiveness in the market. The Group also optimised its technologies to effectively reduce energy and water consumption, with a year-on-year decrease of 3.0% and 8.6% in overall energy consumption and per-unit water consumption recorded throughout the year, respectively.

The sales of polyethylene and polypropylene products of the Group in 2023 are as follows:

	2023		2022		Change	
	Sales volume	**Price**	Sales volume	Price	Sales volume	Price
	thousand tonnes	***RMB/ tonne***	*thousand tonnes*	*RMB/ tonne*	*%*	*%*
Polyethylene	**364.4**	**6,446**	358.4	6,765	1.7	(4.7)
Polypropylene	**341.5**	**5,908**	340.6	6,613	0.3	(10.7)

(2) Operation results

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

		2023	2022	Change %	Main reasons for changes
Revenue	RMB million	6,098	6,379	(4.4)	Decrease in average sales price of polyolefin products
Cost of sales	RMB million	(5,569)	(5,493)	1.4	
Gross profit margin	%	8.7	13.9	Decreased by 5.2 percentage points	
Profit before income tax	RMB million	180	538	(66.5)	

(3) Unit production cost of main products

	2023		2022		Change	
	Output *Thousand tonnes*	Unit production cost *RMB/ tonne*	Output *Thousand tonnes*	Unit production cost *RMB/ tonne*	Output *%*	Unit production cost *%*
Polyethylene	362.4	5,660	353.4	5,812	2.5	(2.6)
Polypropylene	340.5	5,487	340.3	5,788	0.1	(5.2)

In 2023, a total of 4.9 million tonnes of coal consumed by the coal chemical segment was all the coal sold within the Group (including self-produced coal and purchased coal of the Group).

(V) Operations by Region

Unit: RMB million

	2023	2022	Change %
Revenue from external transactions in domestic markets	**330,746**	332,253	(0.5)
Revenue from external transactions in overseas markets	**12,328**	12,280	0.4
Total	**343,074**	344,533	(0.4)

Note: The revenue from external 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 2023, the revenue from external transactions in domestic markets was RMB330,746 million, accounting for 96.4% of the Group's revenue. The revenue from external transactions in overseas markets was RMB12,328 million, accounting for 3.6% of the Group's revenue.

In 2023, the Group's overseas business operations are stable with normal progress in project construction. South Sumatra EMM in Indonesia achieved profitability by means of measures including adopting economic power generation strategies and reducing fuel costs. Benefiting from the stable coal supply, the Pembangkitan Jawa project was able to further increase its market share, with indexes of its generators ranking first successively among thermal power generators within the Indonesian power grid. Construction of the South Sumatra No. 1 Project is progressing steadily, with both generators expected to be commissioned in 2024. The Pennsylvania shale gas project in the United States is in good production and operation. The equity gas volume attributable to the Group in 2023 is 127 million cubic meters. The construction of the Zashulanskoye project in Russia is advancing smoothly.

(VI) Analysis on Investments

In 2023, the equity investments of the Company in subsidiaries and associated companies amounted to RMB9,028 million (2022: RMB27,124 million), representing a year-on-year decrease of 66.7%. Equity investments for 2023 were mainly used to increase capital in subsidiaries such as coal, power generation and financial leasing, as well as associated companies such as finance companies, in order to accelerate project construction and promote business development.

1. Material Investment in Equity Interest

☐ Applicable ✔ Not applicable

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-trading equity investments that have no significant impact on the investees and bank acceptance bills that are planned to be discounted or endorsed.

Unit: RMB million

Category of assets	At the beginning of the period	Gains and losses from fair value changes for the period	Cumulative changes in fair value included in equity	Impairment provided for the period	Amount of purchase for the period	Amount of disposal/ redemption for the period	Other changes	At the end of the period
Other investments in equity instruments	2,386	/	119	/	/	/	(19)	2,486
Financing receivables	502	/	/	/	/	/	(248)	254
Financial assets held for trading Note	/	0	/	/	0	/	/	0
Total	2,888	0	119	/	0	/	(267)	2,740

Note: On December 13, 2023, China Energy Digital and Intelligent Technology and Development (Beijing) Co., Ltd. ("DITD", a holding subsidiary of the Company) received 16,386 shares (the "Transferred Shares") from Poten Environment Group Co., Ltd. (stock code: 603603, security abbreviation: *ST Botian, a client of DITD), which was used to offset DITD's accounts receivable from *ST Botian. DITD classified the Transferred Shares as "Financial assets held for trading" and recognised an initial cost of RMB45,880.80. As at the end of the Reporting Period, DITD recognised a loss from fair value change of RMB20,974.08 for this "Financial assets held for trading", with a year-end carrying amount of RMB24,906.72.

(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 2023			2023	2022 (Restated)	Change %	Main reasons for changes
1	Shendong Coal	4,989	39,594	28,872	15,747	29,248	(46.2)	Decrease in sales price of coal; the income tax was settled in the same period of the previous year, and the current income tax was deducted from the excess tax paid in the previous year
2	Shuohuang Railway	15,231	44,099	29,695	5,983	6,507	(8.1)	Increase in repair costs
3	Jinjie Energy	3,802	18,113	15,857	4,256	5,161	(17.5)	Decrease in sales price of coal; increase in coal production cost
4	Baorixile Energy	1,169	13,882	7,232	3,217	3,258	(1.3)	Decrease in sales price of coal
5	Zhunge'er Energy	7,102	52,238	43,952	2,612	3,731	(30.0)	Decrease in sales price of coal; increase in coal production cost
6	Beidian Shengli	2,925	14,461	8,724	2,520	2,574	(2.1)	Decrease in coal sales price
7	Trading Group	7,789	27,739	13,671	1,778	1,671	6.4	Increase in sales volume of coal
8	Huanghua Harbour Administration	6,790	13,141	10,284	1,555	1,482	4.9	Increase in loading volume on port
9	Railway Equipment	6,300	21,516	9,636	1,511	947	59.6	Decrease in income tax expenses year-on-year due to income tax preferential policy
10	Yulin Energy	2,420	7,599	4,109	1,485	1,366	8.7	Increase in sales volume of coal

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 RMB86,682 million and a profit from operations of RMB18,525 million in 2023.

(3) Shuohuang Railway recorded a revenue of RMB22,217 million and a profit from operations of RMB7,920 million in 2023.

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 the Finance Company.

(IX) Structured Entities 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, during the Reporting Period, the Group has fully complied in all material aspects with the relevant laws and regulations that are related to the business and operation of the Group, 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 2023 Environmental, Social and Governance Report of the Company.

In 2023, there was no material dispute between the Group and its stakeholders.

(XII) Donations

During the Reporting Period, the Group made external donations of RMB438 million.

(XIII) Contingent Liabilities

Details of the Group's contingent liabilities are set out in the "Commitments and Contingent Liabilities" in the notes to the financial statements in this report.

(XIV) Pension Plan

Details of the pension plan for the Group's employees are set out in the "Significant Accounting Policies" in the notes to the financial statements in this report in relation to the retirement benefit costs. There are no forfeited contributions under the defined contribution pension plans that may be used by the Group, being the contributions processed by employers on behalf of employees who withdrew from such plans prior to vesting fully in such contributions.

(XV) Subsequent Matters

☐ Applicable ✔ Not applicable

VI. THE COMPANY'S OUTLOOK FOR FUTURE DEVELOPMENT

(I) Industry Structure and Trend

In 2024, the favourable conditions for China's development will outweigh the unfavourable factors, and the fundamental trend of economic recovery and long-term improvement will remain unchanged. The economic work of China will adhere to the principle of seeking progress while maintaining stability and promoting stability with incremental development, and establishing the new before abolishing the old, reinforcing the counter-cyclical and inter-cyclical adjustment of macro policies. To this end, China will continue to adopt proactive fiscal policies and sound monetary policies, take proactive steps to implement the policies for stabilising expectations, growth and employment, develop and expand strategic emerging industries, accelerate the development of new productivity boosters, and endeavour to promote the transition of growth models, structural adjustment, and quality and efficiency improvement, so as to promote the steady and long-term economic development in a sustainable manner. It is expected that China's economy will continue to rebound and improve in 2024, with a GDP growth rate of around 5%.

For the coal industry, sustained economic recovery in China will stimulate the growth of energy demand. With the release of new coal production capacity and reinforced supervision on production safety, coal production will remain stable in general. Coal imports are expected to remain high. Generally, supply and demand of the coal market in 2024 is poised to be balanced and relaxed, 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, taking into account factors such as macro-economy and electrification of energy-consuming equipment, China Electricity Council expected that the total electricity consumption of the whole society will increase by approximately 6% year-on-year in 2024, and the increment of installed capacity of power generation in 2024 is expected to be basically equal to that in 2023, and the installed capacity of new energy power generation may for the first time outweigh the installed capacity of coal-fired power generation. In view of factors such as growing demand for electricity consumption and commissioning of power supplies, it is expected that the overall power supply and demand in China will be tight and balanced in 2024, and the power supply and demand in some regions will be tight during peak hours.

(II) Development Strategy of the Company

2023 is the first year to fully implement the spirit of the 20th National Congress of the Communist Party of China. According to the deployment of the CPC Central Committee and the State Council, the energy industry will be coordinated in respect of the development and safety, so as to promote the high-quality development of energy, and realize the improvement and stability of energy security supply and clean transformation, ensuring the solid guarantee for promoting high-quality economic development and meeting the people's need for a better life. Currently, energy supply has become routine, 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 have become increasingly obvious.

In 2024, 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 20th National Congress of CPC 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 Roles and Six Responsibilities", adhere to the work-oriented principle of "seeking progress while maintaining stability, promoting stability with advancement, and establishing the new before abolishing the old", focus on enhancing core functions, enhancing core competitiveness, and focus on safe development, innovative development, green development, coordinated development, value development and Party building. We will build ourself into a world-class clean and low-carbon energy technology leader and a first-class comprehensive energy listed company, pursue steady and high-quality development, and constantly give back to investors, give full play to our role in technological innovation, industrial control, and safety support, and contribute China's Shenhua Power to China-style modernization with an aim to comprehensively promote the construction of a powerful country and national rejuvenation. In the second half of 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, obtain more access to coal resources and speed up the clean and efficient development and utilisation of coal to improve the comprehensive efficiency of energy utilisation, build clean and high-efficient thermal power unit and strengthen the development of comprehensive energy projects. We will optimise the layout of the transportation network, promote the integration of dedicated railway and connection lines, innovate and develop large-scale logistics business, and create a multi-functional, comprehensive and modern energy transportation channel. We will develop high value-added products such as coal-based new materials, and promote the development of high-end, diversified and low-carbon coal chemical industry. We will also leverage the advantages of high-level platform and strong financial position as a listed company, implement market value management and appraisal requirements, strengthen the cooperation with local government and enterprises, promote the steady and sustainable development of renewable energy including wind power and photovoltaic, study investment opportunities in strategic emerging industries such as energy storage, hydrogen energy, biomass energy projects, and foster future industries and accelerate the development of new quality productive forces so as to lay a solid foundation for the sustainable and sound development of the Company.

(III) Business Plan for 2024

1. Business Targets for 2024

Item	Unit	Target of 2024	Actual amount in 2023	Increase/ (decrease) %
Commercial coal production	100 million tonnes	3.161	3.245	(2.6)
Coal sales	100 million tonnes	4.353	4.500	(3.3)
Gross power generation	100 million kWh	2,163	2,122.6	1.9
Revenue	RMB100 million	3,300	3,430.74	(3.8)
Cost of sales	RMB100 million	2,358	2,325.37	1.4
Total selling, general and administrative, research and development expenses and net finance costs	RMB100 million	150	137.27	9.3
Percentage change of unit production cost of the self-produced coal	/	Year-on-year increase of approximately 10%	Year-on-year decrease of 2.3%	/

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 2024

Unit: RMB100 million

	Plan for 2024	Completion in 2023
Coal segment	98.16	188.72
Power generation segment	171.78	159.22
Transportation segments	68.21	69.29
Of which: Railway	53.46	63.27
Port	12.49	4.85
Shipping	2.26	1.17
Coal chemical segment	23.62	2.27
Others	6.27	0.09
Total	368.04	419.59

Total capital expenditure of the Group in 2023 amounted to RMB41.959 billion, which were mainly used for the acquisition of the mining rights and the purchase of coal mine production equipment; the power generation projects, such as Hunan Yueyang Power Plant and Guangdong Qingyuan power plant phase I; the construction for capacity expansion and renovation of railways, the construction for electrification renovation of railways and purchase of locomotives; and coal-to-olefin upgrading demonstration project.

The Board of the Company approved a total planned capital expenditure of 2024 of RMB36.804 billion (excluding equity investment), including:

(1) Among the capital expenditure of the coal segment, RMB2.150 billion will be used in new construction as well as renovation and expansion projects (including the purchase of infrastructure related equipment); RMB2.274 billion will be used for equipment purchase; RMB5.392 billion will be used for other expenditure. The major investment projects include: purchasing of mining equipment for various mines in Shendong Mines, the construction 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 generation segment, RMB10.159 billion will be used in new construction projects (including the purchase of related equipment); RMB0.655 billion will be used in technical renovation in environmental protection; RMB1.821 billion will be used in technical renovation in non-environmental protection, and RMB236 million will be used for other expenditure. The major investment projects include: Jiangxi Jiujiang Power Plant Phase II Expansion Project, Guangdong Qingyuan Power Plant Phase II Expansion Project and Guangxi Beihai Power Plant Phase II Expansion Project, etc.

The capital expenditure of new energy business of RMB4.307 billion will be mainly used for the construction of photovoltaic power generation projects in Guangdong and Jiangxi, etc.

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

(4) The capital expenditure of port segment will be mainly used for the construction of Huanghua Port (coal port area) Phase V Project, Huanghua Port (coal port area) Oil Products Terminal Project, Zhuhai Port Gaolan Port Area Guoneng Bulk Cargo Terminal Project and others.

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

The Group's capital expenditure plan for 2024 of major investment project is as follows:

Name of project	Expected production capacity	Expected total investment of project *RMB hundred million*	Capital expenditure plan for 2024 *RMB hundred million*	Shareholdings of the Company *%*
(I) Coal projects				
1. Xinjie No. 1 Mine in Taigemiao Area of Xinjie Mining Area	8 million tonnes/year	150.5	7.0	60
2. Xinjie No. 2 Mine in Taigemiao Area of Xinjie Mining Area	8 million tonnes/year	146.8	4.0	60
(II) Power generation projects				
1. Jiangxi Jiujiang Power Plant Phase II Expansion Project	Installed capacity 2×1,000MW	73.7	28.0	100
2. Guangdong Qingyuan Power Plant Phase II Expansion Project	Installed capacity 2×1,000MW	71.7	24.0	51
3. Guangxi Beihai Power Plant Phase II Expansion Project	Installed capacity 2×1,000MW	59.3	24.0	52
4. Guangdong Huizhou Thermal Power Phase II Gas-thermal Power Project	Installed capacity 2×400MW	23.4	6.6	100
5. Guangdong Qingyuan Shijiao Natural Gas Distributed Energy Station Project	Installed capacity 2x100MW	12.1	3.8	100

Name of project	Expected production capacity	Expected total investment of project *RMB hundred million*	Capital expenditure plan for 2024 *RMB hundred million*	Shareholdings of the Company *%*
(III) Transportation projects				
1. Dongyue Railway (Dongshengdong to Taigemiao Railway Project)	Total length of 128.655 kilometres of main line; the near-to-forward shipment volume of 65.80 million tonnes per year	156.6	**8.0**	65
2. The 300 Million-tonne Capacity Expansion and Transformation Project for Shenshuo Railway	Total length of Xinshuo Railway of 270 kilometers with an estimated annual freight volume of 300 million tonnes	12.4	**2.5**	100
3. Huanghua Port (coal port area) Phase V Project	Designed annual port capacity of 53 million tonnes	49.6	**3.0**	70
4. Huanghua Port (coal port area) Oil Products Terminal Project	Designed annual port capacity of 6.06 million tonnes	4.8	**2.0**	70
5. Zhuhai Port Gaolan Port Area Guoneng Bulk Cargo Terminal Project	Designed annual port capacity of 17.50 million tonnes	11.9	**3.0**	55
(IV) Coal chemical projects				
1. Baotou Coal Chemical Coal-to-Olefin Upgrade Demonstration Project	750,000 tonnes/year	171.5	**14.0**	100

Note: The information of the above projects may change due to the progress of the projects in the future.

The capital expenditure plans of the Group in 2024 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 landscape for energy supply remains challenging. Additionally, as national ecological and environmental protection requirements become increasingly stringent, the Group faces more constraints on energy-saving, emission reduction and environmental protection.

The Group has established the safety production target of preventing major or above safety production accidents to achieve "zero death". To cope with the risks of safety production, the Group adhere to a people-oriented approach and will continue to firmly establish the awareness of red lines by cementing the accountability for safety production, further improving the dual prevention mechanism for graded safety risk control, investigating and managing of hidden dangers. With in-depth improvement from the root in safety production, the Group will 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, and comprehensively enhance the safety management standards.

To cope with the risks of environmental protection, the Group will fight the battle of the pollution prevention and control with in-depth efforts, continuously strengthen environmental monitoring, strictly adhere to the ecological red line, vigorously promote the construction of green mines, green smart heavy-haul railways, green ports and green shipping, and accelerate green and low-carbon transformation. The Group will keep strengthening the brand image by 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 the domestic coal production capacity continues to unwind 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 strengthen the research on the macroeconomic situation and 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 Group 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. 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. The failure to fully implement safety responsibility, weak safety awareness of part of the construction workers, failure to effectively implement the project safety management system may lead to the risk of safety accidents.

To cope with the risk of project management, the Group will further improve its infrastructure management system and carry out management work at key steps, such as project design, commencement of construction, implementation, completion and acceptance, and handover and commissioning of projects, in a graded manner. 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 in real time, and timely formulate effective measures to reduce or eliminate the impact of extension of time. The Group will strengthen its construction safety management, establish and improve the management mechanism of the project safety committees covering all participating construction units and the safety control mechanism for the entire lifecycle of projects, strengthen the remediation of hidden safety risks and hazards of construction projects, enforce its administration in safety emergency plans and eliminate major and more severe safety incidents. The Group will also put in practice the quality supervision system for projects under construction, strengthen the supervision and management of the quality behaviours of the participating construction units and the quality of the project entities, and properly carry out the in-process supervision of project quality as well as the quality accreditation work for individual units and constructions, so as to avoid the risk of construction quality accidents.

4. 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 intensify its research on industry layout, optimise its investment management system, strengthen the study and argument work 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.

5. 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. The Group will take an array of measures based on safety production, including focusing on the comprehensive coordination and balance of integrated operations, optimising the layout of coal and power industries, 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. Additionally, the Group will actively develop new energy sources, expand the coverage of integrated operations as much as possible, and optimise the allocation of resources across the entire industry and multiple factors, with the aim to continuously enhance the resilience of integrated industrial chain, value chain and supply chain.

6. 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 events such as 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, early warning and response and disposal 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.

7. 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. The national proposal for accelerating the building of a new energy system to undergo profound changes in energy supply and demand, structure, and technology will objectively 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 policy risks, the Group will strengthen the research on the latest national industrial policies and regulations, enhance policy coordination, seize the resource continuation policies window period, promote resource continuity, increase in reserves and production, license application and the increase of authorised production capacity. 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, and firmly promote the clean and efficient utilisation of coal by adhering to the direction of green, clean and low-carbon development, accelerating the industrial arrangement of renewable energy, and pushing forward 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.

8. Risks of International Operations

As the world enters a new era of turbulence and revolution, the global political and economic landscape will undergo profound changes in the future due to the influence of various factors such as the relationships among major powers, the slowdown of global economic recovery, geopolitical tensions, climate changes and the overlapping of different risks and challenges, and the acceleration of energy transformation and emission reduction initiatives across different countries will lead to more intensified competition in the energy market, which may pose uncertainties on the Group's international operations.

To cope with the risk of international operations, the Group will continue to enhance its study and judgement on international situation, especially on the Russia-Ukraine situation, changes in investment policies of host countries, new energy markets and public security risks, and will further carry out resource evaluation, operation performance evaluation and technology assessment for overseas projects based on sound information collection, analysis and research prior to making any decision on overseas projects 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 Group 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.

The exchange rate risk confronted by the Group mainly comes from overseas operations and recognised assets and liabilities that are denominated in foreign currencies. The major foreign currencies are US dollars, Indonesian rupees etc. For details, please refer to information in Note "Financial Risk Management Objectives and Policies" to the financial statements of this report. The Group actively monitors exchange rate changes to strike a balance between capital and currencies, reducing the risk of exchange rate fluctuations.

No material change has occurred to the nature and severity of the above significant risks, particularly those environmental, social and governance-related risks, as compared to the previous reporting period, and the Group will further improve its risk assessment and control mechanism, enhance its risk prediction, assessment and control capabilities, and effectively mitigate the influence of such risks.

VII. CASES AND REASONS 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 of directors and supervisors in significant transactions, arrangements or contracts and dividends; please see the section headed "Changes in Shares and Particulars of Shareholders" for issuance and listing of securities, and repurchase of listed securities.

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 requirements of China Securities Regulatory Commission ("CSRC") regarding to 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 as set out in Appendix C1 of the Hong Kong Listing Rules (the "Corporate Governance Code") 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 in details the respective duties of the chairman of the Board and the chief executive officer. 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. Upon the recommendation of the incumbent directors, Mr. Lv Zhiren, the executive director and chief executive officer, would convene the meetings of the Board. It was an interim arrangement made in accordance with the relevant requirements of the Company that the Board would be convened by Mr. Lv Zhiren. And all major decisions falling into the scope of the Board's powers were still made after collective consultations and consideration by each member of the Board. The Company has been actively conducting relevant work to fill the vacancy of the chairman of the Board as soon as practicable.

On 11 January 2023, Mr. Huang Qing resigned as the secretary to the Board and company secretary of the Company. On 28 April 2023, Mr. Song Jinggang was appointed as the secretary to the Board of the Company. Following the resignation of Mr. Huang Qing, Mr. Lv Zhiren, the authorised representative of the Company, and Mr. Song Jinggang, the secretary to the Board, proactively fulfilled the corresponding responsibilities of the company secretary stipulated under the Hong Kong Listing Rules so as to ensure compliance of the Company's governance practices with the code provisions to the fullest extent possible. The secretary to the Board, Mr. Song Jinggang, received more than 15 hours of training as required in 2023. On 22 March 2024, the 27th meeting of the fifth session of the Board of the Company approved the appointment of Mr. Song Jinggang and Mr. Zhuang Yuan as joint company secretaries of the Company for a term of three years from the date of approval by the Board, and they can be re-appointed upon expiration of their terms of office.

Save as stated above, the Company has been in full compliance with the provisions of various principles and Corporate Governance Code and most of the recommended best practices as specified therein during the year ended 31 December 2023. 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 nominates 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 shareholders' general meeting, the related directors and controlling shareholders shall abstain from voting. The Company owns an independent, complete integrated industrial chain. 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. For more information, please refer to "Avoidance of Competition" below.

Save as disclosed above, China Shenhua has a relatively independent and complete business system from its controlling shareholders, 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.

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 share announcement of the Company dated 27 June 2014 and the A share announcement of the Company 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 by 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 continue to be performed. 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 acquisition of three equity assets by the Company completed 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 share announcement of the Company dated 2 March 2018.

On 16 June 2023, the Supplemental Agreement II to the Existing Non-Competition Agreement entered into between the Company and China Energy was approved at the 2022 annual general meeting of the Company, pursuant to which, the period for the Company to seize the opportune moment to exercise the options and pre-emptive rights to acquire the assets involved in the retained businesses was extended to 27 August 2028. For details, please refer to the H share announcement of the Company dated 28 April 2023 and the A share announcement of the Company dated 29 April 2023.

In 2023, the Company commenced the acquisition of 100% equity interest in Dayan Mining and 100% equity interest in Hangjin Energy held by China Energy, which are still in progress as at the end of the Reporting Period. For details, please refer to the H share announcement of the Company dated 25 June 2023 and the A share announcement of the Company dated 26 June 2023.

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

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, the 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 shareholders' general meetings. Upon providing the Company with written evidence of the class and number of shares of the Company held by the shareholders, and following verification of the shareholders' identity by the Company, the shareholders are entitled to inspect the relevant information of the Company or obtain the Articles of Association, the register of shareholders, minutes of shareholders' general meetings, resolutions of meetings of the Board and the Supervisory Committee, regular reports and financial and accounting reports, etc.

(II) Investor Relations

In 2023, 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 shareholder communication methods and the organisation and implementation of investor relations activities; the shareholders are provided with channels to express their opinions through telephone calls, online results 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

<table>
<tr><th>Meetings</th><th>Date</th><th>The designated website for publishing the poll results</th><th>Date of disclosure of the poll results</th><th>Resolutions</th></tr>
<tr><td>2022 Annual General Meeting</td><td rowspan="3">16 June 2023</td><td rowspan="3">The website of the SSE
The website of the HKEx</td><td rowspan="3">17 June 2023
16 June 2023</td><td>All the 12 resolutions were considered and approved at the 2022 Annual General Meeting by a combination of on-site voting by poll and internet voting.</td></tr>
<tr><td>2023 First A Shareholders Class Meeting</td><td>Resolution on Granting the Board the General Mandate to Repurchase H Shares was considered and approved at the 2023 First A Shareholders Class Meeting by a combination of on-site voting by poll and internet voting.</td></tr>
<tr><td>2023 First H Shareholders Class Meeting</td><td>Resolution on Granting the Board the General Mandate to Repurchase H Shares was considered and approved at the 2023 First H Shareholders Class Meeting by way of on-site voting by poll.</td></tr>
</table>

All the resolutions tabled at the shareholders' 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. Shareholders interacted with the management through special Q&A sessions at the meetings.

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 in office as at the end of the Reporting Period

Unit: RMB ten thousand

Name	Position	Gender	Age	Date of appointment (from the first appointment date)	Scheduled expiration of term of office	Pre-tax remuneration received in the Company during the Reporting Period (including the performance-based remuneration paid for the 2022 term of office)	Social insurance, housing funds and corporate annuities paid by the Company	Other monetary income	Total pre-tax remuneration received in the Company during the Reporting Period	Whether to receive compensation from related parties of the Company
Lv Zhiren	Executive Director	Male	59	24 June 2022	Until the expiration of the term of the current session of the Board	123.48	23.93	–	147.41	No
	Chief Executive Officer and Deputy Secretary of the Party Committee			29 December 2021	–					
Xu Mingjun	Executive Director	Male	60	29 May 2020	Until the expiration of the term of the current session of the Board	111.48	20.24	–	131.72	No
	Executive Vice President			29 November 2018	–					
	Secretary of the Party Committee			7 September 2018	17 November 2023					
Jia Jinzhong	Non-executive Director	Male	60	29 May 2020	Until the expiration of the term of the current session of the Board	–	–	–	–	Yes
Yang Rongming	Non-executive Director	Male	58	25 June 2021	Until the expiration of the term of the current session of the Board	–	–	–	–	Yes
Yuen Kwok Keung	Independent Non-executive Director	Male	59	29 May 2020	Until the expiration of the term of the current session of the Board	30.00	–	–	30.00	No
Bai Chong-En	Independent Non-executive Director	Male	60	29 May 2020	Until the expiration of the term of the current session of the Board	30.00	–	–	30.00	No

Unit: RMB ten thousand

Name	Position	Gender	Age	Date of appointment (from the first appointment date)	Scheduled expiration of term of office	Pre-tax remuneration received in the Company during the Reporting Period (including the performance-based remuneration paid for the 2022 term of office)	Social insurance, housing funds and corporate annuities paid by the Company	Other monetary income	Total pre-tax remuneration received in the Company during the Reporting Period	Whether to receive compensation from related parties of the Company
Chen Hanwen	Independent Non-executive Director	Male	55	29 May 2020	Until the expiration of the term of the current session of the Board	30.00	–	–	30.00	No
Liu Xiaolei	Employee Director	Female	49	5 July 2022	Until the expiration of the term of the current session of the Board	77.51	20.63	–	98.14	No
Tang Chaoxiong	Chairman of the Supervisory Committee	Male	55	24 June 2022	Until the expiration of the term of the current session of the Supervisory Committee	–	–	–	–	Yes
Zhou Dayu	Supervisor	Male	58	17 June 2016	Until the expiration of the term of the current session of the Supervisory Committee	–	–	–	–	Yes
Zhang Feng	Employee Supervisor	Male	48	5 July 2022	Until the expiration of the term of the current session of the Supervisory Committee	78.89	20.90	–	99.79	No
Wang Xingzhong	Executive Vice President and Member of the Party Committee	Male	55	30 December 2019	–	103.22	23.17	–	126.39	No
Li Zhiming	Executive Vice President and Member of the Party Committee	Male	55	26 March 2021	–	105.42	22.72	–	128.14	No
Song Jinggang	Chief Financial Officer and Member of the Party Committee	Male	49	26 August 2022	–	83.83	22.71	–	106.54	No
	Secretary to the Board			28 April 2023	–					
Total						773.83	154.30	–	928.13	–

Notes:

(1) The remuneration received by personnels mentioned above from the Company covers the year of 2023 or the period during their terms of 2023. Except for the remuneration stated above, during the Reporting Period, the total incentive income during the terms of 2021-2022 of RMB632,800 (before tax) was further paid by the Company to certain directors in accordance with relevant regulations, including Lv Zhiren of RMB228,900, Xu Mingjun of RMB403,900; and the total incentive income of RMB774,500 (before tax) during the terms of 2021-2022 was paid by the Company to the senior management, including Wang Xingzhong of RMB352,900, Li Zhiming of RMB325,700, Song Jinggang of RMB95,900. The remuneration package of directors and supervisors for 2023 is subject to approval by the annual general meeting of the Company; the remuneration package of the senior management was approved by the Board of the Company.

(2) None of the personnels mentioned above held or traded any shares in the Company during the term of service in 2023.

(3) It is approved by the 2019 annual general meeting of the Company that the term of service of the fifth session of the Board and the Supervisory Committee shall be 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 shareholders' general meeting or the Board. 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.

(4) The ages were calculated as at 31 December 2023.

2. Directors, Supervisors and Senior Management Resigned During the Reporting Period

Unit: RMB ten thousand

Name	Positions	Gender	Age	Date of appointment of directors, supervisors and senior management (from the first appointment date)	Scheduled expiration of term of office	Pre-tax remuneration received in the Company during the Reporting Period (including the performance-based remuneration paid for the 2022 term of office)	Social insurance, housing funds and corporate annuities paid by the Company	Other monetary income	Total pre-tax remuneration received in the Company during the Reporting Period	Whether to receive compensation from related parties of the Company
Huang Qing	Former Secretary to the Board, Member of the Party Committee and General Counsel	Male	58	6 November 2004	11 January 2023	48.60	–	–	48.60	No

Notes:

(1) Except for the remuneration stated above, during the Reporting Period, the total incentive income during the terms of 2021-2022 of RMB363,500 (before tax) was further paid by the Company to Mr. Huang Qing in accordance with relevant regulations. The remuneration package of the senior management was approved by the Board of the Company.

(2) The above-mentioned person did not hold or trade any shares in the Company during the term of service in 2023.

(3) The age was calculated as at 31 December 2023.

(II) Details of Current Directors, Supervisors and Members of Senior Management of the Company, and Those Who Resigned 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	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, and the executive vice president of the Company since November 2018. Mr. Xu has served as the secretary of the Party Committee of the Company from September 2018 to November 2023, 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 former 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 of 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, and 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 from July 2021 to July 2023. Mr. Jia served as the chief economist of China Energy 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., the deputy section head of Yuanping Train Depot, and deputy director of Taiyuan West Railway Station of Taiyuan Railway Branch, as well as the manager of Yuanping Branch, 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, and has served as the first-level chief business officer of coal and transportation industry management department of China Energy Group since March 2023. Mr. Yang served as the director of coal and transportation industry management department of China Energy Group from December 2020 to March 2023. 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 Counsel 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 co-chairperson of the Hong Kong International Arbitration Centre and a member of the Hong Kong 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 nonofficial 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 of the school 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 of the society, 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 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 Shenwan Hongyuan Securities Co., Ltd., and Bank of Suzhou 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) Supervisors in office 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, a non-executive director of China Longyuan Power Group Corporation Limited since June 2021 and the head of audit department of China Energy since April 2023. From April 2021 to April 2023, Mr. Tang has served as the head of capital operation department of China Energy. 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, the senior business director of China Energy from December 2023, and a director of China National Energy Group Materials Co., Ltd. (國家能源集團物資有限公司) since April 2021. Mr. Zhou served as a director of the inspection team of the Party Leadership Group of China Energy since April 2023 to December 2023, a director of the Materials and Procurement Supervision Department of the China Energy from March 2020 to April 2023 and a supervisor of the fourth session of Supervisory Committee of the Company from June 2017 to May 2020, a supervisor of the third session of Supervisory Committee of the Company from June 2016 to June 2017, and the director of the Industrial Coordination Department of China Energy from May 2018 to March 2020. Prior to the foregoing, Mr. Zhou had successively held the post of the general manager of capital operation department and general manager of the Business Administration Department of former Shenhua Group Corporation and the Company, and the deputy general manager and general manager of the Planning Department and a deputy director of the Policy and Law Research Office of former 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 and Xu Mingjun, please refer to the biographical details of directors. 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 a director of Beijing GD Power Co., Ltd. since February 2023. Mr. Wang has served as a director and vice chairman of Haoji Railway Co., Ltd. since March 2023, 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 deputy 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, Secretary to the Board 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, the chief financial officer of the Company since August 2022 and the secretary to the Board of the Company since April 2023, the joint company secretary of the Company since March 2024. 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 the former 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 former 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.

Mr. Xu Mingjun ceased to be the secretary of the Party Committee of the Company from 17 November 2023. Mr. Yang Xiangbin ceased to be the deputy secretary of the Party Committee of the Company from 30 October 2023. Mr. Cui Weishan ceased to be the secretary of the Disciplinary Committee of the Company from 23 February 2024.

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' Companies

Category	Name	Name of shareholder	Position	Commencement of term of office	Expiry of term of office
Directors of China Shenhua	Jia Jinzhong	China Energy	Senior Business Officer	2021-07	2023-07
	Yang Rongming	China Energy	First-level business director of Coal and Transportation Industry Management department	2023-03	–
			Director of Coal and Transportation Industry Management department	2020-12	2023-03
Supervisors of China Shenhua	Tang Chaoxiong	China Energy	Director of Audit Department	2023-04	–
			Director of the Capital Operation Department	2021-04	2023-04
		China Longyuan Power Group Corporation Limited	Non-executive Director	2021-06	–
	Zhou Dayu	China Energy	Senior Business Director	2023-12	–
			Director of the Inspection Team of the Party Leadership Group	2023-04	2023-12
			Director of the Materials and Procurement Supervision Department	2020-03	2023-04
		China Energy Group Materials Co. Ltd.	Director	2021-04	–
Senior Management of China Shenhua	Wang Xingzhong	Beijing GD Power Co., Ltd.	Director	2023-02	–
	Li Zhiming	China Energy	Director of Inner Mongolia Branch	2022-10	–

3. Positions held in Other Entities

Name	Name of other entity	Position	Commencement of term of office	Expiry of term of office
Yuen Kwok Keung	Hong Kong Aerospace Technology Group Limited	Independent Director	2022-01	2023-11
	Shenzhen Court of International Arbitration	Council Member	2018-11	–
	Hong Kong International Arbitration Centre	Co-Chairman	2020-06	–
	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 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	2023-01
	Suzhou Bank Co., Ltd. (蘇州銀行股份有限公司)	Independent Director	2023-02	–
	China Auditing Society	Standing Director	2005-07	–

(III) Remuneration of Directors, Supervisors and Senior Management

Decision-making procedures for the remuneration of the directors, supervisors and senior management	The remuneration package of directors and supervisors of the Company was submitted to the shareholders' 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.
Whether the directors should abstain from discussing their own remuneration matters at the Board	Yes
Details of the recommendations made by the Remuneration and Assessment Committee or the special meeting of independent directors on the remuneration of the directors, supervisors and senior management	The Remuneration and Assessment Committee of the Board agreed to submit the matters relating to the remuneration of the directors, supervisors and senior management to the Board for consideration.
Basis for remuneration determination of the directors, supervisors and senior management	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 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 of the directors, supervisors and senior management	Please refer to "Changes in Shareholding and Remuneration of Directors, Supervisors and Senior Management" in this section
Total remuneration actually obtained by all the directors, supervisors and senior management 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
Song Jinggang	Secretary to the Board	Appointed	Appointed at the 21st meeting of the fifth session of the Board
Huang Qing	Member of Party Committee, Secretary to the Board, Company Secretary, General Legal Counsel	Resigned	Adjustment of work arrangements

(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 2023, 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 "Model Code") as set out in Appendix C3 to the Hong Kong Listing Rules.

The securities transactions of the directors of the Company have been carried out in accordance with the Model Code which is complied with 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 2023.

(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 recuse themselves where appropriate. Saved as ① their own service contracts, ② the 2021-2023 Mutual Coal Supply Agreement and the 2021-2023 Mutual Supplies and Services Agreement entered into on 27 August 2021, the 2024-2026 Mutual Coal Supply Agreement and the 2024-2026 Mutual Supplies and Services Agreement entered into on 28 April 2023, and the Supplemental Agreement II to the Existing Non-Competition Agreement entered into on 28 April 2023 between the Company and China Energy, ③ the 2021-2023 Financial Service Agreement entered into on 26 March 2021, the Supplemental Agreement to the Financial Service Agreement entered into on 28 October 2022 and the 2024-2026 Financial Services Agreement entered into on 28 April 2023 between the Company and Finance Company, ④ the 2023-2025 Factoring Service Agreement entered into between the Company and National Factoring Company on 28 April 2023, and ⑤ other related party/connected transactions between the Company, and China Energy, the controlling shareholder, and its subsidiaries, 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 2023 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. The directors of the Company are entitled to be indemnified for the verification and inspection costs, individual investigation costs, corporate verification and inspection expenses, corporate investigation expenses, losses arising from negotiable securities compensation claims incurred by or relating to the execution and performance of their 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 2023 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 2023, 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 for 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 C1 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 the 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 relevant corporate governance systems, such as the rules of procedure for three special committees including the Remuneration and Assessment Committee of the Board, the working rules of the secretary to the Board, and the working rules for independent directors; 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 2023.

(II) Board Meetings

Number of Board meetings held during the year	7
Including: Number of meetings held on-site	3
Number of meetings held by correspondence	0
Number of meetings held on-site with correspondence	4

In 2023, the Board of the Company held a total of 7 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 19th meeting of the fifth session of the Board	15 February 2023	On-site with correspondence	All 3 resolutions were considered and approved, please refer to the H share announcement of the Company dated 15 February 2023 and A share announcement of the Company dated 16 February 2023 for details
2	The 20th meeting of the fifth session of the Board	24 March 2023	On-site	All 20 resolutions were considered and approved, please refer to the H share announcement of the Company dated 24 March 2023 and A share announcement of the Company dated 25 March 2023 for details
3	The 21st meeting of the fifth session of the Board	28 April 2023	On-site	All 17 resolutions were considered and approved, please refer to the H share announcement of the Company dated 28 April 2023 and A share announcement of the Company dated 29 April 2023 for details
4	The 22nd meeting of the fifth session of the Board	25 August 2023	On-site	All 3 resolutions were considered and approved, please refer to the H share announcement of the Company dated 25 August 2023 and A share announcement of the Company dated 26 August 2023 for details
5	The 23rd meeting of the fifth session of the Board	27 September 2023	On-site with correspondence	All 3 resolutions were considered and approved, please refer to the H share announcement of the Company dated 27 September 2023 and A share announcement of the Company dated 28 September 2023 for details
6	The 24th meeting of the fifth session of the Board	27 October 2023	On-site with correspondence	All 6 resolutions were considered and approved, please refer to the H share announcement of the Company dated 27 October 2023 and A share announcement of the Company dated 28 October 2023 for details
7	The 25th meeting of the fifth session of the Board	28 December 2023	On-site with correspondence	All 4 resolutions were considered and approved, please refer to the H share announcement of the Company dated 28 December 2023 and A share announcement of the Company dated 29 December 2023 for details

(III) Performance of Duties of the Directors

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	Two consecutive absences without personal attendance or proxy	In-person attendance rate	Attendance rate of shareholders' general meetings
Lv Zhiren	No	7	7	0	0	0	No	7/7	3/3
Xu Mingjun	No	7	4	0	3	0	No	4/7	0/3
Jia Jinzhong	No	7	6	4	1	0	No	6/7	3/3
Yang Rongming	No	7	6	0	1	0	No	6/7	3/3
Yuen Kwok Keung	Yes	7	3	2	4	0	No	3/7	3/3
Bai Chong-En	Yes	7	6	1	1	0	No	6/7	0/3
Chen Hanwen	Yes	7	7	2	0	0	No	7/7	3/3
Liu Xiaolei	No	7	7	1	0	0	No	7/7	3/3

Note: In the above table, the in-person 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.

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 "Working Rules for Independent Directors" 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 2023, the Board of the Company held 7 meetings and considered 56 resolutions, and disclosed the voting results of all resolutions in a timely manner. If the resolution of the Board meeting has any interest in any director or any associate of the director, or the director has an related party/connected relationship with the enterprise involved in the resolution of the Board meeting, the related/connected director have 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 related party/connected transactions; conducting various forms of research activities for independent directors, 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 a professor of 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 independent directors of the Company conduct self-inspection on their independence annually and submit the findings to the Board. The Board assessed the independence of current independent directors during the Reporting Period and issued special opinions. 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, 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 periodic 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. The Company guaranteed the conditions for independent directors to carry out their work and actively adopted the advices and opinions put forward by independent directors. According to the changes in the relevant regulations of the regulatory authorities and the actual situation of the Company, the Company revised the "Independent Director System" and renamed it as "Working Rules for Independent Directors", which was considered and approved by the 24th meeting of the fifth session of the Board, providing an institutional guarantee for independent directors to perform their duties. The Company has designated a department to undertake the affairs of independent directors and the work of independent directors committees to assist independent directors in conducting research, convening meetings, expressing independent opinions and others.

For the attendance of independent directors at Board meetings and shareholders' 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 "2023 Work Report of Independent Directors of China Shenhua Energy Company Limited" disclosed by the Company on 22 March 2024.

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

No.	General Meeting	Subject Matter	Status
1	2022 Annual General Meeting	To approve the Report of the Board of Directors of China Shenhua Energy Company Limited for the Year 2022	–
		To approve the Report of the Supervisory Committee of China Shenhua Energy Company Limited for the Year 2022	–
		To approve the Financial Report of China Shenhua Energy Company Limited for the year 2022	–
		To approve the profit distribution plan of the Company for the year 2022	Completed
		To approve the remuneration of directors and supervisors of the Company for the year 2022	Completed
		To approve the purchase of liability insurance for directors, supervisors and senior management	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 2023, respectively	For details, please see the section headed "Significant Events" of this report
		To approve the 2024-2026 Mutual Coal Supply Agreement entered into between the Company and China Energy Investment Corporation Limited	For details, please see the section headed "Significant Events" of this report
		To approve the 2024-2026 Mutual Supplies and Services Agreement entered into between the Company and China Energy Investment Corporation Limited	For details, please see the section headed "Significant Events" of this report
		To approve the 2024-2026 Financial Services Agreement entered into between the Company and China Energy Finance Co., Ltd.	For details, please see the section headed "Significant Events" of this report
		To approve the conditional Supplemental Agreement II to the Non-Competition Agreement entered into between the Company and China Energy Investment Corporation Limited	For details, please see the section headed "Significant Events" of this report
		To approve the grant of the general mandate for the Board to repurchase H shares	As at the end of the Reporting Period, the repurchase of H shares has not yet commenced
2	2023 First A Shareholders Class Meeting	To approve the grant of the general mandate for the Board to Repurchase H shares	As at the end of the Reporting Period, the repurchase of H shares has not yet commenced
3	2023 First H Shareholders Class Meeting	To approve the grant of the general mandate for the Board to repurchase H shares	As at the end of the Reporting Period, the repurchase of H shares has not yet commenced

(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.

When selecting the candidates in accordance with the board diversity policy of the Company, the Board will use a series of diversified terms, including but not limited to gender, age, culture and educational background, race, skills, knowledge, and professional experience, and will determine taking both the characteristics and role of the personnel into account. As at the end of the Reporting Period, the Board 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. The 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 Board expects the number of its female members to remain at least at the current level. And the Board will continue to seek opportunity to increase the proportion of female members in the future as appropriate.

The following directors' skills matrix graphically illustrates the professional skills or knowledge and experience of the members of the Board.

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 2023 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 compliance management of listed companies attended by all directors was approximately 133.7 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.

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	Corporate governance, special training for strengthening performance capabilities of directors and supervisors	the SASAC, the Beijing branch of the China Securities Regulatory Commission, China Association for Public Companies, etc.	37.6
2	Xu Mingjun	Executive Director and Executive Vice President	Policy of capital markets, the supervision of listed companies, etc.	Beijing branch of the China Securities Regulatory Commission, China Association for Public Companies, etc.	9.25
3	Jia Jinzhong	Non-executive Director	Anti-graft and anti-corruption	the Company	2
4	Yang Rongming	Non-executive Director	Special training for directors and supervisors	Beijing branch of the China Securities Regulatory Commission, China Association for Public Companies, etc.	38
5	Yuen Kwok Keung	Independent Non-executive Director	Reform of independent directors system	Shanghai Stock Exchange	2.5
6	Bai Chong-En	Independent Non-executive Director	Special trainings for reforms of independent directors system, ESG and comprehensive registration system	Shanghai Stock Exchange, China Association for Public Companies and Xinjiang branch of the China Securities Regulatory Commission	33.5
7	Chen Hanwen	Independent Non-executive Director	Reform of independent directors system	Shanghai Stock Exchange	2.5
8	Liu Xiaolei	Employee Director	Special training for directors and supervisors, strengthening performance capabilities of directors and supervisors, and compliance management of listed companies, etc.	the SASAC, the Beijing branch of the China Securities Regulatory Commission, Shanghai Stock Exchange, China Association for Public Companies	39.35

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 special committees under the Board, and the details are as follows:

Special committees of the fifth session of the Board	
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 Special Committees

During the Reporting Period, each special committee under the Board did not express any dissenting views in performing their duties. The performance of duties of each special 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, and providing consideration opinions to the Board; and other authorities as conferred by the Board.

(2) Work summary for the year

In 2023, the Strategy and Investment Committee held 2 meetings by way of written resolutions, including the implementation of the Group's comprehensive plan for 2022 and the comprehensive plan arrangement for 2023. All proposals were approved.

(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	Attendances by proxy	Absences	Attendance rate
Lv Zhiren	No	2	2	2	0	0	2/2
Jia Jinzhong	No	2	2	2	0	0	2/2

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

(4) Convening of committee meetings

Convening date	Meeting content	Key opinions and suggestions
13 February 2023	To consider the Proposal on the Implementation of the 2022 Comprehensive Plan of China Shenhua and the Comprehensive Plan Arrangement for 2023	Agreed.
18 December 2023	To consider the Proposal on the Adjustment to Investment Proposal for 2023 by 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 engage 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 2023, 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, the Rules on Work of the Audit and Risk Management Committee of the Board and the Rules on Work of the Annual Report of the Audit and Risk Management Committee of the Board. The Audit and Risk Management Committee held a total of ten meetings for the consideration and approval of 41 resolutions, listened to 5 reports and had one separate communication with our auditor, KPMG. All proposals were approved.

① Financial reporting

The Audit and Risk Management Committee fulfilled its mandatory duties to review the 2022 financial report. Before conducting formal review on the results for the year 2022, the Audit and Risk Management Committee previewed the 2022 financial report (draft) at a meeting and the 2022 Financial Report of China Shenhua Energy Company Limited (Draft) was approved. On 21 March 2023, the Audit and Risk Management Committee listened to the report of annual audit work by the Company's auditor, 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 significant risk identified during annual auditing, the independence of auditors, information security and other matters. The Audit and Risk Management Committee considered and approved the Proposal of the 2022 Financial Report of China Shenhua Energy Company Limited fully based on sufficient consideration of the opinions on the annual audit from KPMG.

The Audit and Risk Management Committee conducted the necessary process to review the interim financial report of 2023. On 30 June 2023, the Audit and Risk Management Committee considered and approved the 2023 Interim Review Plan of China Shenhua Energy Company Limited, approving KPMG to conduct the interim review in accordance with such review plan. On 23 August 2023, the Audit and Risk Management Committee listened to KPMG's work report on the 2023 interim review of China Shenhua and had communication with them on noteworthy items thereof. The Audit and Risk Management Committee considered and approved the Proposal of the Interim Financial Report of 2023 of the China Shenhua Energy Company Limited fully based on sufficient consideration of the opinions on the annual audit from KPMG.

The Audit and Risk Management Committee carefully considered the first and third quarterly financial reports of 2023 of the Company, and approved the relevant proposals.

In addition, the Audit and Risk Management Committee listened to and put forward requirements on KPMG's report on 2023 audit plan of the Company on 24 October 2023.

② Selection and recruitment of accounting firm and the supervision over its auditing work

During the process of selecting and recruiting auditors for 2023, the Audit and Risk Management Committee carefully considered the relevant proposals, and evaluated the audit fee, relevant qualifications and professionality of KPMG Huazhen LLP and KPMG (collectively known as "KPMG"). 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 independence and investor protection ability, which enables it to meet the Company's annual audit work requirements for 2023 and is in the interests of the Company and its shareholders as a whole. The Audit and Risk Management Committee approved the re-appointment of KPMG as the auditors of the Company, and recognised the annual audit fee.

During the Reporting Period, the Audit and Risk Management Committee carefully listened to KPMG's report on the performance of the audit work in 2022, and separate communications were conducted on key concerns such as material risks, auditor independence and information security in 2022. The Audit and Risk Management Committee attached great importance to the information security of the Company in the course of receiving audit services. KPMG assured that relevant measures had been taken in relation to the information security of the Company.

③ Internal review

On 21 March 2023, the Audit and Risk Management Committee reviewed and unanimously passed the relevant proposals such as the 2022 internal audit work report and 2023 internal audit work points of the Company, and put forward requirements on the internal audit work in 2023. On 23 August 2023, the Audit and Risk Management Committee reviewed the Proposal on Internal Audit Work Report of China Shenhua Energy Company Limited for the First Half of 2023 and spoke highly of the internal audit work in the first half of 2023, and required the Company to continue to strengthen the investment in internal audit resources, improve the accountability mechanism, strengthen training and learning, and promote the effective functioning of internal audit function.

④ Risk management and internal control

During the Reporting Period, the Audit and Risk Management Committee reviewed 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, completed the work related to the supervision and guidance of internal control and risk management delegated by the Board and communicated with the management to advise on the construction of internal control and risk management system, which promoted the internal control and risk compliance management of the Company.

To perform its duties of reviewing internal control evaluation report, the Audit and Risk Management Committee, by way of correspondence on 13 March 2023, pre-reviewed the 2022 Internal Control Evaluation Report of China Shenhua Energy Company Limited (Draft). On 21 March 2023, the Proposal on the 2022 Internal Control Evaluation Report of China Shenhua Energy Company Limited was reviewed again and passed unanimously. On 23 August 2023, the Audit and Risk Management Committee reviewed and approved the Proposal on the 2023 Internal Evaluation Plan. On 26 December 2023, the Audit and Risk Management Committee reviewed and approved the Proposal on List for Climate Risks and Opportunities for 2024 of China Shenhua Energy Company Limited and made suggestions relating to the work.

In terms of financial monitoring, the Audit and Risk Management Committee, by considering proposals, reviewed and unanimously passed the Company's proposals on Implementation of the Annual Business Plans for 2022 and the Annual Business Plans and Arrangements for 2023, profit distribution plan for 2022, capital budget and debt financing plan for 2023, accounting policy changes and other matters. In terms of operation monitoring, the Audit and Risk Management Committee reviewed and approved the proposals relating to daily related party/continuing connected transactions on mutual coal supply, mutual supplies and services, financial services, and factoring services, the proposals relating to related party/connected transactions on entering into the Supplemental Agreement II to the Non-competition Agreement, establishment of PT. Guoneng Indonesia Energy, a joint venture company, and participation and establishment of investment fund, and the proposals on equity acquisition, capital increase in subsidiaries and other matters. In terms of compliance monitoring, the Audit and Risk Management Committee reviewed and approved the proposals on the formulation of management measures for the financial derivatives business, amendments to Rules of Procedures of the Audit and Risk Management Committee, the 2022 Internal Control Evaluation Report and other matters, and evaluated the necessity, feasibility and risk control of futures trading and derivatives by the Company, and found no internal control deficiencies.

In 2023, the Audit and Risk Management Committee did not receive any reports or complaints about its misconduct 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	Number of required attendance at the committee meeting	Number of attendance in person	Number of attendance by correspondence	Number of attendance by proxy	Number of absence	In-person attendance rate
Chen Hanwen	Yes	10	10	2	0	0	10/10
Yuen Kwok Keung	Yes	10	8	5	2	0	8/10
Bai Chong-En	Yes	10	8	3	2	0	8/10

(4) Convening of committee meetings

Convening date	Meeting content	Key opinions and suggestions
14 February 2023	To consider the Proposal on Implementation of the Annual Business Plans for 2022 and the Annual Business Plans and Arrangements for 2023 of China Shenhua Energy Company Limited; to listen to the report on progress of the acquisition of 30% equity interests in Jinjie Energy held by Ducheng Weiye Group Co., Ltd..	Agreed. The Company shall: 1. make information disclosure, establish communication channels for investors and manage public opinion on market. 2. strengthen the management and control of Jinjie Energy and its finance after the acquisition.
13 March 2023	To consider the two proposals including the Proposal on 2022 Financial Report of China Shenhua Energy Company Limited (Draft).	Agreed.
21 March 2023	To consider 12 proposals, including the 2022 Proposal on Internal Control Audit Report of China Shenhua Energy Company Limited and the Proposal on 2022 Financial Report of China Shenhua Energy Company Limited; to review the Proposal on 2022 Internal Audit Work Report of China Shenhua Energy Company Limited; to listen to KPMG's audit work report, the implementation of Company's continuing connected transactions agreement for 2022.	Agreed. The Company shall: 1. pay attention to information security in the process of receiving audit. 2. improve the communication with shareholders on dividend distribution. 3. enhance ESG disclosure to ensure true and comprehensive disclosure of the Company is made in the report.
25 April 2023	To consider 12 proposals including the Proposal on 2024-2026 Mutual Coal Supply Agreement Entered into between China Shenhua Energy Company Limited and China Energy.	Agreed. The Company shall: 1. improve basic financial derivative business, refine measures for management and control, and strengthen the implementation of system and expand personnel training. 2. improve the transition from previous accounting policies to current ones, better communicate with auditors on information disclosure. 3. ensure fair price, procedure compliance and information disclosure of the related party transactions.

Convening date	Meeting content	Key opinions and suggestions
9 May 2023	To consider the Proposal on Application for Approval of Non-assurance Service by KPMG to China Energy Group Jin Shajiang Branch and Guoneng Shendong Coal Group.	Agreed.
30 June 2023	To consider two proposals including the Proposal on Interim Review Work Plan for 2023 of China Shenhua Energy Company Limited.	Agreed.
23 August 2023	To consider four proposals including the Proposal on Interim Financial Report of 2023 of the China Shenhua Energy Company Limited; to listen to KPMG's report on the interim review work of the Company.	Agreed. The Company shall: 1. increase the investment in audit resources, improve accountability mechanism, strengthen the training and study of audit staff. 2. improve the risk assessment of Finance Company, pay more attention to the changes of accounts receivables and the control over risks.
20 September 2023	To consider the Proposal on Joint Establishment of PT. Guoneng Indonesia Energy	Agreed.
24 October 2023	To consider three proposals including the Proposal on Capital Increase in China Energy Digital and Intelligent Technology and Development (Beijing) Co., Ltd.; to listen to the KPMG's report on annual audit plan for 2023.	Agreed. The Company will improve the management and control of China Energy Digital and Intelligent Technology and Development (Beijing) Co., Ltd. after the completion of capital increase.
26 December 2023	To consider two proposals including the Proposal on China Shenhua Energy Company Limited's Participation in the Investment and Establishment of Guoneng Scientific and Technological Achievements Transformation Investment Fund (Phase I).	Agreed.

On 18 March 2024, the Audit and Risk Management Committee listened to KPMG's report on the audit work in 2023, and discussed with them the scope of their audit work and audit procedures, key audit matters and key concerns, auditors' independence and other matters that require the management's attention; listened to the report on the execution of the agreements on continuing connected transactions; reviewed the financial report for the year 2023, the financial information in the 2023 annual report and internal control audit report, and assessed the effectiveness of the financial reporting and internal control; reviewed a total 15 of proposals, including the evaluation report on internal control as well as 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 assessment of their performance of duties; 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; to review and/or approve matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules, and to execute other matters as authorised by the Board.

(2) Work summary for the year

In 2023, the Remuneration and Assessment Committee held 2 meetings by way of written resolution, at which all proposals were approved.

In terms of director's annual remuneration of 2023, the Remuneration and Assessment Committee shall assess the performance of executive directors who hold management position in the Company based on the remuneration policy for management and makes recommendation on remuneration. The Company did 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 formulated 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 Code Provision E.1.2(c) of the Corporate Governance Code, which is to make recommendations to the Board on the remuneration packages for individual executive director 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 director	Independent director	Number of required attendance at committee meeting	Number of attendance in person	Number of attendance by correspondence	Number of attendance by proxy	Number of absence	Attendance rate
Yuen Kwok Keung	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 2023	To consider 5 proposals including the Proposal on Remuneration of the Directors and Supervisors for 2022 of China Shenhua Energy Company Limited	Agreed.
25 April 2023	To consider 2 proposals including the Proposal on Appraisal Result of Annual Business Performance of Management Level for 2022	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 expand search 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 backup 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 the achievement progress thereof, as well as to disclose the review results 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 2023, the Nomination Committee held 2 meetings by way of written resolution, at which all proposals were approved.

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 under the prevailing diversity policy is reasonable and can effectively play the role of the Board in corporate governance.

(3) *Attendance of committee meetings by each committee member*

Name of director	Independent director or not	Number of required attendance at the committee meeting	Number of attendance in person	Number of attendance by correspondence	Number of attendances by proxy	Number of absence	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 committee meetings*

Convening date	Meeting content	Key opinions and suggestions
17 March 2023	To consider the Proposal on Assessing the Effectiveness of the Board Diversity Policy of China Shenhua	Agreed.
25 April 2023	To consider the Proposal on Appointment of Secretary to the Board of the Company	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 climate change, biodiversity and water resources management, as well as employee development and other relevant risks and opportunities; to give adequate consideration and assessment of the sustainable risks and opportunities in respect of strategy formulation, material transactions, investment decision-making and other matters; 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 handling of such incidents; to review the Company's annual ESG report; to review the Statement 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 climate change, biodiversity and water resources management and employee development; and other issues as authorised by the Board.

(2) Work summary for the year

In 2023, the Safety, Health, Environment and ESG Working Committee held 5 meetings by way of written resolution, at which all proposals were approved.

(3) Attendance of committee members

Name of director	Independent director	Number of required attendance at committee meeting	Number of attendance in person	Number of attendance by correspondence	Number of attendance by proxy	Number of absence	Attendance rate
Lv Zhiren	No	5	5	5	0	0	5/5
Yang Rongming	No	5	5	5	0	0	5/5
Liu Xiaolei	No	5	5	5	0	0	5/5

(4) Convening of the committee meeting

Convening date	Meeting content	Key opinions and suggestions
19 January 2023	To consider the Proposal on the Performance in 2022 and the Key Points of Work in 2023 of China Shenhua in the Environmental, Social Responsibility and Corporate Governance	Agreed.
23 March 2023	To consider the Proposal on the Environmental, Social Responsibility and Corporate Governance Report of China Shenhua Energy Company Limited for 2022	Agreed.
28 July 2023	To consider the Proposal on the Statement on Goal Setting of ESG Safety and Occupational Health of China Shenhua for 2023	Agreed.
15 August 2023	To consider the Proposal on the ESG Governance Work Performance Report of China Shenhua for the First Half Year in 2023	Agreed.
8 October 2023	To consider the Proposal on the Rules of Procedures of the Safety, Health, Environment Protection and ESG Working Committee of the Board of China Shenhua Energy Company Limited	Agreed.

VII. SUPERVISORY COMMITTEE'S REPORT

Being responsible to all shareholders, the Supervisory Committee of the Company had 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 (the "Company Law") 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 2023, the Supervisory Committee of the Company held four meetings in total. Details are set as follows:

Meetings	Date	Venue	Method of meeting	Attendance of supervisors	Subject matter	Poll results
The fourteenth meeting of the fifth session of the Supervisory Committee	24 March 2023	Beijing	On-site	All	Proposal of the 2022 Financial Report of China Shenhua Energy Company Limited	Passed unanimously
					Proposal of the 2022 Profit Distribution Plan of China Shenhua Energy Company Limited	Passed unanimously
					Proposal of the 2022 Annual Report of China Shenhua Energy Company Limited	Passed unanimously
					Proposal of the 2022 Environment, Social Responsibility and Corporate Governance Report of China Shenhua Energy Company Limited	Passed unanimously
					Proposal of the 2022 Internal Control Evaluation Report of China Shenhua Energy Company Limited	Passed unanimously
					Proposal of the 2022 Supervisory Committee Report of China Shenhua Energy Company Limited	Passed unanimously

Meetings	Date	Venue	Method of meeting	Attendance of supervisors	Subject matter	Poll results
The fifteenth meeting of the fifth session of the Supervisory Committee	28 April 2023	Beijing	In-writing	All	Proposal of the 2023 First Quarterly Financial Report of China Shenhua Energy Company Limited	Passed unanimously
					Proposal of the 2023 First Quarterly Report of China Shenhua Energy Company Limited	Passed unanimously
					Proposal on the Conditional Supplementary Agreement II to the Non-competition Agreement Entered into between China Shenhua Energy Co., Ltd. and China Energy Investment Corporation Limited	Passed unanimously
					Proposal of Accounting Policy Changes of China Shenhua Energy Company Limited	Passed unanimously
The sixteenth meeting of the fifth session of the Supervisory Committee	25 August 2023	Beijing	In-writing	All	Proposal of the 2023 Interim Financial Report of China Shenhua Energy Company Limited	Passed unanimously
					Proposal of the 2023 Interim Report of China Shenhua Energy Company Limited	Passed unanimously
The seventeenth meeting of the fifth session of the Supervisory Committee	27 October 2023	Beijing	On-site & correspondence	All	Proposal of the 2023 Third Quarterly Financial Report of China Shenhua Energy Company Limited	Passed unanimously
					Proposal of the 2023 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. The management has implemented them carefully and made timely feedback.

2. **Investigation and Research**

In March 2023, the supervisors of the Company conducted on-site survey on the public welfare foundation of China Energy Group (the "Public Welfare Foundation"). They watched the themed films in respect of the implementing the national strategy of rural booming and prosperity, supporting cultural education, environmental protection, community co-building and other matters committed by the Public Welfare Foundation to develop its own "Benevolent Hearted" public welfare brand, and gained a further understanding on capital investment, project implementation, and construction of donation service platform, and other matters. They also carried out sufficient discussion and exchange in respect of the public welfare direction, the tracking and management of investments in public welfare.

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

In 2023, the Company has conducted one annual general meeting, one class meeting of holders of A shares, one class meeting of holders of H shares, and seven 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 approved and authorization 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, having reviewed the directors' attendance in meetings and performance of their duties, all directors of the Company have diligently and faithfully performed their duties as directors. 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 2023 has been audited by KPMG Huazhen LLP and 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 Related Party Transactions of the Company

After careful review of the related party transactions of the Company in 2023, the Supervisory Committee is of the opinion that related party transactions with China Energy, Finance Company, Guoneng (Beijing) Commercial Factoring Co., Ltd., GD Power Development Co., Ltd., Guohua Energy Investment Co., Ltd and Guohua Investment Development Asset Management (Beijing) Co., Ltd. are necessary for the daily 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 related party transactions carried out are in accordance with the applicable rules and requirements of the listing rules, and the information disclosure thereof 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, there were no major acquisition and disposal of assets of the Company.

(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

1. The Main Characteristics of Risk Management and Internal Control System

The Company has established a risk-oriented internal control system and has an internal audit department to specifically perform the internal audit functions. The Company reviews and evaluates its risk management and internal control system annually during the Reporting Period. According to the evaluation, during the Reporting Period, the Company has considered that the internal control system has been established and effectively implemented for significant businesses and matters, and the objectives of the Company's risk management and internal control have been achieved.

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 organizational 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 risk management and internal control. 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.

2. The Board is responsible for the maintenance of the risk management and internal control system

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 aims to manage rather than eliminate the risk of failure to achieve business goals, and can only provide reasonable and not absolute assurance against material misstatement or loss. 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 Company reports on annual internal control evaluation and presented the internal control evaluation reports to the Board and the Audit and Risk Management Committee on an annual basis, and timely reports on material matters and management plan related to internal risk of the Company based on actual circumstances, so as to help the Board to assess the monitoring and effectiveness of risk management of the Company.

3. Procedures for Identifying, Evaluating and Managing Material Risks

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, risk management and special supervision and inspection, and annual evaluation of its internal control. At the end of each year, the Company will organize 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 and determine the results of risk assessment. The Company will determine risk response strategies based on risk preference and risk tolerance, take appropriate control measures and follow up and monitor significant risks on a quarterly basis. The Company will inspect significant risk through annual evaluation of internal control.

4. The Procedures for Reviewing the Effectiveness of the Risk Management and Internal Control System and for Addressing Severe Internal Control Deficiencies

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 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 of internal control evaluation report after the review and disclosure of the Board.

Significant and material deficiencies will be finally recognised by the Board. For the identified significant and material deficiencies, the Board shall adopt appropriate countermeasures to keep the risks under control to a tolerable extent and hold the relevant departments or personnel accountable therefor.

5. The Company's Management Continuously Monitors the Risks (Especially Environmental, Social and Governance Risks), and the Scope and Quality of the Internal Control System

The principals of the Company are responsible for leading the establishment of a sound internal control risk management system and supervising its effective operation. The management of the Company is responsible for the internal control risk management. It is responsible for the implementation of internal control risk management, studying and reviewing internal control risk management related matters, organizing the formulation of special systems, work plans and countermeasures for internal control risk management in various fields and supervising the implementation thereof. The management of the Company is responsible for organizing and promoting the Environmental, Social and Corporate Governance (ESG) management, reviewing the Company's medium and long-term ESG planning and annual work plan, approving the implementation rules of the Company's ESG management work, organizing and promoting the identification, assessment, management process and achievement of related objectives of ESG activities of the Company.

The management of the Company studies and reviews important matters such as internal audit work plan and work systems, listens to and reviews annual and semi-annual internal audit work reports, and monitors the operation of internal audit work on a regular basis.

The management of the Company confirms the effectiveness of the risk management and internal control system to the Board and the Audit and Risk Committee by voting at the general manager's office meeting.

6. Handling and Release of Inside Information

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 scope 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.

7. Assurance of the Company's Internal Control Functions

The Company has set up an internal control risk department with internal control risk management personnel who possess auditing, accounting and management background and relevant qualifications. Each department of the Company has designated internal control risk management personnel who is responsible for internal control and special risk management in different business areas. Each subsidiary has set up internal control risk management department and internal control risk personnel who is responsible for the internal control risk management of each subsidiary. The Company conducts business training for internal control risk management personnel every year, and organizes occasional training for the management and all employees in relation to internal control risk management. The Company entrusts experienced intermediaries to jointly implement the annual internal control evaluation work to ensure the quality of the annual internal control evaluation work.

8. Internal Control Evaluation

The Company reviews and evaluates its risk management and internal control system on an annual basis during the reporting period. The Company's report on the internal control evaluation for 2023 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 reviewed and approved in the 2023 Report on Internal Control Evaluation of the Board, no material defects were found in the internal control of financial reporting as at the reference 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 has occurred from the reference date of the Report on Internal Control Evaluation to the date of issuance of the Report on Internal Control Evaluation.

During the Reporting Period, the Company did not have any material control failures or significant control weaknesses and the Company's procedures in relation to financial reporting and compliance with the Hong Kong Listing Rules are effective.

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 2023, 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 report disclosed on the website of the SSE at the same time as this report for the 2023 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 and fund supervision and control of its subsidiaries and branches. 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 party transaction, the Company formulates the management system and defines the procedures of management, review and approval, supervision and inspection of related party transactions of its subsidiaries. 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, and the 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 "building a world class integrated energy listed company with global competitiveness" as the Company's goal. It remains committed to the strategy of "achieving one target through playing three roles and bearing six responsibilities" and to "contributing to the whole society and economic development". The Company serves the purpose of the "cornerstone for energy supply and leader for energy innovations" by devoting itself to the core value of "green development and pursuit of excellence". Guiding by the spirit of "socialism is established through action", we strive to develop the spirit of "diligence, dedication, innovation, and pioneer".

To ensure that the corporate culture is clearly communicated to all employees, the Company actively organized and conducted publicizing and implementation of the core value of the Company's corporate culture and corporate culture. A corporate culture column on the Company's website has been set up to facilitate employees and relevant people to understand the Company's corporate culture. As a result, sub-cultural brands with our own characteristics have been built, such as the Party-building brand of "one party branch builds one brand, one brand features one characteristic", a brand for united front of "journey to China Shenhua Energy" and a brand for youth culture "Youth π". Furthermore, we organized activities for advanced models of spiritual civilization and corporate culture with the aid of their exemplary and leading roles, thereby creating a good working atmosphere and contributing spiritual strength to the Company's operation and development.

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 stepped up building law-based governance, and promoted the theory of compliance with the laws to be embraced by its employees. The Company advanced the implementation of the plan of "law-based China Shenhua" and the "eighth five-year on improving legal awareness". The Company strengthened legal review to ensures projects to be conducted according to the compliance with laws, revised and improved its "Requirements for Compliance Management", to supplement and strengthen the compliance management and operation mechanism which included compliance review, reporting on compliance risks, responses to and disposal of compliance risks and effective evaluations.

XI. EMPLOYEES

(I) Employees as at the End of 2023

Number of current employees of the headquarter of the Company *(number of person)*	199
Number of current employees of the branches/subsidiaries of the Company *(number of person)*	83,240
Total number of current employees of the Group *(number of person)*	**83,439**
Number of retired employees in respect of which the Company and subsidiaries bore cost *(number of person)*	13,814

Function

Category of function	Number of persons
Operation and repair	51,459
Management and administration	14,697
Finance	1,532
Research and development	3,030
Technical support	8,361
Sales and marketing	680
Others	3,680
Total	**83,439**

Education Level

Category of education level	Number of persons
Postgraduate and above	4,058
University graduate	37,758
College graduate	20,320
Specialized secondary school graduate	7,992
Graduate of technical school, high school and below	13,311
Total	**83,439**

(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 deepened the 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. In 2023, the accrued capital used for training was approximately RMB319 million. The number of attendances in training was approximately 1,136,800 with training hours of approximately 9,719,800 hours in aggregate. For details, please refer to the 2023 Environment, Social and Governance Report of the Company.

(IV) Outsourced Work in 2023

Total number of working hours of outsourced work	74.32 million hours
Total remuneration paid for outsourced work	CNY5,383 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. Further details about the diversity of employees are set out in the 2023 Environment, Social and Governance Report of the Company, which will be disclosed in conjunction with this report.

As at the end of 2023, the Group had 12,553 female employees, accounting for 15.0% of total employees, and 70,886 male employees, accounting for 85.0% 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 ("Distribution Base"). Annual profit distribution in cash shall be no less than 35% of the Distribution Base 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 for each year from 2022 to 2024 shall not be less than 60% of the net profit attributable to equity holders 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 2023

Net profit attributable to equity holders of the Company for 2023 under the China Accounting Standards for Business Enterprises amounted to RMB59,694 million, with basic earnings per share of RMB3.004/share; profit attributable to equity holders of the Company for 2023 under the International Financial Reporting Standards amounted to RMB64,625 million, with basic earnings per share of RMB3.253/share. As at 31 December 2023, the profit available for distribution to shareholders of the Company under the China Accounting Standards for Business Enterprises amounted to RMB201,416 million.

The Board proposed the payment of a final dividend in cash of RMB2.26 per share (inclusive of tax) for the year 2023 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 2023, the final dividend totals RMB44,903 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 75.2% 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 consolidated financial statements
	RMB	*RMB million*	*RMB million*	*%*
Final dividend for the year 2023 (Proposed)	22.6	44,903	59,694	75.2
Final dividend for the year 2022	25.5	50,665	69,626	72.8
Final dividend for the year 2021	25.4	50,466	50,269	100.4

2. The proposed final dividend plan for the year 2023 outlined above was in compliance with the requirement of the Articles of Association, and there were no circumstances under which the cash dividend plan may prejudice the interests of the listed company or minority shareholders as stipulated in No. 3 Guideline for the Supervision of Listed Companies - Cash Dividend Distribution of Listed Companies. Such final dividend plan has been approved by the Board. When proposing the final dividend plan for the year 2023, the Board has attended to and considered the opinions and concerns of the shareholders of the Company. The Company will hold the 2023 annual general meeting on Friday, 21 June 2024 to consider the relevant resolutions, including the above dividend plan as proposed by the Board.

3. The final dividend for the year 2023, 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 2023 and the 2023 annual general meeting of the Company, the final dividend for the year 2023 for the Company's H shareholders is estimated to be distributed on or about 21 August 2024.

4. **Pursuant to the Articles of Association:**

(1) After the SSE is closed in the afternoon on Tuesday, 18 June 2024, 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 2023 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 2023 to holders of A shares after the 2023 annual general meeting to determine the record date, ex-rights date and dividend distribution date for the distribution of final dividend for the year 2023 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 2023 annual general meeting	Tuesday, 18 June 2024	Friday, 21 June 2024	4:30 p.m. on Monday, 17 June 2024	Computershare Hong Kong Investor Services Limited
2	Entitled to the final dividend for the year 2023	Saturday, 29 June 2024	Friday, 5 July 2024	4:30 p.m. on Friday, 28 June 2024	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 2023 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 5 July 2024.

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 ("registered address") as recorded in the register of members of H shares on 5 July 2024 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 2023 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 28 June 2024 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, telephone (852) 2862 8555.

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 an 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, highlights quality and efficiency, emphasizes sustainable development and 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. All public indicators and personal performance indicators for senior management in 2023 are set to be high. 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 Environmental Supervision Units[1] as Designated by the Competent Environmental Protection Authorities of the PRC

1. Information on Pollutant Discharge

As at 31 December 2023, a total of 36 subsidiaries of the Group that classified as the key environmental supervision units ("Key Units") published by the environmental protection authorities (including key pollutant discharge units and key environment risk control units in terms of atmospheric environment, water environment and soil contamination), are mainly coal-fired power plants, coal chemical plants and coal mines, which are located in areas 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 or 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).

1. The Administrative Measures for the List of Key Environmental Supervision and Control Units (Decree No. 27) shall come into force on 1 January 2023, and the Notice on Printing and Issuing the Provisions on the Administrative Measures for the List of Key Pollutant Discharging Entities (Trial) (Huan Ban Jian Ce [2017] No. 86) shall be abolished simultaneously.

In 2023, the emissions of the Key Units in terms of atmospheric environment are as follows:

Name of the entity	Main pollutants	Total emissions	Average emission concentration	Approved Total emissions	Number of Emission outlets	Distribution of emission outlets	Excessive emissions	Operation rate of pollution prevention facilities
		tonne	*mg/Nm³*	*tonne/year*			*hour*	*%*
Taishan Power	SO_2	1,717	18.5	4,780	6	Units No. 1 and 2 share one emission outlet; each of Units No. 3-7 has one emission outlet	0	100
	NO_X	2,212	23.8	9,560			0	
	Soot	153	1.6	1,620			0	
Huizhou Thermal	SO_2	417	25.2	501.52	1	All units share one emission outlet	0	100
	NO_X	672	40.3	716.46			0	
	Soot	23	1.4	71.65			0	
Liuzhou Power	SO_2	159	15.4	3,727.2	1	All units share one emission outlet	0	100
	NO_X	340	34.2	1,863.6			0	
	Soot	17	1.7	559			0	
Beihai Power	SO_2	161	4.8	771.2	2	Each unit has one emission outlet	0	100
	NO_X	711	26.1	712.9			6	
	Soot	32	1.1	136.2			0	
China Energy Shenfu (Shishi) Power Generation Co., Ltd.	SO_2	964	22.1	3,675	2	Each unit has one emission outlet	2	100
	NO_X	1,811	41.7	3,675			2	
	Soot	198	4.6	309			10	
China Energy Shenfu (Jinjiang) Thermal Power Co., Ltd.	SO_2	75	15.9	182	1	All units share one emission outlet	0	100
	NO_X	199	42.2	260			0	
	Soot	3	0.8	52			0	
China Energy Shenfu (Longyan) Power Generation Co., Ltd.	SO_2	268	20.3	358	1	All units share one emission outlet	0	100
	NO_X	576	43.7	839			23	
	Soot	42	3.1	360			0	
China Energy (Lianjiang) Gangdian Co., Ltd.	SO_2	1,011	27.2	1,632.2	2	Each unit has one emission outlet	1	100
	NO_X	1,533	41.3	2,282.2			23	
	Soot	177	4.8	466.34			4	
Jiujiang Power	SO_2	366	9.6	2,805	2	Each unit has one emission outlet	0	100
	NO_X	1,417	37.5	3,014			0	
	Soot	31	0.8	1,050			0	

Name of the entity	Main pollutants	Total emissions	Average emission concentration	Approved Total emissions	Number of Emission outlets	Distribution of emission outlets	Excessive emissions	Operation rate of pollution prevention facilities
		tonne	*mg/Nm³*	*tonne/year*			*hour*	*%*
Yongzhou Power	SO_2	524	19.8	895	2	Each unit has one emission outlet	0	100
	NO_X	995	38.9	1,080			0	
	Soot	29	1.1	110			0	
China Energy Chongqing Wanzhou Electric Power Co., Ltd.	SO_2	709	17.9	1,291.5	2	Each unit has one emission outlet	0	100
	NO_X	1,603	41.7	1,837.5			0	
	Soot	69	1.8	367.5			0	
China Energy Jiangyou Thermal Power Co., Ltd.	SO_2	153	12.9	600	1	All units share one emission outlet	0	100
	NO_X	454	37.0	1,200			23	
	Soot	67	5.6	240			0	
China Energy Sichuan Tianming Power Generation Co., Ltd.	SO_2	547	16.3	924	2	Each unit has one emission outlet	0	100
	NO_X	1,400	41.7	1,444.3			0	
	Soot	95	2.8	174			0	
Mengjin Power	SO_2	342	19.1	1,079	2	Each unit has one emission outlet	0	100
	NO_X	732	40.4	1,542			0	
	Soot	42	2.5	308			0	
Shouguang Power	SO_2	515	15.9	1,347.5	2	Each unit has one emission outlet	0	100
	NO_X	1,065	33.3	1,925			1	
	Soot	56	1.7	192.5			0	
Cangdong Power	SO_2	494	10.8	1,303.13	2	Every two units share one emission outlet	0	100
	NO_X	984	21.9	1,563.76			0	
	Soot	111	2.5	292.06			0	
Dingzhou Power	SO_2	554	13.1	1,814.32	2	Every two units share one emission outlet	0	100
	NO_X	860	21.8	2,591.88			0	
	Soot	92	2.8	521.88			0	
Dianta Power Plant of Shendong Power	SO_2	520	20.1	1,031.81	1	All units share one emission outlet	0	100
	NO_X	862	33.2	1,474.02			0	
	Soot	60	2.4	294.80			0	
Shendong Power Daliuta Thermal Power Plant	SO_2	0.1	0.1	47.32	1	All units share one emission outlet	0	100
	NO_X	15	43.1	67.6			2	
	Soot	0.2	0.1	13.52			0	

Name of the entity	Main pollutants	Total emissions	Average emission concentration	Approved Total emissions	Number of Emission outlets	Distribution of emission outlets	Excessive emissions	Operation rate of pollution prevention facilities
		tonne	*mg/Nm³*	*tonne/year*			*hour*	*%*
Shendong Power Guojiawan Power Plant	SO_2	49	3.1	420	1	All units share one emission outlet	0	100
	NO_X	383	30.7	600			0	
	Soot	25	1.8	120			0	
Shenmu Power	SO_2	143	19.5	189	1	All units share one emission outlet	0	100
	NO_X	250	34.7	270			0	
	Soot	16	2.3	54			0	
Jinjie Energy (Power Plant)	SO_2	1,044	18.2	2,459	3	Every two units share one emission outlet	0	100
	NO_X	2,335	32.9	4,422.18			0	
	Soot	176	2.6	884.45			0	
Power Plant of Guoneng Yili Energy Co., Ltd.	SO_2	852	34.3	880	4	Each unit has one emission outlet	0	100
	NO_X	1,675	73.0	1,760			0	
	Soot	23	1.2	352			0	
Zhunge'er Power	SO_2	381	24.4	3,840	2	Each of Phase I and Phase II has one emission outlet	0	100
	NO_X	608	39.3	3,840			0	
	Soot	64	4.4	576			0	
Shengli Energy	SO_2	294	10.9	1,016.4	2	Each unit has one emission outlet	0	100
	NO_X	742	28.5	1,271			1	
	Soot	71	2.9	290.4			0	
Baotou Coal Chemical	SO_2	117	9.9	2,674.18	5	One boiler has four emission outlets, a separate emission outlet is set for sulfur recovery facilities	0	100
	NO_X	325	30.1	1,337.09			0	
	Soot	32	2.7	401.13			0	
Bayannur Energy	SO_2	53	21.7	132	2	One coke oven chimney and one emission outlet for dust removal station	3	100
	NO_X	334	273.3	900			0	
	Soot	19	7.9	96			6	
Shuiquan Open-cut Mine of Baotou Energy	SO_2	0.72	211	Registration management, not approved	1	One emission outlet for coalfired boiler (the emission outlet was dismantled for transformation in March)	0	100
	NO_X	0.14	104				0	
	Soot	0.68	71.76				0	

Name of the entity	Main pollutants	Total emissions	Average emission concentration	Approved Total emissions	Number of Emission outlets	Distribution of emission outlets	Excessive emissions	Operation rate of pollution prevention facilities
		tonne	*mg/Nm³*	*tonne/year*			*hour*	*%*
Baotou Energy Wanli First Colliery	SO_2	37	71.2	79.71	3	Each plant has one emission outlet	7	100
	NO_X	60	114	80.02			22	
	Soot	7	12.8	17.14			15	
Zhunge'er Energy	SO_2	32	69.6	59.02	4	5 coal-fired boilers share one emission outlet and each of 3 gas-fired boilers has one emission outlet	0	100
	NO_X	42	88.4	76.16			0	
	Soot	6	16.1	12.48			0	
China Shenhua Ha'erwusu Open-cut Mine	SO_2	32	198.5	42	1	4 coal fired boilers share one emission outlet	0	100
	NO_X	34	207.2	52.5			0	
	Soot	4	28.7	8.57			0	
Huangyuchuan Colliery of Guoneng Yili Energy Co., Ltd.	SO_2	15	58.8	72.13	4	Two emission outlets for the colliery and two emission outlets for coal preparation plant	0	100
	NO_X	32	123.2	90.17			0	
	Soot	4	17.6	18.03			0	
Shendong Coal Bu'ertai Colliery	SO_2	30	132.0	53.24	1	One emission outlet for coal-fired boiler	0	100
	NO_X	51	226.0	72.51			0	
	Soot	2	19.0	14.5			0	

In 2023, the Key Units, in terms of water environment, including three enterprises, i.e. Baotou Coal Chemical, Power Plant of Guoneng Yili Energy Co., Ltd., and Mengjin Power, achieved zero external discharge and 100% operation rate of pollution prevention facilities.

In 2023, the Key Units, in terms of soil pollution and key environment risk control, including 10 enterprises, i.e. Baotou Coal Chemical, Zhunge'er Energy, Explosive Plant of Zhunge'er Energy, Bayannur Energy, Baorixile Energy, Dianta Power Plant of Shendong Power, Mengjin Power, Shouguang Power, Cangdong Power, Cangzhou Locomotives and Trains Maintenance Branch of Railway Equipment (鐵路裝備滄州機車車輛維修分公司), generated 52,781.46 tonnes of hazardous waste and entrusted qualified units to dispose the waste in compliance with the laws and regulations.

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

With regard to the provisions under the existing laws, the management believes that there is no contingent risk in relation to environmental protection that may bring material and adverse effects to the financial position or 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

The Group has built desulfurisation, denitration, dust collectors, wastewater, solid waste and noise prevention and control facilities for all production and operation enterprises in accordance with national and local pollution prevention and environmental protection standards. During the Reporting Period, operation of the pollution prevention and control facilities was effective and reliable overall, and no environmental pollution incidents of general or above level occurred.

3. Environmental Effect Appraisal of Construction Project and Other Administrative Approvals on Environmental Protection

In terms of construction projects, the Group carried out the "three simultaneous" management of environmental impact appraisal, energy conservation appraisal, water and soil conservation inspection and acceptance, as well as environmental protection inspection and acceptance. The environmental impact appraisal, as well as environmental protection inspection and acceptance, water environmental protection inspection and acceptance and other relevant tasks upon construction completion have been conducted, respectively, on all construction projects in accordance with the law. All the Key Units have obtained pollutant discharge licences in compliance with the national environmental requirements.

4. Emergency Plan for Unexpected Environmental Incidents

The Group carried out related work in accordance with the national emergency plan and management requirements for unexpected environmental incidents. The emergency plan filing for unexpected environmental incidents of the Key Units can be searched on the websites of the local ecological environmental protection department.

5. Environmental 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* (《環保在線監測系統管理辦法》) and other management systems in accordance with the relevant national standards and administrative regulations for online monitoring of pollution sources. All the Key Units have completed the compilation of their self-monitoring plans. All automatic monitoring data and commissioned monitoring data in relation to wastewater, exhaust gas, etc., have been timely uploaded to the monitoring platform of the local environmental protection department according to relevant requirements.

6. Administrative Penalty for Environmental Problems during the Reporting Period

Unit name	Date	Penalty No.	Amount of penalty *RMB0'000*	Reason for penalty	Rectification progress
Shendong Power Guojiawan Power Plant	17 May 2023	No. 72 of Shan K Fu Gu Huan Fa [2023]	10	No protective measures were implemented in accordance with national environmental protection standards in the industrial solid waste storage process	Rectified
	4 September 2023	No. 143 of Shan K Huan Fa [2023]	27	No disinfection facilities at domestic sewage outlets	Rectified
Shuiquan Open-cut Mine of Baotou Energy	14 April 2023	No. 6 of Bao Huan Fa 150221 [2023]	10	No effective dust-proof measures were implemented for open coal storage	Rectified
Bayannur Energy	21 August 2023	No. 4 of Ba Huan (6) Fa Zi [2023]	10	Uncontrolled emission of smoke during coal loading in coking plants	Rectified

7. Other Environmental Information that should be Disclosed

☐Applicable ✓ Not applicable

(II) Environmental Issues of Companies Other Than Those Classified as the Key Units

1. Administrative Penalties for Environmental Problems

Unit name	Date	Penalty No.	Amount of penalty *RMB0'000*	Reasons for penalty	Rectification progress
Shendong Coal Branch	3 January 2023	No. 1 of E Huan Yi Fa [2023]	23.61	Other illegal acts	Rectified
	15 March 2023	No. 11 of Shan K Huan Fa [2023]	45	Failure to renew expired drainage permits of affiliated collieries in a timely manner	Renewed
	10 April 2023	No. 17 of Shan K Huan Fa [2023]	45	Failure to renew expired drainage permits of affiliated collieries in a timely manner	Renewed
	28 June 2023	No. 04 of Shen Shui Li Fa Jue Ding [2023]	4	Beyond planned water usage	Rectified
Shendong Coal Group	20 November 2023	No. 5-39 of E Huan Fa [2023]	20.27	Failure to apply for EIA procedures for new smart equipment for coal dry selection of affiliated collieries	In progress
Baotou Energy Lijiahao Colliery (包頭能源李家壕煤礦)	3 April 2023	No. 02 of (E) Shui Fa Jue [2023]	10	Failure to renew expired water access licence	Renewed
Baotou Energy Shenshan Open-cut Mine (包頭能源神山露天礦)	6 September 2023	No. 27 of (Zhun) Shui Li Fa Jue Zi [2023]	40	Failure to take water in compliance with the conditions of an approved water access licence	Completed renewal and change of water access licence

Unit name	Date	Penalty No.	Amount of penalty *RMB0'000*	Reasons for penalty	Rectification progress
Yulin Energy Qinglongsi Colliery (榆林能源青龍寺煤礦)	10 January 2023	No. 20 of Shan K Fu Gu Huan Fa [2023]	20	Appointment of incapable third parties to dispose gangue	Rectified
	10 January 2023	No. 28 of Shan K Fu Gu Huan Fa [2023]	1.07	No approval procedures from environmental protection authority for new temporary storage of hazardous waste	Rectified
Yulin Energy Guojiawan Colliery (榆林能源郭家灣煤礦)	10 January 2023	No. 26 of Shan K Fu Gu Huan Fa [2023]	10	No dust proof measures implemented in temporary gangue dump	Rectified
	5 September 2023	No. 151 of Shan K Huan Fa [2023]	12	Failure to operate normally the sodium hypochlorite generator at the mine water treatment plant	Rectified
Yulin Vehicle Maintenance Branch of Railway Equipment Company (鐵路裝備公司榆林車輛維修分公司)	25 September 2023	No.164 of Shan K Huan Fa [2023]	8.5	Failure to replace the activated carbon of the attached VOC treatment facility at the emission outlet of the whole vehicle spraying section over a long period of time	Rectified
Jinjie Energy (Coal Mine) (錦界能源(煤礦))	3 November 2023	No. 177 of Shan K Huan Fa [2023]	472.46	Failure to apply for approval for EIA reports in timely after capacity additions	In progress
	29 November 2023	No. 145 of Shan K Shen Mu Huan Fa [2023]	40	Failure to pass the acceptance inspection on the completion of environmental protection facility construction after capacity additions	

2. Other Environmental Information

During the Reporting Period, the total emissions of major pollutants of the Group were as follows:

	Sulfur dioxide *0,000 tonnes*	Nitrogen oxide *0,000 tonnes*	Soot *0,000 tonnes*	Chemical oxygen demand (COD) *tonnes*	Hazardous waste *tonnes*
Key Units	1.26	2.54	0.18	0	52,781.46
Other enterprises	1.01	2.28	0.18	443.51	7,379.21
Total	2.27	4.82	0.36	443.51	60,160.67

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

The environmental information set forth in the 2023 Environmental, Social and Governance Report of the Company has been independently verified by KPMG Huazhen LLP, and an assurance report was issued.

3. Explanation of Reasons for Non-disclosure of Environmental Information by Companies Other Than Those Classified as the Key Units

☐Applicable ✓ Not applicable

(III) Explanation of the Follow-up Progress or Changes in the Disclosure of Environmental Information during the Reporting Period

☐Applicable ✓ Not applicable

(IV) Actions Taken by the Company to Protect Ecology, Prevent Pollution and Take on Environmental Responsibilities

In 2023, the Group continued to carry out in-depth pollution prevention and control, comprehensively promoted the construction of green mines, green transportation, green power and green chemicals, resulting a sustained reduction in the emission of major pollutants. The Group adopted a combination of measures to ensure source prevention and control, intensified efforts to advance the comprehensive governance of air pollution, and implemented a number of tasks to secure environment quality. The Group gave priority to conservation, enhanced recycling, and took coordinated steps to promote the high-efficiency utilisation of water resources. The Group insisted on source reduction, process resourcefulness and end harmless treatment and strengthened the disposal of hazardous waste in compliance with laws and regulations. The Group strictly upheld the red lines for ecological protection, strengthened the management of soil pollution, took steps to enhance the integrated protection and remediation of mountains, rivers, forests, farmlands, lakes, grasslands and deserts, and promoted the ecological remediation and governance and protection of biodiversity in a well-coordinated way. The reclamation rate of the surface mine dump and the governance rate of stabilised subsidence areas have reached the international advanced level, and key enterprises in the Yangtze River and Yellow River basins have achieved the full coverage of remote sensing monitoring of soil and water conservation and ecological management. In addition, the Group will continue to carry out the investigation and treatment of hidden ecological and environmental hazards, establish a tiered and classified treatment system for risks and hidden dangers, thereby significantly improving its ability to prevent ecological and environmental risks.

In 2023, the Group invested RMB2.339 billion in environmental protection. The open-cut mine land reclamation area increased by 490,000 square meters, and the underground mines subsidence area's land governance coverage increased by 29.73 million square meters. The greening coverage increased by 22.75 million square meters.

(V) Measures and Effects Taken to Reduce Carbon Emissions during the Reporting Period

In 2023, the Company established a low-carbon development leadership team and issued the 2023 Low-carbon Development Work Plan to steadily advance low-carbon development. Firstly, the Group optimised the safe, clean, efficient and intelligent development and utilisation of coal, promoted green coal exploitation processes and implemented ecological environmental governance projects. The Group put into operation four clean and high-efficiency generating units with a capacity of one million KW, so as to tap into the full potential of coal power in supporting and regulating production operations. Secondly, the Group accelerated the cultivation of new energy development momentum, making full use of land resources such as the dump site of open-cut mine and reclamation areas, the Group has already constructed and put into production photovoltaic project with 512,000 KW. Thirdly, the Group promoted the intelligent and intensive development of the industry. The Group continuously improved energy efficiency by optimising production processes and promoting energy-saving technology transformation, energy-saving technology transformation. The "linkage of three reforms" of existing coal power units have made further progress, resulting in a year-on-year decrease of 0.61% in standard coal consumption for power supply of coal-fired power generators. The Group explored the development of clean fuels based on the utilisation of hydrogen and ammonia energy, improved the upgrading of technology and equipment by, for example, replacing coal with electricity and replacing oil with electricity, with key projects such as "Research and Engineering Verification of Key Technologies for 600MW Coal-fired Boiler Mixed Ammonia Combustion" achieved breakthroughs in core technologies. Fourthly, the Group promoted the comprehensive coordination and management of carbon assets. Our affiliated emission control enterprises have fulfilled their obligations in the carbon market, with a total of 6.598 million tonnes of quotas traded throughout the year, amounting to approximately RMB462 million (excluding taxes). The Shendong Coal Baode Colliery's "Underground and Surface Joint Efficient Drainage Demonstration Project for Coal Mine Gas" has been designated as one of the first-batch demonstration projects for efficient drainage and utilisation of mine gas by the National Energy Administration. The CCUS device at Jinjie Energy's power plant has captured over 30,000 tonnes of CO_2 throughout the year. The subsidiaries have given full play to carbon reduction and carbon sequestration through tree planting, land reclamation, etc., and advanced natural carbon sink.

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

Please refer to the 2023 Environmental, Social and Governance Report of the Company.

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

In 2023, the Group thoroughly studied and implemented the important expositions and important instructions of General Secretary Xi Jinping on the work related to agriculture, rural areas and rural residents, resolutely fulfilled the political and social responsibilities entrusted to central enterprises, and fully consolidated the achievements of poverty alleviation in three targeted assistance counties based on local resource endowments, i.e. Mizhi County and Wubu County in Shaanxi Province and Butuo County in Sichuan Province. The Group firmly upheld the bottom line of preventing people from returning to poverty on a large scale and comprehensively promoted the revitalisation of industry, talent, culture, ecology, and organisation, strengthened industrial assistance, cultivated and expanded rural industrial projects to facilitate the sustainable development of local specialty industries. The Group enhanced the supply of basic public services in rural areas, improved the living environment for local residents, and built liveable and prosperous rural areas. The Group motivated the inner driving forces by increasing people's confidence and helping them acquire knowledge and skills, expanded the scope of consumption-based aid to assist more poor and low-income people in seeking employment in nearby places. During the Reporting Period, the Group invested approximately RMB74.55 million in assistance funds to the three targeted counties, introduced external assistance funds of RMB600,000, implemented 31 projects such as industrial assistance and infrastructure construction, trained 5,749 technical professionals and grass-root cadres, recruited 27 undergraduates from families with financial difficulties to work for the subsidiaries of China Shenhua, and agricultural product purchases and sales amounted to RMB28.37 million.

In 2023, Ding Hongyan, the first accredited secretary of Sichuan Energy in Bozuo Village, Butuo County, was awarded the honorary title of "Excellent First Accredited Secretary in the Province". The achievements of rural revitalisation by Sichuan Energy were selected as one of the nine typical cases of assistance by the Provincial State-owned Assets Supervision and Administration Commission. The targeted assistance working group of Shendong Coal was awarded the title of "Advanced Collective in Assistance" in Shaanxi Province, and Shendong Coal was ranked first in the "2023 Consumption Assistance Enterprise Contribution Ranking" in Ordos City.

Apart from the targeted counties, the Company's headquarters and 16 subsidiaries continued to join hands with local communities for shared development, offered assistance to targeted regions and provide paired supports. During the Reporting Period, the Group implemented 48 relevant projects and donated RMB170 million in total.

For more information on environmental and social responsibilities, please refer to the Company's 2023 Environmental, Social and Governance Report.

I. PERFORMANCE OF COMMITMENTS

Background of undertakings	Type of undertakings	Undertaking party	Contents of undertakings	Date of Commitment	Any deadline for performance	Duration of Commitment	Whether timely and strictly performed	In case of failure to perform in time, the specific reasons for the incomplete performance shall be started	In case of failure to perform in time, future plans shall be described
Undertaking made in connection with initial public offering	Non-competition undertaking	China Energy	The two parties entered into the "Non-competition Agreement" on 24 May 2005, the "Supplemental Agreement to the Existing Non-Competition Agreement" on 1 March 2018, and the "Supplemental Agreement II to the Existing Non-Competition Agreement" on 28 April 2023. As the Company is an integrated platform which is responsible for the coal business and affiliated to China Energy, China Energy has undertaken not to compete with the Company in respect of the Company's core businesses (coal exploration, mining, processing, sales; production and sales of comprehensive utilization of coal products; development and management of mineral products; railway transportation; port transportation; the industry and ancillary services related to the business aforementioned) whether inside of outside of the PRC, 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; 1 March 2018	Yes	Long-term: 27 August 2028	Yes, in progress	N/A	N/A

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

II. APPROPRIATION OF FUNDS BY ITS CONTROLLING SHAREHOLDER AND OTHER RELATED PARTIES FOR NON-OPERATIONAL PURPOSES 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

The Group has implemented the Interpretation of Accounting Standards for Business Enterprises No. 16, which provides that the accounting treatment of initial recognition exemption does not apply to taxable and deductible temporary differences arising on recognition of assets and liabilities in a single transaction from 1 January 2023. For taxable and deductible temporary differences arising on recognition of assets and liabilities in a single transaction to which the provision applies, corresponding deferred tax liabilities and deferred tax assets shall be recognised respectively at the time of the transaction according to Accounting Standards for Business Enterprises No. 18, "Income Taxes" and other relevant provisions. Meanwhile, for the deferred tax related to assets and liabilities arising from the related single transactions between the beginning of the earliest period presented in the financial statements in which the Group first applied the above provisions and the effective date, the retrospective adjustments shall be made. Such retrospective adjustments have 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 2023 prepared by the Company according to the PRC Accounting Standards for Business Enterprises.

The Group has implemented Amendments to International Accounting Standard No. 12, "Deferred Tax Related to Assets and Liabilities arising from a Single Transaction" to which the provision applies from 1 January 2023. Taxable and deductible temporary differences arising on recognition of assets and liabilities in a single transaction to which the provision applies are no longer subject to the accounting treatment of initial recognition exemption for deferred tax. According to the relevant requirements of International Accounting Standard No. 12, "Income Taxes", the corresponding deferred tax liabilities and assets shall be recognised respectively at the time of the transaction. Meanwhile, for the deferred tax related to assets and liabilities arising from the related single transactions between the beginning of the earliest period presented in the financial statements in which the Group first applied the above provisions and the effective date, the retrospective adjustments shall be made. Such retrospective adjustments have 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 2023 prepared by the Company according to the International Financial Reporting Standards.

The changes in above accounting policies have been considered and approved at the 21st meeting of the fifth session of the Board of the Company.

(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
Name of Audit Partner of Domestic Auditors of the Company	Zhang Nan
Remuneration of Domestic Auditors of the Company *(RMB million)*	7.15
Term of Auditing of Domestic Auditors of the Company *(year)*	5
Name of Certified Public Accountant of Domestic Auditors of the Company	Zhang Nan, Wang Xia
Cumulative Term of Audit Services of Certified Public Accountant of Domestic Auditors of the Company *(year)*	5
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)*	5

On 16 June 2023, KPMG Huazhen LLP and KPMG were appointed as the domestic and international (Hong Kong) auditors of the Company respectively for 2023 at the Company's 2022 annual general meeting. 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 2023, the above two auditors did not serve as the external auditors of subsidiaries of the Company. In 2023, the audit fee of the Company remained unchanged from last year.

In 2023, the Group paid a total fee of RMB2.02 million for the non-assurance services such as inspection of properties and land, consultation on tax-related risks, provided by other institutions under common control as the aforesaid auditors.

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 2023, the Group was the plaintiff, defendant or the party of certain non-material litigations and arbitrations. The management 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 ACQUIRERS

☐ Applicable ✔ Not applicable

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

☐ Applicable ✔ Not applicable

After enquiring the 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 during the Reporting Period.

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 of the Company as defined under the Shanghai Listing Rules and the connected person of the Company as defined under the Hong Kong Listing Rules. On 22 October 2021, the Company's 2021 first extraordinary general meeting approved the 2021-2023 Mutual Coal Supply Agreement (the "Mutual Coal Supply Agreement") and the 2021-2023 Mutual Supplies and Services Agreement (the "Mutual Supplies and Services Agreement") with China Energy on 27 August 2021, and determined the annual transaction caps of such daily related party/connected transactions for the years from 2021 to 2023. These agreements expired 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 caps for supply of coal by the Group to China Energy Group for the years from 2021 to 2023 under the Mutual Coal Supply Agreement and the annual caps for supply of products and services by the Group to China Energy Group for the years from 2022 to 2023 under the Mutual Supplies and Services Agreement. (Please refer to the Company's H share announcement dated 25 March 2022 and A share announcement dated 26 March 2022)

Finance Company is 60% owned by China Energy, the Company's controlling shareholder, and the Finance Company is a related party of the Company as defined under the Shanghai Listing Rules and the connected person of the Company as defined under the Hong Kong Listing Rules. Within its business scope, the Finance Company provides the members of the Group with financial services. The Company's 2020 annual general meeting held on 25 June 2021 approved the 2021-2023 Financial Services Agreement (the "Financial Services Agreement") entered into between the Company and the Finance Company on 26 March 2021 and the annual transaction caps from 2021 to 2023 for such related party/connected transactions during the daily operation thereunder. In view of the significant increase in the Group's demand for deposit and settlement and other financial services provided by the Finance Company as a result of the continuous increase in the Group's business scale and the cash and bank balances held, on 28 October 2022, the Company's 2022 first extraordinary general meeting approved the Supplementary Agreement to the Financial Services Agreement (the "Supplementary Agreement") entered into between the Company and the Finance Company, which revised certain terms of the Financial Services Agreement, and revised the annual caps for daily deposit balance (including interests accrued thereon) of deposits placed by the Company and its controlling subsidiaries with the Finance Company for 2022 and 2023. The term of validity of the Supplementary Agreement was from 1 January 2022 to 31 December 2023. (Please refer to the Company's H share announcement dated 23 September 2022 and A share announcement dated 24 September 2022)

Guoneng (Beijing) Commercial Factoring Co., Ltd. ("Guoneng Factoring") is an indirect wholly-owned subsidiary of China Energy, a controlling shareholder of the Company. Accordingly, Guoneng Factoring is a related party of the Company as defined under the Shanghai Listing Rules and the connected person of the Company as defined under the Hong Kong Listing Rules. On 28 April 2023, the Company and Guoneng Factoring entered into the Factoring Service Agreement between China Shenhua Energy Company Limited and Guoneng (Beijing) Commercial Factoring Co., Ltd. ("Factoring Services Agreement") and agreed on the annual caps for the transactions for the years from 2023 to 2025 thereunder, effective from 1 January 2023 to 31 December 2025. Pursuant to Factoring Services Agreement, Guoneng Factoring has agreed to provide the members of the Group with factoring services (including recourse factoring, non-recourse factoring, reverse factoring, etc.) and factoring-related services such as relevant consulting, agency, asset management, and supply chain finance platform services. (For details, please refer to the H share announcement of the Company dated 28 April 2023 and the A share announcement of the Company dated 29 April 2023)

A. The Mutual Coal Supply Agreement entered into between 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 was effective from 1 January 2021 and expired on 31 December 2023. Pursuant to the Mutual Coal Supply Agreement, the Group and China Energy Group mutually supplied coal.

The pricing policy for mutual coal supply under the Mutual Coal Supply Agreement sets out below: the supply price under this 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) operated by China Coal Transportation and Distribution Association 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 this agreement due to any changes by laws and regulations, policies and market of China, both parties may adjust pricing principles based on aforesaid changes.

B. The Mutual Supplies and Services Agreement entered into between 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 was effective from 1 January 2021 and expired on 31 December 2023. Pursuant to the Mutual Supplies and Services Agreement, the Group and China Energy Group mutually supplied products and provided 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: shall be determined in accordance with normal commercial terms and on the following basis: 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 this 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 agree 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 will be enforced.

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 independent negotiated transaction shall refer to transaction price of the recent market comparable 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 this 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 based on aforesaid changes.

C. The Financial Services Agreement entered into between 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 was 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 People's Bank of China (the "PBOC"), the China Banking and Insurance Regulatory Commission (currently known as the "National Financial Regulatory Administration") 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 PBOC 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 or 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.

D. The Factoring Services Agreement entered into by the Company and Guoneng Factoring

On 28 April 2023, the Company entered into the Factoring Services Agreement with Guoneng Factoring, with a valid period from 1 January 2023 to 31 December 2025. Pursuant to the Factoring Services Agreement, Guoneng Factoring agreed to provide members of the Group with factoring services (including recourse factoring, non-recourse factoring, reverse factoring, etc.) and factoring-related services such as consulting, agency, asset management, and supply chain finance platform services.

The pricing principles for the provision of factoring services by Guoneng Factoring to members of the Group are as follows:

(1) For the provision of factoring services by Guoneng Factoring to members of the Group, the financing cost shall not be higher than that determined by an independent third-party factoring company for providing the same kind of services to the member of the Group, and it should be determined on normal commercial terms. Where it is difficult to obtain the financing fee determined by the independent third-party factoring company for providing the same kind of services, it shall not be higher than the financing fee calculated based on the Loan Prime Rate (LPR) of the PBOC for the same period;

(2) For the service fee charged for the provision of other relevant services by Guoneng Factoring to members of the Group, the service fee shall not be higher than that charged by an independent third-party factoring company for providing the same kind of services to members of the Group, and it should be determined on normal commercial terms. Where it is difficult to obtain the service fee charged by the independent third-party factoring company for providing the same kind of services, it shall be determined at the cost plus a reasonable profit margin (around 10%).

2. Non-exempt Continuing Connected Transactions Between the Group and Other Parties

E. 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 2022, the Company and Taiyuan Railway Bureau which acted for and on behalf of China Railway entered into the 2023 to 2025 Continuing Connected Transactions Framework Agreement (the "Continuing Connected Transactions Framework Agreement"), effective from 1 January 2023 to 31 December 2025. 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 pricing principles:

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

a. The prices as determined by the government;

b. 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;

c. 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;

d. 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;

e. 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 persons and independent third parties;

f. 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:

a. The national industrial policy as well as industry and market conditions in the PRC;

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

c. 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 China Coal Market Website (www.cctd.com.cn) operated by China Coal Transportation and Distribution Association 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);

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

e. The quantity of coal; and

f. 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 following general principles and order:

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 will be agreed within the range of the government-guided price;

b. 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;

c. 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

d. 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 products or service, the following pricing policy is adopted:

a. Rolling stock usage: agreed price.

b. Overhaul services and railway track maintenance services: agreed price or tender and bidding price.

c. Equipment supply: tender and bidding price.

d. Business consulting and technical services: agreed price or tender and bidding price.

If the above pricing principles cannot be applied by China Railway Group and the Group due to changes in national laws, regulations, policies and other circumstances, China Railway Group and the Group can adjust the pricing principles of corresponding services according to such changes.

The aforesaid transactions under agreements A to D are related party transactions as defined under the Shanghai Listing Rules, and the aforesaid transactions under agreements A to E are continuing connected transactions as defined under the Hong Kong Listing Rules.

On 16 June 2023, the 2022 annual general meeting of the Company approved the Mutual Coal Supply Agreement for 2024-2026 and the Mutual Supplies and Services Agreement from 2024 to 2026 entered into between the Company and China Energy on 28 April 2023, and the Financial Services Agreement from 2024 to 2026 entered into between the Company and Finance Company, and determined the annual cap amounts of such related party/connected transactions for each year from 2024 to 2026, with effect from 1 January 2024 and expiring on 31 December 2026. For details, please refer to the H share announcement of the Company dated 28 April 2023, the A share announcement of the Company dated 29 April 2023 and the circular of the general meeting of the Company dated 17 May 2023.

On 22 March 2024, the twenty-seventh meeting of the fifth session of the Board of the Company approved the Factoring Services Agreement for the years from 2024 to 2025 (the "New Factoring Services Agreement") entered into between the Company and Guoneng Factoring and the transaction cap amounts for each of the years from 2024 to 2025 thereunder. The New Factoring Services Agreement shall be effective from 1 January 2024 and expire on 31 December 2025. Meanwhile, the original Factoring Services Agreement shall be terminated from the date on which the New Factoring Services Agreement becomes effective. For details, please refer to the Company's H share announcement dated 22 March 2024 and A share announcement dated 23 March 2024.

3. Implementation of and Review Opinions on the Non-exempt Continuing Related Party/Connected Transactions

In 2023, the implementation of the abovementioned agreements A to E 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 RMB112,084 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		
Name of agreement		Existing effective transaction cap	Transaction amount during the Reporting Period	Proportion in the same type of transactions	Existing effective transaction cap	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 between the Company and China Energy	99,000	93,939	42.4	29,000	12,430	20.1
B.	Mutual Supplies and Services Agreement between the Company and China Energy	39,000	18,145	–	17,000	7,357	–
	including: ① Products		6,948	7.6		2,937	2.7
	② Services		11,197	36.5		4,420	14.1
E.	Continuing Connected Transactions Framework Agreement between the Company and China Railway	7,400	2,317	1.0	20,000	10,494	5.2

Name of agreement		Transaction item		Existing effective transaction cap *RMB million*	Transaction amount during the Reporting Period *RMB million*
C.	Financial Services Agreement between the Company and Finance Company	(1)	Daily balance of comprehensive credit provided by Finance Company to the members of the Group (including loans, credit loans, bill acceptance and discount, non-financing letters of guarantee, letter of indemnity, overdraft letters of credit) (including interest accrued thereon)	100,000	28,575
		(2)	Maximum daily balance (including interests accrued thereon) of deposits placed by members of the Group with the Finance Company	75,000	74,988
		(3)	The agency fee, handling fee, consultation fee and other services fee charged by the Finance Company for providing members of the Group with financial services including but not limited to consultation, agency, settlement, transfer, letter of credit, online banking, entrusted loan, non-financing letters of guarantee, bill acceptance and other services	400	7
D.	Factoring Services Agreement between the Company and Guoneng Factoring	(1)	Maximum daily balance (including interest, factoring service fee and other related financing fee) for providing factoring services by Guoneng Factoring to members of the Group (including recourse factoring, non-recourse factoring, reverse factoring, etc.)	2,000	1,982
		(2)	the total fees (including but not limited to consulting fee, agency fee, handling fee or other service fees) charged per annum for providing other related services (including but not limited to providing consulting, agency, management and other services)	20	0

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 or independent shareholders as well as disclosure requirements. The Company confirms that the execution and implementation of the specific agreements under the above continuing connected transactions during the Reporting Period have followed the pricing principles of such continuing connected transactions.

The independent non-executive directors of the Company have confirmed to the Board of the Company that they have reviewed the transactions contemplated under the abovementioned agreements A to E 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 above agreements A to E and issued a letter to the Board, indicating that they were not aware of any matters for which they would consider that the above 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 2023 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 ix "purchase of coal" and certain transactions under item xv "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

1. On 27 September 2023, the 23rd meeting of the fifth session of the Board of the Company considered and approved the Proposal on the Joint Establishment of PT. CHNENERGY INDONESIA ENERGY CORPORATION, approving that the Company and GD Power Development Co., Ltd. ("GD Power"), a controlling subsidiary of China Energy, shall contribute in cash in the amount of USD9 million and USD1 million, respectively, to establish a joint venture in the Republic of Indonesia ("Indonesia"). The name of the joint venture approved by the Indonesian Investment Coordinating Board is PT. Guoneng Indonesia Energy ("Indonesian Energy"). GD Power is an associate of China Energy and a related/connected person of the Company, and the transaction contemplated under the Joint Venture Agreement for the establishment of the Indonesian Energy (the "Joint Venture Agreement") constitutes a related/connected transaction of the Company. As all applicable percentage ratios are less than 0.1%, all these transactions are exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules (for details, please refer to the H share announcement of the Company dated 27 September 2023 and the A share announcement of the Company dated 28 September 2023). As at the end of the Reporting Period, the Joint Venture Agreement was signed, and Indonesian Energy was incorporated. Its principal business covers the production and sales of electricity and heat, the development and application of new energy projects, high and new technology and environmental protection industry, and information consultant service, etc.

2. On 28 December 2023, the 25th meeting of the fifth session of the Board of the Company approved the Company's proposal to contribute RMB60 million as a limited partner with its own funds, with a capital contribution ratio of 30%, to the jointly establishment of the Guoneng Scientific and Technological Achievements Transformation Investment Fund (Limited Partnership) (the "Scientific and Technological Achievements Transformation Fund") in collaboration with Shaanxi Provincial Government Investment Leading Fund Partnership (Limited Partnership) and Guohua Energy Investment Co., Ltd (the "Guohua Investment") as limited partners and Guohua Investment Development Asset Management (Beijing) Co., Ltd. (the "Guohua Asset Management") as a general partner, and enter into the Partnership Agreement of Guoneng Scientific and Technological Achievements Transformation Investment Fund (Limited Partnership) (the "Partnership Agreement"). Guohua Investment and Guohua Asset Management are associates of China Energy and related/connected persons of the Company, and the transactions contemplated under the Partnership Agreement constitute related/connected transactions of the Company. As all applicable percentage ratios are less than 0.1%, all these transactions are exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules (for details, please refer to the H share announcement of the Company dated 28 December 2023 and the A share announcement of the Company dated 29 December 2023). As at the date of disclosure of this report, the Partnership Agreement has not been signed yet.

(III) Debts and Liabilities Between Related Parties

Unit: RMB million

Related parties	Related party relationship	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	(172)	702
Finance Company	Subsidiary of the controlling shareholder	58,850	15,616	74,466	25,719	(14,727)	10,992
Other related parties	Others	400	0	400	553	880	1,433
Total		59,250	15,616	74,866	27,146	(14,019)	13,127

Reasons for debts and liabilities between related parties	(1) The long-term 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 issued or received by the Group. Internal decision-making 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. Major Financial Indicators of the Finance Company

	Unit	2023	2022	Change %
Revenue	RMB million	**4,670**	4,036	15.7
Total profit	RMB million	**3,775**	2,546	48.3
Net profit	RMB million	**2,930**	2,010	45.8

	Unit	31 December 2023	31 December 2022	Change %
Total assets	RMB million	**275,585**	221,886	24.2
Total liabilities	RMB million	**242,369**	196,733	23.2
Owner's equity	RMB million	**33,216**	25,153	32.1

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

2. Major Risk Indicators of the Finance Company

No.	Monitoring indicators	Indicator requirement	As at 31 December 2023
1	Capital adequacy rate not lower than regulatory requirements	≥10.5%	**12.90%**
2	Liquidity ratio not lower than 25%	≥25%	**33.89%**
3	Loan balance not higher than 80% of the sum of the deposit balance and the paid-in capital	≤80%	**78.05%**
4	Total external liabilities not higher than net capital	≤100%	**0.00%**
5	Balance of bills acceptance not higher than 15% of the total assets	≤15%	**3.25%**
6	Balance of bill acceptance no more than 3 times of the balance of interbank deposits	≤300%	**80.52%**
7	Total amount of bills acceptance and rediscounting not higher than net capital	≤100%	**24.50%**
8	Security deposits for bank acceptance bills not higher than 10% of total deposits	≤10%	**0.00%**
9	Total amount of investment not higher than 70% of net capital	≤70%	**58.63%**
10	Net amount of fixed assets not higher than 20% of net capital	≤20%	**0.05%**

The above monitoring indicators of the Finance Company meet the regulatory requirements.

3. Deposit Business

Unit: RMB million

Related party	Related party relationship	Maximum daily deposit limit	Deposit interest rate range	Opening balance	Amount for the period: Total amount deposited for the period	Amount for the period: Total amount withdrawn for the period	Closing balance
Finance Company	Subsidiary of the controlling shareholder	75,000	0.3%-3.2%	58,850	589,101	573,485	74,466
Total	/	/	/	58,850	589,101	573,485	74,466

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	Related party relationship	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	Subsidiary of the controlling shareholder	100,000	1.97%-4.26%	25,719	7,954	22,681	10,992
Total	/	/	/	25,719	7,954	22,681	10,992

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

5. Credit Facilities or Other Financial Business

Unit: RMB million

Related party	Related party relationship	Business Type	Quota	Amount for the period
Finance Company	Subsidiary of the controlling shareholder	Bill discount	100,000	3,578
Finance Company	Subsidiary of the controlling shareholder	Issue of acceptance bill	100,000	7,943
Finance Company	Subsidiary of the controlling shareholder	Intermediary business	400	7

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	Related party relationship
Baorixile Energy	Controlling subsidiary	Hulunbei'er Liangyi Railway Company Limited	53.12	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)	53.12

2. Guarantee provided by the Company and its subsidiaries to its subsidiaries

Total amount of guarantee provided to its subsidiaries during the Reporting Period	(478.23)
Total balance of guarantee provided to its subsidiaries at the end of the Reporting Period (B)	2,927.46

3. Total amount of guarantee (including guarantee provided to its subsidiaries)

Total amount of guarantee (A+B)	2,980.58
Proportion of total amount of guarantee to the net assets attributable to shareholders of the Company at the end of the year under China Accounting Standards for Business Enterprises in 2023 (%)	0.7
Including:	
Amount of guarantee provided to its shareholders, de facto controller and their related parties (C)	0
Amount of guarantee directly or indirectly provided to its parties with a gearing ratio in excess of 70% (D)	2,980.58
Portion of the total amount of guarantee in excess of 50% of net assets (E)	0
Aggregated amount of the above three amounts of guarantee (C+D+E)	2,980.58
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 the 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 RMB2,980.58 million, including:

(1) As at the end of the Reporting Period, the guarantee provided by Baorixile Energy, a subsidiary of which the Company owns 56.61% equity interests, to 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% equity interests) 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 RMB107.36 million. Baorixile Energy already made full provision for impairment on its 14.22% equity interests 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 2023, Liangyi Railway Company had a gearing ratio of 195%.

(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 RMB2,927.46 million, which was mainly due to the fact that Shenhua Hong Kong Limited, the wholly-owned subsidiary of the Company, provided guarantees for the rest USD413.33 million bonds among the total USD0.5 billion bonds issued by China Shenhua Overseas Capital Co., Ltd., its wholly-owned subsidiary.

(III) Entrusted Cash Asset Management

1. General Status of Entrusted Loans

Unit: RMB million

Type of products	Source of fund	Amount incurred during the Reporting Period	Closing balance undue of the Reporting Period	Unrecovered amount overdue
Entrusted loans	Own fund	400	0	400

Note: Amount incurred during the year refers to the daily maximum principal balance of such entrusted loans of the Group during the Reporting Period.

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 2023	Principal recovered for 2023	Whether it has been through legal procedures
Elion Chemical	Joint stock company	Bank of China	400	2020/12/24	2023/12/23	3 years	Own fund	Replacement of loans	Interest to be paid quarterly	4.75%	19.26	0	Yes

The entrusted loan of RMB400 million provided to Elion Chemical Industry Co., Ltd. ("Elion Chemical") by Shendong Power, a wholly-owned subsidiary of the Company, has expired on 23 December 2023. As at the end of the reporting period, Elion Chemical failed to repay the principal on time. For the entrusted loan, Elion Chemical has implemented guarantee through asset pledge. The two parties are currently negotiating the extension of the entrusted loan, etc. The entrusted loan will not have a significant effect on the financial condition of the Group.

As at 31 December 2023, 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 Particulars of 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 2022		Change		**As at 31 December 2023**	
	Number	Percentage %	Repurchase and cancellation	Subtotal	**Number**	**Percentage %**
I. Shares with selling restrictions	0	0.00	0	0	**0**	**0.00**
II. Marketable 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

References are made to the announcement of the Company dated 14 January 2015 in relation to, among others, the US$500,000,000 3.875% bonds due 2025 (the "Bonds") issued by China Shenhua Overseas Capital Company Limited, an indirect wholly-owned subsidiary of the Company, the notice of listing of the Bonds on the HKEx dated 20 January 2015 and the announcement dated 10 August 2023 in relation to partial redemption and cancellation of the Bonds. As at 10 August 2023, China Shenhua Overseas Capital Company Limited has redeemed the Bonds with an aggregate principal amount of US$86,674,000, representing 17.33% of the initial principal amount of the Bonds, and the cancellation has been completed. Upon such cancellation of the Bonds, there is also an aggregate principal amount of US$413,326,000 of the Bonds outstanding, representing 82.67% of the initial principal amount of the Bonds.

Save as disclosed above, for the year ended 31 December 2023, neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any listed securities of the Company or its subsidiaries as defined in the Hong Kong Listing Rules.

As at the disclosure date of this report, so far as the Company's Directors are aware, the Company has satisfied the 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)	139,710
Including: Holders of A shares (including China Energy)	137,848
Registered holders of H shares	1,862
Total number of ordinary shareholders at the end of last month prior to the disclosure date of this annual report (accounts)	149,270
Including: Holders of A shares (including China Energy)	147,431
Registered holders of H shares	1,839

(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

1. 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 (excluding lending of shares by way of refinancing)							
Name of shareholder	Increase/ Decrease during the Reporting Period	Number of shares held at the end of the Reporting Period	Percentage	Number of shares with selling restrictions	Shares subject to pledge, tag or lock-up		Nature of shareholders
					Status	Number	
			%				
China Energy Investment Corporation Limited	0	13,812,709,196	69.52	0	Nil	N/A	State-owned corporation
HKSCC NOMINEES LIMITED	-186,882	3,369,078,025	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	-99,935,391	221,001,857	1.11	0	Nil	N/A	Overseas corporation
Central Huijin Asset Management Ltd.	0	106,077,400	0.53	0	Nil	N/A	State-owned corporation
Guoxin Investment Co., Ltd.	+63,285,124	63,987,924	0.32	0	Nil	N/A	State-owned corporation
Industrial and Commercial Bank of China – Shanghai Index 50 Trading Open-end Index Securities Investment Fund	+11,983,800	40,207,864	0.20	0	Nil	N/A	Others
National Social Security Fund Portfolio 101	+14,331,060	30,126,155	0.15	0	Nil	N/A	Others
Huaxia Life Insurance Co., Ltd. – Self-owned Fund	+18,512,121	24,832,310	0.12	0	Nil	N/A	Others
Industrial and Commercial Bank of China Limited – Huatai-Pinebridge Shanghai-Shenzhen 300 Index Exchange Traded Open-ended Index Fund	+11,173,300	24,588,635	0.12	0	Nil	N/A	Others

Shareholdings of top ten shareholders without selling restrictions

Name of shareholder	Number of shares without selling restrictions held	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	3,369,078,025	Overseas-listed foreign shares	3,369,078,025
China Securities Finance Corporation Limited	594,718,004	RMB ordinary shares	594,718,004
Hong Kong Securities Clearing Company Limited	221,001,857	RMB ordinary shares	221,001,857
Central Huijin Asset Management Ltd.	106,077,400	RMB ordinary shares	106,077,400
Guoxin Investment Co., Ltd.	63,987,924	RMB ordinary shares	63,987,924
Industrial and Commercial Bank of China – Shanghai Index 50 Trading Open-end Index Securities Investment Fund	40,207,864	RMB ordinary shares	40,207,864
National Social Security Fund Portfolio 101	30,126,155	RMB ordinary shares	30,126,155
Huaxia Life Insurance Co., Ltd. – Self-owned Fund	24,832,310	RMB ordinary shares	24,832,310
Industrial and Commercial Bank of China Limited – Huatai-Pinebridge Shanghai-Shenzhen 300 Index Exchange Traded Open-ended Index Fund	24,588,635	RMB ordinary shares	24,588,635
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 party relationships 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; the custodian bank of both Industrial and Commercial Bank of China-Shanghai Index 50 Trading Open-end Index Securities Fund and Industrial and Commercial Bank of China Limited – Huatai-Pinebridge Shanghai-Shenzhen 300 Index Exchange Traded Open-ended Index Fund is Industrial and Commercial Bank. Save as disclosed above, the Company is not aware of any related party relationships 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.		
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 Hong Kong Securities Clearing Company Limited on behalf of a number of its clients.

China Energy, the controlling shareholder of the Company, planned to increase its shareholding in the A shares of the Company through its wholly-owned subsidiary, Capital Holdings, by means permitted by the SSE (including but not limited to centralized bidding transactions, block trades, etc.) by an amount of not less than RMB500 million and not exceeding RMB600 million, and at a price of not more than RMB33.10 per share, within 12 months from 20 October 2023 (the "Shareholding Increase Plan", please refer to the Company's H share announcement dated 19 October 2023 and A share announcement dated 20 October for details). As at 31 December 2023, Capital Holdings had cumulatively increased its shareholding of the Company by 8,655,481 A shares, representing 0.0436% of the total share capital of the Company, through centralized bidding transactions on the SSE, with an cumulative amount of RMB269.1832 million (exclusive of commissions and tax and charges), which accounted for 53.8% of the minimum amount of RMB500 million under the Shareholding Increase Plan. China Energy directly and indirectly held 13,821,364,677 A shares of the Company, representing 69.5641% of the total share capital of the Company.

2. Participation of Top Ten Shareholders in Lending of Shares by way of Securities Lending and Refinancing

Unit: share

Name of shareholder (full name)	Participation of top ten shareholders in lending of shares by way of securities lending and refinancing							
	Shares held by shareholders in ordinary account and credit account at the beginning of the period		Outstanding shares lent by way of securities lending and refinancing at the beginning of the period		Shares held by shareholders in ordinary account and credit account at the end of the period		Outstanding shares lent by way of securities lending and refinancing at the end of the period	
	Total	Percentage %	Total	Percentage %	Total	Percentage %	Total	Percentage %
China Energy Investment Corporation Limited	13,812,709,196	69.52	0	0	13,812,709,196	69.52	0	0
HKSCC NOMINEES LIMITED	3,369,264,907	16.96	Unknown	Unknown	3,369,078,025	16.96	Unknown	Unknown
China Securities Finance Corporation Limited	594,718,004	2.99	0	0	594,718,004	2.99	0	0
Hong Kong Securities Clearing Company Limited	320,937,248	1.62	0	0	221,001,857	1.11	0	0
Central Huijin Asset Management Ltd.	106,077,400	0.53	0	0	106,077,400	0.53	0	0
Guoxin Investment Co., Ltd.	702,800	0.00	0	0	63,987,924	0.32	0	0

Unit: share

Name of shareholder (full name)	Participation of top ten shareholders in lending of shares by way of securities lending and refinancing							
	Shares held by shareholders in ordinary account and credit account at the beginning of the period		Outstanding shares lent by way of securities lending and refinancing at the beginning of the period		Shares held by shareholders in ordinary account and credit account at the end of the period		Outstanding shares lent by way of securities lending and refinancing at the end of the period	
	Total	Percentage %	Total	Percentage %	Total	Percentage %	Total	Percentage %
Industrial and Commercial Bank of China – Shanghai Index 50 Trading Open-end Index Securities Investment Fund	28,224,064	0.14	0	0	40,207,864	0.20	266,400	0.00
National Social Security Fund Portfolio 101	15,795,095	0.08	2,127,700	0.01	30,126,155	0.15	0	0
Huaxia Life Insurance Co., Ltd. – Self-owned Fund	6,320,189	0.03	0	0	24,832,310	0.12	0	0
Industrial and Commercial Bank of China Limited-Huatai-Pinebridge Shanghai-Shenzhen 300 Index Exchange Traded Open-ended Index Fund	13,415,335	0.07	80,000	0.00	24,588,635	0.12	49,200	0.00

3. Changes in the Top Ten Shareholders from the Previous Period

Unit: share

Changes in the top ten shareholders from the end of the previous period					
Name of shareholder (full name)	Additions/ Withdrawals during the Reporting Period	Outstanding shares lent by way of securities lending and refinancing at the end of the period		Shares held by shareholders in ordinary account and credit account and outstanding shares lent by way of securities lending and refinancing at the end of the period	
		Total	Percentage %	Total	Percentage %
Guoxin Investment Co., Ltd.	Addition	0	0	63,987,924	0.32
National Social Security Fund Portfolio 101	Addition	0	0	30,126,155	0.15
Huaxia Life Insurance Co., Ltd. – Self-owned Fund	Addition	0	0	24,832,310	0.12
Industrial and Commercial Bank of China Limited-Huatai-Pinebridge Shanghai-Shenzhen 300 Index Exchange Traded Open-ended Index Fund	Addition	49,200	0.00	24,637,835	0.12
China Life Insurance Company Limited – Dividends – Personal Dividends – 005L – FH002 (Shanghai)	Withdrawal	0	0	4,172,109	0.02
Zhuhai Ruifeng Huibang Asset Management Co., Ltd. – Ruifeng Huibang No. 3 Privately Offered Fund	Withdrawal	0	0	22,233,848	0.11
National Social Security Fund Portfolio 106	Withdrawal	0	0	3,219,997	0.02
Abu Dhabi Investment Authority	Withdrawal	0	0	15,552,675	0.08

(III) Major Shareholders' Interests and Short Positions in the Shares of the Company

As at 31 December 2023, 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):

Name of shareholder	Capacity	A share	Nature of interest	Number of A shares held	Percentage of A shares held in the total issued A shares %	Percentage total share capital of the Company %
China Energy Investment Corporation Limited	Beneficial owner	A share	Long position	13,812,709,196	83.76	69.52
	Interest of the corporation controlled by the major shareholder Note	A share	Long position	8,655,481	0.05	0.04

Note: As at 31 December 2023, China Energy Capital Holdings Co., Ltd., a wholly-owned subsidiary of China Energy, directly held 8,655,481 A shares of the Company.

As at 31 December 2023, 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

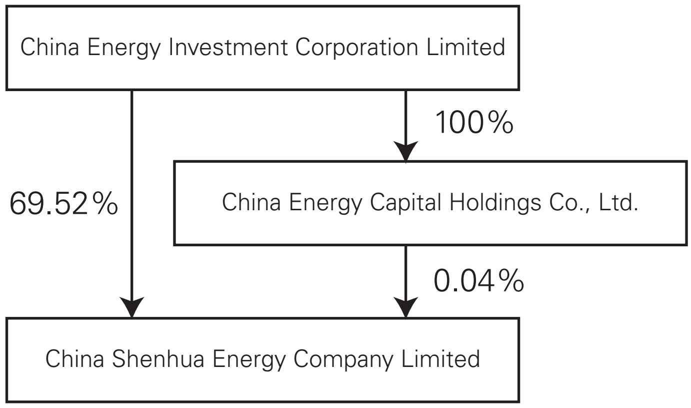
1. Legal Person

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 the 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 as approved and upon receipt of such approval from relevant authorities; no business activities which are prohibited or restricted by the national or Beijing industrial policies shall be carried out.)
The shareholdings in other domestically or overseas listed companies in which it controls or participates during the Reporting Period	(1) Directly and indirectly holding 51.25% shares of GD Power Development Co., Ltd.; (2) Directly and indirectly holding 58.56% shares of China Longyuan Power Group Corporation Limited; (3) Directly holding 67.50% shares of CHN Energy Changyuan Electric Power Co., Ltd.; (4) Indirectly holding 51.11% shares of Yantai Longyuan Power Technology Co., Ltd.; (5) Indirectly holding 50.99% shares of Ningxia Yinglite Chemicals 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

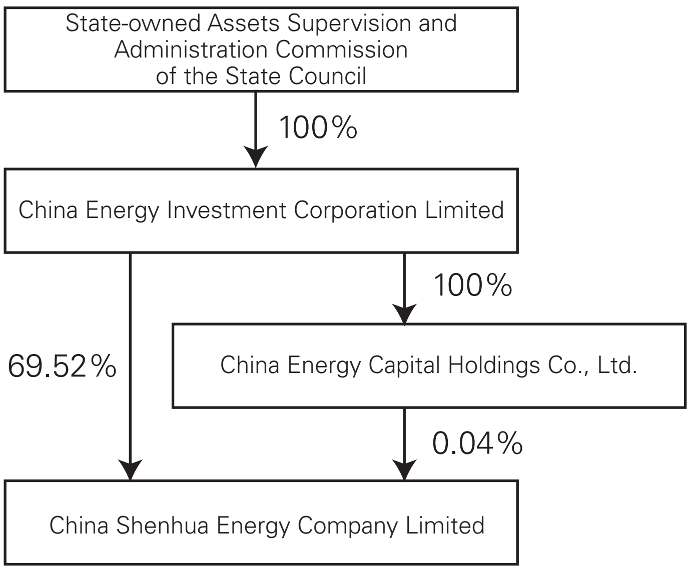
1. Legal Person

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 SHAREHOLDING OF MORE THAN 10% IN THE COMPANY

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

VI. RESTRICTIONS ON THE REDUCTION IN SHAREHOLDING

☐ Applicable ✔ Not applicable

VII. DETAILED IMPLEMENTATION OF SHARE REPURCHASE

☐ Applicable ✔ Not applicable

Section IX Investor Relations

In 2023, China Shenhua strictly implemented the requirements of the Securities Law of the PRC, the PRC Company Law, 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, aimed at improving the quality of the listed company, continuously stabilized production and operation, deepened reform and transformation, strengthened standardized operation, intensified capital market work, paid attention to the appeals of investors, ensured and safeguarded the legitimate rights and interests of investors, and unhindered communication between the board of directors and investors. The Company strengthened expectation management, continuously explored ways to improve investor relations management, and was committed to building harmonious investor relations and sharing the dividends of corporate development with shareholders.

I. FOCUSING ON THE APPEALS OF INVESTORS TO IMPROVE THE QUALITY OF THE LISTED COMPANY

Build up resilience of the industrial chain on the basis of core businesses. The management of the Company sized up the situation and formulated long-term development strategies to ensure the sustainable development of the Company. In 2023, the Company accelerated the acquisition and subsequent replenishment of high-quality coal resources, steadily promoted the construction of new power points, continued to maintain transportation channels in an unimpeded manner, and actively developed new energy business, so as to give full play to the role of state-owned enterprises in technological innovation, control of industry and safety support. With a view to realising carbon peak and carbon neutralization, the Company has established a low-carbon development leading group, formulated and implemented the *2023* Low Carbon Development Work Plan of China Shenhua* (《中國神華2023年低碳發展工作方案》), and further promoted transformation and upgrade.

Strictly regulate the operation and enhance profitability. The Company continued consolidating the achievements of the three-year state-owned enterprise reform, and comprehensively strengthened the capability construction of risk prevention and control. The "Six in One* (六位一體)" internal control evaluation method of the Company was selected by SASAC as an exemplary case of corporate governance. In 2023, the Company entered into the Supplemental Agreement II to the Non-competition Agreement with the controlling shareholder to commence the acquisition of two assets of the controlling shareholder, Dayan Mining and Hangjin Energy, which underscores regional advantages of integrated operations and a promising prospect for business growth.

Strengthen related transactions and prevent and resist risks. In 2023, the Company adjusted the caps for daily related party transactions such as the mutual coal supply agreement, the mutual supplies and services agreement and financial services agreement. During the preparation and formulation of the proposal, the Company fully respected and guaranteed the interests of all shareholders. The management of the Company communicated with the regulators and controlling shareholder oftentimes, explained the necessity and rationality of the transaction as well as the basis and principle for determining the cap to major public shareholders, so as to obtain the support from the shareholders. The Company strictly implemented the regulatory rules of the two markets to avoid the risk of non-compliance and strive to maximise profits.

Implement the dividend policy and establish mutual trust and win-win investor relations. The Company attaches great importance to the return to shareholders. In the three-year shareholders return plan (2022-2024), the Company committed that the profit distribution in the form of cash dividends shall be no less than 60% of the net profit attributable to equity holders of the parent company, further increasing minimum percentage of dividends distribution. The Board recommended to pay a final dividend of RMB2.26 per share (tax inclusive) in 2023, RMB44,903 million (tax inclusive) in total, accounting for approximately 75.2% of the net profit attributable to equity holders of the Company under the China Accounting Standards for Business Enterprises in 2023. Since its listing, the Company has distributed cash dividends (including final dividends for 2023) of RMB447.032 billion (tax inclusive) in total.

II. PROVIDING GOOD SERVICES FOR INVESTORS TO PRESERVE IMAGE IN THE CAPITAL MARKET

Stick to the key tasks and strengthen the ability to perform due diligence and guarantee services. The Company continuously improved the level of information disclosure, adhered to the principle of "disclose information on a best-effort basis", disclosed major information of the Company in a proactive, timely and accurate manner, as a result of which, the information disclosure work of the Company was awarded Grade A by SSE for 10 consecutive years. Paying attention to improve the management's ability to perform duties, the Company strengthened the form and intensity of training and organized 26 training sessions for the Directors throughout the year. In order to improve the quality and efficiency of investor communication, the Company set up a special working group on investor communication to enhance the daily cooperation for supporting investor communication, improve the working mechanism, and guarantee overall service by drawing upon experience gained from key areas.

Stick to results briefings and consolidate the pertinence and effectiveness of results interpretation. In 2023, with the goal of improving the effect of investor communication, the Company held three high-quality results briefings, namely for the year 2022 and the first quarter of 2023, the half year of 2023 and the third quarter of 2023 to explain the Company's current results and development plan in details and guide investors to accurately understand the Company's operation and establish reasonable expectations. In the three briefings, the Company replied to a total of 142 pre-meeting and on-site questions. In order to take into account investors' preferences to access information, facilitate investors to understand the Company's results, and improve the dissemination of results briefing materials, the Company prepared and released results documents, photos and interpretation video clips at SSE Roadshow Center to explain and interpret results, and selected production units to make a series of videos for cloud exhibition, adopting diversified and visual forms to continuously improve the results interpretation.

Ensure responsibilities are duly fulfilled and make every effort to safeguard the legitimate rights and interests of investors. The Company attached great importance to investors' right to know and issued a total of 195 disclosure documents on the websites of SSE and the HKEx throughout the year. We made every effort to safeguard investors' right to participate and decision-making. In 2023, the Company held an annual general meeting and A shareholder class meeting and H shareholder class meeting. The management of the Company had in-depth communication with the participating shareholders and took on board their opinions and suggestions in relation to the Company's future development. More than 400 A shareholders participated in on-site and online voting on the resolutions, who fully discussed and voted on the resolutions submitted at the meeting and fully exercised their rights to participate in the major decision-making and corporate governance of the Company.

Take proactive actions and continuously improve the service quality for investors. The Company strengthened the quality and efficiency of investor communication services, and further promoted a multi-level and constructive interaction mechanism to ensure effective response to investors' appeals. We ensured smooth communication through investor hotline, e-mail and SSE e-interactive, addressing investors' concerns and clarifying queries in a timely manner. Throughout the year, the Company answered 41 questions raised by investors on SSE e-interactive. The Company actively carried out publicity and education of investor protection, regularly conducted shareholder analysis and dispatched annual reports, ESG reports and other materials, gradually expanding the scope of investor service audience. Shareholders' concerns and demands were reported to the management and the Board of the Company in a timely manner so as to maintain two-way communication as well as establish a long-term mutual trust and win-win investment relationship between the Company and shareholders.

In 2023, the survey result of the Company's reception for investors was as follows:

No.	Date	Location	Way of Communication	Name of Institution	Main Content of Communication	Information Provided
1	6 January	Company conference room	Oral	Cinda Securities	Interpretation of the Company's fundamental information and periodic reports	No
2	1 February	Company conference room	Oral	TF Securities	Interpretation of the Company's fundamental information and periodic reports	No
3	18 April	Company conference room	Oral	Mizuho Securities	Interpretation of information contained in the annual report	No
4	10 May	Company conference room	Oral	Haitong Securities	Interpretation of the contents disclosed in the annual report and the first quarterly report	No
5	10 May	Company conference room	Oral	Guosheng Securities	Interpretation of the contents disclosed in the annual report and the first quarterly report	No
6	10 May	Company conference room	Oral	Industrial Securities	Interpretation of the contents disclosed in the annual report and the first quarterly report	No
7	16 May	Company conference room	Oral	CITIC Securities	Interpretation of the contents disclosed in the annual report and the first quarterly report	No
8	17 May	Company conference room	Oral	Fidelity International	Interpretation of the contents disclosed in the annual report and the first quarterly report	No

No.	Date	Location	Way of Communication	Name of Institution	Main Content of Communication	Information Provided
9	8 June	Company conference room	Oral	Huatai Securities	Interpretation of the Company's fundamental information and disclosed information	No
10	5 July	Company conference room	Oral	TF Securities	Interpretation of the Company's fundamental information and disclosed information	No
11	20 September	Company conference room	Oral	Topsperity Securities	Interpretation of interim results and disclosed information	No
12	17 October	Company conference room	Oral	Capital Group	Interpretation of interim results and disclosed information	No
13	2 November	Company conference room	Oral	Ping An Capital	Interpretation of the third quarterly results and disclosed information	No
14	6 November	Company conference room	Oral	Yinhua Fund	Interpretation of the third quarterly results and disclosed information	No
15	7 November	Company conference room	Oral	Aegon-Industrial Fund	Interpretation of the third quarterly results and disclosed information	No
16	20 November	Company conference room	Oral	GF Securities	Interpretation of the third quarterly results and disclosed information	No

III. AWARDS OF CHINA SHENHUA IN 2023

No.	Date of Award	Name of Major Award	Awarded by
1	January 2023	Xinhua Credit Jinlan Cup-Pioneering Practice Case for ESG Corporate Governance	The Fourth Forum for Credit System Construction of Chinese Cities
2	January 2023	Special Contribution Award for Energy Restructuring and Green Development	Energy
3	February 2023	Listed in 2022 Forbes China TOP 50 Sustainable Development Industrial Enterprises	Forbes China
4	May 2023	Listed in Fortune China ESG Impact List	Fortune
5	May 2023	Top Listed Energy Company by 2023 China Brand Value Evaluation Information	China Council for Brand Development
6	May 2023	The Company's H shares were included in the list of Hang Seng China Enterprises Index (HSCEI) and Hang Seng Stock Connect China Enterprises Index (HSSCCEI)	Hang Seng Indexes Company Limited
7	May 2023	Investor Relations Gold Award of P5w.net (2022) "Best IR Company" (傑出IR公司) "Best Corporate Communication Award" (最佳機構溝通獎)	P5w.net
8	May 2023	The 14th Tianma Award for Investor Relations of Chinese Listed Companies	Securities Times

No.	Date of Award	Name of Major Award	Awarded by
9	May 2023	Best Listed Company of The 5th New Fortune Award	New Fortune
10	June 2023	2022 Hong Kong Stock Best Practice Award (Environment) A Share Best Practice Award (Environment) A Share Best Practice Award in Energy Industry (A股能源行業最佳實踐獎) Best Practice Award in Energy Industry of Hong Kong Stock Market (港股能源行業最佳實踐獎) 2022 Ranking of Chinese Listed Companies by Market Value – Top 5 in the Energy Industry Top 50 Listed Companies by Popularity among Institutions Top 50 Listed Companies by Market Capitalization	Wind ESG Rating
11	June 2023	Listed in China ESG Listed Company Pioneer 100 (中國ESG上市公司先鋒100) List	China Media Group
12	July 2023	Rank 42nd among Fortune Top 500 Listed Companies in China in 2023	Fortune
13	August 2023	Outstanding CSR Report Release for Enterprises in Coal Industry	China National Coal Association
14	September 2023	2022-2023 A-level Information Disclosure Work (信息披露工作A級評價)	SSE
15	September 2023	Listed in Central SOEs (ESG): Pioneer 100 Index (央企ESG•先鋒100指數)	The 6th China Enterprise Forum

No.	Date of Award	Name of Major Award	Awarded by
16	September 2023	2023 Best Return to Shareholders in Hong Kong Stock Exchange Listed Company of Phoenix Star (鳳凰之星港股最佳股東回報上市公司)	Phoenix Satellite Television Group
17	October 2023	2023 Corporate Governance Best Practices (公司治理最佳實踐案例)	China Association for Public Companies
18	November 2023	2023 Listed Companies' ESG Best Practice Cases (上市公司ESG最佳實踐案例) Excellent Practice Cases Award (優秀實踐案例)	China Association for Public Companies
19	November 2023	The 25th Listed Company Gold Bull Awards Best Investment Value Award (最具投資價值獎) Hong Kong Stock Golden Bull Award (港股金牛獎) Top 100 ESG Golden Bull Award (ESG 金牛獎百強) ESG Golden Bull Award for Top 50 State-owned Enterprises (ESG金牛獎央企五十強)	China Securities Journal
20	November 2023	Top 100 Most Valuable Companies Listed on the Main Board (主板上市公司價值100強) by the 17th Value Selection of the PRC Listed Companies	Securities Times
21	December 2023	2023 Outstanding Achievements in Reform and Development of Chinese Enterprises (中國企業改革發展優秀成果)	China Enterprise Reform and Development Society

No.	Date of Award	Name of Major Award	Awarded by
22	December 2023	Ranking 20 of 2023 Top 100 Beijing Listed Enterprises	Beijing Enterprise Confederation Beijing Entrepreneurs Association Beijing Listed Companies Association
23	December 2023	China's Top 100 Enterprises Award China's Most Ethical Enterprises Award China's Top 100 Enterprises with Special Contribution Award	China Business Top 100 Forum
24	December 2023	AA-Level Top 100 Best ESG Practices among Chinese Listed Companies	Wind ESG Rating
25	December 2023	2023 Best Practice Award of Office of Board of Directors	China Association for Public Companies
26	December 2023	China Securities Golden Bauhinia Awards Best Listed Company for ESG Practice Best Listed Company for ESG Information Disclosure Outstanding Listed Company of High-quality Development	International Finance Forum (Hong Kong)
27	December 2023	2023 ESG Pioneer	Securities Daily
28	December 2023	2023 Evergreen Award Sustainability Inclusion Award	Caijing Magazine

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 and its subsidiaries (collectively referred to as the "Group") set out on pages 224 to 353, which comprise the consolidated statement of financial position as at 31 December 2023, 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, comprising material accounting policy information and other explanatory information.

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 2023, 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 judgement, 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 property, plant and equipment, construction in progress, exploration and evaluation assets, intangible assets and applicable right-of-use assets and other non-current assets

Refer to Note 11(ii) 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 2023, the Group's property, plant and equipment, construction in progress, exploration and evaluation assets, intangible assets and applicable right-of-use assets and other non-current assets had a total carrying value of RMB371,039 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 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 2023, management performed an impairment assessment on assets or assets group with indications of impairment on the balance sheet date. The recoverable amounts of these 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 property, plant and equipment, construction in progress, exploration and evaluation assets, intangible assets and applicable right-of-use assets and other 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 these non-current assets, understanding of the Group's procedures to identify impairment indicators of these 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 sales 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 property, plant and equipment, construction in progress, exploration and evaluation assets, intangible assets and applicable right-of-use assets and other non-current assets (continued)

Refer to Note 11(ii) 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 *Note 11(ii)* to the consolidated financial statements, management concluded that impairment provisions for property, plant and equipment, construction in progress, exploration and evaluation assets, intangible assets and applicable right-of-use assets and other non-current assets of RMB3,003 million were required for the current year. We identified impairment assessment on property, plant and equipment, construction in progress, exploration and evaluation assets, intangible assets and applicable right-of-use assets and other non-current assets as a key audit matter due to these assets to the Group's consolidated financial statements, the significant judgement 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	How our audit addressed the key audit matter
Sale of coal accounted for 65% of the Group's revenue for the year ended 31 December 2023. 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 coal revenue recognition as a key audit matter because of the different terms of trade of coal 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.	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

22 March 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

(Expressed in Renminbi ("RMB"))

	Notes	Year ended 31 December 2023 RMB million	Year ended 31 December 2022 RMB million (Restated)
Revenue			
Goods and services	5	**343,074**	344,533
Cost of sales	7	**(232,537)**	(226,624)
Gross profit		**110,537**	117,909
Selling expenses		**(425)**	(410)
General and administrative expenses		**(9,812)**	(9,930)
Research and development costs		**(3,007)**	(3,722)
Other gains and losses	11	**(3,583)**	(3,184)
Other income	8	**1,272**	1,100
Loss allowances, net of reversal	11	**(285)**	(1,337)
Other expenses		**(5,003)**	(2,136)
Interest income	9	**2,634**	3,071
Finance costs	9	**(3,117)**	(3,930)
Share of results of associates		**3,565**	2,223
Profit before income tax		**92,776**	99,654
Income tax expense	10	**(17,584)**	(14,256)
Profit for the year	11	**75,192**	85,398
Profit for the year		**75,192**	85,398
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		**96**	219
Share of other comprehensive income of associates		**160**	326
Items that may be reclassified subsequently to profit or loss, net of income tax:			
Exchange differences		**192**	898
Fair value changes on investments in debt instruments at fair value through other comprehensive income		**–**	4
Share of other comprehensive income of associates		**11**	(7)
Other comprehensive income for the year, net of income tax		**459**	1,440
Total comprehensive income for the year		**75,651**	86,838

For the year ended 31 December 2023

(Expressed in RMB)

	Notes	Year ended 31 December 2023 RMB million	Year ended 31 December 2022 RMB million (Restated)
Profit for the year attributable to:			
Equity holders of the Company		**64,625**	72,925
Non-controlling interests		**10,567**	12,473
		75,192	85,398
Total comprehensive income for the year attributable to:			
Equity holders of the Company		**65,037**	74,184
Non-controlling interests		**10,614**	12,654
		75,651	86,838
Earnings per share			
– Basic/diluted (RMB)	15	**3.253**	3.670

The notes on pages 234 to 353 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 December 2023

(Expressed in RMB)

	Notes	31 December 2023 RMB million	31 December 2022 RMB million (Restated)
Non-current assets			
Property, plant and equipment	16	**290,839**	274,103
Construction in progress	17	**18,955**	20,843
Exploration and evaluation assets	18	**5,519**	5,218
Intangible assets	19	**4,662**	4,059
Right-of-use assets	23	**23,994**	24,023
Interests in associates	20	**55,635**	49,714
Equity instruments at fair value through other comprehensive income	21	**2,486**	2,386
Other non-current assets	22	**27,070**	28,905
Deferred tax assets	29	**5,301**	5,019
Total non-current assets		**434,461**	414,270
Current assets			
Inventories	24	**12,846**	12,096
Accounts and bills receivables	25	**19,858**	12,100
Financial assets at fair value through other comprehensive income	21	**254**	502
Prepaid expenses and other current assets	26	**16,007**	15,849
Restricted bank deposits	27	**7,298**	6,357
Time deposits with original maturity over three months		**34,514**	32,688
Cash and cash equivalents	28	**108,174**	131,458
Total current assets		**198,951**	211,050
Current liabilities			
Borrowings	30	**4,622**	12,630
Accounts and bills payables	33	**38,901**	38,972
Accrued expenses and other payables	34	**30,613**	34,724
Current portion of lease liabilities	32	**300**	297
Current portion of long-term liabilities	35	**5,184**	674
Income tax payable		**4,757**	5,510
Contract liabilities		**7,208**	5,597
Total current liabilities		**91,585**	98,404
Net current assets		**107,366**	112,646
Total assets less current liabilities		**541,827**	526,916

At 31 December 2023

(Expressed in RMB)

	Notes	31 December 2023 RMB million	31 December 2022 RMB million (Restated)
Non-current liabilities			
Borrowings	30	**29,636**	38,438
Bonds	31	**2,972**	3,453
Long-term liabilities	35	**15,125**	10,613
Accrued reclamation obligations	36	**8,780**	9,005
Deferred tax liabilities	29	**1,137**	1,166
Lease liabilities	32	**1,332**	1,445
Other non-current liabilities		**1,194**	–
Total non-current liabilities		**60,176**	64,120
Net assets		**481,651**	462,796
Equity			
Share capital	37	**19,869**	19,869
Reserves		**391,609**	377,114
Equity attributable to equity holders of the Company		**411,478**	396,983
Non-controlling interests		**70,173**	65,813
Total equity		**481,651**	462,796

Approved and authorised for issue by the board of directors on 22 March 2024.

Lv Zhiren	**Xu Mingjun**
Executive Director	*Executive Director*

The notes on pages 234 to 353 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

(Expressed in RMB)

	Equity attributable to equity holders of the Company									
	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	Non-controlling interests RMB million	Total equity RMB million
At 31 December 2022	19,869	84,766	3,657	371	25,782	(20,415)	282,907	396,937	65,785	462,722
Impact on initial application of amendments to IAS 12, Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction *(Note 2)*	–	–	–	–	–	–	46	46	28	74
At 1 January 2023	19,869	84,766	3,657	371	25,782	(20,415)	282,953	396,983	65,813	462,796
Profit for the year	–	–	–	–	–	–	64,625	64,625	10,567	75,192
Other comprehensive income for the year	–	–	–	146	–	266	–	412	47	459
Total comprehensive income for the year	–	–	–	146	–	266	64,625	65,037	10,614	75,651
Dividend declared *(Note 14)*	–	–	–	–	–	–	(50,665)	(50,665)	–	(50,665)
Appropriation of maintenance and production funds *(Note (iii))*	–	–	–	–	9,620	–	(9,620)	–	–	–
Utilisation of maintenance and production funds *(Note (iii))*	–	–	–	–	(4,392)	–	4,392	–	–	–
Contributions from non-controlling shareholders	–	–	–	–	–	–	–	–	574	574
Distributions to non-controlling shareholders	–	–	–	–	–	–	–	–	(6,781)	(6,781)
Disposal of subsidiaries	–	–	–	–	–	–	–	–	(185)	(185)
Others	–	–	–	–	–	168	(45)	123	138	261
At 31 December 2023	19,869	84,766	3,657	517	31,010	(19,981)	291,640	411,478	70,173	481,651

Consolidated Statement of Changes in Equity (Continued)

For the year ended 31 December 2023

(Expressed in RMB)

	Equity attributable to equity holders of the Company									
	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*	Non-controlling interests *RMB million*	Total equity *RMB million*
At 31 December 2021 (Restated)	19,869	84,766	3,657	(334)	22,425	(14,316)	263,786	379,853	69,143	448,996
Impact on initial application of amendments to IAS 12, Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction *(Note 2)*	–	–	–	–	–	–	24	24	9	33
At 1 January 2022 (Restated)	19,869	84,766	3,657	(334)	22,425	(14,316)	263,810	379,877	69,152	449,029
Profit for the year (Restated)	–	–	–	–	–	–	72,925	72,925	12,473	85,398
Other comprehensive income for the year	–	–	–	705	–	554	–	1,259	181	1,440
Total comprehensive income for the year (Restated)	–	–	–	705	–	554	72,925	74,184	12,654	86,838
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 (Restated)	19,869	84,766	3,657	371	25,782	(20,415)	282,953	396,983	65,813	462,796

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.

(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 2023 and 2022.

(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 RMB32,249 million as at 31 December 2023 (31 December 2022: RMB29,631 million).

The notes on pages 234 to 353 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

(Expressed in RMB)

	Year ended 31 December	
	2023	2022
	RMB million	*RMB million*
Operating activities		
Profit before income tax	**92,776**	99,654
Adjustments for:		
Depreciation of property, plant and equipment *(Note 11)*	**20,851**	20,626
Depreciation of right-of-use assets *(Note 11)*	**834**	849
Amortisation of intangible assets *(Note 11)*	**413**	486
Amortisation of long-term deferred expenses *(Note 11)*	**2,781**	1,287
Losses/(gains) on disposal of property, plant and equipment, intangible assets and non-current assets *(Note 11)*	**71**	(188)
Gains on disposal of subsidiaries and associates *(Note 11)*	**(179)**	–
Impairment losses on property, plant and equipment *(Note 11)*	**2,782**	2,151
Impairment losses on construction in progress *(Note 11)*	**52**	86
Impairment losses on intangible assets *(Note 11)*	**3**	348
Impairment losses on right-of-use assets *(Note 11)*	**136**	201
Impairment losses on goodwill *(Note 11)*	**30**	56
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)*	**688**	489
Interest income *(Note 9)*	**(2,634)**	(3,071)
Share of results of associates	**(3,565)**	(2,223)
Loss allowances, net of reversal *(Note 11)*	**285**	1,337
Interest expenses	**2,989**	3,338
Exchange loss, net *(Note 9)*	**85**	564
Other income	**(53)**	(176)
Operating cash flows before movements in working capital	**118,345**	125,855
Changes in working capital:		
(Increase)/decrease in inventories	**(1,438)**	48
(Increase)/decrease in accounts and bills receivables	**(8,476)**	523
Increase in prepaid expenses and other assets	**(2,032)**	(319)
(Decrease)/increase in accounts and bills payables	**(931)**	2,794
Increase in accrued expenses and other liabilities	**1,256**	1,100
Increase/(decrease)/in contract liabilities	**1,611**	(1,267)
Cash generated from operations	**108,335**	128,734
Income tax paid	**(18,648)**	(19,000)
Net cash generated from operating activities	**89,687**	109,734

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2023

(Expressed in RMB)

	Year ended 31 December	
	2023	2022
	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	**(36,103)**	(26,865)
Increase in right-of-use assets	**(981)**	(1,819)
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets	**1,501**	1,236
Investments in associates	**(3,345)**	(519)
Net cash received from disposal of subsidiaries	**19**	–
Net cash received from disposal of assets classified as held for sale	**–**	294
Dividend received from associates	**854**	1,075
Interest received	**3,312**	2,796
Increase in restricted bank deposits	**(941)**	(1,878)
Placing of time deposits with original maturity over three months	**(69,047)**	(38,998)
Maturity of time deposits with original maturity over three months	**67,221**	8,011
Repayment of investment from associates	**458**	–
Collection of other current assets	**78**	82
Net cash used in investing activities	**(36,974)**	(56,585)

	Year ended 31 December	
	2023	2022
	RMB million	*RMB million*
Financing activities		
Capital element of lease rentals paid *(Note 28(b))*	**(142)**	(238)
Interest element of lease rentals paid *(Note 28(b))*	**(25)**	(43)
Interest paid *(Note 28(b))*	**(2,454)**	(2,925)
Proceeds from borrowings *(Note 28(b))*	**12,926**	27,653
Repayments of borrowings *(Note 28(b))*	**(29,628)**	(36,424)
Redemption of bonds *(Note 28(b))*	**(660)**	(77)
Proceeds from bills discounted	**724**	1,040
Consideration for acquisition of non-controlling interest in subsidiaries	**–**	(10,004)
Contributions from non-controlling shareholders	**574**	1,669
Distributions to non-controlling shareholders	**(6,781)**	(8,919)
Dividend paid to equity holders of the Company *(Note 14)*	**(50,665)**	(50,466)
Net cash used in financing activities	**(76,131)**	(78,734)
Decrease in cash and cash equivalents	**(23,418)**	(25,585)
Cash and cash equivalents, at the beginning of the year	**131,458**	156,706
Effect of foreign exchange rate changes	**134**	337
Cash and cash equivalents, at the end of the year	**108,174**	131,458

The notes on pages 234 to 353 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 Shanghai Stock Exchange.

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 new and amended IFRSs issued by the IASB to these financial statements for the current accounting period:

- IFRS 17, *Insurance contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 1, *Presentation of financial statements and IFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *Income taxes: International tax reform – Pillar Two model rules*

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 new and amended IFRSs are discussed below:

IFRS 17, *Insurance contracts*

IFRS 17, which replaces IFRS 4, sets out the recognition, measurement, presentation and disclosure requirements applicable to issuers of insurance contracts. The standard does not have a material impact on these financial statements as the Group does not have contracts within the scope of IFRS 17.

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on these financial statements as the Group's approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

Amendments to IAS 1, *Presentation of financial statements and IFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies*

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

Amendments to IAS 12, *Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction*

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the amendments, the Group applied the initial recognition exemption to lease transactions and decommissions obligations and had not recognised the related deferred tax. Following the amendments, the Group has determined the temporary differences in relation to lease transactions and decommissioning obligations separately. The impact of the retrospective adjustments of the above accounting policy changes on the consolidated financial statements of the Group, which was prepared in accordance with IFRSs, is as follows: for the consolidated statements of profit or loss and other comprehensive income for the year ended 31 December 2023 and 2022, income tax expense decreased by RMB118 million and RMB41 million and profit increased by RMB118 million and RMB41 million, respectively; for the consolidated statement of financial position as at 31 December 2023, consolidated statements of financial position as at 31 December 2022 and 1 January 2022, deferred tax assets increased by RMB267 million, RMB142 million and RMB86 million, deferred tax liabilities increased by RMB75 million, RMB68 million and RMB53 million, and total equity increased by RMB192 million, RMB74 million and RMB33 million, respectively.

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Amendments to IAS 12, *Income taxes: International tax reform – Pillar Two model rules*

The amendments introduce a temporary mandatory exception from deferred tax accounting for the income tax arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development ("OECD") (income tax arising from such tax laws is hereafter referred to as "Pillar Two income taxes"), including tax laws that implement qualified domestic minimum top-up taxes described in those rules. The amendments also introduce disclosure requirements about such tax. The amendments are immediately effective upon issuance and require retrospective application. Based on a preliminary analysis, which was limited to data of companies in the Group, there would have been no notable additional tax expense in the relevant countries if the Pillar Two income taxes had been required to be applied in respect of the year ended 31 December 2023. For the impact analysis to be carried out conclusively, it would need to include not only companies in the Group but also China Energy Group and fellow subsidiaries. It is therefore not currently possible to rule out that the inclusion of China Energy Group and fellow subsidiaries would have had an effect on the tax expense, with financial implications for the Group, if the Pillar Two income taxes had been required to be applied for the year ended December 31, 2023.

3. MATERIAL 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. MATERIAL 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. MATERIAL 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.

Material 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. MATERIAL 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. MATERIAL 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. MATERIAL 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. MATERIAL 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. MATERIAL 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. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (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. MATERIAL 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.

The contributions made by the Group to such insurance plans on behalf of employees are fully attributed to the employees at the time of payment, therefore the Group has no abandoned contributions that can be utilized.

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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

– taxable temporary differences arising on the initial recognition of goodwill; and

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the OECD.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

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.

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.

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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (Continued)

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.

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. MATERIAL 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. MATERIAL 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. MATERIAL 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. MATERIAL 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. MATERIAL 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. MATERIAL 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. MATERIAL 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. MATERIAL 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. MATERIAL 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. MATERIAL 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. MATERIAL 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. MATERIAL 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. MATERIAL 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. MATERIAL 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. MATERIAL 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. MATERIAL 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. MATERIAL 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. MATERIAL 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 2023, deferred tax assets of RMB5,469 million (2022: RMB5,019 million as restated) have been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of RMB8,481 million (2022: RMB8,621 million) and deductible temporary differences of RMB9,331 million (2022: RMB9,349 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 RMB2,740 million as at 31 December 2023 (RMB2,888 million as at 31 December 2022) 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 and bills 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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	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	221,448	230,050	–	–	–	–	–	–	–	–	–	–	–	–	221,448	230,050
Power	–	–	85,418	77,767	–	–	–	–	–	–	–	–	–	–	85,418	77,767
Coal chemical products	–	–	–	–	–	–	–	–	–	–	5,495	5,777	–	–	5,495	5,777
Others	6,701	6,255	6,784	6,574	–	–	–	–	–	–	603	602	–	–	14,088	13,431
	228,149	236,305	92,202	84,341	–	–	–	–	–	–	6,098	6,379	–	–	326,449	327,025
Transportation and other services																
Railway	–	–	–	–	11,259	11,618	–	–	–	–	–	–	–	–	11,259	11,618
Port	–	–	–	–	–	–	1,615	1,677	–	–	–	–	–	–	1,615	1,677
Shipping	–	–	–	–	–	–	–	–	1,591	2,089	–	–	–	–	1,591	2,089
Others	–	–	–	–	1,753	1,805	402	282	5	37	–	–	–	–	2,160	2,124
	–	–	–	–	13,012	13,423	2,017	1,959	1,596	2,126	–	–	–	–	16,625	17,508
Total	228,149	236,305	92,202	84,341	13,012	13,423	2,017	1,959	1,596	2,126	6,098	6,379	–	–	343,074	344,533
Geographical markets																
Domestic markets	222,404	230,421	85,619	77,945	13,012	13,423	2,017	1,959	1,596	2,126	6,098	6,379	–	–	330,746	332,253
Overseas markets	5,745	5,884	6,583	6,396	–	–	–	–	–	–	–	–	–	–	12,328	12,280
Total	228,149	236,305	92,202	84,341	13,012	13,423	2,017	1,959	1,596	2,126	6,098	6,379	–	–	343,074	344,533

5. REVENUE FROM GOODS AND SERVICES (CONTINUED)

Segments	Coal		Power		Railway		Port		Shipping		Coal chemical		Other		Total	
	2023 RMB million	2022 RMB million	2023 RMB million	2022 RMB million	2023 RMB million	2022 RMB million	2023 RMB million	2022 RMB million	2023 RMB million	2022 RMB million	2023 RMB million	2022 RMB million	2023 RMB million	2022 RMB million	2023 RMB million	2022 RMB million
Timing of revenue recognition																
A point in time	228,149	236,305	92,202	84,341	–	–	–	–	–	–	6,098	6,379	–	–	326,449	327,025
Over time	–	–	–	–	13,012	13,423	2,017	1,959	1,596	2,126	–	–	–	–	16,625	17,508
Total	228,149	236,305	92,202	84,341	13,012	13,423	2,017	1,959	1,596	2,126	6,098	6,379	–	–	343,074	344,533

The Group's revenue from contracts with customers is RMB342,935 million for the year ended 31 December 2023 (2022: RMB344,456 million).

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	
	2023 RMB million	2022 RMB million	2023 RMB million	2022 RMB million	2023 RMB million	2022 RMB million	2023 RMB million	2022 RMB million	2023 RMB million	2022 RMB million	2023 RMB million	2022 RMB million	2023 RMB million	2022 RMB million	2023 RMB million	2022 RMB million
Revenue disclosed in segment information																
External customers	228,149	236,305	92,202	84,341	13,012	13,423	2,017	1,959	1,596	2,126	6,098	6,379	–	–	343,074	344,533
Inter-segment	45,157	41,169	205	184	29,949	28,774	4,732	4,482	3,240	3,925	–	–	548	529	83,831	79,063
	273,306	277,474	92,407	84,525	42,961	42,197	6,749	6,441	4,836	6,051	6,098	6,379	548	529	426,905	423,596
Adjustment and eliminations	(45,157)	(41,169)	(205)	(184)	(29,949)	(28,774)	(4,732)	(4,482)	(3,240)	(3,925)	–	–	(548)	(529)	(83,831)	(79,063)
Revenue	228,149	236,305	92,202	84,341	13,012	13,423	2,017	1,959	1,596	2,126	6,098	6,379	–	–	343,074	344,533

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 (2022: 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, photovoltaic 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 2023 and 2022 is set out below:

	Coal		Power		Railway		Port		Shipping		Coal chemical		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	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	**228,149**	236,305	**92,202**	84,341	**13,012**	13,423	**2,017**	1,959	**1,596**	2,126	**6,098**	6,379	**343,074**	344,533
Inter-segment revenue	**45,157**	41,169	**205**	184	**29,949**	28,774	**4,732**	4,482	**3,240**	3,925	**–**	–	**83,283**	78,534
Reportable segment revenue	**273,306**	277,474	**92,407**	84,525	**42,961**	42,197	**6,749**	6,441	**4,836**	6,051	**6,098**	6,379	**426,357**	423,067
Reportable segment profit	**63,753**	73,536	**10,910**	7,969	**11,152**	12,742	**2,307**	2,268	**100**	706	**180**	538	**88,402**	97,759
Including:														
Interest expenses	**1,193**	1,252	**1,825**	1,656	**561**	772	**145**	154	**–**	–	**12**	34	**3,736**	3,868
Depreciation and amortisation	**10,431**	8,954	**7,045**	6,702	**5,136**	5,357	**1,122**	1,057	**283**	288	**770**	776	**24,787**	23,134
Share of results of associates	**574**	883	**14**	322	**4**	4	**3**	4	**–**	–	**–**	–	**595**	1,213
Loss allowances and impairment of assets	**1,344**	1,595	**1,315**	1,097	**1,015**	753	**2**	62	**–**	(31)	**30**	12	**3,706**	3,488

(b) Reconciliations of reportable segment revenue, segment profit and other items of profit or loss for the years ended 31 December 2023 and 2022 are set out below:

	Reportable segment amounts		Unallocated head office and corporate items		Elimination of inter-segment amounts		Consolidated	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	RMB million	*RMB million*	***RMB million***	*RMB million*	***RMB million***	*RMB million*	***RMB million***	*RMB million*
Revenue	**426,357**	423,067	**548**	529	**(83,831)**	(79,063)	**343,074**	344,533
Profit before income tax	**88,402**	97,759	**3,946**	1,468	**428**	427	**92,776**	99,654
Interest expenses	**3,736**	3,868	**1,293**	1,100	**(2,171)**	(1,734)	**2,858**	3,234
Depreciation and amortisation	**24,787**	23,134	**92**	114	**–**	–	**24,879**	23,248
Share of results of associates	**595**	1,213	**2,586**	851	**384**	159	**3,565**	2,223
Loss allowances and impairment of assets	**3,706**	3,488	**270**	1,221	**–**	–	**3,976**	4,709

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**	
	2023	2022	**2023**	2022
	RMB million	*RMB million*	***RMB million***	*RMB million*
Domestic markets	**330,746**	332,253	**406,767**	385,779
Overseas markets	**12,328**	12,280	**4,006**	6,119
	343,074	344,533	**410,773**	391,898

(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 2023, revenue from the Group's top five major customers of coal and power segments amounted to RMB144,875 million (2022: RMB137,050 million).

6. SEGMENT AND OTHER INFORMATION (CONTINUED)

(e) Other information

Certain other information of the Group's segments for the years ended 31 December 2023 and 2022 is set out below:

	Coal		Power		Railway		Port		Shipping		Coal chemical		Unallocated items		Eliminations		Total	
	2023	2022 (Restated)	**2023**	2022 (Restated)	**2023**	2022 (Restated)	**2023**	2022 (Restated)	**2023**	2022 (Restated)	**2023**	2022	**2023**	2022 (Restated)	**2023**	2022	**2023**	2022 (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	**67,886**	65,079	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**67,886**	65,079
Cost of coal production	**69,137**	70,535	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(7,305)**	(6,854)	**61,832**	63,681
Cost of coal transportation	**52,236**	50,094	**–**	–	**19,138**	16,022	**2,947**	2,646	**1,561**	1,526	**–**	–	**–**	–	**(37,921)**	(37,181)	**37,961**	33,107
Power cost	**–**	–	**73,309**	69,534	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(36,298)**	(33,170)	**37,011**	36,364
Cost of coal chemical production	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**4,961**	4,876	**–**	–	**(1,910)**	(1,746)	**3,051**	3,130
Others	**7,700**	7,045	**4,285**	3,957	**8,242**	9,019	**897**	910	**3,041**	3,688	**608**	617	**23**	27	**–**	–	**24,796**	25,263
Total cost of sales	**196,959**	192,753	**77,594**	73,491	**27,380**	25,041	**3,844**	3,556	**4,602**	5,214	**5,569**	5,493	**23**	27	**(83,434)**	(78,951)	**232,537**	226,624
Profit from operations *(Note (i))*	**67,684**	74,717	**12,544**	8,957	**11,489**	13,508	**2,428**	2,394	**46**	642	**124**	560	**(601)**	(1,528)	**(397)**	(112)	**93,317**	99,138
Capital expenditures *(Note (ii))*	**18,872**	10,638	**15,922**	11,103	**6,327**	6,740	**485**	2,868	**117**	167	**227**	333	**9**	96	**–**	–	**41,959**	31,945
Total assets *(Note (iii))*	**301,482**	294,168	**167,912**	150,632	**125,301**	124,906	**18,885**	19,831	**7,169**	7,417	**7,858**	8,646	**504,228**	489,271	**(499,423)**	(469,551)	**633,412**	625,320
Total liabilities *(Note (iii))*	**(134,258)**	(128,036)	**(139,580)**	(131,621)	**(51,000)**	(53,174)	**(7,120)**	(7,931)	**(601)**	(424)	**(2,080)**	(3,206)	**(203,455)**	(201,295)	**386,333**	363,163	**(151,761)**	(162,524)

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	
	2023	2022
	RMB million	*RMB million*
Coal purchased	**67,886**	65,079
Materials, fuel and power	**33,468**	33,365
Personnel expenses	**25,090**	25,663
Depreciation and amortisation	**21,263**	19,237
Repairs and maintenance	**12,034**	10,715
Transportation charges	**19,026**	18,930
Taxes and surcharges	**18,385**	19,972
Other operating costs	**35,385**	33,663
	232,537	226,624

8. OTHER INCOME

	Year ended 31 December	
	2023	2022
	RMB million	*RMB million*
Government grants	**318**	497
Claim income	**261**	27
Carbon emission quota income *(Note)*	**193**	47
Others	**500**	529
	1,272	1,100

Note:

During the year, trading of carbon emission rights recorded a net loss amounting to approximately RMB76 million. Details of carbon emission rights trading are listed below.

	2023		2022	
	Quantity *million tonnes*	**Amount** *RMB million*	Quantity *million tonnes*	Amount *RMB million*
1. Carbon emission quota at the beginning of the year	**61**		10	
2. Carbon emission quota increased for the current year				
(1) Allocated quota (free of charge)	**154**		61	
(2) Purchased quota/expense	**4**	**269**	1	36
3. Carbon emission quota reduced for the current year				
(1) Quota consumed	**185**		10	
(2) Quota sold/income	**3**	**193**	1	47
4. Carbon emission quota at the end of the year	**31**		61	

9. INTEREST INCOME/FINANCE COSTS

	Year ended 31 December	
	2023	2022
	RMB million	*RMB million*
Interest income from:		
– bank deposits	**2,616**	3,053
– other loans and receivables	**18**	18
Total interest income	**2,634**	3,071
Interest on:		
– borrowings	**2,084**	2,560
– lease liabilities	**25**	43
– bonds	**120**	135
Total finance costs on financial liabilities not at FVTPL	**2,229**	2,738
Less: amount capitalised	**(299)**	(497)
	1,930	2,241
Others	**174**	132
Unwinding of discount	**928**	993
Exchange loss, net	**85**	564
Total finance costs	**3,117**	3,930
Net finance costs	**483**	859

Note:

Borrowing costs capitalised during the year arose on the general borrowing pools and were calculated by applying a capitalisation rate from 2.25% to 4.41% (2022: from 1.80% to 4.41%) per annum to expenditure on qualifying assets.

10. INCOME TAX EXPENSE

	Year ended 31 December	
	2023	2022 (Restated)
	RMB million	*RMB million*
Current tax, mainly PRC enterprise income tax	**16,734**	18,295
Under/(over) provision in respect of prior years	**1,161**	(2,813)
Deferred tax	**(311)**	(1,226)
	17,584	14,256

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	
	2023	2022 (Restated)
	RMB million	*RMB million*
Profit before income tax	**92,776**	99,654
Tax at the PRC income tax rate of 25% (2022: 25%)	**23,194**	24,914
Tax effects of:		
– different tax rates of branches and subsidiaries	**(7,109)**	(8,229)
– non-deductible expenses	**1,501**	1,074
– share of results of associates	**(922)**	(585)
– utilisation of tax losses and deductible temporary difference previously not recognised	**(937)**	(387)
– tax losses and deductible temporary difference not recognised	**696**	282
– under/(over) provision in respect of prior years	**1,161**	(2,813)
Income tax expense	**17,584**	14,256

(Expressed in RMB)

10. INCOME TAX EXPENSE (CONTINUED)

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% (2022: 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	
	2023	2022
	%	%
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 2023 and 2022, 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 HKD 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	
	2023	2022
	RMB million	*RMB million*
Personnel expenses, including	**42,050**	42,157
– Contributions to defined contribution plans	**4,812**	4,225
Depreciation of property, plant and equipment *(Note 16)*	**20,861**	20,632
Depreciation of right-of-use assets *(Note 23)*	**854**	910
Amortisation of intangible assets *(Note 19)*	**413**	486
Amortisation of long-term deferred expenses *(Note 22)*	**2,782**	1,288
Depreciation and amortisation charged for the year	**24,910**	23,316
Less: amount capitalised	**31**	68
Depreciation and amortisation *(Note)*	**24,879**	23,248
Loss allowances		
– Trade receivables *(Note 39.2)*	**(6)**	(55)
– Other receivables and other loans *(Note 39.2)*	**291**	1,392
	285	1,337

11. PROFIT FOR THE YEAR (CONTINUED)

	Year ended 31 December	
	2023	2022
	RMB million	*RMB million*
Other gains and losses, represent		
– losses/(gains) on disposal of property, plant and equipment, intangible assets and non-current assets	**71**	(188)
– gains on disposal of subsidiaries and associates	**(179)**	–
– impairment losses on property, plant and equipment *(Note 16)*	**2,782**	2,151
– impairment losses on construction in progress *(Note 17)*	**52**	86
– impairment losses on intangible assets *(Note 19)*	**3**	348
– impairment losses on right-of-use assets *(Note 23)*	**136**	201
– impairment losses on goodwill	**30**	56
– reversal of allowance for prepaid expenses	**–**	(6)
– impairment losses on other non-current assets	**–**	47
– write down of inventories	**688**	489
	3,583	3,184
Carrying amount of inventories sold	**170,468**	168,743
Operating lease charges relating to short-term leases, leases of low-value assets and variable lease payments	**396**	272
Auditors' remuneration		
– audit service	**34**	37

Notes:

(i) Cost of sales include an amount of depreciation and amortisation of RMB21,263 million for the year ended 31 December 2023 (2022: RMB19,237 million).

(ii) The Group has recorded impairment losses for certain long-term assets:

	Coal segment	**Power segment**	**Railway segment**	**Others**	**Total**
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Property, plant and equipment *(Note 16)*	557	1,217	998	10	2,782
Construction in progress *(Note 17)*	30	22	–	–	52
Intangible assets *(Note 19)*	–	3	–	–	3
Right-of-use assets *(Note 23)*	113	23	–	–	136
Goodwill	–	27	–	3	30
Total	700	1,292	998	13	3,003

11. PROFIT FOR THE YEAR (CONTINUED)

Recoverable amount by calculating present value of estimated future cash flow:

As of 31 December 2023, the Group had treated companies with impairment indicators as individual cash-generating units, and had made relevant impairment assessment by calculating the present value of estimated future cash flow of each cash generating unit.

For the year ended 31 December 2023, power segment had recorded impairment losses of RMB1,113 million towards property, plant and equipment, construction in progress, intangible assets and right-of-use assets with carrying amount of RMB5,531 million and recoverable amount of RMB4,418 million; railway segment had recorded impairment loss of RMB998 million towards property, plant and equipment with carrying amount of RMB1,240 million and recoverable amount of RMB242 million; power segment and others had recorded goodwill impairment losses of RMB27 million and RMB3 million, respectively (2022: power segment and coal segment recorded goodwill impairment losses of RMB14 million and RMB42 million respectively). The pre-tax discount rate used in the impairment assessment was based on the weighted average cost of capital, ranging from 6.62% to 9.08% (2022: 7.67% to 8.69%).

Recoverable amount by calculating fair value less costs of disposal:

As of 31 December 2023, the Group had determined the recoverable amount by using fair value less cost of disposal. Certain assets had been valued via market method. The fair value was categorised into Level 3 measurement. For the year ended 31 December 2023, power segment and others had recognised impairment losses of RMB152 million and RMB10 million towards property, plant and equipment, construction in progress, intangible assets and right-of-use assets with carrying amount of RMB154 million, recoverable amount of RMB2 million, and carrying amount of RMB11 million and recoverable amount of RMB1 million. Coal segment recognised impairment losses towards RMB700 million towards property, plant and equipment, construction in progress and right-of-use assets with carrying amount of RMB780 million and recoverable amount of RMB80 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 2023				
	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*
Executive directors					
Lv Zhiren *(Note (ii))*	–	0.40	1.15	0.15	1.70
Xu Mingjun	–	0.33	1.26	0.13	1.72
Sub-total	–	0.73	2.41	0.28	3.42
Non-executive directors					
Jia Jinzhong *(Note (i))*	–	–	–	–	–
Yang Rongming *(Note (i))*	–	–	–	–	–
Sub-total	–	–	–	–	–

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

	Year ended 31 December 2023				
	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 Chongen	0.30	–	–	–	0.30
Yuan Guoqiang	0.30	–	–	–	0.30
Sub-total	0.90	–	–	–	0.90
Employee director					
Liu Xiaolei *(Note (ii))*	–	0.40	0.46	0.12	0.98
Sub-total	–	0.40	0.46	0.12	0.98
Supervisors					
Zhang, Feng *(Note (ii))*	–	0.37	0.51	0.12	1.00
Zhou Dayu *(Note (i))*	–	–	–	–	–
Tang, Chaoxiong *(Note (i) Note (ii))*	–	–	–	–	–
Sub-total	–	0.37	0.51	0.12	1.00
Total	0.90	1.50	3.38	0.52	6.30

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

	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 (iii) Note (iv))*	–	–	–	–	–
Sub-total	–	–	–	–	–
Executive directors					
Lv Zhiren *(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))*	–	–	–	–	–
Sub-total	–	–	–	–	–

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

	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*
Independent non-executive directors					
Chen Hanwen	0.30	–	–	–	0.30
Bai Chongen	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 (iii) Note (iv))*	–	–	–	–	–
Tang, Chaoxiong *(Note (i) Note (ii))*	–	–	–	–	–
Zhang Changyan *(Note (iii) Note (iv))*	–	–	–	–	–
Sub-total	–	0.15	0.16	0.06	0.37
Total	0.90	1.43	2.25	0.57	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 2023 and 2022.

(ii) 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. 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 emoluments of Mr. Wang Xiangxi, Mr. Luo Meijian and Mr. Zhang Changyan were 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 (2022: two) were directors of the Company whose emoluments are disclosed in note 12. The emoluments of other three (2022: three) highest paid individuals are as follows:

	Year ended 31 December	
	2023	2022
	RMB million	*RMB million*
Basic salaries, housing and other allowances and benefits in kind	**1.02**	1.06
Discretionary bonuses	**3.30**	1.94
Retirement scheme contributions	**0.42**	0.41
	4.74	3.41

Their emoluments are within the following band:

	Year ended 31 December	
	2023	2022
HKD1,000,001 to HKD1,500,000	**–**	3
HKD1,500,001 to HKD2,000,000	**3**	–
	3	3

14. DIVIDENDS

	Year ended 31 December	
	2023	2022
	RMB million	*RMB million*
Dividend approved and paid during the year:		
2022 final – RMB2.55 (2022: 2021 final – RMB2.54) per ordinary share	**50,665**	50,466

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2023 of RMB44,903 million, at RMB2.26 per ordinary share (in respect of the year ended 31 December 2022: final dividend RMB50,665 million, at RMB2.55 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 RMB64,625 million (2022: RMB72,925 million as restated) and the weighted average of 19,869 million ordinary shares (2022: 19,869 million shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	Year ended 31 December	
	2023	2022
	million	*million*
Number of shares in issue at 1 January and 31 December	**19,869**	19,869
Weighted average number of shares in issue	**19,869**	19,869

No diluted earnings per share for both 2023 and 2022 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	Railway and port	Vessels	Coal chemical related machinery and equipment	Furniture, fixtures, motor vehicles and other equipment	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Cost									
At 1 January 2022	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
Additions	731	9,634	769	109	2,985	9	45	102	14,384
Transferred from construction in progress *(Note 17)*	5,546	7	2,716	14,525	2,862	9	125	1,349	27,139
Reclassification and other additions	(2,023)	–	1,944	–	79	–	–	–	–
Disposals or write-off	(807)	(252)	(4,069)	(207)	(989)	(147)	(33)	(121)	(6,625)
Exchange adjustment	26	–	–	32	–	–	–	(5)	53
At 31 December 2023	**66,004**	**61,880**	**77,983**	**138,781**	**156,050**	**7,466**	**13,488**	**21,296**	**542,948**

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings	Mining structures and mining rights	Mining related machinery and equipment	Generators related machinery and equipment	Railway and port	Vessels	Coal chemical related machinery and equipment	Furniture, fixtures, motor vehicles and other equipment	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Depreciation and impairment									
At 1 January 2022	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	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
Charge for the year	2,034	2,289	4,020	5,566	5,291	318	710	633	20,861
Reclassification	(26)	–	24	–	2	–	–	–	–
Impairment losses *(Note (i))*	306	191	55	1,204	998	–	3	25	2,782
Disposals or write-off	(513)	(237)	(3,535)	(164)	(821)	(61)	(17)	(109)	(5,457)
Exchange adjustment	14	–	–	16	–	–	–	(12)	18
Impairment losses -transferred from construction	1	–	–	7	–	–	–	3	11
At 31 December 2023	20,513	22,239	57,059	55,915	69,351	2,775	9,394	14,863	252,109
Carrying values									
At 31 December 2023	45,491	39,641	20,924	82,866	86,699	4,691	4,094	6,433	290,839
At 31 December 2022	43,834	32,495	20,128	75,036	87,232	5,077	4,653	5,648	274,103

Notes:

(i) As at 31 December 2023, the carrying amount of the Group's investment property included in the property, plant and equipment was RMB1,366 million (As at 31 December 2022: RMB926 million).

(ii) The Group was in the process of applying for the title certificates of certain of its properties with an aggregate carrying amount of RMB3,331 million as at 31 December 2023 (2022: RMB3,421 million). The Directors are of the opinion that the Group is entitled to lawfully and validly occupy or use the above mentioned properties.

(iii) As at 31 December 2023, the property, plant and equipment with carrying amount of RMB251 million (2022: RMB826 million) have been pledged to the banks to secure the banking facilities granted to the Group.

17. CONSTRUCTION IN PROGRESS

	Year ended 31 December	
	2023	2022
	RMB million	*RMB million*
At the beginning of the year	**20,843**	26,201
Additions	**26,388**	19,416
Transferred to property, plant and equipment *(Note 16)*	**(27,139)**	(23,853)
Transferred to intangible assets *(Note 19)*	**(164)**	(43)
Transferred to right-of-use assets *(Note 23)*	**(943)**	(792)
Disposal	**(21)**	–
Impairment losses *(Note (ii))*	**(52)**	(86)
Others	**43**	–
At the end of the year	**18,955**	20,843

Notes:

(i) As at 31 December 2023, the Group is in the process of obtaining requisite permits for certain of its power plants and railways 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 RMB52 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 2023, the carrying amount of the exploration and evaluation assets was RMB5,519 million (31 December 2022: RMB5,218 million).

19. INTANGIBLE ASSETS

The movement of intangible assets, mainly licenses, software and franchises, is as follows:

	Year ended 31 December	
	2023	2022
	RMB million	*RMB million*
At the beginning of the year	**4,059**	4,651
Additions	**856**	875
Transferred from construction in progress	**164**	43
Amortisation	**(413)**	(486)
Disposal	**(1)**	(676)
Impairment losses	**(3)**	(348)
At the end of the year	**4,662**	4,059

20. INTERESTS IN ASSOCIATES

	31 December 2023	31 December 2022
	RMB million	*RMB million*
Unlisted shares, at cost	**51,127**	48,240
Share of post-acquisition profits and other comprehensive income, net of dividend received	**4,508**	1,474
	55,635	49,714

(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		Principal activities
	31 December 2023 %	31 December 2022 %	
Beijing GD Power Co., Ltd. ("Beijing GD")	**43**	43	Generation and sale of electricity
China Energy Finance Co., Ltd. ("Finance Company")	**40**	40	Provision of comprehensive financial service
Haoji Railway Co., Ltd. ("Haoji Railway") *(Note)*	**13**	13	Provision of transportation service
Shendong Tianlong Group Co., Ltd. ("Shendong Tianlong")	**20**	20	Coal production and sale
Guohua (Hebei) Renewables Co., Ltd. ("Hebei Renewables")	**25**	25	Generation and sale of electricity
Suizhong Power Generation Co., Ltd. ("Suizhong Power") *(Note)*	**15**	15	Generation and sale of electricity

Note:

The Company has significant influence over Haoji Railway and Suizhong Power as the Company appointed a director in the respective board of directors of these companies.

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, are disclosed below:

	31 December 2023/ Year ended 31 December 2023			31 December 2022/ Year ended 31 December 2022		
	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	30,459	44,260	9,216	29,147	135,540	11,148
Non-current assets	117,022	232,600	150,567	107,038	87,677	149,925
Total assets	147,481	276,860	159,783	136,185	223,217	161,073
Current liabilities	38,415	242,364	13,931	36,393	196,676	8,129
Non-current liabilities	18,880	61	93,450	14,855	36	101,266
Total liabilities	57,295	242,425	107,381	51,248	196,712	109,395
Non-controlling interests	28,778	–	–	27,201	–	–
Equity attributable to equity holders of the company	61,408	34,435	52,402	57,736	26,505	51,678
Revenue	111,155	6,618	14,769	119,297	5,415	14,008
Profit for the year	3,529	2,930	758	179	2,010	160
Total comprehensive income for the year	3,535	2,930	758	209	2,010	160
Equity attributable to equity holders of the company	61,408	34,435	52,402	57,736	26,505	51,678
Group's proportion of ownership interest	43%	40%	13%	43%	40%	13%
Carrying amount of equity investment in associates	26,117	13,774	6,551	24,555	10,602	6,460

20. INTERESTS IN ASSOCIATES (CONTINUED)

	31 December 2023/ Year ended 31 December 2023		31 December 2022/ Year ended 31 December 2022	
	Shendong Tianlong *RMB million*	Hebei Renewables *RMB million*	Shendong Tianlong *RMB million*	Hebei Renewables *RMB million*
Current assets	8,098	402	6,358	568
Non-current assets	8,432	2,853	8,257	3,038
Total assets	16,530	3,255	14,615	3,606
Current liabilities	3,449	199	2,857	648
Non-current liabilities	452	–	169	34
Total liabilities	3,901	199	3,026	682
Non-controlling interests	–	–	–	–
Equity attributable to equity holders of the company	12,629	3,056	11,589	2,924
Revenue	11,279	457	13,356	480
Profit for the year	2,722	128	4,380	144
Total comprehensive income for the year	3,840	128	5,998	144
Equity attributable to equity holders of the company	12,629	3,056	11,589	2,924
Group's proportion of ownership interest	20%	25%	20%	25%
Carrying amount of equity investment in associates	2,575	764	2,363	731

Note: As Suizhong Power is a subsidiary of Beijing GD and its financial information has been included in the consolidated financial statements of Beijing GD, the financial information of Suizhong Power is not listed separately.

20. INTERESTS IN ASSOCIATES (CONTINUED)

Aggregate information of associates that are not individually material:

	31 December 2023 RMB million	31 December 2022 RMB million
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	3,433	3,319
Aggregate amounts of the Group's share of those associates:		
– Profit for the year	85	272
– Total comprehensive income for the year	112	273

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2023 RMB million	31 December 2022 RMB million
Non-current asset		
Unlisted equity securities *(Note (i))*	2,486	2,386
Current asset		
Accounts and bills receivables *(Note (ii))*	254	502
	2,740	2,888

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 realising their performance potential in the long run.

(ii) As at 31 December 2023, 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 2023 RMB million	31 December 2022 RMB million
Prepayments in connection with construction work, equipment purchases and others *(Note (i))*	**4,945**	5,861
Prepayments for mining projects	**2,000**	4,000
Deductible VAT and other tax	**478**	315
Service concession receivables *(Note (ii))*	**15,901**	14,967
Goodwill	**113**	143
Long-term deferred expenses *(Note (iii))*	**3,633**	3,619
	27,070	28,905

Notes:

(i) At 31 December 2023, the Group had prepayments to China Energy Group and fellow subsidiaries amounting to RMB110 million (2022: RMB94 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	
	2023 RMB million	2022 RMB million
At the beginning of the year	**3,619**	4,104
Additions	**2,800**	813
Amortisation	**(2,782)**	(1,288)
Disposal	**(4)**	(10)
At the end of the year	**3,633**	3,619

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 RMB3,200 million as at 31 December 2023 (2022: RMB3,130 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 2023, the Group has no bank loans secured by the Group's right-of-use assets (2022: Nil).

The Group leases assets including 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 2022	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
Additions	320	–	981	1,301
Transferred from construction in progress	–	–	943	943
Disposals	(411)	(310)	(1,620)	(2,341)
At 31 December 2023	**698**	**1,410**	**28,914**	**31,022**
Accumulated depreciation				
At 1 January 2022	(277)	(239)	(5,405)	(5,921)
Depreciation	(149)	(168)	(593)	(910)
At 31 December 2022	(426)	(407)	(5,998)	(6,831)
Depreciation	(122)	(96)	(636)	(854)
Disposals	336	190	532	1,058
At 31 December 2023	**(212)**	**(313)**	**(6,102)**	**(6,627)**
Impairment losses				
At 1 January 2022	–	–	(64)	(64)
Additions	–	–	(201)	(201)
At 31 December 2022	–	–	(265)	(265)
Additions	–	–	(136)	(136)
At 31 December 2023	–	–	(401)	(401)
Net book value				
At 31 December 2023	**486**	**1,097**	**22,411**	**23,994**
At 31 December 2022	363	1,313	22,347	24,023

24. INVENTORIES

	31 December 2023 *RMB million*	31 December 2022 *RMB million*
Coal	**7,705**	6,385
Materials and supplies	**6,516**	6,698
Others *(Note)*	**1,256**	1,236
	15,477	14,319
Less: write-down of inventories	**(2,631)**	(2,223)
	12,846	12,096

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	
	2023 *RMB million*	2022 *RMB million*
At the beginning of the year	**2,223**	2,251
Write-down of inventories	**688**	489
Write-off of inventories	**(280)**	(517)
At the end of the year	**2,631**	2,223

25. ACCOUNTS AND BILLS RECEIVABLES

	31 December 2023 ***RMB million***	31 December 2022 *RMB million*
Accounts receivable		
– China Energy Group and fellow subsidiaries	**2,478**	2,472
– Associates	**11**	31
– Third parties	**10,581**	9,686
	13,070	12,189
Less: allowance for credit losses	**(1,195)**	(1,221)
	11,875	10,968
Bills receivable		
– China Energy Group and fellow subsidiaries	**6,631**	36
– Associates	**507**	–
– Third parties	**845**	1,096
	7,983	1,132
	19,858	12,100

As at 31 December 2023 and 31 December 2022, accounts and bills receivables from contracts with customers amounted to RMB21,053 million and RMB13,321 million, respectively.

Bills receivable were mainly issued by PRC banks and others financial institutions, were expiring within one year. As at 31 December 2023, the Group has no bills (2022: Nil) pledged to secure bills payable.

As of 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 2023 ***RMB million***	31 December 2022 *RMB million*
Less than one year	**11,460**	10,578
One to two years	**238**	155
Two to three years	**50**	27
More than three years	**127**	208
	11,875	10,968

25. ACCOUNTS AND BILLS RECEIVABLES (CONTINUED)

As at 31 December 2023, included in the Group's accounts receivables are debtors with gross carrying amount of RMB5,287 million (2022: RMB5,743 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 2023 are set out in Note 39.2.

Included in accounts receivable, the following amounts are denominated in foreign currencies:

	31 December 2023 *RMB million*	31 December 2022 *RMB million*
United States Dollars ("USD")	**498**	539
Indonesian Rupiah ("IDR")	**586**	400
	1,084	939

Transfers of financial assets

As at 31 December 2023, the Group endorsed bills receivable amounting to RMB1,790 million (2022: RMB274 million) to suppliers to settle the accounts payable of same amounts and discounted bills receivable amounting to RMB2,970 million (2022: RMB4,288 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 2023, the subsidiaries paid RMB2 million (2022: RMB7 million) for the accounts receivables factoring and recognised in expenses.

26. PREPAID EXPENSES AND OTHER CURRENT ASSETS

	31 December 2023 ***RMB million***	31 December 2022 *RMB million*
Financial assets measured at amortised cost		
– Service concession receivables *(Note 22(ii))*	**2,232**	2,073
– Entrusted loan *(Note (i))*	**400**	400
– Other receivables due from associates	**471**	500
– Other receivables	**3,192**	2,817
– Other loans	**4,500**	4,500
	10,795	10,290
Less: impairment losses	**4,936**	4,674
	5,859	5,616
Financial assets measured at fair value through profit or loss	**–***	–
Prepaid expenses and deposits	**6,218**	7,106
Deductible VAT and other taxes	**3,930**	3,127
	16,007	15,849

* Amount less than RMB500,000

Note:

(i) As at 31 December 2023, the entrusted loan was an entrusted loan of RMB400 million by Shenhua Shendong Electric Power Co., Ltd. (hereinafter referred to as "Shendong Power") made to Inner Mongolia Yili Chemical Industry Co., Ltd. (hereinafter referred to as "Elion Chemical"), an associate of the Group, with a fixed interest rate of 4.75% per annum and a term of 3 years. The entrusted loan was due for repayment on 23 December 2023 but Elion Chemical has not repaid the entrusted loan yet. The entrusted loan was secured by certain assets of Elion Chemical. Shendong Power and Elion Chemical are negotiating for an extension of the entrusted loan and other related matters.

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 2023 *RMB million*	31 December 2022 *RMB million*
Deposits with banks and other financial institutions	**149,986**	170,503
Less: Restricted bank deposits	**7,298**	6,357
Less: Time deposits with original maturity over three months	**34,514**	32,688
Cash and cash equivalents in the consolidated cash flow statement	**108,174**	131,458

As at 31 December 2023, 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 *RMB million* *(Note 30)*	Bonds *RMB million* *(Note 31)*	Lease liabilities *RMB million* *(Note 32)*	Accrued interest payable *RMB million* *(Note 34)*	Total *RMB million*
At 1 January 2023	**51,068**	**3,453**	**1,742**	**127**	**56,390**
Capital element of lease rentals paid	**–**	**–**	**(142)**	**–**	**(142)**
Interest element of lease rentals paid	**–**	**–**	**(25)**	**–**	**(25)**
Interest paid	**–**	**–**	**–**	**(2,454)**	**(2,454)**
Proceeds from borrowings	**12,926**	**–**	**–**	**–**	**12,926**
Repayments of borrowings	**(29,628)**	**–**	**–**	**–**	**(29,628)**
Redemption of bonds	**–**	**(660)**	**–**	**–**	**(660)**
Foreign exchange	**(108)**	**59**	**–**	**–**	**(49)**
Amortisation of discount on bonds	**–**	**-***	**–**	**–**	**-***
Interest accrual	**–**	**120**	**–**	**–**	**120**
Interest expenses	**–**	**–**	**25**	**2,360**	**2,385**
Increase in lease liabilities from entering into new leases during the year	**–**	**–**	**32**	**–**	**32**
At 31 December 2023	**34,258**	**2,972**	**1,632**	**33**	**38,895**
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

* Amount less than RMB500,000

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	
	2023	2022
	RMB million	*RMB million*
Within operating cash flows	**396**	272
Within financing cash flows	**167**	281
	563	553

These amounts relate to the following:

	Year ended 31 December	
	2023	2022
	RMB million	*RMB million*
Lease rental paid	**563**	553

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 2023	31 December 2022 (Restated)
	RMB million	*RMB million*
Deferred tax assets	**5,301**	5,019
Deferred tax liabilities	**(1,137)**	(1,166)
	4,164	3,853

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 2023 *RMB million*	**Credited/ (charged) in profit or loss and other comprehensive income** *RMB million*	**31 December 2023** *RMB million*
Allowances, primarily for receivables and inventories	**466**	**36**	**502**
Property, plant and equipment	**816**	**675**	**1,491**
Tax allowable expenses not yet incurred	**1**	**236**	**237**
Unrealised profits from sales within the Group	**1,429**	**(164)**	**1,265**
Accrued salaries and other expenses not yet paid	**410**	**(243)**	**167**
Lease transactions	**(11)**	**39**	**28**
Others	**742**	**(268)**	**474**
Net deferred tax assets	**3,853**	**311**	**4,164**

	At 1 January 2022 (Restated) *RMB million*	(Charged)/ credited in profit or loss and other comprehensive income (Restated) *RMB million*	31 December 2022 (Restated) *RMB million*
Allowances, primarily for receivables and inventories	556	(90)	466
Property, plant and equipment	323	493	816
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
Lease transactions	(2)	(9)	(11)
Others	252	490	742
Net deferred tax assets	2,627	1,226	3,853

29. DEFERRED TAXATION (CONTINUED)

At the end of the reporting period, the Group has unused tax losses of RMB8,481 million (2022: RMB8,621 million) and unrecognised deductible temporary differences of RMB9,331 million (2022: RMB9,349 million) available for offset against future profits. No deferred tax asset has been recognised in respect of the remaining RMB8,481 million (2022: RMB8,621 million) losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of RMB340 million (2022: RMB589 million) that will be expired in 2024.

30. BORROWINGS

An analysis of the Group's borrowings is as follows:

	31 December 2023 *RMB million*	31 December 2022 *RMB million*
Current borrowings:		
Short-term bank and other borrowings	**2,927**	5,216
Current portion of long-term borrowings	**1,695**	7,414
	4,622	12,630
Non-current borrowings:		
Long-term borrowings, less current portion	**29,636**	38,438
	34,258	51,068
Secured	**9,984**	9,709
Unsecured	**24,274**	41,359
	34,258	51,068

The Group's short-term borrowings are unsecured and bear interest at rates ranging from 1.78% to 4.35% per annum (2022: 1.65% to 3.50% per annum), and long-term borrowings bear interest at rates ranging from 1.80% to 5.60% per annum (2022: 1.80% to 5.60% per annum).

30. BORROWINGS (CONTINUED)

	31 December 2023 RMB million	31 December 2022 RMB million
The exposure of the long-term borrowings and the contractual maturity dates:		
Within one year	**1,695**	7,414
More than one year, but not exceeding two years	**1,578**	718
More than two years, but not exceeding five years	**2,541**	3,388
More than five years	**25,517**	34,332
	31,331	45,852

The Group's long-term borrowings comprise:

		31 December 2023 RMB million	31 December 2022 RMB million
Loans from banks and other institutions			
RMB denominated	Interest rates ranging from 2.10% to 5.60% per annum with maturities through 21 October 2041	**18,928**	31,667
RMB denominated	Interest rates ranging from LPR-1.00% to LPR+0.10% per annum with maturities through 8 October 2041	**2,553**	4,268
USD denominated	Interest rates SOFR+2.40% per annum with maturities through 26 December 2034	**9,266**	9,114
Japanese Yen ("JPY") denominated	Interest rates ranging from 1.80% to 2.60% per annum with maturities through 20 March 2031	**584**	803
		31,331	45,852
Less: current portion of long-term borrowings		**1,695**	7,414
		29,636	38,438

30. BORROWINGS (CONTINUED)

As at 31 December 2023, included in the above outstanding long-term borrowings, were entrusted loans from China Energy Group and fellow subsidiaries amounting to RMB10,480 million (2022: RMB23,162 million).

Certain borrowings are secured over certain property, plant and equipment with a carrying amount of RMB251 million (2022: RMB826 million) (see Note 16(iii)).

31. BONDS

The Group issued a dollar bond of a total USD500 million on 20 January 2015, and had redeemed a cumulative amount of the dollar bond of USD87 million as at 31 December 2023 (2022: USD11 million). 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 2023** ***RMB million***	31 December 2022 *RMB million*
10-year corporate bond	4.10%	19/01/2025	**2,972**	3,453

32. LEASE LIABILITIES

The lease liabilities were repayable as follow:

	31 December 2023		31 December 2022	
	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	**300**	**400**	297	360
After 1 year but within 2 years	**170**	**240**	240	316
After 2 years but within 5 years	**328**	**505**	348	530
After 5 years	**834**	**1,166**	857	1,214
	1,332	**1,911**	1,445	2,060
	1,632	**2,311**	1,742	2,420
Less: total future interest expenses		**(679)**		(678)
Present value of lease liabilities		**1,632**		1,742

33. ACCOUNTS AND BILLS PAYABLES

	31 December 2023 RMB million	31 December 2022 RMB million
Accounts payable		
– China Energy Group, an associate of China Energy Group and fellow subsidiaries	**2,132**	2,158
– Associates	**895**	956
– Third parties	**35,293**	34,757
	38,320	37,871
Bills payable	**581**	1,101
	38,901	38,972

The following is an ageing analysis of accounts and bills payables, presented based on invoice date.

	31 December 2023 RMB million	31 December 2022 RMB million
Less than one year	**32,073**	34,476
One to two years	**4,133**	1,804
Two to three years	**1,158**	874
More than three years	**1,537**	1,818
	38,901	38,972

Included in accounts and bills payables, the following amounts are denominated in foreign currencies:

	31 December 2023 RMB million	31 December 2022 RMB million
USD	**351**	426
Euro	**65**	71
Others	**600**	423
	1,016	920

34. ACCRUED EXPENSES AND OTHER PAYABLES

	31 December 2023 *RMB million*	31 December 2022 *RMB million*
Accrued staff wages and welfare benefits	**7,424**	8,750
Accrued interest payable	**33**	127
Taxes payable other than income tax	**5,159**	7,176
Dividends payable	**6,902**	6,904
Other accrued expenses and payables *(Note)*	**11,095**	11,767
	30,613	34,724

Note:

Other accrued expenses and payables of the Group included:

	31 December 2023 *RMB million*	31 December 2022 *RMB million*
Amounts due to China Energy Group and fellow subsidiaries	**1,198**	945
Amounts due to associates	**56**	8
	1,254	953

The above balances are unsecured, interest-free and payable on demand.

35. LONG-TERM LIABILITIES

	31 December 2023 RMB million	31 December 2022 RMB million
Payables for acquisition of mining rights *(Note (i))*	**12,425**	7,046
Deferred income *(Note (ii))*	**1,386**	1,352
Defined benefit plans	**784**	582
Others	**5,714**	2,307
	20,309	11,287
Analysed for reporting purpose as:		
Current liabilities	**5,184**	674
Non-current liabilities	**15,125**	10,613
	20,309	11,287

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	
	2023 RMB million	2022 RMB million
At the beginning of the year	**9,005**	6,754
Addition for the year	**–**	1,531
Accretion expense	**405**	986
Accrued reclamation obligations utilised	**(630)**	(266)
At the end of the year	**8,780**	9,005

37. SHARE CAPITAL

	31 December 2023 *RMB million*	31 December 2022 *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 2023 was 24% (31 December 2022: 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 2023 *RMB million*	31 December 2022 *RMB million*
Financial assets		
Financial assets at amortised cost	**191,604**	203,186
Equity instruments at FVTOCI *(Note 21)*	**2,486**	2,386
Accounts and bills receivable at FVTOCI *(Note 21)*	**254**	502
Financial assets measured at fair value through profit or loss	**–***	–
	194,344	206,074
Financial liabilities		
Amortised cost	**107,659**	119,589

* Amount less than RMB500,000

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	
	2023	2022	2023	2022
	RMB million	RMB million	RMB million	RMB million
USD	106	74	955	903
JPY	583	803	–	–
Other currencies	758	584	2,418	2,258

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	
	2023	2022	2023	2022	2023	2022
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Increase/(decrease) in profit after tax for the year:						
– if RMB weakens against foreign currencies	68	70	(47)	(68)	133	142
– if RMB strengthens against foreign currencies	(68)	(70)	47	68	(133)	(142)

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 (2022: 100 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2023 would decrease/increase by RMB219 million (2022: decrease/increase by RMB335 million).

Credit risk and impairment assessment

As at 31 December 2023, 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)

Credit risk and impairment assessment (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	
				2023 *RMB million*	2022 *RMB million*
Financial assets at amortised costs					
Loans receivables	26	N/A	12-month ECL	**400**	400
Restricted bank deposits	27	N/A	12-month ECL	**7,298**	6,357
Cash	28	N/A	12-month ECL	**142,688**	164,146
Other receivables	26	N/A	12-month ECL	**3,301**	2,350
			Credit-impaired	**362**	967
Service concession receivables	22, 26	N/A	12-month ECL	**18,133**	17,040
Other loans	26	N/A	Credit-impaired	**4,500**	4,500
Accounts receivable	25	N/A	Provision matrix	**11,901**	10,944
(Note (i))			Credit-impaired	**1,169**	1,245
Other items					
Financial guarantee contracts *(Note (ii))*		N/A		**94**	111

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)

Credit risk and impairment assessment (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 2023 within lifetime ECL (not credit-impaired). Accounts receivable with credit-impaired with gross carrying amounts of RMB1,169 million (2022: RMB1,245 million) as at 31 December 2023 were assessed individually.

Gross carrying amount

	Average loss rate 2023	**Accounts receivable 2023** *RMB million*	Average loss rate 2022	Accounts receivable 2022 *RMB million*
Current (not past due)	**0.2%**	**6,614**	0.4%	6,446
Less than one year past due	**1%**	**4,883**	1%	4,196
One to two years past due	**6%**	**252**	6%	160
Two to three years past due	**10%**	**56**	10%	26
More than three years past due	**20%**	**96**	21%	116
		11,901		10,944

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 2023, the Group provided RMB6 million (2022: RMB36 million) impairment allowance for accounts receivable and reversed RMB12 million (2022: RMB91 million), based on the provision matrix.

39. FINANCIAL INSTRUMENTS (CONTINUED)

39.2 Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (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 2022	121	1,156	1,277
Impairment losses recognised	17	19	36
Impairment losses reversed	(33)	(58)	(91)
Write-offs	–	(1)	(1)
As at 1 January 2023	**105**	**1,116**	**1,221**
Impairment losses recognised	**6**	**–**	**6**
Impairment losses reversed	**(12)**	**–**	**(12)**
Write-offs	**(20)**	**–**	**(20)**
As at 31 December 2023	**79**	**1,116**	**1,195**

39. FINANCIAL INSTRUMENTS (CONTINUED)

39.2 Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (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)	Lifetime ECL (credit-impaired)	Total
	RMB million	*RMB million*	*RMB million*
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 1 January 2023	**268**	**4,406**	**4,674**
– Impairment losses recognised	**2**	**299**	**301**
– Impairment losses reversed	**(5)**	**(5)**	**(10)**
– Write-offs	**–**	**(29)**	**(29)**
As at 31 December 2023	**265**	**4,671**	**4,936**

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 2023						
	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		56,710	4,600	5,072	6,453	72,835	70,429
Borrowings variable interest rate	3.98	3,055	1,421	3,531	26,832	34,839	29,112
Borrowings fixed interest rate	2.78	2,537	1,086	1,333	502	5,458	5,146
Bonds	4.10	113	2,934	–	–	3,047	2,972
		62,415	10,041	9,936	33,787	116,179	107,659

39. FINANCIAL INSTRUMENTS (CONTINUED)

39.2 Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	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

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 2023 ***RMB million***	31 December 2022 *RMB million*	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
Financial assets:				
Financial assets measured at fair value through profit or loss	**–***	–	Level 1	Quoted price in active market.
Unlisted equity securities	**2,486**	2,386	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	**254**	502	Level 3	Discounted cash flow method. The significant unobservable inputs used by the Group for the valuation are the expected rates of return.

* Amount less than RMB500,000

There were no transfer between Level 1, Level 2 and Level 3 during the years ended 31 December 2023 and 2022.

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 2023		31 December 2022	
	Carrying amount *RMB million*	**Fair value** *RMB million*	Carrying amount *RMB million*	Fair value *RMB million*
Financial liabilities:				
Fixed rate bank borrowings	**5,146**	**4,901**	6,641	6,525
Fixed rate bonds	**2,972**	**2,870**	3,453	3,265

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 2023 *RMB million*	31 December 2022 *RMB million*
Contracted for but not provided		
– Land, buildings, mining rights and exploration and evaluation assets	**42,074**	39,638
– Equipment	**46,276**	48,042
– Other	**3,903**	7,060
	92,253	94,740

40.2 Financial guarantees issued

As at 31 December 2023, 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 RMB94 million (2022: RMB111 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 16% 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 2023 were RMB4,812 million (2022: RMB4,225 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, an associate of China Energy Group, fellow subsidiaries, and associates of the Group (Continued)

		Year ended 31 December	
	Notes	**2023**	2022
		RMB million	*RMB million*
Interest income	(i)	**810**	408
Income from entrusted loans	(ii)	**18**	18
Interest expense	(iii)	**563**	812
Purchases of ancillary materials and spare parts	(iv)	**2,819**	2,756
Ancillary and social services	(v)	**1,739**	1,697
Transportation service income	(vi)	**8,691**	8,807
Transportation service expense	(vii)	**1,459**	2,076
Sale of coal	(viii)	**93,939**	94,195
Purchase of coal	(ix)	**14,140**	11,967
Property leasing	(x)	**23**	40
Repairs and maintenance services expense	(xi)	**37**	61
Coal export agency expense	(xii)	**–**	3
Purchase of equipment and construction work	(xiii)	**1,303**	1,190
Sale of coal chemical product	(xiv)	**6,948**	7,712
Other income	(xv)	**2,506**	2,041
Net deposits placed with Finance Company	(xvi)	**15,616**	58,850
Granting of loans from China Energy Group and fellow subsidiaries	(xvii)	**9,134**	18,196
Repayment of loans from China Energy Group and fellow subsidiaries	(xviii)	**23,153**	13,522
Bills receivables discounted from Finance Company	(xix)	**3,578**	4,376
The issuance of bills by Finance Company	(xx)	**7,943**	1,959

42. RELATED PARTY TRANSACTIONS (CONTINUED)

42.1 Transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Group (Continued)

(i) Interest income represents interest earned from deposits in fellow subsidiaries. The applicable interest rate is determined in accordance with the prevailing interest rates published by the PBOC.

(ii) Income from an entrusted loan represents interest earned from an entrusted loan 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 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 associates of China Energy Group.

(v) 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 associates of China Energy Group.

(vi) Transportation service income represents income earned from fellow subsidiaries in respect of coal transportation services.

(vii) Transportation service expense represents expenses paid to fellow subsidiaries in respect of coal transportation services.

(viii) Sale of coal represents income from sale of coal to fellow subsidiaries and associates of China Energy Group.

(ix) Purchase of coal represents coal purchased from associates of the Group, associates of China Energy Group and fellow subsidiaries.

(x) Property leasing expense represents rental paid or payable in respect of properties leased from fellow subsidiaries.

(xi) Repairs and maintenance services expense represents expense related to machinery repairs and maintenance services provided by associates of China Energy Group and fellow subsidiaries.

(xii) Coal export agency expense represents expense related to coal export agency services provided by a fellow subsidiary.

42. RELATED PARTY TRANSACTIONS (CONTINUED)

42.1 Transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Group (Continued)

(xiii) Purchase of equipment and construction work represents expenditure related to equipment and construction service provided by fellow subsidiaries.

(xiv) Sale of coal chemical product represents income from sale of coal chemical product to fellow subsidiaries.

(xv) 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, associates of China Energy Group and fellow subsidiaries.

(xvi) Net deposits placed with Finance Company represents net deposits placed by the Group with Finance Company.

(xvii) Granting of loans from China Energy Group and fellow subsidiaries.

(xviii) Repayment of loans from China Energy Group and fellow subsidiaries.

(xix) Bills receivables discounted from Finance Company represents bill acceptance and discount services provided by Finance Company to the Group.

(xx) The issuance of bills by Finance Company refers to the issuance of acceptance bills by Finance Company to the Group.

(xxi) Factoring services refer to receiving factoring services from China Energy Group and fellow subsidiaries. The transaction of factoring services for this year is RMB6,832 million.

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, an associate 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 associates of China Energy Group and fellow subsidiaries. Pursuant to the agreement, associates 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, an associate 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 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 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 China Energy Group, the Company shall give preference to the China Energy Group as the export agent of coal products.

(vii) The Group 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.

42. RELATED PARTY TRANSACTIONS (CONTINUED)

42.1 Transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Group (Continued)

(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.

(ix) The Group has entered into a factoring service agreement with Guoneng (Beijing) Commercial Factoring Co., Ltd. ("Guoneng Factoring Company"). Pursuant to the agreement, Guoneng Factoring Company agreed to provide the Group with factoring services and factoring-related services. For the provision of factoring services by Guoneng Factoring Company to the Group, the financing cost shall not be higher than that determined by an independent third-party factoring company for providing the same kind of services to the Group, and it should be determined on normal commercial terms. When the financing fee determined by the independent third-party factoring company for providing the same kind of services is difficult to obtain, it shall not be higher than the financing fee calculated based on the Loan Prime Rate (LPR) of the PBOC for the same period. For the service fee charged from the provision of other relevant services by Guoneng Factoring Company to the Group, the service fee shall not be higher than that charged by an independent third-party factoring company for providing the same kind of services to the Group, and it should be determined on normal commercial terms. When the service fee charged by the independent third-party factoring company for providing the same kind of services is difficult to obtain, it shall be determined at the cost plus a reasonable profit margin (around 10%).

42. RELATED PARTY TRANSACTIONS (CONTINUED)

42.1 Transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Group (Continued)

Amounts due from/to China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Group:

	31 December 2023 ***RMB million***	31 December 2022 *RMB million*
Cash and time deposits at bank	**74,466**	58,845
Accounts and bills receivables	**9,363**	2,262
Prepaid expenses and other current assets	**1,299**	1,814
Other non-current assets	**110**	110
Total amounts due from China Energy Group, an associate of China Energy Group, fellow subsidiaries and associates of the Group	**85,238**	63,031
Borrowings	**13,119**	27,134
Accounts payable	**3,027**	3,114
Accrued expenses and other payables	**1,507**	1,109
Contract liabilities	**1,245**	1,129
Total amounts due to China Energy Group, an associate of China Energy Group and fellow subsidiaries, and associates of the Group	**18,898**	32,486

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	
	2023	2022
	RMB million	*RMB million*
Short-term employee benefits	**13**	9
Post-employment benefits	**1**	1
	14	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	
	2023	2022
	RMB million	*RMB million*
Coal revenue	**81,806**	76,889
Power revenue	**86,858**	78,829
Transportation costs	**10,086**	9,097
Interest income	**1,789**	2,627
Interest expenses (including amount capitalised)	**1,829**	2,066

Balances with other government-related entities, including state-controlled banks in the PRC

	31 December 2023	31 December 2022
	RMB million	*RMB million*
Accounts and bills receivables	**6,037**	5,153
Prepaid expenses and other current assets	**2,314**	2,576
Cash and time deposits at banks	**68,216**	105,295
Restricted bank deposits	**7,298**	6,357
Borrowings	**21,139**	23,934
Accrued expenses and other payables	**2,388**	2,385
Contract liabilities	**1,231**	1,178

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 2023 %	31 December 2022 %	
Guoneng Sales Group Co., Ltd.	PRC	Limited company	RMB7,789 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**	100	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

(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 2023 %	31 December 2022 %	
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	RMB5,590 million	**100**	100	Coal chemical
Guoneng Railway Transportation Co., Ltd.	PRC	Limited company	RMB6,300 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 2023 %	31 December 2022 %	
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	RMB13,913 million	100	100	Provision of transportation services
(Tianjin) Finance Lease Co., Ltd.	PRC	Limited company	RMB4,665 million	100	100	Provision of financial lease services
Guoneng Xinshuo Railway Co., Ltd.	PRC	Limited company	RMB10,888 million	100	100	Provision of transportation services
Guoneng Zhunneng Group Co., Ltd.	PRC	Limited company	RMB1,658 million	100	100	Coal mining and development

* The Company has the practical ability to lead and control the operations of Dingzhou Power, therefore, Dingzhou Power has been accounted for as a subsidiary (Note 4.1).

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 2023, Shenhua Oversea Capital had issued a bond of USD413 million (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	
		31 December 2023	31 December 2022	Year ended 31 December 2023	Year ended 31 December 2022 (Restated)	31 December 2023	31 December 2022 (Restated)
				RMB million	*RMB million*	*RMB million*	*RMB million*
Zhunge'er Energy *(Note)*	PRC	42	42	1,302	1,726	18,837	17,610
Guoneng Baorixile Energy Industrial Co., Ltd.	PRC	43	43	1,564	1,572	3,390	2,577
Dingzhou Power	PRC	59	59	214	397	1,696	1,677
Guoneng Shuohuang Railway Development Co., Ltd.	PRC	47	47	2,872	3,080	14,800	14,478
Guoneng Yuanhai Shipping Co., Ltd.	PRC	49	49	36	255	3,237	3,428
Guoneng Huanghua Harbour Administration Co., Ltd.	PRC	30	30	486	470	3,343	3,264
Beidian Shengli Company	PRC	37	37	1,052	1,079	3,370	2,826
Individually immaterial subsidiaries with non-controlling interests						21,500	19,953
						70,173	65,813

Note: The Company was informed that the relevant supervising authority has approved the non-controlling shareholder's disposal of its interests in Zhunge'er Energy, a subsidiary of the Company. Currently, the Company is still in the process to discuss with the relevant parties in this regard.

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.		Dingzhou Power	
	31 December 2023	31 December 2022 (Restated)	**31 December 2023**	31 December 2022 (Restated)	**31 December 2023**	31 December 2022
	RMB million	*RMB million*	***RMB million***	*RMB million*	***RMB million***	*RMB million*
Current assets	**37,164**	34,459	**5,877**	5,055	**832**	857
Non-current assets	**15,414**	15,830	**8,355**	8,098	**3,685**	3,835
Current liabilities	**6,848**	7,750	**4,075**	4,778	**1,660**	1,799
Non-current liabilities	**1,438**	1,138	**2,575**	2,679	**5**	75
Total equity	**44,292**	41,401	**7,582**	5,696	**2,852**	2,818

	Year ended 31 December		Year ended 31 December		Year ended 31 December	
	2023	2022 (Restated)	**2023**	2022 (Restated)	**2023**	2022
	RMB million	*RMB million*	***RMB million***	*RMB million*	***RMB million***	*RMB million*
Revenue	**14,275**	14,017	**8,490**	7,816	**4,680**	4,940
Expenses	**10,716**	9,247	**4,380**	4,169	**4,205**	4,104
Profit and total comprehensive income for the year	**2,904**	3,947	**3,466**	3,490	**359**	668
Dividend paid to non-controlling interests	**13**	17	**–**	1,874	**256**	246
Net cash inflow from operating activities	**833**	636	**2,518**	1,541	**1,046**	1,255
Net cash outflow from investing activities	**(808)**	(877)	**(428)**	(344)	**(164)**	(234)
Net cash outflow from financing activities	**(29)**	(38)	**(2,302)**	(1,430)	**(883)**	(1,024)
Net cash outflow	**(4)**	(279)	**(212)**	(233)	**(1)**	(3)

44. SUBSIDIARIES (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

	Guoneng Shuohuang Railway Development Co., Ltd.		Guoneng Yuanhai Shipping Co., Ltd.		Guoneng Huanghua Harbour Administration Co., Ltd.	
	31 December 2023	31 December 2022	**31 December 2023**	31 December 2022 (Restated)	**31 December 2023**	31 December 2022
	RMB million	*RMB million*	***RMB million***	*RMB million*	***RMB million***	*RMB million*
Current assets	**8,501**	9,347	**2,411**	2,455	**1,711**	1,769
Non-current assets	**35,598**	34,601	**4,802**	5,012	**11,430**	11,875
Current liabilities	**10,269**	10,347	**543**	427	**2,462**	3,257
Non-current liabilities	**4,135**	4,585	**63**	44	**395**	328
Total equity	**29,695**	29,016	**6,607**	6,996	**10,284**	10,059

	Year ended 31 December		Year ended 31 December		Year ended 31 December	
	2023	2022	**2023**	2022 (Restated)	**2023**	2022
	RMB million	*RMB million*	***RMB million***	*RMB million*	***RMB million***	*RMB million*
Revenue	**22,217**	21,663	**4,836**	6,051	**5,131**	5,069
Expenses	**14,249**	12,848	**4,766**	5,408	**3,041**	2,964
Profit and total comprehensive income for the year	**6,040**	6,510	**74**	521	**1,577**	1,513
Dividend paid to non-controlling interests	**2,535**	6,064	**226**	526	**406**	826
Net cash inflow from operating activities	**8,508**	8,379	**983**	1,256	**2,332**	2,499
Net cash outflow from investing activities	**(2,282)**	(1,101)	**(932)**	(438)	**(239)**	(680)
Net cash outflow from financing activities	**(6,342)**	(7,298)	**(244)**	(1,078)	**–**	–
Net cash (outflow) / inflow	**(116)**	(20)	**(193)**	(260)	**2,093**	1,819

44. SUBSIDIARIES (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

	Beidian Shengli Company	
	31 December 2023	31 December 2022 (Restated)
	RMB million	*RMB million*
Current assets	**4,844**	3,032
Non-current assets	**9,734**	9,570
Current liabilities	**2,916**	2,482
Non-current liabilities	**2,821**	2,728
Total equity	**8,841**	7,392

	Year ended 31 December	
	2023	2022 (Restated)
	RMB million	*RMB million*
Revenue	**7,049**	6,840
Expenses	**3,793**	3,415
Profit and total comprehensive income for the year	**2,709**	2,794
Dividend paid to non-controlling interests	**446**	646
Net cash inflow from operating activities	**1,357**	2,397
Net cash outflow from investing activities	**(605)**	(1,868)
Net cash outflow from financing activities	**(758)**	(437)
Net cash (outflow)/inflow	**(6)**	92

Note: Restatement due from the changes in accounting policies of Amendments to IAS 12, *Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction* (Note 2).

45. INFORMATION ABOUT THE FINANCIAL POSITION AND RESERVES OF THE COMPANY

	31 December 2023	31 December 2022 (Restated)
	RMB million	*RMB million*
Non-current assets		
Property, plant and equipment	**49,393**	43,584
Construction in progress	**5,029**	3,657
Intangible assets	**1,035**	1,026
Right-of-use assets	**5,163**	5,621
Investments in subsidiaries	**166,829**	160,655
Investments in associates	**47,954**	42,938
Equity investments at FVTOCI	**2,338**	2,223
Other non-current assets	**57,704**	31,151
Deferred tax assets	**2,001**	1,828
Total non-current assets	**337,446**	292,683
Current assets		
Inventories	**2,030**	2,860
Accounts and bills receivables	**8,804**	8,440
Financial assets at FVTOCI	**–**	12
Prepaid expenses and other current assets	**29,276**	43,307
Restricted bank deposits	**6,109**	4,801
Time deposits with original maturity over three months	**30,813**	28,176
Cash and cash equivalents	**98,351**	114,937
Total current assets	**175,383**	202,533

45. INFORMATION ABOUT THE FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

	Note	31 December 2023 RMB million	31 December 2022 (Restated) RMB million
Current liabilities			
Borrowings		**161**	367
Accounts and bills payables		**10,101**	10,429
Accrued expenses and other payables		**143,822**	140,683
Current portion of lease liabilities		**457**	599
Current portion of long-term liabilities		**3,510**	216
Income tax payable		**2,485**	2,723
Contract liabilities		**76**	134
Total current liabilities		**160,612**	155,151
Net current assets		**14,771**	47,382
Total assets less current liabilities		**352,217**	340,065
Non-current liabilities			
Borrowings		**1,124**	1,311
Lease liabilities		**1,208**	1,460
Long-term liabilities		**9,866**	5,207
Accrued reclamation obligations		**5,289**	6,743
Deferred tax liabilities		**93**	29
Total non-current liabilities		**17,580**	14,750
Net assets		**334,637**	325,315
Equity			
Share capital	37	**19,869**	19,869
Reserves		**314,768**	305,446
Total equity		**334,637**	325,315

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 31 December 2021 (Restated)	84,766	–	19,137	482	1,134	181,399	286,918
Impact on initial application of amendments to IAS 12, *Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction (Note 2)*	–	–	–	–	–	1	1
At 1 January 2022 (Restated)	84,766	–	19,137	482	1,134	181,400	286,919
Profit for the year (Restated)	–	–	–	–	–	68,733	68,733
Other comprehensive income	–	–	–	246	–	–	246
Total comprehensive income for the year (Restated)	–	–	–	246	–	68,733	68,979
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 (Restated)	84,766	–	21,542	728	1,150	197,260	305,446

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 31 December 2022	84,766	–	21,542	728	1,150	197,284	305,470
Impact on initial application of amendments to IAS 12, *Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction (Note 2)*	–	–	–	–	–	(24)	(24)
At 1 January 2023	84,766	–	21,542	728	1,150	197,260	305,446
Profit for the year	–	–	–	–	–	59,819	59,819
Other comprehensive income	–	–	–	89	–	–	89
Total comprehensive income for the year	–	–	–	89	–	59,819	59,908
Dividend declared *(Note 14)*	–	–	–	–	–	(50,665)	(50,665)
Appropriation of maintenance and production funds	–	–	6,222	–	–	(6,222)	–
Utilisation of maintenance and production funds	–	–	(2,365)	–	–	2,365	–
Others	–	–		–	56	23	79
At 31 December 2023	84,766	–	25,399	817	1,206	202,580	314,768

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 2023, the aggregate amount of retained earnings determined in accordance with the China Accounting Standards available for distribution to equity holders of the Company was RMB201,416 million (2022: RMB195,879 million as restated).

(Expressed in RMB)

46. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023 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
Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current ("2020 amendments")*	1 January 2024
Amendments to IAS 1, *Presentation of financial statements: Noncurrent liabilities with covenants* ("*2022 amendments*")	1 January 2024
Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*	1 January 2024
Amendments to IAS 7, Statement of cash flows and IFRS 7, *Financial Instruments: Disclosures: Supplier finance arrangements*	1 January 2024
Amendments to IAS 21, *The effects of changes in foreign exchange rates: Lack of exchangeability*	1 January 2025

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 2023 with the signature of the person-in-charge of the Company The financial statements signed by the person-in-charge of the Company, Chief Financial Officer and person-in-charge of the accounting department and chopped with the official chop of the Company The auditor's report chopped with the official chop of the accounting firm and signed and chopped by the certified public accountant The original copies of all documents and announcements of the Company publicly disclosed on the newspapers designated by the CSRC during the Reporting Period The annual report for the year 2023 published on the websites of SSE and the HKEx

Approval date of the Board of Directors for submission: 22 March 2024

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				
	2019 *RMB million*	2020 *RMB million*	2021 *RMB million* *(restated)*	2022 *RMB million* *(restated)*	**2023** ***RMB million***
Revenue	241,871	233,263	335,640	344,533	**343,074**
Operating cost	(164,979)	(162,374)	(239,805)	(226,624)	**(232,537)**
Gross profit	76,892	70,889	95,835	117,909	**110,537**
Selling expenses	(640)	(555)	(581)	(410)	**(425)**
General and administrative expense	(8,988)	(8,948)	(9,119)	(9,930)	**(9,812)**
Research and development costs	(940)	(1,362)	(2,499)	(3,722)	**(3,007)**
Other gains and losses	(2)	(194)	(955)	(3,184)	**(3,583)**
Other income	708	778	893	1,100	**1,272**
Loss allowance, net of reversal	(139)	(524)	(2,561)	(1,337)	**(285)**
Other expenses	(278)	(1,090)	(1,103)	(2,136)	**(5,003)**
Interest income	1,170	1,684	2,492	3,071	**2,634**
Finance costs	(3,294)	(2,263)	(2,583)	(3,930)	**(3,117)**
Share of results of associates	433	947	(874)	2,223	**3,565**
Profit before income tax	64,922	59,362	78,945	99,654	**92,776**
Income tax expense	(15,145)	(15,378)	(18,128)	(14,256)	**(17,584)**
Profit for the year	49,777	43,984	60,817	85,398	**75,192**
Profit for the year attributable to:					
Equity holders of the Company	41,707	35,849	51,446	72,925	**64,625**
Non-controlling interests	8,070	8,135	9,371	12,473	**10,567**
Earnings per share (RMB per share)					
– Basic	2.097	1.803	2.588	3.670	**3.253**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December				
	2019 *RMB million*	2020 *RMB million*	2021 *RMB million* *(restated)*	2022 *RMB million* *(restated)*	**2023** ***RMB million***
Total non-current assets	402,589	390,675	402,148	414,270	**434,461**
Total current assets	160,494	172,229	208,310	211,050	**198,951**
Total assets	563,083	562,904	610,458	625,320	**633,412**
Total current liabilities	95,483	69,493	91,748	98,404	**91,585**
Total non-current liabilities	47,382	63,824	69,681	64,120	**60,176**
Total liabilities	142,865	133,317	161,429	162,524	**151,761**
Net assets	420,218	429,587	449,029	462,796	**481,651**
Total equity attributable to equity holders of the Company	356,077	364,203	379,877	396,983	**411,478**
Non-controlling interests	64,141	65,384	69,152	65,813	**70,173**
Total equity	420,218	429,587	449,029	462,796	**481,651**

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