中国神华
CHINA SHENHUA

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

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 01088)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

- Revenue of the Group in 2023 were RMB343,074 million, representing a decrease of RMB1,459 million or 0.4% over 2022.
- Profit for the year attributable to equity holders of the Company in 2023 was RMB64,625 million, representing a decrease of RMB8,300 million or 11.4% over 2022 as restated.
- Basic earnings per share was RMB3.253.
- The Board recommend the payment of: a final dividend in cash of RMB2.26 per share (tax inclusive) or RMB44,903 million (tax inclusive) for the year of 2023.

The Board of China Shenhua Energy Company Limited (the "**Company**" or "**China Shenhua**") presented the annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2023 and reported our performance for the year.

FINANCIAL INFORMATION

Financial information extracted from the audited consolidated financial statements for the year ended 31 December 2023 prepared in accordance with International Financial Reporting Standards ("**IFRSs**"):

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2023

		Year ended 31 December	
	Notes	**2023**	2022 (Restated)
		RMB million	*RMB million*
Revenue			
Goods and services	*4*	**343,074**	344,533
Cost of sales	*6*	**(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	*9*	**(3,583)**	(3,184)
Other income		**1,272**	1,100
Loss allowances, net of reversal	*9*	**(285)**	(1,337)
Other expenses		**(5,003)**	(2,136)
Interest income	*7*	**2,634**	3,071
Finance costs	*7*	**(3,117)**	(3,930)
Share of results of associates		**3,565**	2,223
Profit before income tax		**92,776**	99,654
Income tax expense	*8*	**(17,584)**	(14,256)
Profit for the year	*9*	**75,192**	85,398

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

for the year ended 31 December 2023

	Notes	**Year ended 31 December**	
		2023	2022 (Restated)
		RMB million	*RMB million*
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
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)	*11*	**3.253**	3.670

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2023

	Notes	31 December 2023	31 December 2022 (Restated)
		RMB million	*RMB million*
Non-current assets			
Property, plant and equipment		**290,839**	274,103
Construction in progress		**18,955**	20,843
Exploration and evaluation assets		**5,519**	5,218
Intangible assets		**4,662**	4,059
Right-of-use assets		**23,994**	24,023
Interests in associates		**55,635**	49,714
Equity instruments at fair value through other comprehensive income		**2,486**	2,386
Other non-current assets		**27,070**	28,905
Deferred tax assets		**5,301**	5,019
Total non-current assets		**434,461**	414,270
Current assets			
Inventories		**12,846**	12,096
Accounts and bills receivables	*12*	**19,858**	12,100
Financial assets at fair value through other comprehensive income		**254**	502
Prepaid expenses and other current assets		**16,007**	15,849
Restricted bank deposits		**7,298**	6,357
Time deposits with original maturity over three months		**34,514**	32,688
Cash and cash equivalents		**108,174**	131,458
Total current assets		**198,951**	211,050

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
at 31 December 2023

	Notes	**31 December 2023**	31 December 2022 *(Restated)*
		RMB million	*RMB million*
Current liabilities			
Borrowings		**4,622**	12,630
Accounts and bills payables	*13*	**38,901**	38,972
Accrued expenses and other payables		**30,613**	34,724
Current portion of lease liabilities		**300**	297
Current portion of long-term liabilities		**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
Non-current liabilities			
Borrowings		**29,636**	38,438
Bonds		**2,972**	3,453
Long-term liabilities		**15,125**	10,613
Accrued reclamation obligations		**8,780**	9,005
Deferred tax liabilities		**1,137**	1,166
Lease liabilities		**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		**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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2023

	Equity attributable to equity holders of the Company									
	Share capital *RMB million*	Share premium *RMB million*	Capital reserve *RMB million*	Exchange reserve *RMB million*	Statutory reserves *RMB million*	Other reserves *RMB million*	Retained earnings *RMB million*	Total *RMB million*	Non-controlling interests *RMB million*	Total equity *RMB million*
At 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 10)	–	–	–	–	–	–	(50,665)	(50,665)	–	(50,665)
Appropriation of maintenance and production funds	–	–	–	–	9,620	–	(9,620)	–	–	–
Utilisation of maintenance and production funds	–	–	–	–	(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
for the year ended 31 December 2022

	Equity attributable to equity holders of the Company									
	Share capital *RMB million*	Share premium *RMB million*	Capital reserve *RMB million*	Exchange reserve *RMB million*	Statutory reserves *RMB million*	Other reserves *RMB million*	Retained earnings *RMB million*	Total *RMB million*	Non-controlling interests *RMB million*	Total equity *RMB million*
At 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 10)	–	–	–	–	–	–	(50,466)	(50,466)	–	(50,466)
Appropriation of maintenance and production funds	–	–	–	–	6,006	–	(6,006)	–	–	–
Utilisation of maintenance and production funds	–	–	–	–	(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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

	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 9)*	**20,851**	20,626
Depreciation of right-of-use assets *(Note 9)*	**834**	849
Amortisation of intangible assets *(Note 9)*	**413**	486
Amortisation of long-term deferred expenses *(Note 9)*	**2,781**	1,287
Losses/(gains) on disposal of property, plant and equipment, intangible assets and non-current assets *(Note 9)*	**71**	(188)
Gains on disposal of subsidiaries and associates *(Note 9)*	**(179)**	–
Impairment losses on property, plant and equipment *(Note 9)*	**2,782**	2,151
Impairment losses on construction in progress *(Note 9)*	**52**	86
Impairment losses on intangible assets *(Note 9)*	**3**	348
Impairment losses on right-of-use assets *(Note 9)*	**136**	201
Impairment losses on goodwill *(Note 9)*	**30**	56
Reversal of allowance for prepaid expenses *(Note 9)*	**–**	(6)
Impairment losses on other non-current assets *(Note 9)*	**–**	47
Write-down of inventories *(Note 9)*	**688**	489

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

for the year ended 31 December 2023

	Year ended 31 December	
	2023	2022
	RMB million	*RMB million*
Operating activities (continued)		
Interest income (Note 7)	**(2,634)**	(3,071)
Share of results of associates	**(3,565)**	(2,223)
Loss allowances, net of reversal (Note 9)	**285**	1,337
Interest expenses	**2,989**	3,338
Exchange loss, net (Note 7)	**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

	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)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
for the year ended 31 December 2023

	Year ended 31 December	
	2023	2022
	RMB million	*RMB million*
Financing activities		
Capital element of lease rentals paid	**(142)**	(238)
Interest element of lease rentals paid	**(25)**	(43)
Interest paid	**(2,454)**	(2,925)
Proceeds from borrowings	**12,926**	27,653
Repayments of borrowings	**(29,628)**	(36,424)
Redemption of bonds	**(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	**(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

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.

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.

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.

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

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.

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 the 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.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which have been measured at fair value at the end of each reporting period.

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.

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.

4. 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

4. REVENUE FROM GOODS AND SERVICES (CONTINUED)

Disaggregation of revenue of business lines and geographical location of customers is as follows: (Continued)

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	*RMB*	***RMB***	*RMB*	***RMB***	*RMB*	***RMB***	*RMB*	***RMB***	*RMB*	***RMB***	*RMB*	***RMB***	*RMB*	***RMB***	*RMB*
	million	*million*	***million***	*million*	***million***	*million*	***million***	*million*	***million***	*million*	***million***	*million*	***million***	*million*	***million***	*million*
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
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).

4. REVENUE FROM GOODS AND SERVICES (CONTINUED)

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	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*
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

4. REVENUE FROM GOODS AND SERVICES (CONTINUED)

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.

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.

5. SEGMENT AND OTHER INFORMATION

(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.

5. SEGMENT AND OTHER INFORMATION (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

5. SEGMENT AND OTHER INFORMATION (CONTINUED)

(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

5. 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).

5. 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

6. 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

7. 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 fair value through profit and loss	**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.

8. 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

8. 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 HKD2,000,000 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%.

9. 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	**20,861**	20,632
Depreciation of right-of-use assets	**854**	910
Amortisation of intangible assets	**413**	486
Amortisation of long-term deferred expenses	**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	**(6)**	(55)
– Other receivables and other loans	**291**	1,392
	285	1,337

9. 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	**2,782**	2,151
– impairment losses on construction in progress	**52**	86
– impairment losses on intangible assets	**3**	348
– impairment losses on right-of-use assets	**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

Note:

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).

10. 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.

11. 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 stated) 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.

12. 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 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

13. ACCOUNTS AND BILLS PAYABLES

The following is an aging 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

14. 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 10.

BOARD'S STATEMENT

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 realized 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 technology 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.

MANAGEMENT DISCUSSION AND ANALYSIS

I. OVERVIEW OF THE COMPANY'S OPERATING RESULTS

Operation Data

	Unit	**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 selfowned railway	billion tonne km	**309.4**	297.6	4.0
Loading volume at Huanghua Port	million tonnes	**209.5**	205.2	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

Financial Indicators

	Unit	**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)

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

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

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

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

Power plants/Power type	Power grid	Location	Gross power generation	Total power output dispatch	Average utilization hours	Standard coal consumption for power outpour dispatch	Power tariff	Total installed capacity as at 31 December 2022	Increase in installed capacity for 2023	Total installed capacity as at 31 December 2023	Equity installed capacity as at 31 December 2023
			100 million kWh	*100 million kWh*	*hours*	*g/kWh*	*RMB/MWh*	*MW*	*MW*	*MW*	*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**

Power plants/Power type	Power grid	Location	Gross power generation	Total power output dispatch	Average utilization hours	Standard coal consumption for power outpour dispatch	Power tariff	Total installed capacity as at 31 December 2022	Increase in installed capacity for 2023	Total installed capacity as at 31 December 2023	Equity installed capacity as at 31 December 2023
			100 million kWh	*100 million kWh*	*hours*	*g/kWh*	*RMB/MWh*	*MW*	*MW*	*MW*	*MW*
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

Coal Resources Reserve

Mines	Coal resources (under PRC standard)			Recoverable reserve (under PRC standard)			Marketable reserve (under JORC standard)		
	As at 31 December 2023	As at 31 December 2022	Change	**As at 31 December 2023**	As at 31 December 2022	Change	**As at 31 December 2023**	As at 31 December 2022	Change
	100 million tonnes	*100 million tonnes*	*%*	***100 million tonnes***	*100 million tonnes*	*%*	***100 million tonnes***	*100 million tonnes*	*%*
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)

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

II. SUMMARY OF OPERATIONS IN 2023

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%	/

III. 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
Credit impairment losses	**(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)

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 increase 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 costs, 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.

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) 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 RMB112,933 million, accounting for 32.9% of the total revenue of the Group. The largest customer of the Group was China Energy (the controlling shareholder of the Company) and its subsidiaries. The Group mainly sells coal products and provides coal transportation service to China Energy 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.

(6) 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) Credit impairment losses 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 the 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
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

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
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 announcement, the mining license for Xinjie Mine No. 1 and Mine No. 2 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

	2023			2022			Change	
Types of sources of coal	**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*	*%*	*%*
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 Sales volume Million tonnes	2023 Percentage to total sales volume %	2023 Price (exclusive of tax) RMB/tonne	2022 Sales volume Million tonnes	2022 Percentage to total sales volume %	2022 Price (exclusive of tax) RMB/tonne	Change Sales volume %	Change Price (exclusive of tax) %
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 Sales volume Million tonnes	2023 Percentage to total sales volume %	2023 Price (exclusive of tax) RMB/tonne	2022 Sales volume Million tonnes	2022 Percentage to total sales volume %	2022 Price (exclusive of tax) RMB/tonne	Change Sales volume %	Change Price (exclusive of tax) %
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 Million tonnes	2023 Percentage to total sales volume %	2023 Price (exclusive of tax) RMB/tonne	2022 Sales volume Million tonnes	2022 Percentage to total sales volume %	2022 Price (exclusive of tax) RMB/tonne	Change Sales volume %	Change Price (exclusive of tax) %
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 point	
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

Regions	**2023** **Sales revenue** ***RMB million***	**Sales costs** ***RMB million***	**Gross profit** ***RMB million***	**Gross profit margin** ***%***	2022 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***	**Sales cost** ***RMB million***	**Gross profit** ***RMB million***	**Gross profit margin** ***%***	2022 Sales revenue *RMB million*	Sales cost *RMB million*	Gross profit *RMB million*	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	–

(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.

1 Source: China Electricity Council

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

(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, 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 realized 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 progressing in an orderly manner.

(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 will be used to offset DITD's accounts receivable from *ST Botian. DITD will classify the Transferred Shares as "Financial assets held for trading" and recognize an initial cost of RMB45,880.80. As at the end of the Reporting Period, DITD recognized a loss from fair value change of RMB-20,974.08 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) Major Subsidiaries

Unit: RMB million

No.	Company	Registered capital (As at 31 December 2023)	Total assets (As at 31 December 2023)	Net assets (As at 31 December 2023)	Net profit attributable to the equity holders of the parent company: 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.

(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

The Group attaches great emphasis on good relationships with stakeholders such as customers, suppliers and other business partners to achieve its long-term goals.

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.

IV. 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; the 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

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 adheres 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 recognized assets and liabilities that are denominated in foreign currencies. The major foreign currencies are US dollars, Indonesian rupees etc. 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.

PROFIT DISTRIBUTION PLAN

(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 China Securities Regulatory Commission ("**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
Whether the criteria and percentage of dividends are clear and unambiguous	Yes
Whether the relevant decision procedures and mechanism are complete	Yes
Whether independent directors have performed their duties and responsibilities and played their full role	Yes
Whether small and medium shareholders have adequate opportunities to express the opinions and concerns, and whether their legitimate rights are fully protected	Yes

(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.**

CORPORATE GOVERNANCE

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

The Board is responsible for implementing good corporate governance of the Company. The Company has been in compliance with the requirements of corporate governance policies under the corporate governance code 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.

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 authorized 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 recognized 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 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 Proposal on 2022 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.

Convening date	Meeting content	Key opinions and suggestions
25 April 2023	To consider 12 proposals including the Proposal on the 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.
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.

Convening date	Meeting content	Key opinions and suggestions
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 of 15 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 authorized 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.

OTHERS

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.

THE SCOPE OF WORK OF KPMG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated financial statement of changes in equity, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

ANNUAL REPORT

The 2023 annual report will be published on the website of the HKEx in due course.

The 2023 annual report, which contains consolidated financial statements for the year ended 31 December 2023, with an unqualified auditors' report, will be made available on the Company's website at www.csec.com.

DEFINITIONS

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 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.
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.
Baotou Coal Chemical	China Energy Baotou Coal Chemical 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
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.
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
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
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

By order of the board
China Shenhua Energy Company Limited
Song Jinggang
Chief Financial Officer and Secretary to the Board

Beijing, 22 March 2024

As at the date of this announcement, the Board comprises the following: Mr. Lv Zhiren and Mr. Xu Mingjun as executive directors, Mr. Jia Jinzhong and Mr. Yang Rongming as non-executive directors, Dr. Yuen Kwok Keung, Dr. Bai Chong-En and Dr. Chen Hanwen as independent non-executive directors, and Ms. Liu Xiaolei as employee director.