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

Sustainable Development for Green Energy

2010 CSR REPORT

Our Philosophy of Social Responsibility

Corporate Value:

Pursuing harmony, virtuous cordiality, innovation and changes

Corporate Mission:

Providing green energy for the development of the whole society

Corporate Vision:

Building the Company into a world first class coal-based energy enterprise with global competitiveness

Corporate spirit:

Plain living and hard struggle, pragmatic expansion and excellent seeking

Coal will remain its leading position in long run as the major component in the energy composition in China. As the largest coal-based listed energy company in China, the operation of China Shenhua will directly or indirectly affect the operations of other enterprises, the life of the public, environmental changes and social development. For years, China Shenhua has been insisting in balancing its business development and the performance of social responsibilities. To strive to become a "five-model enterprise", China Shenhua endeavors to coordinate the relationship with all interested parties and achieve a harmonious development of the enterprise, society and environment. The philosophy of corporate social responsibility adopted by China Shenhua is "Contribution with Energy, Scientific Development and Mutual Success in Harmony".

"Contribution with Energy" reflects the corporate mission and vision of China Shenhua, namely, to develop green energy for the social development and to build the Company into a world first class coal-based energy enterprise with global competitiveness, which lays a foundation for China Shenhua to perform its corporate social responsibilities.

"Scientific Development" is a guiding principle for the corporate development of China Shenhua. China Shenhua has in-depth studies in the value of scientific development and put it into practice, solidly performed the social responsibility and obligations of large enterprise, and played the role of key enterprise by safeguarding energy supply, maintaining the market stability and supporting the economic development in places where China Shenhua operates. It has also actively strived for a safe, green and sustainable development.

"Mutual Success in Harmony" is not only what China Shenhua regards as the relationship between the Company and its interested parties, but also a primary objective of China Shenhua to perform its social responsibilities. China Shenhua is looking forward to establishing a harmonious and mutually beneficial relationship with the interested parties such as its shareholders, customers, staff, suppliers, creditors, the community and regulatory authorities and achieving mutual development.

Adhering to its corporate spirit of plain living and hard struggle, pragmatic expansion and excellent seeking, China Shenhua is active in solidly implementing its strategies of social responsibilities.

Social Responsibility Management Structure of the Company

Five-model enterprise

Intrinsic safety

Upholding the "people-oriented" principle with safety production as the basic requirement, the "Four Persistence and Strengthening" as the cornerstone, fostering of safety culture as the carrier and preventive risk management as the means, safety will be placed in the top priority in every aspect ranging from site development arguments, design, construction to production and business management in pursuit of the unification of people, machines, materials, environment and management, hence achieving safety development.

Technological innovation

Aiming at the realization of independent innovation, two fundamental aspects namely technological and market development will be captured; efforts will be put in enhancing original innovation; new capabilities will be recreated on integrated innovation and absorption; transformation of technological achievements into actual productivity will be accelerated and the protection of intellectual property will be strengthened, driving for continuous improvement of the core competitiveness of the enterprise.

Quality and efficiency

Aiming at the alteration of the format of economic growth with the adjustment of product and industrial structure plus intensive production, intensive management and scientific management as the means, the path of connotative development will be persistently followed for the coordination and unification of development pace, development quality, structure and efficiency of the enterprise, hence driving the enterprise to grow rapidly and soundly.

Resource reservation

Aiming primarily at the continuous improvement of the recovery rate of coal resources and the rate of resource utilization as well as the promotion of the reduction in energy consumption, efforts will be made to build the Group into an economic system of great circulation integrating coal, power, railway, port and freight operations with coal as the foundation and power as the lead while complementing with the extension of industrial chain and the comprehensive utilization of waste resources, hence pushing forward sustainable and healthy development of the enterprise.

Harmonious development

Aiming at the comprehensive construction of a harmonious and relaxed environment for development, each relationship will be properly handled with efforts focused on the promotion of harmony in terms of industry, internal organization, corporate culture and the relationship between the enterprise and locality, achieving coordinated development.

Social Responsibility Management Structure of the Company

China Shenhua progressively establishes a healthy management structure for its corporate social responsibilities. The Company's board of directors and the strategic committee, audit committee, remuneration committee and safety, health and environment committee under the board are responsible for determining and managing the Company's social responsibility strategies. The general office of the Company has created a managerial position for social responsibilities, which is responsible for day-to-day administrative work in relation to the social responsibilities of the Company.

The headquarter of the Company has established the Safety Supervision Bureau, and each subsidiary, branch and production unit have set up a special body in relation to the safety management function at each level of the Company, responsible for the implementation of the hierarchical and vertical management model in accordance with the principle of "The headquarter supervises, the production units undertake, and all staff participate in". In 2010, the Company's headquarter has also established a environmental protection department, specialized in the management of energy conservation, emission reduction and environmental protection, while each subsidiary and branch have set up respective energy-saving and emission-reduction offices which are special standing bodies. Meanwhile, the Company has a designated management staff and personnel to the relevant departments of the headquarter and each subsidiary and branch to perform the social responsibilities affairs, including remuneration and benefits, occupational health, technological innovation and employees' interests.

The investor relations department of the Company is responsible for the information disclosure relating to the corporate social responsibilities and replying to inquiries from stakeholders such as investors and regulatory bodies in relation to the performance of corporate social responsibility.

Since 2007, the Company has implemented a corporate annual business evaluation system with a view to developing into a "five-model enterprise". By turning a number of tasks of the enterprise in regard to production, management and social responsibilities into indicators and targets, layers have been disintegrated into primary units and individuals, hence ensuring the implementation of the relevant work of corporate social responsibilities. In 2010, the Company clarified the annual appraisal by way of a performance appraisal responsibility letter in accordance with the "Measures of developing into a "five-model enterprise" assessment cum annual performance appraisal", as signed by the President of the Company and the subsidiary alongside the formulation of corresponding incentive measures, in an attempt to propel effective implementation of the targets of becoming a "five-model enterprise".

Company Profile

China Shenhua Energy Company Limited is a listed company of H shares and A shares controlled by Shenhua Group Corporation Limited ("Shenhua Group"). The Company is primarily engaged in the production and sales of coal and power, railway, port and fleet transportation of coal.

China Shenhua is the largest listed coal supplier and seller. The Company's coal business has become a role model in China in terms of scale, efficiency and safety production mode. The Company owns a large-scale integrated rail, port and marine fleet transportation network, and operates five rail routes including Baoshen, Shenshuo, Shuohuang, Dazhun and Huangwan, two ports namely Huanghua Port and Shenhua Tianjin Coal Dock and a fleet of Shenhua Shipping Company. Among which Shenshuo-Shuohuang Railway is the second largest rail route for coal transportation from West China to East China. This network provides the Company with tremendous synergy and the advantage of low transportation costs. China Shenhua also owns the large-scale, highly efficient and rapidly expanding power generation operations, which is complementary to the Company's coal operation to achieve a synergetic development.

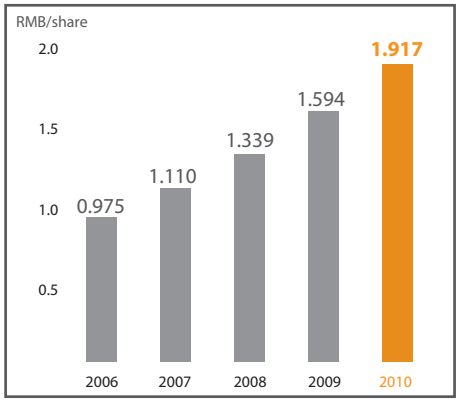
The Board recommends payment of a final dividend for 2010 in the amount of RMB **0.75** per share (tax included).

Profit attributable to equity shareholders of the Company for the year RMB **38,132** million. Dividend yield reaches 39.1%.

In 2010, the Company's revenue for the year amounted to RMB **152,063** million

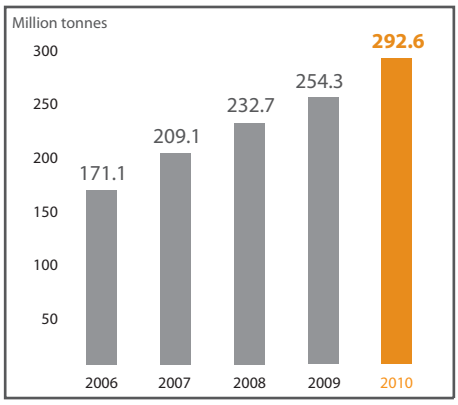
The Company's domestic seaborne coal sales volume amounted to **159.6** million tonnes

Earnings Per Share Note



Note: Earnings per share are restated figures.

Coal Sales



The sales volume of commercial coal of the Company amounted to **292.6** million tonnes, representing a year-on-year growth of 15.1%

In 2010, the national coal transhipment volume for domestic sales through domestic ports was **556** million tonnes, from which it was estimated that the market share of China Shenhua in the coastal coal markets was approximately

28.7%

The fatality rate per million tonnes of raw coal production was

0.0123

The gross power generation of the Company sustained a growth, amounting to **141.15** billion kwh, representing a year-on-year growth of 34.3% For the Company's power segment, the total installed capacity of coal-fired generators amounted to 26,637MW.

Contents

IMPORTANT NOTICE

The board of directors of the Company together with all directors guarantee that the information contained in this report does not contain any false statements, misleading representations or material omissions, and all of them jointly and severally accept responsibility as to the truthfulness, accuracy and completeness of the content of this report.

ABOUT THIS REPORT

The Social Responsibility Report for 2010 is the fourth annual social responsibility report issued by China Shenhua Energy Company Limited ("China Shenhua" or the "Company"). This report mainly discloses information on the work of the Company in aspects of scientific development, corporate governance, operation in good faith, safety production, employees' interests, environmental protection, energy conservation and emission reduction, technological innovation and public welfare in order to enhance the understanding and relationship between the Company and its stakeholders.

This report is prepared in accordance with the disclosure recommendations of the "Notice on Strengthening Listed Companies Undertaking of Social Responsibilities and Issuance of 'Guidelines on Environmental Information Disclosure by Companies Listed on the Shanghai Stock Exchange'", "Guidelines on Environmental Information Disclosure by Companies Listed on the Shanghai Stock Exchange" and the Appendix 2: "Guidelines on Preparation of 'Corporate Report on Performance of Social Responsibilities'" of the "Memorandum No. 1 on 2009 Annual Report for Listed Companies: Preparation and review of internal control report and social responsibility report" issued by the Shanghai Stock Exchange (Appendix II) and with reference to such documents as the "Guideline on Fulfilling Social Responsibility by Central Enterprises" issued by State-owned Assets Supervision and Administration Commission of the PRC, "Guideline on Social Responsibility of Industrial Enterprises and Industrial Associations in the PRC" issued by China Federation of Industrial Economics and the "G3 Sustainable Development Reporting Guidelines" of Global Reporting Initiative.

On the basis of the annual social responsibility reports for 2007, 2008 and 2009 issued by the Company, this report further incorporates more information on social responsibility related business indicators, data and case studies reflecting the operation of the Company and features of the industry, aiming to demonstrate the continuous efforts made by China Shenhua on the work of social responsibility in a comprehensive and in-depth manner in the reporting period.

Save as otherwise specifically stated, this report mainly describes the economic, environmental and social work activities in, among others, the coal mining, power generation, railway and port operations operated and managed by China Shenhua for the period from 1 January 2010 to 31 December 2010, while at the same time providing a brief review of the relevant activities in the past. Unless otherwise indicated, the financial information contained in this report is denominated in Renminbi (RMB).

Due to restrictions imposed by various objective conditions, this report may not be satisfactory. The Company will continue to improve and perfect the content and form of disclosure of this report, and will update the social responsibility report once a year.

This report has been independently verified by KPMG Huazhen based on the disclosure recommendation of the relevant guidelines issued by the Shanghai Stock Exchange (Appendix III).

We have taken into consideration the interests and requirements of different stakeholders as much as possible in the compilation of this report, and we strive to make it plain, clear and easy to read. You are welcome to express your opinions and suggestions by filling in and returning the Feedback Sheet attached or in any other means.

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

Asset Distribution **Diagram**/資產分佈

煤礦 Coal Mine

1. 神東礦區 Shendong Mines
2. 准格爾礦區 Zhunge' er Mines
3. 勝利礦區 Shengli Mines
4. 澳大利亞沃特馬克煤礦項目 Australia Watermark Coal Project
5. 神寶煤礦 Shenbao Mines
6. 包頭礦業 Baotou Mines
7. 柴家溝礦業 Chaijiagou Mine
8. 新街台格廟勘查區（權證申請中） Xinjie Taigemiao Exploration Area (Mining licences and permits application in progress)

電廠 Power

9. 黃驊電力 Huanghua Power
10. 盤山電力 Panshan Power
11. 三河電力 Sanhe Power
12. 國華准格爾 Guohua Zhunge'er
13. 北京熱電 Beijing Thermal
14. 准能電力 Zhunge'er Power
15. 綏中電力 Suizhong Power
16. 寧海電力 Ninghai Power
17. 錦界能源 Jinjie Energy
18. 神木電力 Shenmu Power
19. 定洲電力 Dingzhou Power
20. 惠州熱電 Huizhou Thermal
21. 台山電力 Taishan Power
22. 神東電力 Shendong Power
23. 呼電電力 Hudian Power
24. 印度尼西亞南蘇煤電項目 PT.GH EMM Indonesia Project
25. 珠海風能 Zhuhai Wind Energy
26. 余姚電力 Yuyao Power

鐵路 Railway

27. 包神鐵路 Baoshen Railway
28. 神朔鐵路 Shenshuo Railway
29. 朔黃鐵路 Shuohuang Railway
30. 大准鐵路 Dazhun Railway
31. 黃萬鐵路 Huangwan Railway
32. 巴准鐵路（在建） Bazhun Railway (under construction)
33. 准池鐵路（在建） Zhunchi Railway (under construction)
34. 甘泉鐵路（在建） Ganquan Railway (under construction)

港口 Port

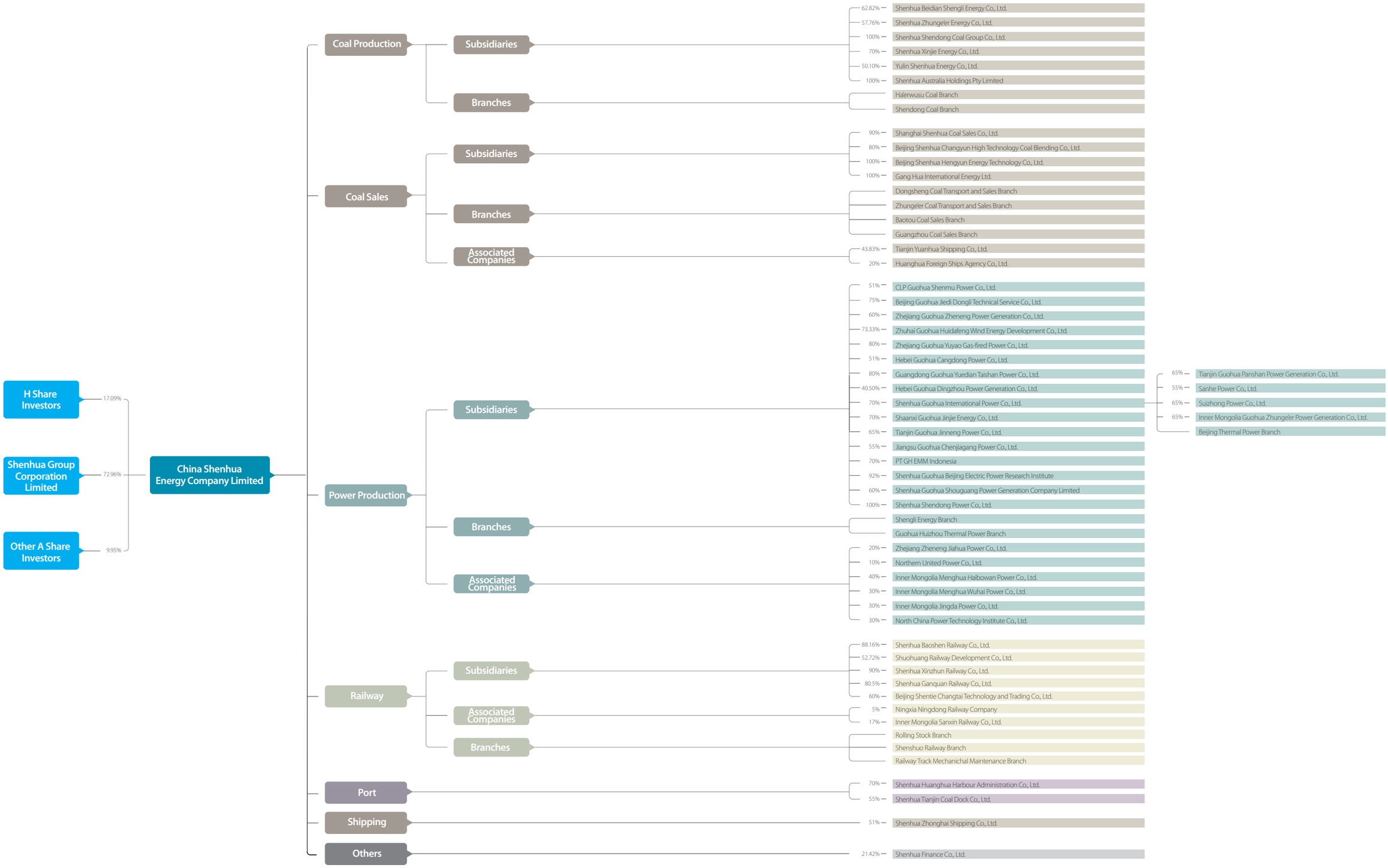
35. 黃驊港 Huanghua Port
36. 神華天津煤碼頭 Shenhua Tianjin Coal Dock

航運 Shipping

37. 神華航運 Shenhua Shipping

註： 於2011年3月25日之分佈圖，僅做示意。
Note: This map as at 25 March 2011 is for illustrative purpose only.

Group Structure



Note: 1. The Group structure of China Shenhua (including major branches and subsidiaries) as at 31 December 2010 is for illustrative purpose only.

2. Except otherwise indicated, the relevant data in this report does not include the data of Shenhua Shipping Company.

Chairman's Statement

ZHANG Xiwu
Chairman

Dear Friends,

In 2010, the board of directors of China Shenhua performed its duties in circumspective manner, leading all the staff of the Company to achieve new record in various operations adhering to the value of scientific development with an aim to enhance the safety, scale and synergy of production, development of a "five-model enterprise" to improve its management and enhance the level of informationisation and strengthen the fundamental management, production and market sales.

With our endeavors to make profits for the shareholders and achieve objectives of entrepreneurial development, we have borne in mind our corporate social responsibility by adhering to scientific development, in an attempt to coordinate and balance the interests of various related parties such as our shareholders, customers, employees, suppliers, creditors, community and regulatory authorities, and voluntarily incorporate social responsibilities into the corporate strategies, culture, production and operation activities. We strive to achieve organic integration of economy, environment and social responsibilities, and become a highly responsible corporate citizen.

The Company adhered to safety development and is committed to building an enterprise of "intrinsic safety". In 2010, the Company enhanced safety awareness and strengthened skill trainings, increased the investment in safety production, carried out measures of technology security to enhance its safety production. As a result, the fatality rate per million tonnes of raw coal production was 0.0123 in the whole year, which was much better than the average fatality rate of domestic coal mines and continued to maintain a leading international standard. The operations of transportation and power generation continued to maintain positive records in safety operation.

The Company upholds the principle of "people-oriented" and "the talents lay the cornerstone for the success of the Company" in order to develop a solid platform for employees' development. In 2010, China Shenhua enhanced its efforts in attracting more talents by carrying out an open recruitment, establishing and improving a career development system comprising three teams of staff in the spectrum of operation management, expertise and technical operation, which broaden the career growth path for the employees. The Company adhered to the philosophy of "training is the greatest benefits and career development is the best incentive" and strengthened the trainings and education of employees. The number of participants for various kinds of training in 2010 was 490,000 person-time.

"Working for low-carbon development while the Company belongs to the high-carbon industry" is the development principle of the Company. It endeavours to seek for the Company's and the society's long-term sustainable development. In 2010, the Company strived to become an "energy-conservation" and "environmentally friendly" enterprise and focused on establishing green mines and environmental friendly power plants. Through continuous promotion of energy conservation, emission reduction and environment protection, the Company strives to achieve the coordinated development of the economy and environment. The Company concentrated on the evaluation of environmental impact of construction projects and the administration work of "Three-Simultaneity" and strengthened the standardization of the Company's energy conservation and emission reduction statistics and assessment. The Company also established a series of key projects on energy conservation and emission reduction and successfully accomplished the energy conservation and emissions reduction target levels set under the "Eleventh Five-Year Plan".

The Company enhances its core competitiveness continously by strengthening its capability of technological innovation. In 2010, the Company invested RMB1.92 billion in technological innovation, representing a year-on-year increase of 30.6% and achieving an investment growth of more than 20% on technological innovation for three consecutive years. In 2010, the Company reinforced the domestic manufacture and technological reform of key production facilities and promoted the application and innovation of advanced technologies. The R&D and application of new equipment, such as the 7-meter high mining hydraulic supporters of Shendong Coal, mining trucks on thin coal seam, command vehicles for preventing explosions on thin coal seam, Wireless WiMAX Broadband Technology in the mobile communication of Shuohuang Railway, and new technologies enhanced the technological level and the economic efficiency of the Company.

The Company adheres to operation in good faith and is committed to public welfare. We are committed to achieving a win-win result with our relevant interested parties. In 2010, through continuous improvement on corporate governance and internal control, we won the "Corporate Governance Awards – Annual Board of Directors Award of Listed Company" granted by the Shanghai Stock Exchange for two consecutive years. As the Company continued to strengthen the information disclosure system, establish the workflow, and actively carry out positive, interactive, professional and standardized work of investor relations, we were awarded "The 2010 Best Corporate Governance Disclosure of the H Shares Class – Diamond Award" by the Hong Kong Institute of Certified Public Accountants in 2010. With the principles of equality, mutual benefits and win-win result, the Company holds its commitments to the relevant interested parties including customers and suppliers, and strives to promote a harmonious development of the Company and the relevant interested parties. The Company develops the value of "contribute to the society and reward the people", and is committed to public welfare, with its annual external donations amounted to RMB486.4 million. The Company also performed the important responsibilities of actively maintaining energy safety at national level, safeguarding the steady supply of energy, as well as contributing to the coal and power supply for Shanghai World Expo, Guangzhou Asian Games and Asian Para Games.

Looking forward, China Shenhua aims to become a world first class coal-based energy enterprise with global competitiveness and will take up significant responsibility in the new socio-economic development in the "Twelfth Five-year Plan" by thoroughly performing the social responsibility and obligations of a stated-owned energy enterprise, playing the role of safeguarding the supply of energy, stabilizing the market and supporting the economic development of enterprises in the regions where they operate. We will also improve the intrinsic safety systems by extending the concept of safety operation to every aspect of the Company. Moreover, we will implement the energy conservation and environmental protection policies of the PRC by continuously increasing the utilization efficiency of resources, reducing pollutants discharge and enhancing the enterprise's protection and treatment of the ecological environment, exploring and implementing the new efforts in the mode of technological innovation which carries the characteristics of Shenhua, enabling the independent innovation to drive the growth of Shenhua. We are striving to accomplish safe, green and sustainable development by accommodation of the trend of scientific development, adhering to the concept of Mutual Success in Harmony and changing the way of economic development.

Zhang Xiwu
Chairman

Beijing, China
25 March 2011

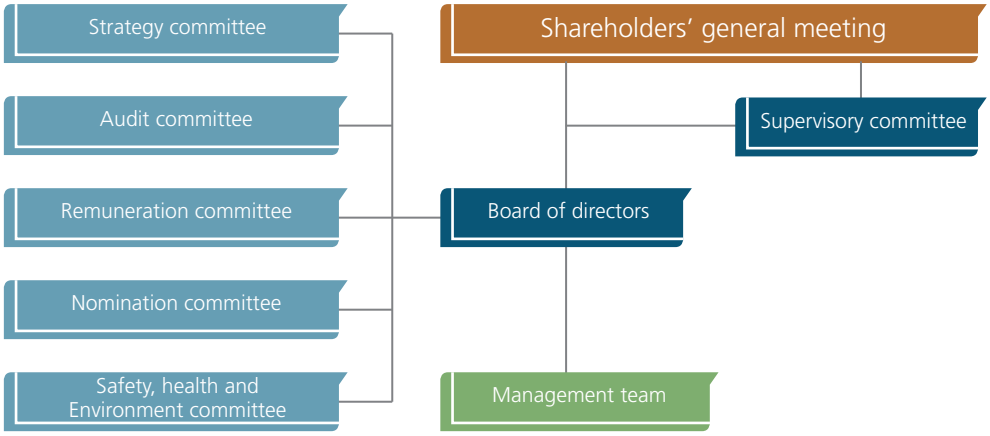
Corporate Governance and Regulated Operation

China Shenhua has asserted the solid philosophy of strict compliance with laws and regulations and is committed to establishing a modern corporate governance structure whereby the general meeting of shareholders, board of directors, supervisory committee and senior management have defined terms of reference, undertake their own responsibilities, execute check and balance and conduct independent operations.

The Company has adhered to the relevant requirements of the regulatory authorities and listing rules to regulate corporate governance. The Company has also formulated a set of rules and procedures for shareholders' general meetings, board of directors, special committees of the board and the supervisory committee; designed the rules on daily work and annual report of the audit committee; and strengthened the Company's strategic decision-making and risk management and control ability. The board of directors has set up the strategy committee, the audit committee, the remuneration committee, the nomination committee, and the safety, health and environment committee to promote the regularized operations of corporate governance.

In 2010, China Shenhua established a scientifically effective system for the decision-making and operation of the board of directors, improved the risk management-oriented internal control system that carries the characteristics of Shenhua, focused on the work on capital market and active information disclosure. We won the "Corporate Governance Awards – Board of Directors Award of Listed Company" granted by the Shanghai Stock Exchange for two consecutive years.

CORPORATE GOVERNANCE STRUCTURE



GENERAL MEETINGS

In accordance with the requirements of the listing rules in the place of listing, the Articles of Association and rules of procedures of shareholders' general meetings, the Company defines procedures of assembly, notification, convening, consideration and approval of proposals, voting and disclosure. Shareholders fully enjoy various rights such as right of information, speaking, inquiry and voting. Shenhua Group as the controlling shareholder of the Company, duly exercises its shareholder's right by participating in the decision-making and the operation of China Shenhua in general meetings and board meetings. To fully safeguard minority shareholders' interests, connected shareholders or connected directors are required to withdraw from voting on any issue relating to the controlling shareholder considered at a general meeting.

Generally, the Company holds the general meeting in Hong Kong or Beijing. The notice of such general meeting shall be given at least 45 days prior to the convening of the meeting with particulars of the meeting being published at the website of the stock exchange in the place of listing in accordance with the listing rules in the place of listing and the requirements of the regulatory authorities. Apart from accepting pre-registration of shareholders' attendance, the Company also actively invites minority shareholders and analysts to attend the meeting. Procedures of the meeting are conducted in strict accordance with the listing rules and the Articles of Association. Sufficient time is given to shareholders for consideration of resolutions proposed and for Q&A session, realizing good communication exchange between the management and shareholders. The scrutineers of the meeting consist of representatives of shareholders, representatives of supervisors and lawyers. The whole process of the meeting shall be attended and witnessed by the PRC and overseas legal advisers of the Company. The resolutions of the meeting shall be disclosed fully and timely in accordance with the requirement of the listing rules of the place of listing.

Following the listing of its H shares in 2005, the Company held three general meetings in Hong Kong, namely the 2005 AGM, 2006 AGM and the first EGM of 2007.

Following the listing of its A shares in 2007, the Company held the 2007 AGM, 2008 AGM and 2009 AGM in Beijing in accordance with the requirements of the listing rules of both the PRC and Hong Kong. At the 2009 AGM held in Beijing on 18 June 2010, shareholders attending in person and by proxy totaled 37, and the number of shares represented by them was 16.34 billion shares, representing 82.1% of the total share capital of the Company, which fairly reflected the will of shareholders.

In addition, the Company held the 2009 first A share class meeting and the 2009 first H share class meeting at which resolutions in relation to the grant of general mandate to the board of directors of the Company to repurchase the A Shares and H Shares of the Company were considered. On 18 June 2010, the Company held the 2010 first A share class meeting and the 2010 first H share class meeting at which resolutions in relation to the grant of general mandate to the board of directors of the Company to repurchase the A Shares and H Shares of the Company were considered.

BOARD OF DIRECTORS AND SPECIAL COMMITTEES OF THE BOARD

The board of directors is elected at the general meeting. Members of the Board have extensive experience in macro economics management, management of coal industry, financial and accounting management and legal affairs management. Each director's knowledge base and area of expertise are professional and complementary, which ensure the scientific decision-making of the Board and the effectiveness of significant decision-making of the Company. The Company has established five special committees under the Board. Prior to the board meeting, the special committees of the Board will consider and review the items in the agenda to enhance the operational efficiency of the Board and provide support for the right decision-making of the Board. The Company has set up the office of each committee and the supporting department under the committee to support the smooth operation of the Board and the special committees of the Board.

On 18 June 2010, the Company elected the second session of the Board in its 2009 AGM. The second session of the Board of the Company comprises 9 directors, of which 3 are executive directors, 3 are non-executive directors and 3 are independent non-executive directors. The Board of the Company commences its work in strict accordance with the requirements set out in the Articles of Associations. In 2010, 15 board meetings were held.

The Company is committed to complying with the relevant laws and regulations, the Articles of Association, and the rules of procedures of board meetings and has put in place the Independent Director System of China Shenhua Energy Company Limited, the System of Decision-making of Related Party Transactions of China Shenhua Energy Company Limited and the Rules on Work of Audit Committee of the Board of China Shenhua Energy Company Limited that further define the terms of reference of independent non-executive directors to protect the independent non-executive directors in the commencement of work, the independence of independent non-executive directors and execute independent function of independent non-executive directors with a view to regulating the operations of the Company and safeguarding the legal interests of minority shareholders.

SUPERVISORY COMMITTEE

The Supervisory Committee of China Shenhua, had, under the principle of integrity, honestly carried out their supervisory duties, protected the interests of shareholders and duly overseen the operations and the financial position of the Company as well as the performance of duties by the directors and senior management of the Company, in accordance with the Company Law of the People's Republic of China and the Articles of Association.

On 18 June 2010, 2 shareholder representative supervisors elected in the Company's 2009 AGM formed the Company's second session of Supervisory Committee with the employee representative supervisor elected by the Company's employees. In 2010, a total of 6 meeting were held in the first and second sessions of the Company's Supervisory Committee. The section only contains a brief description of the Supervisory Committee. Please refer to the relevant sections of the Supervisory Committee's Report in the Company's 2010 Annual Report for more details.

INTERNAL CONTROL

Since its establishment, the Company has placed great emphasis on internal control. It has dedicated in the establishment and improvement of an internal control system and continued to improve its internal control procedures with an aim to increase operation efficiency and reduce operation risks. The Board of the Company has established a leader group and a work group for review and assessment for internal control, and the internal audit department is responsible for the daily work.

In establishing and implementing the internal control system, the Company has mainly considered seven key points, namely target setting, internal environment, risk management, control measures, information and communication, supervision and assessment and management improvement. The Company has established a series of internal control systems and conducts a yearly review in various aspects covering corporate governance, financial management, safety management, sales management, production dispatch, material management, personnel management and subsidiaries (and branches) management.

In 2010, China Shenhua commenced its works on identifying the source of economic risks and gathering case studies in order to establish a database for the Company's risk exposure. It also drafted the "Manual on Risk Management of the Company", "Guidelines on Application of Risk Categorizations of the Company", "Risk Assessment Measures of the Company (trial)" and "Assessment Criteria for Internal Control of the Company" to set up the risk management and internal control systems for the Company.

In addition to establishing an internal control system for risk management, the Board and the senior management of the Company also places importance on the execution and supervision of internal control. After years of exploration and practice, the Company has gradually established a review and assessment system which includes proposal planning, internal control and self-assessment, review and assessment, verification assessment, test assessment, assessment report, breakdown of rectification works and report on problems rectification.

In 2010, the Company carried out the reform of the supervision system by establishing audit centers in Beijing, Ordos and Yinchuan to initially construct a vertical and hierarchical internal audit management system that highlights "1st-tier leadership, second-tier management and third-tier responsibility". The system safeguards the economic safety of the Company and builds a defense line for auditing.

In 2010, the Company commenced 10 specialized inspections on key areas such as audit of finance, safety of coal production, transportation management, power management and establishment of operating bodies. It also reviewed the execution of the major management systems of subsidiaries (and branches) and crucial systems of the headquarter of the Company. At the end of the year, in accordance with the external regulatory requirements and the requirements of internal management system, the Company conducted a comprehensive and systematic review and assessment on the establishment, improvement and execution of internal control system for each department of the headquarter of the Company and each of its subsidiaries and branches. No material defect was found in respect of the planning and execution of internal control. For details of the Company's self-assessment on internal control, please refer to the Company's Self-assessment Report on Corporate Internal Control for 2010.

The connected transactions are crucial to the Company's internal control. The Company has a connected transaction team under the direct leadership of the Chief Financial Officer, which is responsible for the management of connected transactions; and has established a business process which properly delineates the responsibilities of the Company, its subsidiaries and branches in the management of related party transactions. The team has also established routine examinations, reporting systems and accountability system in the subsidiaries and branches of the Company. The Company has also formulated the "Management System for Connected Transactions of China Shenhua Energy Company Limited", "Decision-making System for Connected Transactions of China Shenhua Energy Company Limited" and "Application and Reporting Requirements for Connected Transactions of China Shenhua Energy Company Limited" to regulate and strengthen the management of related party transactions of the Company.

ANTI-CORRUPTION

In accordance with the overall direction of anti-corruption work of "persistence of direction, building up of system and perspectives exploration", the Company seriously implemented "2008-2012 Working Schedule on the Establishment of a Comprehensive System for Punishment and Prevention of Corruption" on the basis of a well-defined terms of reference and put into force the education, system, supervision, punishment and reforms. It also actively established a punishment and anti-corruption system that carries the characteristics of Shenhua and adapts to the corporate governance structure and the requirement for enterprise development, and integrates the internal control system and the enterprise's intrinsic safety system. As the execution body of the disciplinary inspection group of and the disciplinary committee under the Company, the disciplinary inspection and monitoring department of the Company is responsible for organizing and coordinating the anti-corruption and administrative monitoring work of the Company.

The Company strengthened its monitoring and supervision over the units of each level for the implementation of "Certain Provisions of Anti-corruption for the Managerial Staff of State-owned Enterprises" by formulating systems regarding report of duty, anti-corruption commitment, and speech of admonition by managerial staff, setting up of the accountability system of anti-corruption, and adopting the detailed rules of "Regulations on Anti-corruption". In order to build a mega monitoring system, the Company carried out disciplinary inspection, review, audit and delegation of supervisory committee to perform its duties and work closely, and also conducted a review on the accountability system against corruption, specialized examination concerning tendering and bidding, and audit for specialized projects, thereby enhanced the anti-corruption of the Company and facilitated a healthy and harmonious corporate development.

In accordance with Shenhua's anti-corruption direction and requirement, each of the Company's subsidiaries and branches ensured the anti-corruption by taking their respective conditions into consideration and formulating specific measures of implementation in terms of promotion, organization and supervision.

The report only contains brief information on corporate governance. For more details, please refer to the relevant sections of the Company's 2010 Annual Report.

Anti-corruption calligraphy and photo gallery of Shendong Coal

Operation in Good Faith and Mutual Success in Harmony

Mutual success in harmony is the basic objective of China Shenhua's commitment to social responsibility. Operation in good faith is our earnest commitment to each of the relevant interested parties.

The support from all relevant interested parties forms the basis on which China Shenhua survives and develops. Since its establishment, in balancing business development and social responsibilities, China Shenhua has focused on the key management measures to develop into a "five-model enterprise", including "intrinsic safety", "quality and efficiency", "technological innovation", "resource reservation" and "harmonious development", through continuous strengthening of its management, enhancement in information disclosure and investors' relations, and fulfillment of our commitments to all relevant interested parties, such as customers, staff and suppliers. As an enterprise, we actively perform the honoured missions of maintaining energy safety and promoting harmonious and sustainable development of the economy, the society and the environment with an aim to achieve a sound interaction and mutual development with the government and the community. China Shenhua strives to maximize the common interests of the Company and its relevant interested parties, and reward them with its development achievements.

Main Focuses and Communication Means of the Stakeholders

INVESTORS
★ Corporate governance, profitability, dividend policy, information disclosure, investor relations and performance of share price

▲ General meeting, information disclosure, investor hotline and investor mailbox, investors' meeting, road show, reverse roadshow and Company's website

REGULATORY AUTHORITIES
★ Energy safety, employment, taxation, energy conservation and emission reduction, environmental protection, technology innovation, compliance and corporate governance

▲ Participating in the enactment of laws, regulations and policies, attending the relevant meeting, reporting, statistics and statements and filing of information

SUPPLIERS
★ Long-term cooperation, equal negotiations, mutual benefits and win-win situation and localization of equipment

▲ Contracts, agreements, products and services and cooperative development

CUSTOMERS
★ Performance of contracts, production of products, quality assurance, guaranteed services, mutual benefits and win-win situation

▲ Contracts, agreements, customer services and tailor-made development products

INDUSTRIAL PEERS
★ Fair competition, harmonious development

▲ Industrial association and conferences

STAFF
★ Remuneration and benefits, career development, training system, health and safety and employees' interests

▲ Labor contracts, the employee representative committee, labor unions and the office for petitions

CREDITORS
★ Solvency

▲ Contracts and agreements

COMMUNITY
★ Co-development of the Company and local community, public welfare, local employment, safe production, environmental protection, public relations and poverty alleviation

▲ Cooperation and co-development between the Company and local community, public welfare activities, advertising activities and guaranteed employment

★ : Main focuses
▲ : Communication means

INVESTOR RELATIONS

The H shares and A shares of China Shenhua were listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange in June 2005 and October 2007 respectively. As a listed company, the Company strives to provide timely information of the Company to investors and share the achievements of its corporate development with the investors. The Company is concerned about investor relations and therefore established an information disclosure system, whereby information will be disclosed on a timely, accurate and complete basis. China Shenhua has an active, interactive, professional and standardized investor relations program, and has put in place relatively stable dividend policies with high dividend rate.

INFORMATION DISCLOSURE

The Company attaches great importance to information disclosure. In view of the different requirements and practices of the investors and markets of A shares and H shares, the Company discloses its information on a timely, accurate and complete basis in strict accordance with the regulatory requirements of the places of listing.

The Company's annual report, annual social responsibility report, interim report and quarterly reports were issued in 2010 in accordance with relevant regulations. The Company made a clear and detailed disclosure and analysis in its periodic reports in 2010 in respect of information such as its corporate governance structure with focus on the Board of Directors, its operation and financial information, its production and operation plan, and the operation environment faced by the Company. The Company also efficiently managed the expectation of the market by reminding the investors of various risks, which may arise from the Company's operation, and the relevant effects, thereby, periodic reports form the basis on which the Company enables its investors to

The Press Conference for the interim results of 2010

have a correct understanding of the Company's profit model and make correct assessment of the Company's value, and carries out daily investor relations activities. Further, periodic reports, which serve as an important means of the Company to improve the transparency of its corporate governance, encourage improvement of its operation as required by the capital market, convey its corporate culture and establish the corporate image.

Save for the publication of results announcements by the Company in accordance with the listing rules, the Company has issued a total of 140 announcements, among those 30% were voluntary announcements, in Hong Kong and Shanghai in relation to its operation and management, including:

- Monthly disclosure of major operational information to the market, enabling investors to be informed of the production and operating conditions of the Company in a timely manner;
- Announcements on approved projects and commencement of operation of production units relating to railway, ports and power plants according to the progress of the projects conducted in various business segments;
- Subject to the regulatory requirements, the announcements on board of directors' resolutions and resolutions at general meeting, and other occasional announcements on connected transactions.

In addition, in 2010, the Company actively conducted maintenance on its website, practically developing it as an efficient communication channel with each of the relevant interested parties. The Company continued to improve its information disclosure procedures and systems. Based on its established "Information Task Force", the Company further strengthened internal exchanges and mutual learning, upgraded the system and workflow of information collection, enhanced the efficiency in information collection and handling, and further enriched the information of the periodic reports.

China Shenhua was awarded "The Best Annual Corporate Governance Disclosure of the H Shares Class – Diamond Class" by the Hong Kong Institute of Certified Public Accountants in 2010. The Best Annual Corporate Governance Disclosure Award was established by the Hong Kong Institute of Certified Public Accountants. The awarder mainly makes reference to the standards including the quality, timeliness, completeness and compliance to disclosure of the materials. As disclosed by the Hong Kong Institute of Certified Public Accountants, China Shenhua received the award in 2010 because the annual report 2009 of the Company comprehensively disclosed the result of each of the business segments and the production plans in 2010, which are important for the investors to understand the investment value of the Company, and the Company clearly expressed its willingness to continuously improve and enhance the internal control system and investor relations, enabling the investors to understand the effort made by the Company in respect of the investor relations.

INVESTOR RELATIONS ACTIVITIES

In 2010, China Shenhua focused on strengthening its expected management on the capital market, and communicated with investors and analysts in a positive and frank manner through various channels such as results announcement presentation, roadshows, etc.

The Company has met over 1,000 analysts and fund managers in which analysts and fund managers have met in roadshows, investment forums and by company visits and teleconference for more than 300, 400 and 300 respectively.

This report only provides a brief and summarized introduction on the Company's work on investor relations. For details, please refer to the relevant sections in our 2010 annual report.

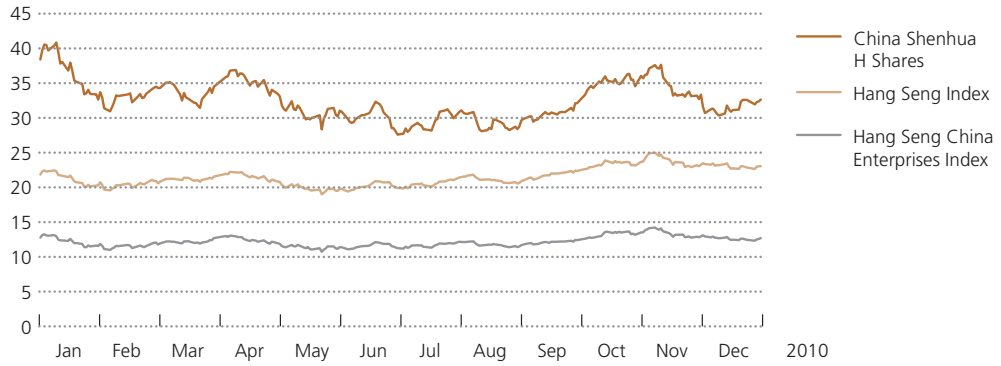
DIVIDEND DISTRIBUTION POLICY

The Company distributes dividends in accordance with the relevant laws and regulations, and the Articles of Association, and adopts a continuous and stable dividend distribution policy. Upon the listing, a total of cash dividend, which was estimated to be RMB69,142 million, had been distributed by the Company from 2005 to 2010, among which the board of directors recommended a final dividend of RMB0.75 per share (tax included) for 2010. Total amount of cash dividends was RMB14,917 million (tax included), representing 39.1% of the earnings per share in accordance with the IFRS.

Dividend year	Distribution time	Amount of cash dividend per share (tax inclusive) *(RMB/share)*	Amount of cash divided (tax inclusive) *(RMB million)*
Final dividend for 2005 (from 15 June 2005 to 31 December 2005)	June 2006	0.125	2,261
Final dividend for 2006	July 2007	0.34	6,150
Special dividend for 2007	November 2007/June 2008	1.13	22,544
Final dividend for 2007 (from 1 July 2008 to 31 December 2008)	June 2008	0.18	3,580
Final dividend for 2008	June 2009	0.46	9,149
Final dividend for 2009	July 2010	0.53	10,541
Final dividend for 2010 (recommended by the Board)	–	0.75	14,917
Total	–	–	69,142

PERFORMANCE OF SHARE PRICES

Graph for prices of H Shares of China Shenhua



Graph for prices of A Shares of China Shenhua

CUSTOMER RELATIONS

The Company is primarily engaged in the production and sale of thermal coal products and the conduct of sizeable power generation operations. Under the mission of "The Customer is God", the Company places great emphasis on its relationship with customers and is committed to implementing the system of "Two Markets with Two Kinds of Resources", enhancing the quality of after-sale services, and establishing a long-term and stable relationship with customers in an effort to drive the win-win cooperation with the customers and enhance the industry position and corporate image.

In 2010, the total sales income from top five customers of the Company amounted to RMB35.88 billion, representing 23.6% of the total operating income of the Company.

COAL SALES

The Company's coal production operations are mainly located in the Inner Mongolia Autonomous Region, Shaanxi Province and Shanxi Province. The coal products are mainly transported to the domestic and overseas markets through the Company's railways and ports, whereas part of the coal is sold at the mine mouths. Domestically, the coal is primarily sold to the coastal areas in the eastern and southern regions. As for exports, the coal is mainly sold to Korea, Japan, China Taiwan. In 2010, the sales volume of China Shenhua's commercial coal amounted to 292.6 million tonnes. Domestic seaborne coal sales volume amounted to 159.6 million tonnes. In 2010, the domestic coal transhipment volume for domestic sales through domestic ports was 556.0 million tonnes, from which it was estimated that the market share of China Shenhua in the coastal seaborne coal market was approximately 28.7%. The coal export volume of the Company was 10.3 million tonnes, accounting for approximately 54.1% of the coal exports in China.

The Company's coal products are generally sold to domestic and overseas coal-fired power plants, metallurgy and chemical companies. In 2010, the Company focused on gaining commercial reputation, establishing a stable cooperative relationship with the customers, entered into a long-term coal supply agreement and actively implemented the grand sales strategies to ensure stable coal supply and achieve a win-win condition with the customers.

By providing better services to the customers and expanding the sales market of Shenhua coal, a sustainable and healthy development of Shenhua would be achieved. China Shenhua will establish a unified sales system, build up the brand image, enhance the sense of servicing and develop an effective supply chain system by informationization on the ground of an integrated model in years ahead. The Company adopts measures such as market categorization, development of product series, broadening of distribution channels, setting up of coal reserve base and securing of energy-related trades, thereby become the coal and energy distributor with the lowest aggregate cost, best products and services, fastest response, highest efficiency, most respectable brand and contributing the most across the nation and the abroad, which is the "Walmart" in the coal and energy industry.

QUALITY OF SERVICES TO COAL CUSTOMERS

The Company constantly improves its customer services and strives to improve customer satisfaction. The Company also improved its service quality and reduced and prevented disputes with its customers by way of the establishment of communication associations which are open to customers, customized product development based on customers' needs and exercise control over coal quality.

Conduct regular customer visits to increase bonding with customers
The coal sales center of the Company arranges for visits with key customers each quarter to listen to their comments and recommendations and help customers solve the coal combustion issues. The customers found our visits satisfactory.

Establish a good relationship with customers through such platform as the "Shenhua coal" laboratory association

The Company has set up the "Shenhua coal" laboratory association comprising regulatory bodies at the port and the place of origin and customers' technicians to identify the problems encountered by customers in using "Shenhua coal" and provide timely and effective support, so as to strengthen the communication and exchange with our customers. In 2010, the Company made efforts in coordination among customers, the port and coal source, ensuring balanced distribution of vessels for customers and balanced loading volumes in ports, enhancing operational efficiency of the ports, paying attention to the safety of coal supply for customers during cold periods and taking solid measures to ensure coal supply for heating. The Company has also speeded up the construction of infrastructure, which includes coal reserve base and coal transit base, so as to provide material and technical support to the sales of coal.

Establish a systematic management and control system to ensure satisfactory coal quality

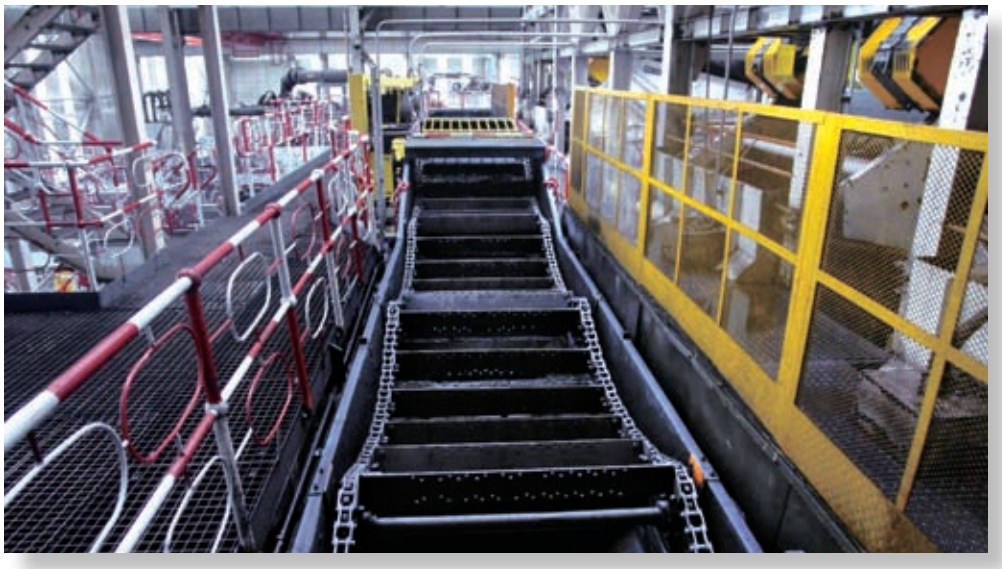
Pursuant to the national and industry standards and requirements of the ISO9001 quality management system, the Company established a regularized, systematic and informationized coal quality control and management system. In 2010, the Company further improved its coal quality management by timely tracking and analyzing the feedback from customers as well as controlling the coal quality at the source, so as to create favorable conditions for sales at the front line. Details of the measures taken are as follows:

- Improve the technology of managing coal quality through increasing and fully utilization of the automatic mining, processing and sampling equipment, timely supervision equipment on coal quality and washing and processing equipment;
- Invite third parties such as the State's Coal Quality Control Center to have site visit to solve the inspection discrepancy between the mining areas and ports;
- Maintain the daily coal quality control journals and give timely feedback to the relevant departments of the Company and relevant units of mining areas so as to share the information;
- Further modify and improve the management of coal bought from third parties and enhance its quality management standard.

Case Study: Six measures of Shendong Coal coal processing center to ensure coal quality

The Shendong Coal coal processing center adopts six measures to maintain the quality of coal processing and washing. The first measure is the debris separating net, which is built at the feed of coal supply machine in the storage silo. It helps to separate large iron fragments in raw coal. The debris separating net can assure the coal quality at the source, while damages to the conveyors can also be reduced. The second measure is to allocate debris and gangue separating workers and install iron-separators to the manual raw coal processing conveyors. It helps to further clear the un-separated iron left in the previous process. The third measure is the debris removal which removes wood, cotton and plastic fragments in coal. The fourth measure is the debris separating net installed on the jigging machine, which can separate finer debris from coal as compared with the debris separating net installed in the first measure. The fifth measure is to allocate debris and gangue separating workers to work on the removal of debris and gangue in the process of fine coal dewatering. The sixth measure is to install a strainer at the feed of the scraper to better remove the debris and cotton and so on. The six measures help improve the coal quality by ensuring a more thorough washing and processing of raw coal.

An example is Daliuta coal selection plant. The heat value of raw coal produced by Daliuta coal mine in November 2010 was approximately 5,570-5,620 kcal/kg, while the heat value of commercial coal was 5,840-5,910 kcal/kg after it was washed and processed by the plant.



Coal processing center of Shendong Coal

SALES OF POWER

The power generation operations of the Company are mainly located in mine mouth and areas along the railway routes and the coast. Its direct customers are power grids where the sales are made to the end users. The Company's power generation operations ensure power supply in a timely and effective manner in accordance with the dispatch of the power grids.

Under the guidance of the principle of "proximity to market, customers and production", the Company's power generation operation has strengthened its control of production and sales. By fully leveraging on the characteristics of the generating units with large capacity and high parameter, as well as the advantage of resources consolidation, the Company ensures that planned power output is met while actively promotes the power transactions in manner of environmental-friendly power generation and substituted power generation, achieving a unification of business and social benefits.

In response to the relevant State's policies, the Company has further expanded the transaction of direct power dispatch with its major customers. In 2010, Guohua Zhunge'er Power Plant achieved a breakthrough on direct power transaction and continued to consolidate its market share. Certain power plants including Ninghai Power also gained a breakthrough on direct power transaction, which laid a sound foundation for the future development of power generation operations.

SUPPLIER RELATIONS

The Company adheres to the principle of "Arm's Length Negotiations and Achievement of Mutual Benefits" and strives to build long-term strategic partnership with suppliers possessing sound qualification and credibility as well as high quality products and services.

The Company has formulated, and strictly implemented, the "Procurement Management Policy of China Shenhua Energy Company Limited (Trial)", under which the Company has established a unified supplier management system in accordance with the principles of "Quantity Controlling, Structure Optimization, Dynamic Management and Survival of the Fittest", so as to manage the suppliers throughout their life cycles. The Company carries out entry certificate management, relationship management, performance management, ranking management and termination management on suppliers, as well as appraisal on suppliers' daily performance and annual results and has established long-term cooperative relations with suppliers that have high product quality, strong service capability and sound credibility by entering into agreements with them. The Company conscientiously performs its contract entered into with the suppliers, payments for goods are paid timely, and the Company receives good commercial credibility and strong support from suppliers. The Company has developed a regular exchange mechanism with suppliers to invite suppliers to participate in project design, which ensures smooth implementation of relevant projects.

China Shenhua is committed to cooperating with domestic suppliers, speeding up the localization process of equipment and giving priority to domestic materials and equipment featuring sophisticated production technology, reliable product quality and significant price advantage. This not only reduces the Company's procurement costs, but also effectively promotes the upgrading of the domestic manufacturing industry and achieves a win-win situation.

Besides purchasing quality products featuring excellent quality, comprehensive services and sophisticated technology, the Company also sets the indicators for energy conservation and consumption reduction and avoids using phased-out domestic products and low-technology equipment, so as to ensure the energy conservation and environmental protection in the production process of China Shenhua and urge suppliers to perform their social responsibility as to energy conservation and consumption reduction.

The Company's five largest suppliers in 2010 were domestic suppliers. The Company's purchases from the five largest suppliers amounted to RMB13.95 billion, representing 17.2% of the Company's annual purchasing sum.

CREDITOR RELATIONS

Based on its relatively solid financial structure and sufficient cash flows, the Company actively takes advantages of its financial leverage to create greater value for the shareholders. The Company's major creditors are banks.

The domestically manufactured hydraulic supporter jointly R&D and operated by Shendong Coal and its Suppliers

The Company has placed constant emphasis on its cooperative relationship with banks, and is committed to establishing a competitive and diversified financing system. The Company strives to consolidate its indirect financing channels and ensure the availability of financial supports to its production and operation, and enjoys relatively favorable financing costs through the entering into of cooperation agreements and limited borrowing agreements with major financial institutions. The banks provide loans in a timely manner as they have sufficient confidence in the financial structure and healthy operation of the Company. The Company repays the principal and interest thereon on schedule and has established a long-term friendly cooperative relationship with the banks.

Case Study: The first domestically manufactured WK-55 power shovel assembled and put into operation for Zhunge'er Energy

On 30 September, the first domestically manufactured WK-55 power shovel assembled and put into operation in the Heidaigou open cut mine of Zhunge'er Energy. WK-55 power shovel weights more than 1,300 tonnes with a bucket volume of 55 cubic meters. It is currently the largest single bucket shovel of Zhunge'er Energy. The shovel has been put into operation for more than 5 months and running smoothly with stable performance.

China Shenhua has always been dedicated to the steady development of the domestic production of equipments. Zhunge'er Energy has taken in-depth study during the purchase of power shovel, and was in the view that the domestically manufactured WK-55 shovel is up-to-the-standard in its design and production quality, and has impressive performance and operates stably with convenient. The investment is substantially saved when compared with the purchases of the same kind from overseas. In the meantime, it helps develop a long-term cooperative relationship with suppliers of relevant coal machinery, and represents that the Company grows hand-in-hand with its suppliers.

Currently, the Company has bought five WK-55 power shovels from its suppliers, among which three have been put into operation, with the fourth one under fabrication and the fifth one is expected to commence its operation at the end of February 2011.

The WK-55 power shovel of Zhunge'er Energy

Safety Production and Employees' Interests

Safety production objective: "Preventing serious liability accidents, striving to reduce general accidents, and targeting to eliminate liability fatality accidents with fatality rate per million tonnes of raw coal production at zero.

Safety production principle: "Reaching zero fatality rate in coal mines; keeping gas emission within the restricted level to avoid any accidents."

Safety production is being enforced in the workplace of the sites: "The coal miners' workplaces are under the mines', the railway workers' workplaces are on the lines, the port workers' workplaces are on the routes and the power plant workers' workplaces are in the workshops."

SAFETY PRODUCTION

China Shenhua regards safety production as its primary social responsibility. The Company is committed to becoming an "intrinsically-safe" enterprise strictly adhering to its principles of "safe development" and "people orientation". Since its inception, the Company's operations including coal production, transportation and power generation have a good record of safety. The Company has become a role model in China's coal industry in terms of scale, efficiency and safety production mode. In 2010, the Company's fatality rate per million tonnes of raw coal production was 0.0123, which was significantly better than the average of the coal mines in China, and continued to maintain a leading international standard. No traffic accidents with serious and more severe liability or marine accidents with general and more severe liability occurred for our railway operations and our port operations; nor any serious and above equipment accidents of liability occurred for our power generation operations.

SAFETY MANAGEMENT MECHANISM

The board of directors, as the superior decision-making body for safety management, together with its safety, health and environmental committee, are responsible for safety production. The headquarter of the Company has established the Safety Supervision Bureau as the coordinator for relevant tasks of the board of directors and its safety, health and environmental committee. The Safety Supervision Bureau is responsible for the Company's safety production and employees' occupational health management, mainly include the formulation of mid-to-long-term planning as well as annual planning of the Company's safety production, development of a comprehensive management system of safety production, standardization and commencement of systemic development and information management, provision of supervision guidance and examination assessments on safety production of secondary and tertiry units.

In accordance with the principle of "The headquarter supervises, the production units undertake, and all staff participates in", the subsidiaries and branches of the Company, the tertiary mines (plants), mines (workshops) and local teams (work groups) have all set up a department or position or provisional department or position which is particularly responsible for safety management with its job duties and main responsibilities about safety management clearly clarified. Subsidiaries and branches are mainly responsible for implementing the all-round safety production directions, policies and work planning of the state and the Company, supervising and guiding safety production of its subordinated units, investigating and following up potential hazards and risks in governance, analyzing the safety situation, solving material problems and summarizing safety production information and reporting to senior management on timely basis. Tertiary mines (plants) have to strictly adopt the accountability system of safety production position and the system of mine leaders on duty, strengthen daily supervision and inspection, enhance site management, strengthen the safety foundation and promote safety education. Mines (workshops), local teams (work groups) and every employee are required to maintain standardized working procedures, strictly adhere to operational rules and safeguard safety production.

In 2010, the Company reinforced its efforts in the potential safety hazard treatment, strengthened its risk control, established a sound and healthy system, promoted safety culture in a bold and innovative manner and enhanced the safety production. The Company also made further progress in the establishment of the "intrinsic safety management system", and regarded safety management and supervision the integral part of the day-to-day production.

In 2010, the safety, health and environmental committee of the board of directors properly discharged its responsibilities in strict accordance with the "Articles of Association of China Shenhua Energy Company Limited" and "Rules of Procedure for the Safety, Health and Environmental Committee of China Shenhua Energy Company Limited", including obtaining the most updated information as to safety of the Company on a timely basis, studying and overcoming all problems relating to the resolutions, and promoting the coordination and stable development of all safety measures of the Company.

Name	Date	Venue	Attendants	Resolutions Passed
The eleventh meeting of the safety, health and environment committee of the first session of the board	11 March 2010	Beijing	Huang Yicheng, Zhang Yuzhuo, Ling Wen, Han Jianguo and Gong Huazhang	Resolution on the 2009 CSR Report of China Shenhua Energy Company Limited
The first meeting of the safety, health and environment committee of the second session of the board	31 December 2010	Beijing	Guo Peizhang, Zhang Yuzhuo, Ling Wen and Han Jianguo	The 2010 working summary and 2011 core working schedule of the safety management of China Shenhua Energy Company Limited

The board of directors and senior management of the Company discussed the issues of safety production through convening general safety production meetings and special safety production meetings to enhance the level of safety production of the Company. In 2010, a total of 5 general safety related meetings were held at Company headquarter. In addition, each subsidiary and branch and production unit of the Company established a safety related system to achieve safety production by means of convening meetings on safety production in a regular manner and timely analyzing and resolving problems in the course of operation.

Name	Date	Venue	Attendants
2010 Safety production working meeting for the year 2010	1 January 2010	Beijing	Chairman Senior management department managers Heads of subsidiary and branch
Special safety production meeting presided by CEO	23 March 2010	Beijing	Senior management General managers of relevant department Heads of relevant subsidiaries and branches
Safety production committee meeting	25 August 2010	Beijing	Senior management department managers Heads of each subsidiary and branch
Special safety production meeting presided by CEO	6 September 2010	Beijing	Senior management General managers of relevant department Heads of relevant subsidiaries and branches
Safety production committee meeting	12 October 2010	Beijing	Senior management Department managers Heads of each subsidiary and branch

With the continuous efforts in enhancing the safety management system over the past few years, the Company formulated and enhanced 10 safety management systems in 2010, including "Supervision and Inspection System for Safety Production" and "Administrative Rules of Safety Control and Supervision of Mines", which enabled it to further establish a long-term and sound management system for safety production.

MEASURES FOR SAFETY PRODUCTION

While establishing and improving the management mechanism, in 2010, the Company continued to ensure the safety of its production and make progress in the establishment of the "Intrinsic Safety Management System" by raising awareness of safety, strengthening skill training, increasing its investment in safety as well as implementing technological security.

Strengthening safety training

In 2010, the Company enhanced the techniques and skills of safety of the staff by implementing various training on safety for them, persistently improving the overall safety standard of employees and creating a nice atmosphere of safety production. The focuses of the Company's safety training include training on various aspects of safety such as personal safety of new staff, operational safety and safety of cold-resistant measures, training on staff emergencies management and various rehearsals of emergencies, as well as training on safety management qualification for registered safety engineers and internal inspectors of quality and environment. The practicality of such training was also improved by combining after-work training with off-job training, safety

training with job-specific training and theories with on-site operation. Hence, the employees' awareness of safety and operating skills and the standard of safety management have been enhanced. In 2010, China Shenhua provided various safety training sessions to its employees, totaling more than 140,000 person-time.

Reinforcing safety production management

To reinforce the management of coal production and to keep abreast of the changes in coal production are the basic measures to ensure the safety production of the Company's coal operation. In 2010, the Company continued to implement sudden and irregular dynamic inspection and appraisals while launching a large-scale safety inspection programme. The programme focused on the obvious problems and potential hazards discovered during inspections and underwent specific rectification. The Company will suspend the operation of the plants that seriously violated the safe production regulation, or caused potential hazards and problems that may lead to significant accidents until appropriate rectification measures had been taken. Through organizing the activities including the "Year for Full Implementation of the 'Intrinsic-safety Management System'", the Company actively implemented the preventive risk management and actively promoted a safety working culture.

The Company organized safety activities to enhance the safety production standard. As of 31 December 2010, 68 production units of the Company have adopted the 'intrinsic safety management system'; Huanghua Port was awarded 4 stars under the NOSA system, which was the first enterprise with port operation in China awarded 4 stars under the NOSA system, while Jinjie Energy was awarded 3 stars under the NOSA system. A number of branches and subsidiaries of the Company have also commenced safety activities to meet the standard of the NOSA star system, effectively enhancing the safety production of the Company.

Increasing investment in safety production

Through the continuous increase in investment in safety production, the Company managed to improve its production conditions, enhance the level of mechanization, ease its labor intensity and reduce the potential hazards and risks that may hinder the safe production. Safety expense was accrued by the Company's coal business according to a particular percentage of their respective actual coal output. In 2010, the Company's investment in safety production amounted to approximately RMB3.81 billion, representing a yoy increase of 32.3%.

7-meter high large mining height working face of Shendong Bulianta Mines

In 2010, the investment in safety by the Company in its coal segment continuously focused on enhancing "ventilation and three preventions" of the coal mines, in particular, on gas and water disaster prevention, hydrogeological work in coal mines, optimization of ventilation systems for coal mines, the improvement of the mining safety monitoring and control system and the gas pumping and emission system, the implementation of the fire prevention and extinguishing works and the flood prevention works, the upgrading of protection facilities for mechanical and electrical equipment, the purchase of antiknock devices for washing and loading systems and the first-aid and fire-fighting equipment; the investment in safety in the transportation segment was mainly used for the abutment reinforcing works, the road bed reinforcing and slope reconditioning works, the installation of safety screen and the standardization of safety quality; the investment in safety in the power segment was primarily used for inspection, repairing and maintenance of equipment and the operation of the NOSA system.

Promoting the technological security

The Company actively made efforts in planning and carrying out the projects such as the application of technology in safety production, which cover the areas closely relating to the safety of coal mines such as mining methods, fire prevention and fighting, the monitoring and controlling of mine gas. The Company utilizes its technological achievements in order to ensure its production safety. In 2010, the application of new equipment, such as 7-meter high mining hydraulic supporters at Shendong Coal, mining trucks on thin coal seam, command vehicles for preventing explosions on thin coal seam, Wireless WiMAX Broadband Technology in the mobile communication of Shuohuang Railway and the successful R&D and application of new technologies greatly enhanced the safety production level of the Company.

The management of Shendong Coal Group led the team to work underground and carried out inspection for the mine.

Case Study: Shendong Coal strictly implemented the system of mine leaders on duty so as to monitor safety production system

Shendong Coal has always maintained its practice of mine leaders on duty on site. The regulatory system of mine leaders on duty on site, for which performance is tested, is well established after years of efforts and closely linked to individual remuneration.

Since the introduction of Document No. 23 issued by the State Council, Shendong Coal had made further improvement and amendments on the system of mine leaders on duty to supervise and inspect safety production and introduced the" Regulations on Management of Mine Leaders on Duty and on Site of Shendong Coal", whereby, participation of such duties also applied to the heads of Shendong Coal, the department of business security, major production support units, and the deputy chief engineer and management staff with higher ranks of each mine on the basis of strengthening the implementation of the system of mine leaders on duty, the clarification of the basic requirements of mine leaders on site, key content of the inspection duties and examination requirements. Shendong Coal requested the performing of the duty on site not less than once per month and in the underground mine not less than five times per month for the chairmen and general managers; not less than twice per month and not less than ten times per month for the deputy general managers responsible for production, safety and production support, and not less than three times per month for other leaders. The safety inspection covered every management procedure of the Company, and assuring that safety management is performed in advance.

As shown in our statistics, the mines leaders on duty performed their duties for more than 20 times per month on average. Some mines leaders responsible for production and safety performed their duties for nearly 30 times per month, while individual mine leaders performed even 35 times per month in case of extreme condition of certain mines, not only working underground together with workers, but even stayed longer in mine than the workers.

ACHIEVEMENTS IN SAFETY PRODUCTION

The safety production of the Company's mines reaches the advanced level in the international coal industry. In 2010, the fatality rate per million tonnes of raw coal production of the Company was 0.0123.

		2008	2009	**2010**
Fatality rate per million tonnes of raw coal	China Shenhua	0	0.017	**0.0123**
	Key state-owned coal mines	0.330	0.374	**0.289**
	Coal mines in China	1.182	0.892	**0.749**
Number of serious accidents and above of China Shenhua[Note]		0	0	**0**

Note: As defined in the "Safety production Accident Report and Investigation and Treatment Regulations" (No. 493 Order of the State Council).

There has been no gas accident relating to production mines with more than 3 deaths in the coal operations for 11 consecutive years. 9 coal mines in production have maintained safe production for more than 1,000 days. 14 coal mines in production have been awarded as super-safe and high efficiency mines in the coal industry nationwide for 2009 by China National Coal Association, representing approximately 70.0% of the total number of mines in production of the Company. No serious and more severe liability traffic accidents occurred for our railway operations and no general and more severe marine accidents occurred for our port operations, nor serious and more severe liability equipment accidents occurred for our power generation operations since their establishments. The Company's safety production continued to maintain a leading international standard.

FUTURE PLAN

In 2011, the key safety works of China Shenhua in 2011 include: (i) persistent and thorough implementation of the policies as stated in No. 23 Document of the State Council, focusing on the implementation of the "six major systems" of coal mines, and the system of mine leaders on duty on the sites; (ii) rectification of measures on safety precaution with particular emphasis on gas and water disasters, reinforcement in the precaution, inspection and management of potential safety hazards and persistent enhancement in the standard of safety management; (iii) committed efforts in the management of infrastructure projects and outsourced teams; (iv) active implementation of the strategy of ensuring security by technology promotion and provision of solutions for technical problems in safe production; (v) stepping up the establishment of an emergency system in an effort to enhance the protection in case of emergencies.

In the years ahead, China Shenhua will continue to implement the "intrinsic-safety management system", with a focus on prevention, control and management of risks in the four major aspects, which include personnel, equipment, environment and management. The Company will strive to achieve the following goals:

Operation staff: possess strong safety awareness, rigid safety skills, job-specific expertise and knowledge of standard operation procedures, achieve no "three breaches" (i.e. breach of supervision regulations, breach of operation regulations and breach of labor discipline) and ensuring personal safety;

Equipment and facilities: being safe in operation at all time and forming a safety system that "operators and equipment are supplementary and conditional to each other";

Environmental system: ensuring a safe, healthy and orderly work condition for employees;

Management system: establishing a long-term efficient mechanism for safety production which comprises safety culture, legal system for safety, the safety responsibility, safety technologies and the investment in safety, and which meets the operation and management requirements of the Company.

EMPLOYEES' INTERESTS

With the solid establishment of the philosophy of "People Orientation and Enterprise Flourishing with Support of its Talents", the Company has set up the personnel mechanism for nurturing, attracting and making best of talents and their expertise. The Company is also committed to creating an open, fair and just atmosphere for the use of human resources, providing a smooth career path for the growth of employees and establishing a platform for the development of talents. The Company endeavors to attract more talents to join Shenhua so as to guarantee the sufficiency of competent professionals for Shenhua's development.

In September 2010, Li Suqin of Shendong Material Supply Center was awarded the Gold Prize with her paper-cut work "Grinding Toufu" in the Mastery Paper-cut Exhibition from China and Taiwan.

China Shenhua has actively implemented the relevant laws and regulations, including the "Labor Law of the People's Republic of China" and the "Labor Contract Law of the People's Republic of China", which strictly regulated the employment, human resources management and remuneration management.

China Shenhua safeguards its employees' rights to know, to choose and to complain by establishing the employee representative committee and labor union; establishes a protection system for various benefits to employees by establishing a more comprehensive remuneration and benefit system, providing job opportunities, improving work condition and paying attention to employees' health; and sets up a dependable platform for empolyees' career development by designing their career plans systematically and providing training. In view of the work condition and the labor intensity of the industry in which the Company operates, in addition to protecting basic interests of employees, the Company continues to focus on their career development and occupational health and the improvement in their felicity index.

As at 31 December 2010, the Company had a total of 65,154 employees[Note], details of which are as follows:

COMPOSITION OF EMPLOYEES

	2006	2007	2008	2009	**2010**
1. Operation and repair staff	28,644	38,227	38,670	41,431	**44,712**
2. Management and administration staff	5,852	6,833	7,455	7,555	**9,029**
3. Financial staff	529	748	891	988	**1,026**
4. R&D and technical support staff	3,913	4,948	5,170	5,251	**5,015**
5. Sales and marketing staff	902	1,072	1,264	1,475	**1,402**
6. Other staff	5,176	6,999	6,093	5,586	**3,970**
Total	45,016	58,827	59,543	62,286	**65,154**

Note: This data includes that of Shenhua Shipping Company.

Employees of the Company are mainly located in Beijing, Inner Mongolia, Shaanxi, Hebei and certain coastal provinces and cities. It is the Company's policy to prohibit any employment of child labors. However, the Company is committed to providing job opportunities to the disabled and the ethnic minority. As of 31 December 2010, the Company employed a total of 284 employees with disabilities and 2,855 ethnic minority employees, thereby effectively promoting the community employment. The mining industry in which the Company operates is characterized by high labor intensity, which therefore determines that most of our underground workers are male. On the other hand, the Company endeavors to arrange positions for female workers in the related ancillary business. The Female Worker Committee has been established in the headquarter of the Company, primarily responsible for the matters relating to female workers. In 2010, the Company had a total of 11,925 female employees, accounting for 18.3% of the total number of employees. Besides, the Company is actively promoting the reemployment of laid-off workers and providing veterans with job opportunities.

BASIC INTERESTS OF EMPLOYEES

The Company's headquarter and its subsidiaries and branches have established the employee representative committee and labor union respectively. In this regard, all material rules and systems closely relating to the interests of employees are subject to the consideration and review by the employee representative committee in accordance with the legal procedures. Through standardized regulatory systems and communication methods, the Company is able to ensure the employees' rights to know and choose in respect of remuneration and benefits, training and development, performance assessment and human resources management. There are complaint channels such as labor union, human resources department and office for petitions and appeals provided by the Company to its employees to safeguard their rights to complain.

The Company enters into labor contracts with its employees in accordance with the relevant laws and regulations such as the "Labor Law of the People's Republic of China" and the "Labor Contract Law of the People's Republic of China" and in line with the principles of "equality, free will and mutual agreement". Such labor contracts set forth complete and lawful terms on contractual period, title and position, job duties, conditions of employment, labor protection, remuneration, labor discipline and termination or release of contracts and liability for the breach of labor contracts.

PROTECTION SYSTEM FOR EMPLOYEES

The Company has built a relatively comprehensive protection system for employees, which aims to provide employees with competitive remuneration packages and complete and personalized benefits, and to focus on the protection for employees' occupational health.

The remuneration system of the Company is in line with the market requirements. The Company provides its employees with competitive remuneration packages and benefits, reflecting the market position of the Company. The Company ensures equality of opportunity in respect of the system and structure of remuneration in accordance with the principles of remuneration commensurate with positions and performance, and values employees' sense of competence and achievement. Employees with good results in performance appraisal will receive more opportunities for promotion and rewards.

The Company has taken up various social insurance, including basic pension insurance and medical insurance, unemployment insurance, labor injury insurance and maternity insurance, and contributed to the housing fund in accordance with the laws. The Company also maintains commercial insurance such as supplementary pension insurance and medical insurance, and group accidental injury insurance and family property insurance for its employees. The Company has set up a family member medical benefits system for its employees so as to provide the initial employees' protection and benefits.

The 8th Employee Basketball Game of Shenshuo Railway Branch.

Group wedding ceremony of staff.

EMPLOYEES' HEALTH

The Company has established a complete holiday system to safeguard its employees' rights for work, leave and holidays. Subject to the requirements of the State, the Company encourages its employees to take holidays, provides them with fitness facilities and organizes outings, cultural or sports games and other group activities for employees.

The Company implemented seriously the policy of "Precaution as focus and combination of precaution and treatments" for the precaution and healing of occupational diseases. The Company endeavors to improve work condition for employees and eliminate potential hazards and occupational hazards by increasing its investment in safety production and occupational health, adopting new technology and techniques and upgrading the levels of mechanization and automation in operation. The Company has established a relatively sound annual physical examination system and an occupational health database for its employees, and has provided the employees suffering from occupational diseases with proper treatment and arrangements. The Company strives to safeguard employees' health through an effort on the precaution of occupational diseases by way of precaution measures such as monitoring occupational diseases hazards, strengthening of labor protection measures, as well as regular and irregular physical examinations. The Company has made efforts in establishing and implementing the OHSAS18001 occupational health and safety management system, which has been successfully operated in the subsidiaries and branches such as Shendong Coal and Huanghua Port and certain power plants of Guohua Power Branch.

The total investments of the Company in occupational health in 2010 amounted to over RMB100 million, which remained at a relatively high investment level. In 2010, according to the physical examination on occupational health for employees of the Company, 6 cases of occupational disease were identified.

Case Study: Shuohuang Railway offered free employees' health consultation and treatment

For the comprehensive implementation of the principle of People Orientation and the constructive establishment of the" Felicity Project for Employees", Shuohuang Railway invited a medical team comprising the medical experts of Baiqiuen International Peace Hospital to provide free health consultations and treatments to employees of Shuohuang Railway on 21 October 2010.

16 departments, including Chinese medicine healthcare, cardiovascular, respiratory medicine, orthopaedics, and oral health, and 18 experts of Baiqiuen International Peace Hospital were invited to hold a face to face Q&A session for our employees, providing analysis of the result of health and physical examinations and free medical consultations, advising tips for healthy life, and delivering talks on medical and hygienic knowledge in a serious manner with simple and concise language. 314 medical consultations and 76 prescriptions were dispensed by the experts to employees of the Company and their families in this free consultation activity, and more than 500 leaflets promoting knowledge of health were distributed.

The employees have become more aware of health and have established the concept of healthy life through the free consultation and treatment. Moreover, the Company's concern over the personal health of employees has been expressed.

Huangshuo Railway offered free health consultation and treatment.

CAREER DEVELOPMENT FOR EMPLOYEES

The Company endeavors to conduct career planning and design for all of its employees. It has designed different career development systems for the management, professional technicians and skilled workers respectively, safeguarding the growth and development of employees and facilitating the achievement of self-worth of employees.

In 2010, the Company improved the "Management measures for the career development of professional technician" and the "Management measures for the career development of skilled workers". It developed an "obstacle-free path" for the career development of technological talents and staff. The Company also improved the career development management system for professional technological staff and technicians.

The open recruitment of Vice Mine Director conducted in Shendong Coal

Case Study: 20 staff of Shendong Coal passed the open recruitment and were promoted to deputy mining manager

In 2010, 20 staff of Shendong Coal were promoted to deputy mining manager for safety and production (excavation) in the open recruitment it organized. 3 of them were originally front-line fully-mechanized team leaders, 1 was departmental managerial staff and 16 were chief engineer, deputy chief engineer and assistant managerial staff, who were experienced in basic coal mining work.

The recruitment was opened for the applicants who met the basic requirements, which broke the conventional cadre appointment approach. The open recruitment comprised written test, first-round interview, second-round interview and field trip, which accounted for 40%, 25%, 25% and 10% of the respective assessment result. The written test assessed the required management capability, basic theories and methodologies, expertise and the problem-solving ability that were essential for the positions. The first-round interview mainly tested the applicants' basic qualities and the ability to use their knowledge necessary to perform their duties. The second-round interview reviewed the acquired experience of the applicants in respect of safety production and management, and more importantly, it reviewed the general qualities of applicants and identified their leadership capability.

Through the recruitment, Shendong Coal selected the management staff in an open and transparent manner, which pioneered the recruitment system of large-scale state-owned enterprises. The open and transparent recruitment and appointment system developed a good talent selection approach based on individual capability and performance, which in turn provoked the job motivation of all staff. Meanwhile, the outstanding talents would also rejuvenate the Company's development.

EMPLOYEE TRAINING

Adhering to the philosophy of "training is the greatest benefits and career development is the best incentive", the Company endeavors to provide various training programs to its employees so as to enhance their capabilities and overall quality.

In order to encourage employees' participation in training, staff training sessions will be included as part of the employees' performance assessment system. In 2010, the Company continued to reinforce the staff education training, focusing on strengthening the training on the followings: management operation of listed companies, control of investment and financing, enterprise management and safety management; technical professionals' mining technologies, low-carbon clean energy, electrical railway technology, safety technology and information technology; front-line operators' occupational health, safety production and team management. China Shenhua provided training accumulatively to approximately 490,000 person-time through various kinds of training in 2010.

For a better development of the employee training, the Company established a training division in the Human Resources Department at the head office, responsible for the Company's staff training. In addition, the Company established education and training centers in some of the subsidiaries (and branches) to reinforce practical training and theory study, providing a reliable base for facilitating staff training. Shendong Education and Training Center was recognized as "National Exemplary Training Base for High-skilled Talents" by Ministry of Human Resources and Social Security. In 2010, the "Guohua Power's Talent Assessment System based on Competence of Senior Management and Development Project" organized by Guohua Power Branch was awarded the First Prize for Innovative Management in Power Generation Industry in China.

Guohua Power Branch organized training with the help of team leader and working group leader.

University graduates preparing for their first visits to underground mines.

FUTURE PLAN

In the coming years, China Shenhua will focus on the development strategy of the talents of Shenhua by further reinforcing reforms, strengthening the basic development of human resources, substantially improving the quality of staff teams, and providing strong organization and talents to support the development of the Company. The Company has focused on the major works as follows:

First, establishing and improving the career development management method for professionals, technicians and skilled workers, and forming the career development management committee for staff of all levels to give a positive drive for the construction of the staff career development system;

Second, strengthening the reserve talent team by the establishment of a reserve talent pool of the Company, and removing the boundaries among units (departments) in an effort for an optimized allocation with unified selection and deployment of talents within the Company and enhancement of human resources;

Third, speeding up the informatization of human resources management, unifying and regulating the content and standard of human resources information and establishing a comprehensive staff database;

Fourth, stepping up staff education and training and providing staff with knowledge and skills training in order to enhance the comprehensive quality of the staff team.

Environmental Protection, Energy Conservation and Emission Reduction

The Company is one of the pioneers in environmental protection, energy conservation and emission reduction.

The Company's coal production, transportation and power operations involve the use of energy and water resources, and the solid, liquid and gaseous wastes released in the course of production and operation will cause considerable pollution to the environment. The Company aims at developing into a "five-model enterprise" by focusing on setting up "energy-saving" and "environmentally-friendly" enterprise and building "green mines and environmental-friendly power plants". The Company is committed to complying with the policy directions, laws and regulations and management systems relating to energy conservation, emission reduction and environmental protection issued by the State government and local government. The Company actively implements the strategies of sustainable development and continues to drive the energy conservation and emission reduction and environmental protection work with a view to attaining a balanced development between the economy and the environment.

In 2010, the Company concentrated on the environmental protection and the evaluation of environmental impact of construction projects and the administration work of "Three-Simultaneity" and strengthened the standardization of the Company's energy conservation and emission reduction statistics and assessment administration. The Company also established a series of key projects on energy conservation and emission reduction and accomplished the targets of energy conservation and emission reduction set out in the "Eleventh Five-Year Plan". In 2010, there was no major environmental pollution accidents.

The Company attaches great importance to climatic changes. In 2010, in accordance with the principle of "controlling pollution at the source, implementing cleaner production, achieving harmonious development", the Company focused on increasing the investment in environmental protection and energy conservation and emission reduction, introducing the concept of low-carbon economy, improving the efficiency of energy utilization, developing and utilizing alternative energy and new energy, protecting water resources, building a number of facilities for pollution prevention and control and environmental protection, actively launching the integrated utilization of "solid, liquid and gas waste" so as to reduce the impact of its production and operation on the environment and making positive contribution to improve the climate. With respect to the payment of sewage charges, the Company made efforts to communicate and coordinate with the competent administrative authorities of environmental protection on the basis of daily monitoring and statistics gathering. In 2010, the total amount of sewage charges was approximately RMB204 million.

MANAGEMENT MECHANISM FOR ENVIRONMENTAL PROTECTION, ENERGY CONSERVATION AND EMISSION REDUCTION

The Company has established departments and positions responsible for environmental protection, energy conservation and emission reduction, and has established the Safety, Health and Environmental Committee under the board of directors. In 2010, the Company newly set up the Department of Environmental Protection that specializes on the administrative work of energy conservation, emission reduction and environmental protection. Each major subsidiary or branch of the Company has its own department or position for environmental protection to execute specific tasks.

The Company has incorporated the objectives of environmental protection, energy conservation and emission reduction into the performance assessment criteria system and set clear objectives and criteria for each subsidiary and branch. The Company has also formulated management rules including the "Rules for Data Statistics of Energy Conservation and Emission Reduction" and the "Provisional Rules for Management of Energy Conservation and Emission Reduction". In 2010, the Company further strengthened the development of three major systems of statistics, monitoring and assessment for energy conservation and emission reduction, improved the system management method of statistical reports of energy conservation and emission reduction, strengthened data monitoring and performance assessment, standardized management of energy conservation and environmental protection. The Company has made aggressive efforts to set up and implement the ISO 14001 environmental management system, and currently the system has been in operation in Shendong Coal, Huanghua Port and parts of the power plants of Guohua Power Branch.

The four enterprises under the Company participated in the thousand-enterprise energy-saving campaign in China. A total of 501,000 tonnes of standard coal was saved by the enterprises during the "Eleventh Five-Year Plan" period and outperformed of 62.0% of the target.

Promotion campaign themed "Low Carbon and Emission Reduction for Greener Life" kicked off at Shenhua Tianjin Coal Dock, where young volunteers promoted energy conservation and emission reduction to the staff.

THE PROGRESS OF COMPLETION OF THE ENTERPRISES PARTICIPATING IN THE THOUSAND-ENTERPRISE ENERGY-SAVING CAMPAIGN DURING THE "ELEVENTH FIVE PLAN" PERIOD

Names of Enterprise	Target	Result	Progress of Completion
	Ten Thousand Tonnes of Standard Coal	*Ten Thousand Tonnes of Standard Coal*	*(%)*
Hebei Guohua Dingzhou Power Generation Co., Ltd.	9.5	22.5	236.8
Inner Mongolia Guohua Zhunge'er Power Generation Co., Ltd.	4.4	6.6	150.0
Tianjin Guohua Panshan Power Generation Co., Ltd.	12.5	14.8	118.4
Zhunger'er Energy Co., Ltd.	4.5	6.2	137.8
Total	**30.9**	**50.1**	**162.1**

In 2010, the Company carried out large-scale examination and general survey on environmental protection to identify potential hazards and problems for environmental protection and impose rectification orders within a prescribed timeframe. At the same time, the Company has also been active in the promotion, education and training in environmental protection, such as promotion of "Energy Conservation Week" and "World Environment Day on 5 June", so as to raise the awareness of its staff on environmental protection and strengthen the sense of social responsibility of the enterprise.

INVESTMENT

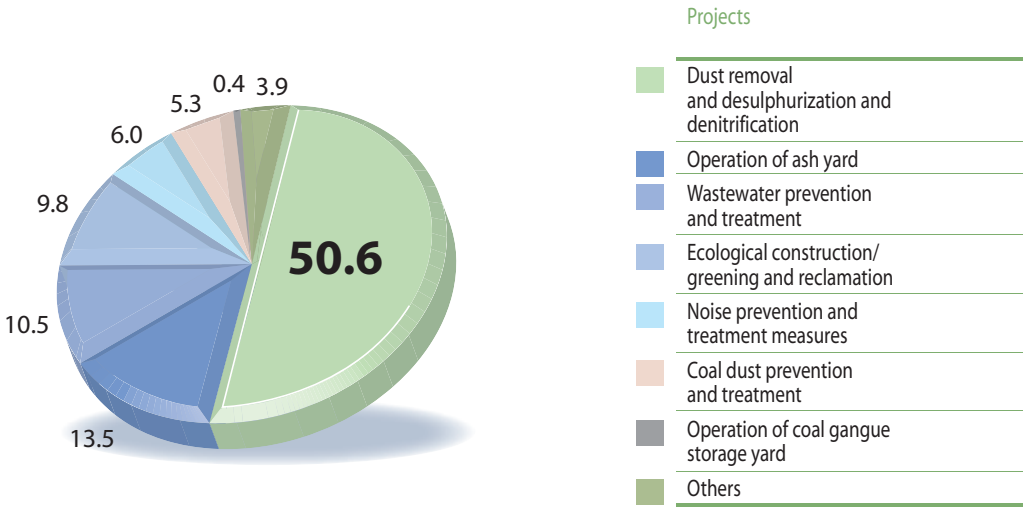
In 2010, China Shenhua continued to accelerate the implementation of the environmental protection, energy conservation and emission reduction project in mines, railways, ports and power plants. The Company's investment in environmental protection amounted to approximately RMB1,810 million, representing a yoy increase of 2.2 times. Detail of investment in environmental protection is listed as below:

The Company's investment in environmental protection for 2010:

Business segments	Amount *(RMB million)*
Coal operations	180
Power generation operations	1,410
Railway operations	140
Port operations	80
Total	**1,810**

The investment in environmental protection of the Company is primarily used for development of smoke, gas and dust removal and desulphurization and denitrification facilities in power plants, development of dust treatment in dust yard, development of wastewater prevention and treatment facilities, ecological development, greening and reclamation, development of coal dust treatment and development of integrated utilization of solid waste such as coal gangue. Please refer to the table below for the detailed allocation of investment.

INVESTMENT ALLOCATION FOR ENVIRONMENTAL PROTECTION (%)



In 2010, Shendong Coal Branch invested RMB9.2 million on establishing an online monitoring system, including an online monitoring system for 2 sets of boiler flue gas and an online system for inspecting the water quality of 14 sewage water inflow and discharge points, real-time monitoring of polluted gas levels of sulphur dioxide (SO_2), nitrogen oxide (NOx), particulates and others and waste water level of chemical oxygen demand (COD), suspended substance (SS), ammonia hydrogen, PH value (PH) and others. The installment and operation of online monitoring system further improved the monitoring system and backed up for the statistical work of pollution prevention and control with scientific proof.

In addition, the Company strives to acquire the relevant financial subsidies according to the financial subsidies policy for energy conservation and technological reform projects promulgated by the government. In 2010, China Shenhua had been granted the financial subsidies for five of its energy conservation and emission reduction projects by the government amounting to approximately RMB37.1 million.

THE FINANCIAL SUBSIDIES GRANTED TO THE ENTERPRISES FOR ENERGY CONSERVATION AND EMISSION REDUCTION BY GOVERNMENT IN 2010

Enterprise	Project Name	Investment *(Million)*
Guohua Power Branch	Two sets of 330MW units for heating supply reform in Zhunge'er	2.9
Guohua Power Branch	The general energy conservation reform on the heating system of Panshan Power's units	4.2
Shendong Coal	Enhancement of resources recovery rate with 300 meter-extension of working face in Halagou Mines	10
Shendong Coal	Full mechanized mining face with 6.3 metres mining height in Shangwan Mines	10
Zhunge'er Energy	Enhancement of mining recovery rate and coal selecting rate in Heidaigou open cut coal mines	10
Total		**37.1**

ENVIRONMENTAL RESEARCH AND DEVELOPMENT

Technological innovation is an effective means to drive energy conservation, emission reduction and integrated utilization of resources. In building a comprehensive management system and increasing the investment in environmental protection, the Company has stepped up its efforts in the R&D of energy conservation, emission reduction and integrated utilization of resources, actively commenced the R&D of environmental protection. The R&D supplied to areas such as mine shaft water treatment technology, energy conservation and integrated utilization, ecological and environmental protection and pollutant discharge reduction, which effectively apply technology on the development of energy conservation, emission reduction and integrated utilization of resources. The major projects of the Company for 2010 include:

PURIFICATION OF WATER WITH UNDERGROUND GOB AREA IS COMMONLY APPLIED

After being purified by the technology, water of underground gob area of mines can be directly used for underground fire fighting, spraying, dust removal by spraying and facilities of emulsion etc. The technology was widely applied in Shendong Mines. The purified water meets the standard of greening and industrial water. The annual volume of recycled water reaches 4,957,000 cubic metres, thus reducing RMB2.8 million for water treatment each year.

DEVELOPMENT OF LIMESTONE-GYPSUM WET DESULPHURIZATION TECHNOLOGY OF 1,000MW UNITS.

The technology obtained 5 patents of invention, 18 patents of practical new model and 1 copyright of software. The technology achieved the advanced level of similar products, was successfully applied to 18 desulphurization devices of large coal-fired power generation units of Ninghai Power and Suizhong Power, serving as a support for the desulphurization devices equipped in the units of Guohua Power Branch of which the rate is 100%.

RESOURCES UTILIZATION

The Company's coal production, transportation operations and power operations involve the utilization of energy and water resources. Improving the energy and resources utilization rates, developing and applying alternative energy and new energy and protecting resources are the key concern of the Company.

ENERGY UTILIZATION

The Company conducts energy conservation and consumption reduction in accordance with the requirements of the State for energy conservation for the 'Eleventh Five-Year Plan' period. The Company's coal production and transportation operations consume relatively less energy, and the energy consumption is mainly caused by power operations. In 2010, the aggregate energy consumption per RMB10,000 output value of the coal production and transportation operations amounted to 0.425 tonne standard coal/RMB10,000, representing a decrease of 13.3% as compared to that in 2009, and the average coal consumption for power supply by the power generation operations continued to maintain its leading position in China.

De-dusting high pressure control case following the upgrade of Dianta Power Plant of Shendong Power.

Case study: Dianta Power Plant of Shendong Power Company saved 3,264,000kwh annually by two new technologies

Dianta Power Plant of Shendong Power Company is a power plant aiming at integration utilization of resources that mainly uses gangue, coal dust and engineering coal of low calorific content as its major fuel. In 2010, Dianta Power Plant actively targeted on technological efficiency and put forth effort to carry out 2 technological reforms, saving 3,264,000kwh of power and millions of RMB in the cost of power generation each year. The two technological reforms include:

1. improved the primary air fans during inspection and maintenance period. It was estimated that the power plant could save approximately 1,440,000kwh of power and reduce RMB475,000 in the costs of power generation annually.

2. reformed the electric de-dusters during the unit maintenance period. With the control of anti-electrical corona tests and electrical pulse generators, assuming a guaranteed effectiveness of de-dusting, a monthly reduction of 152,000kwh and an annual reduction of 1,824,000kwh were achieved while reducing the power consumption by 0.09%.

By adopting energy conservation and emission reduction, the Company realized harmonious development, as it is a measure critical for carrying out the change in economic development and adjusting the industrial structure. During the "Eleventh Five-Year Plan" period, the Company shut down small coal-fired power plants with an aggregate capacity of 174MW. In 2010, Shendong Power strongly encouraged energy conservation and technological reform, such as transformation of controlled ancillary machines, energy-saving technology for vacuum cleaners and slag cooler, and small units with a capacity of 74 MW were shut down and suspended the operation. With the commencement of operation of four sets of large units with 300 MW, the utilization rate of resources is enhanced and a satisfactory result is achieved.

Guohua Power Branch ran detailed inspection and repairs, strengthened crisis management and improved reliability of facilities through a number of energy-saving technologies including the launch of minimal oil ignition, optimization of auxiliary steam and activation of air pumps, which significantly enhanced the utilization rate of resources. In 2010, the gross energy consumption of Guohua Power Branch amounted to 23.9 million tonnes of standard coal (1 tonne of standard coal = 29.3076 gigajoule), while average consumption of standard coal for the coal-fired power supply was 321g/kwh, maintaining its leading position in China. Four generation units of Guohua Power Branch ranked the top five of the subcritical generation units while Unit No. 1 of Cangdong Power Plant ranked the top at the list in the coal consumption assessment of generation units in China.

China Shenhua promotes clean production to carry out intensive production. In 2010, washed and selected raw coal of the Company amounted to 236 million tonnes. Approximately 25 million tonnes of coal gangue can be removed, 15.0 billion tonne km of the turnover of railway transportation is saved on the calculation basis of the average transportation distance as 600 km.

Exterior view of the Shangwan Mine of Shendong Coal Group

In addition, the Company aggressively conducted power generation with coal gangue. Please refer to the section headed "Key Emissions and Their Treatment".

RECOVERY RATE IN COAL MINES

Resources are vital to China Shenhua's future development, and are the life line for its coal operations. The Company targets at "precise and careful mining, developing internal potential and establishing resource-conservative enterprise", and maintains sustainable development by improving the recovery rate in resource. In 2010, the average recovery rate of the Company's coal mines amounted to 83.9%, representing a yoy increase of 1.7 percentage point, which was among the leading companies in the industry. The major measures for the Company to enhance the recovery rate in coal mines include:

Optimizing the layout of working face and increase the length and width of working face

The Company altered its traditional layout to build an extremely long and wide working face based on the geological conditions of coal seams. It actively studied the fully-mechanized recovery technique and the working face re-cycling operation method for the supportive equipment used in highly productive and efficient mining, and also reduced the height of the protective coal pillars in the main tunnels. Through these measures, the Company minimized the resources loss of coal pillars and increased the recovery rate in resources.

Improving the technological standard of equipment and coal mining techniques

The Company applied 6.3-meter and 7-meter high large mining supporters for thick coal seams and 1.3-2-meter mining machines for thin coal seams in order to increase the recovery of resources and reduce the loss of coal seam. For those mines with thick coal seam, the Company adopted the top coal caving technology and solved the problem of abandoned top coal caving in some mines. We also applied linear supporters to reduce the amount of coal pillars built, in order to increase the recovery rate in coal mines.

Expanding technological research and increasing flexibility in coal mining methods

The Company expanded its technological research and solved the problems of valleys, faults and cracks identified in the mining face. In the excavation design for the tunnels that lie on coal seam, we endeavored to increase the excavation height of the tunnels so as to further reduce the loss of coal on the top coal caving tunnels during the transfer from the working face to the gates. The Company actively conducted technological and economic research to strive for the reduction in the height of coal pillars and increase in recovery rate. In addition, taking the geological conditions of coal seam into consideration, the Company applied underground mining and open cut mining methods flexibly with the support of technological proof, which resulted in the substantial increase in recovery rate.

DEVELOPMENT OF RENEWABLE ENERGY

The Company vigorously develops renewable energy power projects to provide green energy and reduce emission of greenhouses gases. The Hengqin Island Wind Farm project of Guohua Huidafeng Wind Energy, currently being developed and operated by the Company, has a total installed capacity of approximately 16 MW and has been in smooth operation since the commencement of its commercial operation on 1 January 2008. In 2010, the annual utilization hours of Hengqin Island Wind Farm project amounted to 2,199 hours and its power generation amounted to approximately 34.64 million kwh.

UTILIZATION OF WATER RESOURCES

The Company highly encouraged the reduction and integration utilization of water resources and actively pushed forth the development and control of water resources. In 2010, the Company's volume of integrated utilization of sewage water approximated 56 million tonnes and water resource from seawater desalination was around 4.9 million tonnes.

The Company's major mines are located in dry regions, where the water resources are scarce. Shendong Coal achieved self-supply of underground water for production and supplemented domestic water and water for ecology, greening and reclamation by reserving water with underground gob area and filtering wastewater with gangue in gob area to convert gob area into reservoirs with filtering function. In 2010, a mine water purification project was carried out at Bulianta Mines, saving 1.15 million tonnes of fresh water each year.

The Company also made great efforts in the utilization of water resources in transportation operations. Shuohuang transportation Company implemented the recycling of reclaimed water in part of the sewage treatment plants in the network of Shuohuang Railway, which increased the repeated utilization rate of water resources. There are coal sewage reservoirs in Shenhua Tianjin Coal Dock. The coal sewage after processing met the qualified standard for removing dust. In 2010, the Company actively encouraged the recycling of water from vessel tanks at Huanghua Port and Shenhua Tianjin Coal Dock and controlled the facilities used for loading of water from vessel tanks in the ports. The Company has set up a regular communication and incentive mechanism for recycling water from vessel tanks to step up the establishment of a resources-reserved port.

The Company reduces water consumption in power generation through technological innovation and actively carries out seawater desalination and utilization of urban sewage. Shenhua Yili Energy and Baode Power actively rolled out water-saving upgrade projects. Guohua Power Branch efficiently allocated and set up the structure of power source, adopted air-cooling technology and effectively saved the water resources. In 2010, the water consumption for power supply of Guohua Power Branch decreased to 0.71kg/kwh, representing a decrease of 20.2% compared to the same period last year.

Case study: Zhunge'er Energy practices integration utilization of water resources in different ways

Zhunge'er Energy stressed on the protection of underground water resources and practiced integration utilization of water resources in different ways, such as scientific and reasonable utilization of ground water, increasing the utilization of reclaimed water at power plants, and recycling of sewage produced from coal washing and selection in a closed-end environment at coal selection plant.

Zhunge'er Energy invested RMB50,000,000 on the expansion of the daily capacity of sewage treatment plant from 12,500 cubic meters to 25,000 cubic meters, purifying and processing the urban sewage and industrial sewage in time in an effort of achieving the discharge standard and the recycling of reclaimed water. As of December 2010, the sewage treatment plant of Zhunge'er Energy supplied 4,070,000 cubic meters of up to standard reclaimed water after processing to Guohua Zhunge'er power plant as the cooling and recycling water for the power plant, saving water resources and effectively reducing cost of power generation.

Loss, emission, dripping, leakage and permeation in the two coal selection plants at Heidaigou and Ha'erwusu of Zhunge'er Energy are prevented through technological reforms and the application of new techniques, by which almost 2 million tonnes of water annually is recycled in a closed-end environment for production at the two plants, tremendously reducing water consumption (in tonnes). The open cut mines at Heidaigou and Ha'erwusu store the rainwater collected under mines during summer for spraying to remove dust on roads produced during operations, reducing the consumption of fresh water for spraying on roads of the two mines to a certain extent.

Sewage treatment plant of Zhunge'er Energy.

The Company's environmental-friendly greening reservoir.

KEY EMISSIONS AND THEIR TREATMENT

The Company produces emissions during its coal production, transportation and sales and power generation. In 2010, the Company effectively reduced the adverse effect on the environment brought by its production and operation through increasing capital investment, emphasizing on environmental research and actively building a number of facilities for pollution prevention and environmental protection.

MAJOR EMISSIONS INCLUDE

Solid emissions	
Coal production	Coal gangue, coal dust
Transportation operations	Coal dust
Power generation operations	Coal fly ash, soot
Liquid emissions	
Coal production	Mine water, industrial sewage, domestic sewage
Transportation operations	Industrial sewage, domestic sewage
Power generation operations	Industrial sewage, domestic sewage
Gaseous emissions	
Coal production	Gas (methane)
Power generation operations	SO_2, nitrogen oxide, CO_2
Others	
Coal production	noise
Transportation operations	noise

SOLID EMISSIONS

The solid emissions produced by the Company's coal production operation mainly include coal gangue and coal dust; and the major solid emission from the transportation operations is coal dust, while the major solid emissions from the power generation operations are coal fly ash and soot.

Coal Gangue

Coal gangue is the major emission produced in the process of coal mining and washing and selection, and is combustible. The Company actively controls the production of coal gangue at the source. Through advanced technologies such as disposal of gangue in rockless tunnels and abandoned tunnels, the Company endeavors to prevent the emission of most underground gangue and avoid environmental pollution as a result of the occupation of large amount of land by gangue mountains and spontaneous combustion of gangue. In 2010, the coal gangue produced by the Company amounted to approximately 18.8 million tonnes (a decrease of 10.1% yoy). The Company utilizes coal gangue mainly through coal gangue power generation and construction material manufacturing; the 2010 comprehensive usage of coal gangue was approximately 5.3 million tonnes (an increase of over 5 times yoy) and all of the unused coal gangue has been disposed of safely.

The technology of power generation by coal gangue was extensively used by the Company in 2010. The construction of four sets of coal gangue-fired power generating units of 300MW with cycled fluidized bed combustion boilers was completed and put into operation. As of the end of 2010, the total installed capacity of the integration utilization power plant operated and controlled by China Shenhua was 3,170MW, and the capacity of coal gangue-fired power generation units under construction was 1,260MW.

Coal Dust

Coal dust is one of the key emissions produced in the processes of coal production, transportation and storage. In the course of production, the Company carries out daily inspection of the density of coal dust at the coal dust generating points at the workshops and adopts a number of measures to minimize the coal dust produced in its processes, so as to reduce environmental pollution and ensure the health of workers.

The Company has adopted various measures to reduce dust discharge in its underground coal mines and open cut mines, including equipping its coal cutters with internal and external spraying system for the underground coal mines, shutting down the crusher with a sprinkler to remove dust, cleaning its transport roadway and spraying rock powder, sprinkling the open cut mines and open cut coal storage yard to remove the dust, setting up the wind-proof and dust prevention wall and spraying system, introducing the sealing system or sprinkler to remove dust on a conveyor belt, installing a subsidiary trough on the top of the conveyor belt to collect the sprinkled coal dust, and developing the sealed coal storage yard in the coal washing plants, which effectively reduced the emission of coal dust and the adverse impact on the environment. In 2010, Zhunge'er Energy installed a wind and dust screen in the primary crushing station of the coal selection plant located in the Haerwusu open cut mine, and 14 sets of dust removing devices with PP woven bags in the transfer station with significant dedusting efficiency and a reduction in dust ash emission by 80%.

The Company actively applied the coal dust removing technology in the course of coal transportation, effectively reducing the production of dust ash at source. The loading stations of Shendong Coal and Zhunge'er Energy are all equipped with the loader surface dust sealing curing agent, which could substantially reduce the leakage of coal dust along railways and tunnels, thereby minimizing the impact on the environment. It could also reduce the potential safety danger as a result of coal dust suspension in electrical railways and tunnels, and at the same time reduce the loss of coal in transportation. In 2010, Huanghua Port further expanded the capacity and improved its construction of the wind and dust screen in the coal storage yard. The construction project of a wind and dust screen with a dimension of 23m x 3,023m at the eastern, western and northern side of the coal storage yard may effectively reduce the emission of coal dust. Shenhua Tianjin Coal Dock applied the electrostatic de-dusters throughout the process with a recovery rate of coal dust of up to 99%.

The Company built fully sealed coal tanks in its power plants including Ninghai Power, minimizing the spread of coal dust to the environment.

Coal Fly Ash

Coal fly ash is the major product of coal combustion and the primary solid emissions discharged by our power generation operations. In 2010, the coal fly ash generated by our power generation operations approximated 9.7 million tonnes, of which approximately 6.9 million tonnes was used as construction materials such as cement, representing an integrated utilization rate of approximately 71.1%, and the unused coal fly ash was transported to the centralized ash yard for safe disposal.

Soot

Soot is the small particles generated in coal combustion and is mainly derived from the smoke discharged from coal-fired power generation and heating boilers. It is one of the wastes discharged by our power generation operations. All of the coal-fired power generation units of the Company are equipped with dedusting device with a dedusting efficiency as high as 99%. Both the density and gross emission of soot satisfy the relevant national and local emission standards and requirements.

In 2010, the standard soot discharged throughout the year by Guohua Power Branch was approximately 0.1g/kwh, which is leading among the industry in China.

LIQUID EMISSIONS

The sewage produced in the Company's coal operations is largely mine water, industrial sewage and domestic sewage, whereas the sewage produced in the Company's transportation and power generation operations is mainly industrial sewage and domestic sewage. All sewage produced by the Company is processed and fulfills the discharge standard for recycling to the largest extent. The sewage after processing is mainly used as water for mining, water for coal washing and selection, cooling water for power plants, water for spraying mine sites and roads, water for greening and reclamation, as well as water for flushing and car washing.

In 2010, the total sewage produced by the Company was approximately 112.2 million tonnes (a decrease of 3.4% yoy) and the discharge was approximately 56.0 million tonnes with an integrated utilization rate of approximately 50.1%, of which the integrated utilization rate of industrial sewage is 82.4%:

The Company has enhanced the effect of sewage treatment by stepping up its active effort in the R&D and application of sewage treatment technology. In 2010, after the sewage is processed, the average removal rate of chemical oxygen demand (COD) reached 78%, while the general COD emission of the Company for the year decreased 5.9% yoy to approximately 3,200 tonnes, outperformed the emission reduction target under the "Eleventh Five-Year Plan" last year.

The industrial sewage of Shenshou Railway is up to the standard of drinking water after treatment and is good for irrigation of vegetables in long run.

Case Study: Effective conservation of water resources due to increased effort of Shenshuo Railway Branch in sewage treatment

In recent years, Shenshuo Railway Branch has attached great effort in changing economic development mode, which placed emphasis on environmental protection and water conservation and endeavored for the harmonious development of transportation operations and the environment. In 2010, Shenshuo Railway saw remarkable progress in its sewage treatment work, with its sewage recycling technology having granted the patent of practical new model by the State, and the sewage treatment plant of the locomotive depot of Shenmu north passing the acceptance check upon completion.

Since 2008, Shenshuo Railway Branch organized a team of technicians for a cooperation with the Design School of Lanzhou Jiao Tong University in an effort to prove the feasibility of advanced sewage treatment, with our practical experience in sewage treatment and a breakthrough in the microorganism immobilization technology. With repeated testing, optimization and modification, the Shenshuo Railway sewage recycling technology was finally developed and was granted the patent of practical new model by the State.

The sewage treatment plant of the locomotive depot of Shenmu north was completed in March 2010 and passed the acceptance check in July. Since then, the 9 major station areas of Shenshuo Railway including Daliuta have been capable of sewage recycling, effectively achieved water conservation.

GASEOUS EMISSIONS

Gaseous emissions from our coal operations mainly include gas (methane), and those from power generation operations mainly include SO_2, nitrogen oxide and CO_2.

CO_2

China Shenhua endeavors to incorporate the concept of low-carbon economy into the production and operation of the enterprise and is committed to conducting R&D and promoting various technologies namely the low-carbon technology, new energy-saving and emission reduction technology and advanced coal conversion technology to upgrade coal quality, generate power with clean coal and improve power generation efficiency in an effort to enhance the utilization rate of resources and minimize the emission of CO_2.

The Company has been active in the implementation of the clean development mechanism (CDM) projects to encourage CO_2 emission reduction. At present, two CDM projects of Yuyao Gas and Zhuhai Wind Power have been approved for UN registration. During the monitoring period in 2010, the proposed CO_2 emission reduction (CER) approximated 250,000 tonnes CO_2 equivalent[Note] and the revenue from such CER was estimated to be approximately RMB16 million. A number of reform projects of the Company are under review and approval. Among which, the CDM project of Sanhe Power Plant's heat supply reform has become the first heat supply reform CDM project in China approved by the National Development and Reform Commission and the annual CER is expected to reach 226,000 tonnes CO_2 equivalent.

China Shenhua applied washing and selection procedure to all coal products that are suitable for washing and selection, by which the quality of coal product is enhanced and ineffective transportation is reduced, while the content of ash in coal product is lowered and the utilization efficiency rate of coal is increased, thereby reducing coal consumption and achieving reduction in CO_2 emissions. According to measurement and calculation, a reduction of 47.5 million tonnes in CO_2 emissions was achieved by the coal washing and selection procedure of China Shenhua in 2010.

Methane (gas)

Gas content in coal seam is relatively low in most of underground coal mines of China Shenhua. On the basis of the relevant PRC laws and regulations, the methane gas from the coal seam is mainly discharged through ventilation. The Company is attaching greater effort to the R&D on the integrated utilization technology of gas.

Note: The period of monitoring Yuyao project commenced from 1 July 2009 to 30 September 2010. The project is under public notice. The period of monitoring Zhuhai project commenced from 1 June 2009 to 31 July 2010. The project is under public notice.

SO_2

SO_2 is mainly derived from the coal-fired generation units from our power generation operations and the coal boilers from other operations. Through equipping with the desulphurization devices and reforming the boiler technology, SO_2 emission for the year 2010 was reduced to around 35,000 tonnes, representing a decrease of 25.5% yoy, which outperformed the target of emission reduction under the "Eleventh Five-Year Plan" last year. At the end of 2010, the Company's total installed capacity of desulphurization units amounted to 26,610,000KW, which accounted for 99.9% of the Company's total installed capacity of coal-fired generation units.

In 2010, the installed capacity of the 43 coal-fired generation units owned by Guohua Power Branch, all of which have been installed with dedusting and desulphurization devices, amounted to 23,370,000KW. The percentage of the capacity of desulphurization units reached 100%, which is significantly higher than the level of the national desulphurized units. The SO_2 emission standard of Guohua Power Branch amounted to 0.2 g/kwh. The four sets of units of 300MW from Shendong Power Company, which come into operation recently, are equipped with the desulphurization system. The circulating fluidized bed (CFB) boilers of each power plant apply the method of desulphurizing in limestone boilers.

Nitrogen Oxide

Nitrogen oxide is one of the gaseous emissions from our power generation operations. The Company applied the denitrification technology in advance in its power generation operations, and the denitrification devices had remarkable effect in removing the nitrogen oxide from boiler flue gas.

As of the end of 2010, Guohua Power Branch has a total of 13 units installed with operational denitrification devices, with the total installed capacity amounted to 7,180,000KW, accounting for 30.7% of the total capacity of coal-fired generation units. The standard nitrogen oxide discharged throughout the year by Guohua Power Branch was 1g/kwh. In 2010, eight new units from Guohua Power Branch that have commenced production were installed with the denitrification system. Meanwhile, Ninghai Power Plant and Taishan Power Plant operated smoothly.

OTHER EMISSIONS

Other emissions of the Company mainly include noise, which mainly comes from mine ventilation machines, coal washing plants and railways etc. The Company has invested heavily in controlling such noise in recent years.

In recent years, the Company has reduced noise pollution from underground mines through taking measures, such as installation of silencer and sound arrester to mine ventilation machines and applying the frequency-changing regulating technology for mine belt and main fan. The Company satisfactorily put noise from coal washing plants under control through installation of silencer and building soundproof wall for noise-generating plants and devices and achieved remarkable results.

There are many villages along the rail routes of Shuohuang Railway and the train flow is high. The passing of trains through the railways in proximity to the villagers will result in considerable noise pollution. The Company set up sound barriers with a length of 20 kilometres in vicinity of the 49 villages with a dense population. Shuohuang Railway will subsequently set up sound barriers in other places where noise pollution is serious so as to minimize the possible noise pollution on the residents along the rail routes. Shenshuo Railway also effectively reduced noise pollution through setting up additional sound barriers, planting vegetation at the sides of the road and replacing with seamless railway.

Case study: Beidian Shengli Energy steps up its efforts in greening and environmental protection

Beidian Shengli Energy upholds the philosophy of "Our environment is priceless to gold and metal" and continues to step up its greening and environmental protection efforts. During the period of 2005 to 2010, Shengli Energy invested an accumulated amount of RMB68,070,000 and completed greening and reclamation for an area of 3,642,000 square meters with forestation of 2,200,000 cubic meters. It constructed pipelines for irrigation of 16,000 meters long, solving 97.3% of the problem of water and soil erosion and restoring 97.7% of the vegetation. The result of greening and environmental protection is significant.

In recent years, Beidian Shengli Energy has taken the initiative in greening and environmental protection, made early and timely plans and preparation for the reclamation of soil dump site, setting up protection by sand fortification in time and planting grass on slopes and ground for the purpose of protecting the water and soil as well as restoring vegetation. Last year, the projects on water and soil preservation and environmental protection of 10 million tonnes per year and on environmental protection of phase 1 of open cut mines were successfully verified and accepted by the State.

The vicinity of the loading station of Beidian Shengli Energy.

WATER AND SOIL CONSERVATION AND ECOLOGICAL DIVERSITY

Water and soil conservation and ecological construction is one of the important elements in our environmental protection projects. In upholding the philosophy of "producing environmentally-friendly coal and constructing ecological mine areas", the Company focused on wind resisting and sand stabilizing, water source control and subsidence area control, slope protection and greening and reclamation to enhance the local ecological environment. In 2010, the Company invested approximately RMB180 million (an increase of 28.6% yoy) in water and soil conservation and ecological construction, generating a new green area of 10,650,000 square meters.

After years of implementation, Shendong Mines gradually figured the new ways of "advance reclamation" and commenced the comprehensive ecological development in the mine areas systematically. Prior to mining, we have to carry out the overall planning and define the mine area into "three circles and one water area", namely the surrounding guard circle, the surrounding green circle, the central landscaped area and the river course landscape. We have also formulated integrated preventive measures and implemented them accordingly and increased vegetation coverage at targeted areas so as to improve the regional ecological environment. In 2010, Shendong Coal generated a new green area of 4,000,000 square meters.

Other mines of the Company also actively implemented the water and soil conservation and ecological development projects. As at the end of 2010, the accumulated total greening and reclamation area of Zhunge'er Energy was 17.55 million square meters, generating a new green area of 5.658 million square meters during 2010. Beidian Shengli Energy made great efforts to drive the ecological development by carrying on the protection of the slopes of the soil dump sites and the maintenance of vegetation along the rail routes. As at the end of 2010, the greening and reclamation area was 3.64 million square meters.

Our transportation operations pursued ecological development through stepping up its greening and maintenance efforts. In 2010, Baoshen Railway, Shenshuo Railway Branch and Shuohuang Railway continued its greening and maintenance efforts along the railways and in the station areas by planting a total of 280,000 trees and increasing the area of grassland by 24,000 square meters.

The Company made "provision of reclamation expenses" in accordance with relevant regulatory requirements. The year end balance of "provision of reclamation expenses" of the Company for 2010 was RMB1,577 million.

FUTURE PLAN

China Shenhua will persist in the policy of simultaneous planning, implementation and development between business development and environmental construction; and attach great importance to environmental protection work. The Company will focus on energy-saving, integrated utilization of resources, pollution control and ecological development through implementing measures to increase investment in environmental protection, push ahead technological innovation and optimize environmental management procedures. At the same time, it will carry on clean production at full scale, step up its efforts in developing low-carbon recycling economy and actively respond to the climatic changes in an effort to establish itself as an "energy-saving and environmentally-friendly enterprise", thus realizing sustainable development.

Independent Innovation and Technological Advancement

As the largest listed coal producer in the PRC, China Shenhua has always attached great importance to technological innovation and made use of technological innovation to drive the production and operation of the Company. The Company values "technological advancement and talented professionals and pursues the philosophy of low-carbon development in high-carbon industry through technological innovation" in an effort to "support China Shenhua's scientific development, lead the industry's technological advancement, strengthen the enterprise's technological competitiveness" for an enhancement in China Shenhua's capability of technological advancement in full.

The Company established Shenhua Technology Committee, Shenhua Expert Advisory Committee and our expertise base in order to strengthen the development of the decision-makers and reinforce the development of the independent innovation capabilities leveraging on our core science and technology administrative entities namely Shenhua Technology Center (Science & Development Department), National-level Enterprise Technology Center and Coal, Power and Transportation Technology Center, alongside with our technology R&D entities namely Shenhua Technology Research Institute and Shenhua Post-Doctoral Science and Research Work Station, supplemented by the technological innovation organization featuring the social technological innovation power.

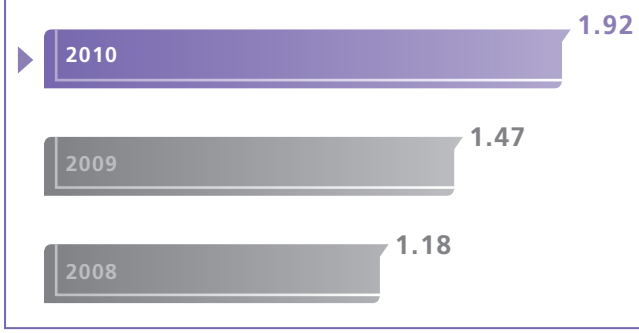
The Company formulated a set of relatively comprehensive administrative systems and measures in respect of organization and management, funding protection, project R&D and achievements protection of its technological innovation areas, which ensured a regulated and systematic management of the technological innovation functions. The Company successively promulgated a number of new fundamental administrative systems for technology innovation including the Provisional Measures on Management of Technological Innovation Projects of China Shenhua Energy Company Limited and the Requirements on Fund Management for Scientific R&D Projects of China Shenhua Energy Company Limited in order to gradually build up a systematic, regulated and standardized administrative mechanism for technological innovation. The investment in technological innovation and new achievements of technological innovation are included in the assessment system of the "five-model enterprise", facilitating the launching of technological innovation functions of the Company.

INVESTMENT IN TECHNOLOGICAL INNOVATION

Investment in technological innovation is the basic guarantee for an enterprise to strengthen the principal status of its independent innovation. China Shenhua has been expanding its investment efforts in technological innovation since its establishment in order to achieve fast, stable and sustainable development.

The investment in technological innovation is subject to the system of centralized application of scientific research funds, hierarchical management and special fund for special use. In 2010, the Company invested a cumulative amount of approximately RMB1.92 billion in technological innovations, with a growth rate of 30.6%. In the past three years, the Company has invested a cumulative amount of approximately RMB4.57 billion in technological innovations, with the growth rate exceeding 20% for three years successively. The investment in technological innovations focused on high efficiency projects in various fields, including enhancement in technological level of the Company's infrastructure projects, improvement in production techniques, combating safety hazards to production, safeguarding safety production, development of new product technologies, localization and technology reform of production equipment, promotion of application of new environmental-friendly techniques, innovative management model, etc.

THE INVESTMENT IN TECHNOLOGICAL INNOVATION (RMB Billion)



The WJ-4FB explosion-proof diesel oil scraper jointly researched and manufactured by Shengdong Coal Group and its suppliers.

The Company intensified its effort in localization of major production equipment and technological reform and accelerated the application of advanced technologies and technological innovations. In 2010, Shendong Coal applied domestic manufacturing on various kinds of mining equipment, such as 7-meter hydraulic supporter, mining trucks on thin coal seam, command vehicles for preventing explosions on thin coal seam and continuous miners, etc, with an the investment amounted to approximately RMB1.3 billion, resulting in a significant decrease of production cost. Guohua Power Branch further expanded the application of advanced environmental friendly technologies with an investment amounted to approximately RMB300 million.

In 2010, the Company strengthened the training on intellectual property rights by holding 17 relevant training sessions on knowledge about intellectual property rights and patents for participants of 500 person-time. This effectively increased the knowledge and awareness of the Company's staff towards intellectual property rights.

ACHIEVEMENTS IN TECHNOLOGICAL INNOVATION

In 2010, the Company made technological innovation which aim at enhancing productivity, ensuring safety production and tackling technological challenges. The Company generated a number of significant technological achievements by improving technological standard and continuously expanding our R&D on and base of frontier technology and acquired their corresponding intellectual property rights, generating enormous economic benefits.

INTELLECTUAL PROPERTY RIGHTS

China Shenhua attaches importance to patent application and protection. In 2010, China Shenhua stepped up its management of intellectual property rights and patents in accordance with the spirit conveyed in and the requirement of "Intellectual Property Rights Strategies of China Shenhua Energy Company Limited" and the "Implementation Guide on Intellectual Property Rights Strategies of China Shenhua Energy Company Limited", upgrading the content of management of intellectual property rights as a significant part of the Company's strategies on technological innovation. In 2010, the Company was granted a total of 102 patents (an increase of 43.7% yoy), including 19 invention patents. The Company was granted a total of 338 patents as of 31 December 2010, representing a growth in the number of patents granted to the Company.

Case Study: The first circulating fluidized bed (CFB) boilers with independent intellectual property rights in China passed the technological achievements certification

On 20 January 2010, Chinese Electricity Council and China Machinery Industry Federation convened a meeting at the China Science and Technology Museum in Beijing to certify the technological achievements and new products. The first 690t/h extreme pressure reheating circulating fluidized bed (CFB) boiler without external heater exchanger, which is installed and operated by Shenhua Yili Energy Company's power plant and has the independent intellectual property rights in China passed the technological achievements and new products certification.

It is the state's major technology R&D project named" 200MW circulating fluidized bed (CFB) boilers and technology demonstration project" during the "10th Five-Year Plan", which is jointly accomplished by the Institute of Engineering Thermophysics, Chinese Academy of Sciences, Shanghai Boiler Works, Ltd., and Shenhua Yili Energy Company.

ECONOMIC BENEFITS

The Company pushed ahead the research on practical technological projects and the introduction, digestion, absorption and reforming of the new technological achievements. The patented achievements were extensively applied in the production process of the enterprise. This accelerated the application of technological achievements on production, providing the necessary technological support for the sustainable development of the Company. Meanwhile, it generated greater direct economic benefits as well as tremendous indirect economic benefits and social benefits.

KEY SCIENTIFIC RESULT AND TECHNOLOGY COMMENCED BY THE COMPANY IN 2010

Coal Operations

- "Technology of Coordinated Development for Resources and Environment of Ultra large Mine Areas" establishes a supporting technology of coordinated development for resources and environment with a focus on 4 core techniques. The accumulated increase in profit and reduction in expenses for the 3 years amounted to approximately RMB13.31billion, resulting in new profit and tax of RMB6.68 billion.
- Shendong Mines has successfully adopted 1.3 to 2-meter thin coal seam working face mining and 7-meter high large mining height long-distance working face, with an additional recovery of more than 3 million tonnes of coal each year.

Transportation Operations

- The technologies of "Split Type Rerailer for Train Rerailing" was fully applied on restoration of the operation from accidents of train derailing. It shortened the time of restoration for Shuohuang Railway from 24 hours to 12 hours.

- "Debris Removal Device for Hydraulic System" was applied on debris removal devices for machines at ports, saving expenses for spare components of RMB600,000 annually.

Power Operations

- With the gradual promotion and application of "Stabilization devices and stabilizing methods for sub-synchronous resonance of power generation units" and "Control devices and methods for suppression of sub-synchronous resonance", which filled the gap of China of applying SVC technology in the suppression of sub-synchronous resonance, effectively curbed the issue of sub-synchronous resonance in grids. After the stabilization devices and stabilizing methods for sub-synchronous resonance commenced into operation, they have satisfied the full loading of the 4 generation units of Jinjie Energy Company with an additional power output of 4.125 billion kilowatt each year, increasing profits of RMB330 million per year.

THE COMPANY'S KEY SCIENTIFIC RESEARCH PROJECTS WITH A BREAKTHROUGH IN DEVELOPMENT IN 2010

- The application of "Wireless WiMAX Broadband Technology" in the mobile communication of Shuohuang Railway, which has made initial achievements, represents the first application of the third generation communication technology used in railways in China. Operation tests such as video surveillance, antenna synchronization control and train tail wind pressure test and inspection were completed. The technology will significantly enhance the digitalization level of Shuohuang Railway.

- "R&D of Fly Ash Integrated Utilization Industrial Technology System in Zhunge'er Mines" has initially completed the production technology in metallurgical alumina with more than 30 patents at the initial stage. Construction of plants for industrial pilot tests commenced in September 2010 while the development of pilot test equipment is expected to be completed in September 2011. The technology will implement the integrated utilization of coal resources high in aluminium in Zhunge'er Mines, which will significantly improve the development and utilization rate of the associated indispensable coal resources of coal and lay the foundation of a new economic boost for the Company.

The first SDWX/JW-III moving tail device sold abroad by Shendong Coal

FUTURE PLAN

During the "Twelfth Five-year Plan" period, China Shenhua will proceed the technological innovation under the general development strategies of the Company in accordance with the general requirements of technological development, aiming at actively developing its core technologies, strengthening the core competitiveness of the enterprise and taking a leading position in the transformation of economic development.

In respect of technological innovation, during the "Twelfth Five-year Plan" period, China Shenhua aims at establishing a comprehensive independent innovation system and operational mechanism; increasing the percentage of investment in R&D to sales revenues to 1% by the end of the "Twelfth Five-year Plan" period; acquiring the most advanced core technologies of low-carbon energy so as to carry out scientific development in its coal, power, transportation, and port businesses and achieve core technological advancements with independent intellectual property rights; becoming the pioneer in formulating a set of industry practices and national standards based on China Shenhua's core technologies; initially forming the independent technological innovation driven enterprise development pattern to achieve a contribution rate of technological advancements to economic growth up to 65% or above; and implementing a "tens-hundreds-thousands" talent project to train, attract and retain a group of qualified technological professionals so as to build up China Shenhua's unique culture of innovation.

Case Study: Shendong Coal sold its first SDWX/JW-III moving tail device in overseas

The first SDWX/JW-III moving tail device of Shendong Coal sold externally assembled in the Maintenance Center in January 2010, and was transported to Yushuwan Mines after the quality inspection was passed.

With years of experience in manufacturing, the Maintenance Center researched, developed, designed and manufactured SDWX/JW-III moving tail device with reference to the performance and strengths of the SDWX/JW-I moving tail device and SDWX/JW-II moving tail device. The moving tail device performed well and could meet the manufacturing requirements of the coal mines in the region, plus the low cost and high value in use. It basically solved the quality issue of the moving tail device and met the target of low defect and low breakdown rates for the equipment, which drastically extended the useful life of the moving tail device.

Public Welfare and Social Appraisal

While creating economic benefits, China Shenhua takes root in the community and pays effort in continuously deepening its commitment towards public welfare to building the value of "Love our country, contribute to the society and reward the people". China Shenhua always adheres to the principle of win-win cooperation and with the community, remains enthusiastic in participating in social welfare activities, which gradually develops China Shenhua's unique way to reward the society.

SOCIAL CONTRIBUTION

China Shenhua builds a safe, convenient and beautiful living environment for the community and actively donates to the community and facilitates and harmonious community and corporate development through "win-win" cooperation with its neighboring community.

The Company has formulated measures including "(Provisional) Administrative Measures on Donations of China Shenhua Energy Company Limited" to define provisions on the content, amount and procedures of donations. In 2010, China Shenhua's expenses on external donations amounted to RMB486.4 million, of which RMB355.9 million was donated to "Shenhua Social Welfare Foundation"[Note] and RMB130.5 million was directly donated to the community, disaster-stricken areas, education sector, and other social welfare and cultural and sports sectors.

Shenhua Social Welfare Foundation aimed at "contribute the love of Shenhua to support the social welfare and facilitate the harmonious development of the society". In 2010, Shenhua Social Welfare Foundation contributed RMB50 million to launch "Shenhua Love Movement" with China Association of Social Workers. Each of a child with leukemia and a child with congenital heart disease in average are expected to benefit from the project every day in 2011, by which a total of not less than 365 children with leukemia and congenital heart disease will be rescued during

Green Shendong, harmonious Community.

the year. With this project, the social harmony is enhanced as to not only the child and the family are saved, but also the community. Shenhua Social Welfare Foundation also donoted RMB30 million to build 5 schools in the old revolutionary base areas such as Ruijin City, Jinggangshan City, Ji'an County, Xingan County and Yugan County.

Note: The use of fund of Shenhua Public Welfare Foundation strictly in accordance with the relevant regulations of the Ministry of Civil Affairs and the articles of Shenhua Public Welfare Foundation. It mainly used for public welfare activities such as helping people suffering from poverty and disasters, and promoting education and environment protection. According to the articles of Shenhua Public Welfare Foundation, the connected persons and related parties were not entitled to the relevant donation made by the Foundation at anytime and anywhere.

2010 was a year of disasters. China Shenhua has showed its cares to the living of victims in the disaster-stricken areas by donation of RMB12 million to Yushu, Qinghai, one of the disaster-stricken areas and RMB10 million of drought relief money to areas suffering from drought, so as to help the victims to resume their normal living as soon as possible.

In terms of recruiting graduates and arranging employment, the Company gives priority to people from the place where the business operates to help with local employment. In terms of project construction and procurement, the Company endeavors to ensure local interests whilst maintaining equality and quality.

The Company has actively engaged in the joint development of the enterprise and the local community to cooperate with the community where the Company operates its business, and thus benefiting the people of the local community. The donation for local community was mainly used as subsidies for repairing and construction of local infrastructures and building homes for the elderly, and financial aid to the local households to ensure heat supply in the winter.

In growing its business, China Shenhua actively supports the poverty, unschooled children and deprived undergraduates through "Jinqiu Education", "1+1 Hope Education Project" and "Project Hope-Donation to the Library" to contribute to the education development in the places where it operates.

SOCIAL SERVICES

As for social services, China Shenhua has launched a number of social welfare services with special features and made them part of daily lives and systemized them.

During the Shanghai World Expo in 2010, the Company re-designated its elites and professionals and made thorough deployment to guarantee stable power supply for the event. Guohua Power Branch was the direct responsible unit of the power supply of Shanghai World Expo. It conducted comprehensive drills of safety production and safe security in an effort to avoid any possible interruption through the strengthening of prevention and control of risks. With the committed effort of the entire team for 184 days, the mission of power supply assurance in World Expo was well accomplished.

An emergency drill for assuring power supply at Guohua Taishan Power.

During the 2010 Guangzhou Asian Games and Para Games, Taishan Power of Guohua Power Branch, the backbone power plant of Guangdong, borne the key responsibility of the safe power generation and power supply of the Asian Games. The work of power supply assurance lasted for 263 days, commencing from 1 April 2010 to 19 December when the Asian Para Games is closed. Taishan Power has supplied power of 13.9 billion kwh to South China Power Grid, accomplishing the mission of assuring power supply for Asian Games.

In 2010, China Shenhua actively participated in organizing the 1st Competition of Mining Skills of International Coal Industry – "Cup of Shenhua", which was an international tournament of mining skills. 12 teams of international well-known coal enterprises from 9 countries, including Australia, Germany, Russia, the United States and China participated and exposed themselves in the competition. This greatly enhanced the reputation and influence of China's coal enterprises.

China Shenhua made full use of its own railway transportation resources and rolled out the reverse transportation to serve our society. The Company opened the railway transportation lines along the existing routes for the transportation of ores, coking coal and imported facilities. The launch of reverse transportation can enhance the utilization rate of China Shenhua's assets such as railways and truck and increase the profitability of the Company's transportation operations, marking the significance of the win-win cooperation between the enterprise and the community.

The participants from all over the world perofrmes their excellent skills at the International Competition of Mining Skills, "Cup of Shenhua".

The staff of Shendong Coal exhibited their charm when they welcomed competitors at the International Competition of Mining Skills – "Cup of Shenhua" as a volunteer.

Case Study: Shendong Coal showed its care to the needy by carrying out drilling works for water source

In recent years, many regions of Inner Mongolia experienced severe drought, among which Guyang County of Baotou had suffered from drought for 5 consecutive years with the level of surface water falling tremendously. The water level of the existing wells in Dongbuhao Village of Huaishuo Town declined and the wells are dewatered, failing to satisfy the daily consumption and irrigation needs of the area.

In November 2010, Shendong Coal Geological Exploration Company helped the local farmers and herdsmen of Dongbuhao Village, Huaishuo Town, Guyang County, Inner Mongolia Autonomous Region to solve the water problem by carrying out drilling works for water source. Geological Exploration Company assigned 13 drilling and other related workers and transported drilling machines to that mountainous area. With close co-ordination with each others, drilling workers overcame the problems of machinery, water, fast cooling off of mud and hard rocks. They finally located the source of water after 26 days of hard work.

The works was completed on 9 November. It is estimated that the water yield of the well may reach 200 cubic meters/day according to the pumping test, meeting the daily water consumption needs of the local area. After the completion of construction, the responsible officers of Huaishuo Town and the village committee of Dongbuhao Village represented the local government to extend their gratitude by presenting the silk banners to the Company, the geological exploration company and the drilling team of the geological exploration company respectively.

Guyang County government and Huaishuo Town government awarded a silk banner to the drilling team to express their gratitude

SOCIAL CONTRIBUTION VALUE PER SHARE

Social contribution value per share represents the values the Company created for its shareholders, employees, clients, creditors, community and the society, and could help the society have more comprehensive understanding of the Company's social contributions. In 2010, the social contribution value per share of China Shenhua amounted to RMB4.157 (PRC GAAP) and RMB4.205 (IFRS) respectively.

Note: The calculation of social contribution value per share: adding the basic earnings per share the Company created for shareholders and the value of tax paid to the country, salary paid to its employee, interests on borrowings paid to creditors such as banks and value created for other stakeholders such as external donations, and deducting other social costs of the Company as a result of factors such as environmental pollution caused. The calculation of other social costs as a result of factors such as environmental pollution caused includes the taxes and fees the Company paid and funds provided in accordance with relevant requirements of the State, including pollutant discharge fee, coal sustainable development fund, compensation for water and soil losses, compensation for land acquisition, security deposits for mine environment control and recovery and provision of reclamation expenses.

SOCIAL APPRAISAL

LIST OF NATIONAL OR PROVINCIAL (INDUSTRIAL) LEVEL FOR TECHNOLOGY AWARDS WON BY CHINA SHENHUA IN 2010

No.	Level of Award	Name of Award	Awarded Project	Awardee
1	Provincial (Industrial) level (First Prize)	Science and Technology Award for Coal Industry in China	Resources of ultra large mines group and the exploration technology in response to the environment	China Shenhua Energy Company Limited
2	Provincial (Industrial) level (First Prize)	Technology Advancement Award of Inner Mongolia Autonomous Region	Comprehensive technology for the 6.3-meter high large mining height working face	Shendong Coal
3	Provincial (Industrial) level (First Prize)	Technology Advancement Award of Inner Mongolia Autonomous Region	Key technological research in development and application for modern open-cut mines of Zhunge'er	Shenhua Zhunge'er Energy Company
4	Provincial (Industrial) (Second Prize)	China Power Science and Technology Award	Independent research and development of sub-synchronous resonance dynamic stabilizers and its application in engineering	Guohua Power Branch
5	Provincial (Industrial) level (Second Prize)	China Power Science and Technology Award	Performance assessment and research on technology application for P92 steel connector of ultra-supercritical generating unit	Guohua Power Branch
6	Provincial (Industrial) level (Third Prize)	Science and Technology Award for Coal Industry in China	New crawler travelling-type hydraulic supporters of Shendong	Shendong Coal
7	Provincial (Industrial) level (Third Prize)	China Power Science and Technology Award	Research and application of 13000m^2 sea water cooling tower technology	Guohua Power Branch
8	Provincial (Industrial) level (Third Prize)	China Power Science and Technology Award	Implementation and application of Guohua's ERP-based SCM information system	Guohua Power Branch
9	Provincial (Industrial) level (Third Prize)	China Power Science and Technology Award	Safety research and improvement on the low coupling of 600MW generating units	Guohua Power Branch

LIST OF NATIONAL OR PROVINCIAL (INDURSTIAL) LEVEL FOR SAFETY PRODUCTION AWARDS WON BY CHINA SHENHUA IN 2010

No.	Level of Award	Name of Award	Awardee
1	National level	Advanced Enterprise of Occupational Safety and Health in Coal Mines in the PRC	Shangwan coal mine
2	Provincial (Industrial) level	Outstanding Enterprise of Power Industry in China	Taishan Power
3	Provincial (Industrial) level	Outstanding Enterprise of Power Industry in China	Dingzhou Power
4	Provincial (Industrial) level	Safety Enterprise of the Year	Shendong Coal
5	Provincial (Industrial) level (First Prize)	600MW awarded generation unit	Unit No. 4 of Jinjie Energy
6	Provincial (Industrial) level (Second Prize)	600MW awarded generation unit	Unit No. 4 of Taishan Power
7	Provincial (Industrial) level (Second Prize)	600MW awarded generation unit	Unit No. 2 of Dingzhou Power
8	Provincial (Industrial) level (Second Prize)	600MW awarded generation unit	Unit No. 1 of Jinjie Energy
9	Provincial (Industrial) level (Third Prize)	600MW awarded generation unit	Unit No. 1 of Cangdong Power
10	Provincial (Industrial) level (Third Prize)	600MW awarded generation unit	Unit No. 4 of Ninghai Power
11	Provincial (Industrial) level (Third Prize)	600MW awarded generation unit	Units No. 2 and 3 of Jinjie Energy

LIST OF ENVIRONMENTAL PROTECTION AWARDS WON BY CHINA SHENHUA IN 2010

No.	Level of Award	Name of Award	Awarded Project	Awardee
1	Provincial (Industrial) level	Advanced Enterprise of Energy Conservation and Emission Reduction in Coal Industry	–	Shendong Coal
2	Provincial (Industrial) level	China Power Science and Technology Advancement Award (First Prize)	Research and development of low temperature multi-effect seawater desalination device with capacity of 12,500 tonnes/day and its application in coal-fired plants	Guohua Power Branch
3	Provincial (Industrial) level	China Power Science and Technology Advancement Award (Third Prize)	Comprehensive assessment technology on application of 600MW large scale equipments	Guohua Power Branch
4	Provincial (Industrial) level	China Power Science and Technology Advancement Award (Third Prize)	Technical optimization research on operating 600MW subcritical coal-fired generation units with low capacity	Guohua Power Branch
5	Provincial (Industrial) level	China Generation Units Association Annual Award for capacity of 600MW (First Prize)	Unit No. 4 of Jinjie Power Plant	Guohua Power Branch
6	Provincial (Industrial) level	China Generation Units Association Annual Award for capacity of 600MW (Second Prize)	A total of 4 generation units, including Unit No. 1 of Jinjie Power Plant, Unit No. 2 of Cangdong Power Plant, Unit No. 4 of Taishan Power Plant and Unit No. 2 of Dingzhou Power Plant	Guohua Power Branch
7	Provincial (Industrial) level	China Generation Units Association Annual Award for capacity of 600MW (Third Prize)	A total of 3 generation units, including Unit No. 2 and No. 3 of Jinjie Power Plant as well as Unit No. 4 of Ninghai Power Plant	Guohua Power Branch
8	Provincial (Industrial) level	2010 Outstanding Energy Conservation System Award for generation units in the 2010 China Energy Conservation Industry Summit	Energy conservation improvement project for high-voltage frequency condensers in Yili Power Plant	Shendong Power Branch

LIST OF CAPITAL MARKET AWARDS WON BY CHINA SHENHUA IN 2010

No.	Name of Award	Awarder
1	"Diamond Award" of 2010 Best Corporate Governance Disclosure of the H Share Class	Hong Kong Institute of Certified Public Accountants
2	"Corporate Governance Award of Listed Company– Board of Directors Award of Listed Company 2010"	Shanghai Stock Exchange
3	"The Most Favourable Listed Company of Investors in the China Securities Market Over the Past 20 Years"	Center for Listed Companies of China in Market Value Management
4	2010 Top 100 Listed Companies of China in Market Value Management	Center for Listed Companies of China in Market Value Management
5	"Gold Ding Award" at the Sixth Annual Meeting of China's Securities Market	Organizing Committee of the China Capital Market Annual Conference
6	2009 Outstanding Enterprise Award of "Corporate Governance – Listed Companies in China"	China Business Network and China ChengXin Credit Rating
7	The Fifth China Investor Relations Award – "Top 100 Investor Relations Management of the Year"	Nanjing University, China Listed Company Investor Relations Management Center
8	The Fifth China Investor Relations Award – "Best Disclosure Award"	Nanjing University, China Listed Company Investor Relations Management Center
9	The Fifth China Investor Relations Award – "Best Public Relation Award"	Nanjing University, China Listed Company Investor Relations Management Center
10	Best Social Responsibility Report for Mining Industry 2010	RKS, hexun.com and Det Norske Veritas
11	Shortlist of Social Responsibility Ranking of the State-owned Listed Enterprise in China	Southern Weekly and Guizhou TV
12	Platts Top 250 World Energy Enterprises 2010 – 19th Place	Platts
13	Forbes Top 2,000 Global Enterprises – 154th Place	Forbes
14	2010 Platts Global Energy Enterprises with Outstanding Overall Performance in Asia – 5th Place	Platts
15	2010 Platts Global Energy Enterprises in terms of Asia Coal and Consumable Fuels – 1st Place	Platts
16	2010 Platts Global Energy Enterprises with the Fastest Growth in Asia – 9th Place	Platts
17	Best Legal Risk Management Award for Listed Company in China 2010	Chinese Lawyers Association, the Finance Committee of China International Economic and Trade Arbitration Commission and China Business Law Association

Appendix I
Indicators System on Social Responsibility Performance of China Shenhua

GENERAL INDICATORS

First Tier Indicators	Second Tier Indicators	Third Tier Indicators	Performance in 2010
Social Contributions	Social contributions in RMB per share (PRC GAAP)		4.157
	Social contributions in RMB per share (IFRS)		4.205
	Estimated cash dividend in aggregate (RMB billion) (2005-2010)		69.14
	Final dividend for 2010 (RMB/share) (proposed)		0.75
	Donations to external parties (RMB million)		486.4
Financial	Revenues (RMB million)		152,063
	Net income attributable to equity shareholders of the Company (RMB million) (PRC GAAP)		37,187
	Profit attributable to equity shareholders of the Company (RMB million) (IFRS)		38,132
Operational	Commercial coal production (million tonnes)		224.8
	Coal sales (million tonnes)		292.6
	Power output dispatch (billion kwh)		131.41
	Seaborne coal (million tonnes)		169.9
	Turnover of self-owned railway transportation (billion tonne km)		150.3
Supplier relations	Percentage of purchase from top five suppliers to total purchase (%)		17.2
Customer relations	Percentage of sales revenue from top five suppliers to revenues (%)		23.6
Safety production	Capital investment (RMB billion)		approximately 3.81
	Safety production training (Person-time)		over 140,000

First Tier Indicators	Second Tier Indicators	Third Tier Indicators	Performance in 2010
Energy conservation and emission reduction and environmental protection	SO_2 emission	Total SO_2 emission for 2010 ('000 tonnes)	approximately 35
		Percentage of YOY reduction (%)	25.5
	COD emission	Total COD emission for 2010 ('000 tonnes)	3.2
		Percentage of YOY reduction (%)	5.9
	Utilization of water resources	Total volume of sewage produced (million tonnes)	112.2
		Integrated utilization rate of industrial sewage (%)	50.1
	CDM project	Number of approved CDM projects	2
		CO_2 emission reduction of the approved CDM projects ('000 tonnes CO_2 equivalent) Note 1	250
		Number of CDM projects under approval	4
	Installed capacity of power plant with integrated utilization	Installed capacity in operation (MW)	3,170
		Installed capacity under construction (MW)	1,260
	Major environmental pollution accidents		0
	Capital investment in environmental protection (RMB billion)		1.81
	Capital investment in water and soil conservation and ecological construction (RMB billion)		0.18
	New greening area (million square meters)		10.65
Employees' interests	Basic conditions of employees Note 2	Number of employees	65,154
		Number of disabled employees	284
		Number of child workers	0
		Number of minority employees	2,855
		Number of female employees	11,925
	Occupational health	Capital investment (RMB million)	over 100
		Incidence of occupational disease (number of patients)	6
	Staff training	Training (Person-time)	490,000

Note: 1. The period of monitoring Yuyao project commenced from 1 July 2009 to 30 September 2010. The project is under public notice. The period of monitoring Zhuhai project commenced from 1 June 2009 to 31 July 2010. The project is under public notice.
2. The figure includes that of Shenhua Shipping Company.

First Tier Indicators	Second Tier Indicators	Third Tier Indicators	Performance in 2010
Technological innovation	Capital investment in technological innovation (RMB billion)		1.92
	Number of projects undertaken	Number of projects approved by the headquarter	37
		Number of projects funded by subsidiaries and branches	87
	Number of patents obtained		102
	Intellectual property rights training	Intellectual property rights training (times)	17
		Intellectual property rights training (person-time)	500

COAL PRODUCTION AND TRANSPORTATION OPERATIONS

First Tier Indicators	Second Tier Indicators	Third Tier Indicators	Performance in 2010
Customer relations	Market share	Coastal seaborne coal market in the PRC (%)	28.7
		Export coal market of the PRC (%)	54.1
Safety production	Basic conditions	The fatality rate per million tonnes of raw coal production (%)	0.0123
		Number of serious accidents and above	0
	Results	Mechanization rate of coal mining and excavation (%)	100
		Percentage of the ultra safe and highly efficient mines to total number of mines (%)	70.0
Utilization of resources	Average recovery rate in mining area (%)		83.9
	Integrated energy consumption per RMB10,000 (tonnes of standard coal/RMB10,000)		0.425
Environmental protection, energy conservation and emission reduction	Solid emissions	Production of coal gangue (million tonnes)	18.8
		Integrated utilization of coal gangue (million tonnes)	5.3

POWER OPERATIONS

First Tier Indicators	Second Tier Indicators	Third Tier Indicators	Performance in 2010
Safety production	Basic conditions	Number of serious accidents and above (times)	0
Utilization of resources	Utilization of water resources	Water resource from seawater desalination (million tonnes)	4.9
	Renewable resources	Wind power generation (mwh)	34,640
Environmental protection, energy conservation and emission reduction	Gas pollutant	Total installed capacity of desulphurization units (mw)	26,610
		Equipped rate of coal-fired desulphurization devices (%)	99.9
	Solid pollutants	Emission of fly ash (million tonnes)	9.7
		Integrated utilization rate of fly ash (%)	71.1
		De-dusting efficiency of soot (%)	99

Appendix II
Cross Reference Sheet of the Disclosure Recommendations of the Shanghai Stock Exchange and the Contents of this Report

No.	Disclosure Recommendations of the Shanghai Stock Exchange	Index
Table I	*"Notice on Strengthening Listed Companies Undertaking of Social Responsibilities and Issuance of 'Guidelines on Environmental Information Disclosure by Companies Listed on the Shanghai Stock Exchange'"*	
1	Article 1	Not a requirement regarding the content of this report
2	Article 2	"Our Philosophy of Social Responsibility ", "Social Responsibility Management Structure of the Company ", "Chairman's Statement", "Operation in Good Faith and Mutual Success in Harmony", "Employees' Interests", "Environmental Protection, Energy Conservation and Emission Reduction", "Innovation and Technological Advancement", "Social contributions", "Social Services"
3	Article 3	Not a requirement regarding the content of this report
4	Article 4	"Social contribution value per share"
5	Article 5(I)	"Customer Relations", "Safety production and Employees' Interests", "Social Contribution", "Social Services"
6	Article 5(II)	"Environmental Protection, Energy Conservation and Emission Reduction"
7	Article 5(III)	"Operation in Good Faith and Mutual Success in Harmony", "Employees' Interests"
8	Article 6	Not a requirement regarding the content of this report
9	Article 7	Not a requirement regarding the content of this report
10	Article 8	Not a requirement regarding the content of this report
11	Article 9	Not a requirement regarding the content of this report

No.	Disclosure Recommendations of the Shanghai Stock Exchange	Index
Table II	*"Guidelines on Environmental Information Disclosure by Companies Listed on the Shanghai Stock Exchange"*	
12	Article 1	Not a requirement regarding the content of this report
13	Article 2	Not applicable
14	Article 3(I)	"Environmental Protection, Energy Conservation and Emission Reduction"
15	Article 3(II)	"Utilization of Resources"
16	Article 3(III)	"Captial Investment in Environmental Protection", "Investment in Technological Innovation"
17	Article 3(IV)	"Utilization of water resources", "Key emissions and their treatment"
18	Article 3(V)	"Utilization of water resources", "Key emissions and their treatment", "Independent Innovation and Technological Advancement"
19	Article 3(VI)	"Utilization of water resources", "Key emissions and their treatment"
20	Article 3(VII)	"Management Mechanism for Environmental Protection, Energy Conservation and Emission Reduction"
21	Article 3(VIII)	"Social Appraisal"
22	Article 3(IX)	"Other emissions", "Water and soil conservation and ecological diversity"
23	Article 4	Not applicable
24	Article 5	Not a requirement regarding the content of this report
25	Article 6	"Water and soil conservation and ecological diversity"
26	Article 7	Not a requirement regarding the content of this report
27	Article 8	Not a requirement regarding the content of this report
28	Article 9	Not a requirement regarding the content of this report

No.	Disclosure Recommendations of the Shanghai Stock Exchange	Index
Table III	*The Appendix 2: "Guidelines on Preparation of 'Corporate Report on Performance of Social Responsibilities'" of the "Memorandum No. 1 on 2009 Annual Report for Listed Companies: Preparation and review of internal control report and social responsibility report"*	
29	Article 1	Not a requirement regarding the content of this report
30	Article 2	Not a requirement regarding the content of this report
31	Article 3	Content-Important Notice
32	Article 4(I)	"Customer Relations", "Safety production and Employees' Interests", "Social Contributions", "Social Services"
33	Article 4(II)	"Environmental Protection, Energy Conservation and Emission Reduction"
34	Article 4(III)	"Operation in Good Faith and Mutual Success in Harmony", "Employees' Interests"
35	Article 5	Social contribution value per Share
36	Article 6	App. III
37	Article 7	Not applicable

Appendix III
Results of Third Party Verification

KPMG Huazhen

To: The Board of Directors of China Shenhua Energy Company Limited

We have been engaged by China Shenhua Energy Company Limited ("CSEC") to provide independent assurance on the information disclosed in its 2010 Social Responsibility Report ("the SR Report") for the year ended 31 December 2010, in relation to the disclosure recommendation of the following guidelines issued by the Shanghai Stock Exchange:

- Notice on Strengthening Listed Companies' Undertaking of Social Responsibilities and issuance of 'Guidelines on Environmental Information Disclosure by Companies Listed on the Shanghai Stock Exchange'
- Guidelines on Environmental Information Disclosure by Companies Listed on the Shanghai Stock Exchange
- Appendix 2: Guidelines on Preparation of 'Corporate Report on Performance of Social Responsibilities' of the Memorandum No. 1 on 2009 Annual Report for Listed Companies: Preparation and review of internal control report and social responsibility report

(collectively known as the "SSE Guidelines").

Purpose of report

In accordance with the terms of our engagement, this report is made solely to CSEC, and provided for CSEC's disclosure in accordance with the SSE Guidelines. Our work has been undertaken so that we might state to CSEC those matters we have been engaged to state in this report and for no other purpose. We do not accept or assume responsibility to anyone other than CSEC, for our work, for this report, or for the conclusion we have reached.

Responsibilities of the Board of Directors and us

The Board of Directors of CSEC is responsible for the identification, presentation and accuracy of the information contained in the SR Report in accordance with the disclosure recommendation of the SSE Guidelines ("Disclosed Information").

Our responsibility is to express an assurance opinion to the Board of Directors of CSEC based on the work performed. Our work was conducted by a professional team who possess environmental and assurance experience. Our work and conclusion were limited to considering whether anything has come to our attention that causes us to believe that the Disclosed Information, in the form and context in which it appears in the SR Report taken as whole, was not fairly stated in all material respects, in so far as such information is not inconsistent with information made available to us at CSEC Head Office.

Scope

The objective of our independent assurance engagement was to provide limited assurance on whether the Disclosed Information in the SR Report, prepared by CSEC, is not unfairly stated.

Procedures performed to obtain a limited level of assurance are aimed at determining the plausibility of information and are less extensive than those for a reasonable level of assurance. Our work and report were not undertaken for the purpose of opining on the effectiveness of CSEC's systems and procedures.

Reporting criteria

CSEC has prepared the SR Report based on SSE Guidelines.

Assurance standard

We conducted our work in accordance with the International Standard on Assurance Engagements 3000: *Assurance Engagements other than Audits or Reviews of Historical Financial Information.* This standard requires, amongst others, that the assurance team collectively possesses the specific knowledge, skills and professional competencies needed to understand and review the information in the SR Report, and that they comply with the appropriate requirements of the IFAC (International Federation of Accountants) Code of Ethics for Professional Accountants to ensure their independence.

Summary of work performed

Our work was primarily limited to the following:

- Interviewing management and staff at CSEC Head Office responsible for collating and reporting the Disclosed Information, and interviewing staff of the centralized departments for business management at CSEC Head Office;
- Comparing the information presented in the SR Report to corresponding information in the relevant underlying sources from CSEC Head Office to determine whether key information contained in such underlying sources has been included in the SR Report. We did not examine information relating to prior years;
- In accordance with the disclosure recommendation of the SSE Guidelines, performing analytical review of the selected key indicators relating to environmental protection, production safety and others;
- Visits to some major branches and subsidiaries in the coal and power business segments, selected on the basis of a risk analysis including the consideration of both quantitative and qualitative criteria ; and
- Reconcile key financial data in the SR Report with the audited financial statements.

Conclusion

Based on our scope and work described in this report, nothing has come to our attention that causes us to believe that the Disclosed Information in the SR Report, prepared by CSEC in accordance with the disclosure recommendation of the SSE Guidelines, in all material respects, is not fairly stated.

This is translation of the Chinese language version of the Independent Assurance Report. If there is any conflict in meaning between the Chinese and English versions, the Chinese version will prevail.

KPMG Huazhen

Beijing

25 March, 2011

Appendix IV: Definition

Shenhua Group	Shenhua Group Corporation Limited
China Shenhua	China Shenhua Energy Company Limited
Shendong Coal Branch	China Shenhua Energy Company Limited Shendong Coal Branch
Ha'erwusu Coal Branch	China Shenhua Energy Company Limited Ha'erwusu Coal Branch
Zhunger'er Energy	Shenhua Zhunger'er Energy Co. Ltd.
Beidian Shengli Energy	Shenhua Beidian Shengli Energy Co. Ltd.
Shendong Coal	Shenhua Shendong Coal Group Co., Ltd.
Shendong Power	Shenhua Shendong Power Co. Ltd.
Shenhua Xinjie	Shenhua Xinjie Energy Co., Ltd.
Shenshuo Railway Branch	China Shenhua Energy Company Limited Shenshuo Railway Branch
Rolling Stock Branch	China Shenhua Energy Company Limited Rolling Stock Branch
Shuohuang Railway	Shuohuang Railway Development Co. Ltd.
Baoshen Railway	Shenhua Baoshen Railway Co. Ltd.
Huanghua Port	Shenhua Huanghua Harbour Administration Co. Ltd.
Shenhua Tianjin Coal Dock	Shenhua Tianjin Coal Dock Co. Ltd.
Shenhua Shipping Company	Shenhua Zhonghai Shipping Company Limited
Guohua Power Branch	China Shenhua Energy Company Limited Guohua Power Branch
Beijing Thermal	Shenhua Guohua International Power Co., Ltd. Beijing Thermal Branch
Panshan Power	Tianjin Guohua Panshan Power Generation Co., Ltd.
Sanhe Power	Sanhe Power Generation Co. Ltd.
Guohua Zhunge'er	Inner Mongolia Guohua Zhunge'er Power Generation Co. Ltd.
Ninghai Power	Zhejiang Guohua Zheneng Power Generation Co., Ltd.
Shenmu Power	CLP Guohua Shenmu Power Co. Ltd.
Taishan Power	Guangdong Guohua Yuedian Taishan Power Co., Ltd.

Suizhong Power	Suizhong Power Co., Ltd.
Jinjie Energy	Shaanxi Guohua Jinjie Energy Corporation
Dingzhou Power	Hebei Guohua Dingzhou Power Generation Co., Ltd.
Cangdong Power	Shenhua Hebei Cangdong Power Co., Ltd.
Yuyao Power	Zhejiang Guohua Yuyao Gas-fired Power Co., Ltd.
Guohua Huidafeng Wind Energy	Shenhua Zhuhai Guohua Huidafeng Wind Energy Development Co., Ltd.
Zhunge'er Power	Power-generating arm controlled and operated by Shenhua Zhunge'er Energy Co., Ltd.
Zhunge'er Coal Gangue Power	Inner Mongolia Zhunge'er Coal Gangue Power Company Limited
Shenhua Yili Energy	Shenhua Yili Energy Company
Baode Power	Baode Shendong Power Company
Australia Holdings	Shenhua Australia Holdings Pty Limited
Watermark	Shenhua Watermark Coal Pty Limited
EMM Indonesia	PT.GH EMM INDONESIA
Subsidiaries and Branches	Branches and subsidiaries of the Company, unless otherwise specified
Accounting Standards for Business Enterprises	Accounting Standards for Business Enterprises – Basic Standard and 38 specific accounting standards issued by the Ministry of Finance of the People's Republic of China on 15 February 2006 and the Application Guidance to Accounting Standards for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other related requirements subsequently issued
Shanghai Listing Rules	Rules Governing the Listing of Shares on the Shanghai Stock Exchange
Shanghai Stock Exchange	Shanghai Stock Exchange
Hong Kong Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Hong Kong Stock Exchange	China Securities Regulatory Commission

Appendix V
Feedback Sheet and Contact Information

China Shenhua is very concerned about your opinions on the Company's works on corporate social responsibility and this Corporate Social Responsibility Report. Your opinions and proposals are the contents that we are most interested in our continual improvement of our works and this Report.

Please fax this sheet to +86-10-5813 1814 or email it to 1088@csec.com after you have answered the following questions.

1. Do you have any topics that you are concerned but not covered in this Report? If yes, please write down the content that you are concerned.

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_____

2. Which part(s) of this Report are you most interested in?

_____

_____

_____

_____

_____

You are welcome to provide personal particulars if you wish:

Name:_____

Occupation:_____ Organization:_____

Contact address:_____ Postal code:_____

Telephone:_____ Fax:_____

Email:_____

China Shenhua Energy Company Limited
Block B Shenhua Tower
22 Xibinhe Road, Dongcheng District,
Beijing, China
Postal Code 100011

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stamp
here

China Shenhua Energy Company Limited

Investor Relations Department

Shenhua Tower
22 Xibinhe Road, Andingmen
Dongcheng District
Beijing, China
Postal code: 100011

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CHINA SHENHUA ENERGY COMPANY LIMITED

Investor Relations Department
Shenhua Tower
22 Xibinhe Road, Andingmen
Dongcheng District
Beijing, China
Postal code: 100011
Tel: +8610 5813 3399 / 3355
Fax: +8610 5813 1814

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China Shenhua Energy Company Limited
Shenhua Tower
22 Xibinhe Road, Andingmen
Dongcheng District
Beijing, China
Postal code: 100011
Tel: +86-10-58133399/58133355

www.csec.com