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

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

**(Stock Code: 01088)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**FINANCIAL HIGHLIGHTS**

- Revenue of the Group in 2015 were RMB177,069 million, representing a decrease of RMB76,012 million or 30.0% over 2014.
- Profit for the year attributable to equity holders of the Company in 2015 was RMB17,649 million, representing a decrease of RMB21,652 million or 55.1% over 2014.
- Basic earnings per share was RMB0.887.
- The Board proposed a final dividend of RMB0.32 per share or RMB6,365 million for the year of 2015.

The Board of China Shenhua Energy Company Limited (the “Company”) presented the annual results of the Company and its subsidiaries (the “Group” or “China Shenhua”) for the year ended 31 December 2015 and reported our performance for the year.

**FINANCIAL INFORMATION**

Financial information extracted from the audited consolidated financial statements for the year ended 31 December 2015 prepared in accordance with International Financial Reporting Standards (“IFRSs”):

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED 31 DECEMBER 2015*

	<b>Year ended 31 December</b>	
	<b>2015</b>	2014
	<i>RMB million</i>	<i>RMB million</i> (Restated)
Revenue	<b>177,069</b>	253,081
Cost of sales	<b>(123,341)</b>	(178,109)
Gross profit	<b>53,728</b>	74,972
Selling expenses	<b>(584)</b>	(794)
General and administrative expenses	<b>(9,714)</b>	(8,835)
Other gains and losses	<b>(5,856)</b>	(770)
Other income	<b>1,659</b>	939
Other expenses	<b>(626)</b>	(419)
Interest income	<b>608</b>	803
Finance costs	<b>(5,123)</b>	(4,459)
Share of results of associates	<b>428</b>	410
<b>Profit before income tax</b>	<b>34,520</b>	61,847
Income tax expense	<b>(9,561)</b>	(12,784)
<b>Profit for the year</b>	<b>24,959</b>	49,063
<b>Other comprehensive income (loss) for the year</b>		
<i>Item that will not be reclassified</i>		
<i>to profit or loss:</i>		
Remeasurement of defined benefit obligations	<b>(21)</b>	(18)
<i>Items that may be reclassified subsequently</i>		
<i>to profit or loss:</i>		
Exchange differences	<b>192</b>	(301)
Share of other comprehensive income of associate	<b>(22)</b>	–
	<b>170</b>	(301)

	<b>Year ended 31 December</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB million</i>	<i>RMB million</i> (Restated)
<b>Other comprehensive income (expense) for the year, net of income tax</b>	<u>149</u>	<u>(319)</u>
<b>Total comprehensive income for the year</b>	<u><u>25,108</u></u>	<u><u>48,744</u></u>
<b>Profit for the year attributable to:</b>		
Equity holders of the Company	17,649	39,301
Non-controlling interests	<u>7,310</u>	<u>9,762</u>
	<u>24,959</u>	<u>49,063</u>
<b>Total comprehensive income for the year attributable to:</b>		
Equity holders of the Company	17,783	38,982
Non-controlling interests	<u>7,325</u>	<u>9,762</u>
	<u>25,108</u>	<u>48,744</u>
<b>Earnings per share (<i>RMB</i>)</b>		
– Basic	<u><u>0.887</u></u>	<u><u>1.976</u></u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2015**

	<b>31 December 2015</b>	31 December 2014
	<i>RMB million</i>	<i>RMB million</i> (Restated)
<b>Non-current assets</b>		
Property, plant and equipment	339,326	292,262
Construction in progress	33,610	78,988
Exploration and evaluation assets	2,176	2,212
Intangible assets	2,964	1,540
Interest in associates	5,113	5,016
Available-for-sale investments	1,795	1,795
Other non-current assets	34,562	32,366
Lease prepayments	16,535	14,963
Deferred tax assets	2,674	2,084
	<hr/>	<hr/>
<b>Total non-current assets</b>	<b>438,755</b>	431,226
	<hr/>	<hr/>
<b>Current assets</b>		
Inventories	12,816	15,980
Accounts and bills receivable	41,019	30,850
Prepaid expenses and other current assets	19,351	29,308
Restricted bank deposits	4,611	6,271
Time deposits with original maturity over three months	916	1,275
Cash and cash equivalents	42,323	35,962
	<hr/>	<hr/>
<b>Total current assets</b>	<b>121,036</b>	119,646
	<hr/>	<hr/>
<b>Current liabilities</b>		
Borrowings	12,812	18,441
Short-term debenture	4,998	9,994
Accounts and bills payable	33,990	39,011
Accrued expenses and other payables	47,519	40,366
Current portion of long-term liabilities	203	280
Income tax payable	1,965	2,686
	<hr/>	<hr/>
<b>Total current liabilities</b>	<b>101,487</b>	110,778
	<hr/>	<hr/>
<b>Net current assets</b>	<b>19,549</b>	8,868
	<hr/>	<hr/>
<b>Total assets less current liabilities</b>	<b>458,304</b>	440,094
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	<b>31 December 2015</b>	31 December 2014
	<i>RMB million</i>	<i>RMB million</i> (Restated)
<b>Non-current liabilities</b>		
Borrowings	<b>54,179</b>	44,619
Medium-term notes	<b>24,955</b>	24,933
Bonds	<b>9,651</b>	–
Long-term payables	<b>2,523</b>	1,705
Accrued reclamation obligations	<b>2,197</b>	2,102
Deferred tax liabilities	<b>878</b>	1,165
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b>94,383</b>	74,524
	<hr/>	<hr/>
<b>Net assets</b>	<b>363,921</b>	365,570
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<b>Equity</b>		
Share capital	<b>19,890</b>	19,890
Reserves	<b>278,178</b>	280,808
	<hr/>	<hr/>
Equity attributable to equity holders of the Company	<b>298,068</b>	300,698
Non-controlling interests	<b>65,853</b>	64,872
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<b>Total equity</b>	<b>363,921</b>	365,570
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	Equity attributable to equity holders of the Company								Non-controlling interests	Total
	Share capital	Share premium	Capital reserve	Exchange reserve	Statutory reserves	Other reserves	Retained earnings	Total		
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million		
At 1 January 2014 as originally reported	19,890	85,001	3,612	(52)	15,031	(11,290)	164,711	276,903	57,739	334,642
Adjustments for acquisitions from Shenhua Group Corporation Limited ("Shenhua Group") in 2015	-	-	-	-	-	3,035	175	3,210	358	3,568
At 1 January 2014 (restated)	19,890	85,001	3,612	(52)	15,031	(8,255)	164,886	280,113	58,097	338,210
Profit for the year (restated)	-	-	-	-	-	-	39,301	39,301	9,762	49,063
Other comprehensive expense for the year (restated)	-	-	-	(301)	-	(18)	-	(319)	-	(319)
Total comprehensive (expense) income for the year (restated)	-	-	-	(301)	-	(18)	39,301	38,982	9,762	48,744
Dividend declared	-	-	-	-	-	-	(18,100)	(18,100)	-	(18,100)
Appropriation of maintenance and production funds	-	-	-	-	5,996	-	(5,996)	-	-	-
Utilisation of maintenance and production funds	-	-	-	-	(5,028)	-	5,028	-	-	-
Appropriation of general reserve	-	-	-	-	72	-	(72)	-	-	-
Deemed distribution to Shenhua Group arising from acquisition of subsidiaries under common control	-	-	-	-	-	(462)	-	(462)	-	(462)
Contribution from Shenhua Group in relation to acquisition of subsidiaries	-	-	-	-	-	112	-	112	-	112
Contributions from non-controlling shareholders	-	-	-	-	-	-	-	-	1,079	1,079
Distributions to non-controlling shareholders	-	-	-	-	-	-	-	-	(4,047)	(4,047)
Others	-	-	-	-	-	53	-	53	(19)	34
At 31 December 2014 (restated)	19,890	85,001	3,612	(353)	16,071	(8,570)	185,047	300,698	64,872	365,570

Equity attributable to equity holders of the Company

	Share capital	Share premium	Capital reserve	Exchange reserve	Statutory reserves	Other reserves	Retained earnings	Total	Non- controlling interests	Total equity
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
At 1 January 2015 (restated)	19,890	85,001	3,612	(353)	16,071	(8,570)	185,047	300,698	64,872	365,570
Profit for the period	-	-	-	-	-	-	17,649	17,649	7,310	24,959
Other comprehensive income (expense) for the period	-	-	-	177	-	(43)	-	134	15	149
Total comprehensive income (expense) for the period	-	-	-	177	-	(43)	17,649	17,783	7,325	25,108
Dividend declared	-	-	-	-	-	-	(14,718)	(14,718)	-	(14,718)
Appropriation of maintenance and production funds	-	-	-	-	5,381	-	(5,381)	-	-	-
Utilisation of maintenance and production funds	-	-	-	-	(3,699)	-	3,699	-	-	-
Appropriation of general reserve	-	-	-	-	250	-	(250)	-	-	-
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	(4)	(4)
Acquisition of subsidiaries from Shenhua Group	-	-	-	-	-	(5,695)	-	(5,695)	-	(5,695)
Contributions from non-controlling shareholders	-	-	-	-	-	-	-	-	2,288	2,288
Distributions to non-controlling shareholders	-	-	-	-	-	-	-	-	(8,628)	(8,628)
At 31 December 2015	<u>19,890</u>	<u>85,001</u>	<u>3,612</u>	<u>(176)</u>	<u>18,003</u>	<u>(14,308)</u>	<u>186,046</u>	<u>298,068</u>	<u>65,853</u>	<u>363,921</u>

In 2005, the Company issued 3,089,620,455 H shares with a par value of RMB1.00 each, at a price of HKD7.50 per H share by way of a global initial public offering. In addition, 308,962,045 domestic state-owned ordinary shares of RMB1.00 each owned by Shenhua Group were converted into H shares. A total of 3,398,582,500 H shares were listed on The Stock Exchange of Hong Kong Limited.

In 2007, the Company issued 1,800,000,000 A shares with a par value of RMB1.00 each, at a price of RMB36.99 per A share in the PRC. The A shares were listed on the Shanghai Stock Exchange.

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	<b>Year ended 31 December</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB million</i>	<i>RMB million</i> (Restated)
<b>OPERATING ACTIVITIES</b>		
Profit before income tax	<b>34,520</b>	61,847
Adjustments for:		
Depreciation and amortisation	<b>23,990</b>	21,343
Other gains and losses	<b>5,856</b>	770
Interest income	<b>(608)</b>	(803)
Share of results of associates	<b>(428)</b>	(410)
Interest expense	<b>4,483</b>	4,782
Fair value changes on financial instruments	<b>6</b>	5
Exchange loss (gain), net	<b>649</b>	(328)
Other income	<b>(56)</b>	(70)
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Operating cash flows before movements in working capital	<b>68,412</b>	87,136
Decrease in inventories	<b>2,214</b>	1,658
Increase in accounts and bills receivable	<b>(10,309)</b>	(2,801)
Decrease (increase) in prepaid expenses and other receivables	<b>5,116</b>	(3,099)
(Decrease) increase in accounts and bills payable	<b>(5,021)</b>	403
Increase (decrease) in accrued expenses and other payables	<b>5,754</b>	(1,388)
	<hr/>	<hr/>
Cash generated from operations	<b>66,166</b>	81,909
Income tax paid	<b>(10,760)</b>	(12,840)
	<hr/>	<hr/>
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>55,406</b>	69,069
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	<b>Year ended 31 December</b>	
	<b>2015</b>	2014
	<i>RMB million</i>	<i>RMB million</i>
		(Restated)
<b>INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment, intangible assets, exploration and evaluation assets, additions to the construction in progress and other non-current assets	<b>(29,685)</b>	(43,845)
Increase in lease prepayments	<b>(191)</b>	(1,306)
Proceeds from disposal of property, plant and equipment, and lease prepayments	<b>640</b>	735
Proceeds from disposal of an associate	<b>3</b>	40
Proceeds from disposal of debt securities	<b>400</b>	–
Proceeds from disposal of a subsidiary	<b>–</b>	19
Investments in financial products	<b>(160)</b>	–
Investments in associates	<b>(48)</b>	(197)
Purchase of available-for-sale investments	<b>–</b>	(913)
Dividend received from associates	<b>309</b>	357
Interest received	<b>590</b>	841
Investment income from debt securities	<b>–</b>	146
Decrease in restricted bank deposits	<b>1,660</b>	377
Increase in time deposits with original maturity over three months	<b>(1,265)</b>	(1,547)
Maturity of time deposits with original maturity over three months	<b>1,624</b>	1,564
Entrusted loan to a third party	<b>–</b>	(37)
Repayment of entrusted loans	<b>–</b>	30
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(26,123)</b>	(43,736)

	<b>Year ended 31 December</b>	
	<b>2015</b>	2014
	<i>RMB million</i>	<i>RMB million</i> (Restated)
<b>FINANCING ACTIVITIES</b>		
Interest paid	(5,730)	(5,600)
Proceeds from borrowings	26,458	46,347
Repayments of borrowings	(22,756)	(65,968)
Net proceeds from short-term debentures and medium-term notes	14,985	39,915
Net proceeds from bonds	9,049	–
Repayments of short-term debentures and medium-term notes	(20,000)	(20,000)
Contributions from non-controlling shareholders	2,288	1,079
Contributions from equity holders of the Company	–	53
Distributions to non-controlling shareholders	(7,343)	(5,083)
Dividend paid to equity holders of the Company	(14,718)	(18,100)
Deemed distribution to Shenhua Group arising from acquisition of subsidiaries under common control	–	(462)
Cash paid for acquisition of a subsidiary under common control	(5,386)	–
Acquisition of non-controlling interests	(4)	–
Deemed capital contribution in a subsidiary acquired from Shenhua Group	–	112
<b>Net cash used in financing activities</b>	<u>(23,157)</u>	<u>(27,707)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>6,126</b>	<b>(2,374)</b>
Cash and cash equivalents, at the beginning of the period	35,962	38,338
Effect of foreign exchange rate changes	235	(2)
<b>Cash and cash equivalents, at the end of the period</b>	<u><u>42,323</u></u>	<u><u>35,962</u></u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**1. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)**

In the current year, the Group has applied the amendments to IFRSs that are mandatorily effective for the current year for the first time.

The application of the amendments to IFRSs in the current year has had no material impact on the Group’s financial performance and positions of the current and prior years and/or on the disclosures set out in these consolidated financial statements.

**2. REVENUE**

	<b>Year ended 31 December</b>	
	<b>2015</b>	2014
	<i><b>RMB million</b></i>	<i>RMB million</i> (Restated)
Coal revenue	<b>82,726</b>	130,546
Power revenue	<b>71,347</b>	78,288
Transportation revenue	<b>3,827</b>	4,323
Coal chemical revenue	<b>5,005</b>	5,368
	<b>162,905</b>	218,525
Other revenue	<b>14,164</b>	34,556
	<b>177,069</b>	253,081

### 3. COST OF SALES

	Year ended 31 December	
	2015	2014
	<i>RMB million</i>	<i>RMB million</i> (Restated)
Coal purchased	<b>17,264</b>	43,545
Materials, fuel and power	<b>15,816</b>	24,109
Personnel expenses	<b>11,874</b>	11,417
Depreciation and amortisation	<b>21,134</b>	19,284
Repairs and maintenance	<b>8,619</b>	9,505
Transportation charges	<b>12,193</b>	14,369
Taxes and surcharges	<b>5,833</b>	4,100
Other operating costs	<b>30,608</b>	51,780
	<b>123,341</b>	178,109

#### 4. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	<b>Year ended 31 December</b>	
	<b>2015</b>	2014
	<i>RMB million</i>	<i>RMB million</i> <i>(Restated)</i>
Personnel expenses, including		
– contributions to retirement plans of RMB2,791 million (2014: RMB2,656 million)	<b>20,067</b>	20,165
Depreciation of property, plant and equipment	<b>21,639</b>	19,431
Amortisation of intangible assets, included in cost of sales	<b>329</b>	224
Amortisation of lease prepayments, included in cost of sales	<b>396</b>	370
Amortisation of other non-current assets	<b>1,626</b>	1,318
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Depreciation and amortisation	<b>23,990</b>	21,343
	<hr/>	<hr/>
Other gains and losses, represent		
– losses on disposal of property, plant and equipment	<b>83</b>	222
– gains on disposal of available-for-sale investments	–	(54)
– gains on disposal of a subsidiary	–	(19)
– impairment in respect of properties, plant and equipment	<b>3,834</b>	209
– impairment in respect of construction in progress	<b>651</b>	–
– impairment of loans receivable	<b>2</b>	122
– allowance (reversal of allowance) for receivables	<b>300</b>	58
– write down of inventories	<b>950</b>	232
– impairment in respect of other non-current assets	<b>36</b>	–
	<hr/>	<hr/>
	<b>5,856</b>	770
	<hr/>	<hr/>
Carrying amount of inventories sold	<b>82,673</b>	132,644
Operating lease in respect of properties and equipment	<b>219</b>	355
Auditors' remuneration		
– audit service	<b>22</b>	21
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## 5. INTEREST INCOME/FINANCE COSTS

	<b>Year ended 31 December</b>	
	<b>2015</b>	2014
	<i>RMB million</i>	<i>RMB million</i> (Restated)
Interest income from:		
bank deposits	<b>448</b>	628
other loans and receivables	<b>156</b>	159
debt securities	<b>4</b>	16
	<hr/>	<hr/>
Total interest income	<b>608</b>	803
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Interest on:		
borrowings	<b>3,638</b>	5,007
short-term debenture	<b>583</b>	773
medium-term notes	<b>1,311</b>	330
bonds	<b>310</b>	–
	<hr/>	<hr/>
Interest of financial liabilities not at fair value through profit or loss	<b>5,842</b>	6,110
Less: amount capitalised	<b>1,518</b>	1,489
	<hr/>	<hr/>
	<b>4,324</b>	4,621
Unwinding of discount	<b>144</b>	161
Exchange loss (gain), net	<b>649</b>	(328)
Fair value changes on financial instruments	<b>6</b>	5
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Total finance costs	<b>5,123</b>	4,459
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Net finance costs	<b>4,515</b>	3,656
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Borrowing costs capitalised during the year arose on the general borrowing pools and were calculated by applying a capitalisation rate from 2.55% to 6.20% (2014: from 3.57% to 6.40%) per annum to expenditure on qualifying assets.

## 6. INCOME TAX EXPENSE

	<b>Year ended 31 December</b>	
	<b>2015</b>	2014
	<i>RMB million</i>	<i>RMB million</i> (Restated)
Current tax	<b>10,214</b>	12,650
In respect of prior years	<b>224</b>	589
Deferred tax	<b>(877)</b>	(455)
	<u><b>9,561</b></u>	<u>12,784</u>

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate applicable for PRC group entities is 25% (2014: 25%) except for designated subsidiaries. In accordance with relevant documents issued by the state Administration of Taxation and local taxation bureau in 2011 and in 2012, the Group’s overseas subsidiaries and branches as well as subsidiaries operating in the western developing region of the PRC which are entitled to a preferential tax rate of 15% from 2011 to 2020.

The tax charge for the year can be reconciled to the profit before income tax per consolidated statement of profit or loss and other comprehensive income as follows:

	<b>Year ended 31 December</b>	
	<b>2015</b>	2014
	<i>RMB million</i>	<i>RMB million</i> (Restated)
Profit before income tax	<u><b>34,520</b></u>	<u>61,847</u>
Tax at PRC income tax rate of 25% (2014: 25%)	<b>8,630</b>	15,461
Tax effects of:		
– different tax rates of branches and subsidiaries	<b>(1,235)</b>	(3,377)
– non-deductible expenses	<b>325</b>	250
– income not taxable	<b>(32)</b>	(248)
– share of results of associate	<b>(107)</b>	(102)
– utilisation of tax losses previously not recognised	<b>(24)</b>	(69)
– tax losses and deductible temporary difference not recognised	<b>1,798</b>	384
– additional tax in respect of prior years	<b>224</b>	589
– others	<b>(18)</b>	(104)
Income tax expense	<u><b>9,561</b></u>	<u>12,784</u>

The applicable tax rates of the Group's overseas subsidiaries are as follows:

	<b>Year ended 31 December</b>	
	<b>2015</b>	<b>2014</b>
	<i>%</i>	<i>%</i>
Australia	<b>30.0</b>	30.0
Indonesia	<b>25.0</b>	25.0
Russia	<b>20.0</b>	20.0
Hong Kong	<b>16.5</b>	16.5

During the year ended 31 December 2015 and 2014, there was no significant assessable profit and provision for profit tax for the overseas subsidiaries.

## **7. DIVIDENDS**

	<b>Year ended 31 December</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB million</i>	<i>RMB million</i>
Approved and paid during the year:		
2014 final dividend of RMB0.74		
(2014: 2013 final dividend of RMB0.91)		
per ordinary share	<b>14,718</b>	<b>18,100</b>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2015 of RMB0.32 (final dividend in respect of the year ended 31 December 2014: RMB0.74) per ordinary share has been proposed by the Directors and is subject to approval by the shareholders in the following general meeting.

## **8. EARNINGS PER SHARE**

The calculation of basic earnings per share is based on the profit attributable to ordinary equity holders of the Company of RMB17,649 million (2014: RMB39,301 million) and the number of shares in issue during the year of 19,890 million shares (2014: 19,890 million shares).

No diluted earnings per share is presented as there were no potential ordinary shares in existence during both years.

## 9. ACCOUNTS RECEIVABLE

The following is an analysis of accounts receivable by age, net of allowance for doubtful debts, presented based on the date of delivery of goods or services which approximated the revenue recognition date:

	<b>31 December 2015</b>	31 December 2014
	<i>RMB million</i>	<i>RMB million</i> (Restated)
Less than one year	<b>21,756</b>	24,311
One to two years	<b>1,401</b>	267
Two to three years	<b>162</b>	55
More than three years	<b>51</b>	1
	<u><b>23,370</b></u>	<u>24,634</u>

## 10. ACCOUNTS AND BILLS PAYABLE

The following is an aging analysis of accounts payable, presented based on invoice date:

	<b>31 December 2015</b>	31 December 2014
	<i>RMB million</i>	<i>RMB million</i> (Restated)
Less than one year	<b>25,585</b>	30,198
One to two years	<b>3,922</b>	7,253
Two to three years	<b>3,305</b>	958
More than three years	<b>1,178</b>	602
	<u><b>33,990</b></u>	<u>39,011</u>

## 11. SEGMENT AND OTHER INFORMATION

### Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results attributable to each reportable segment based on profit before income tax ("reportable segment profit"). Segment profit represents the profit earned by each segment without allocation of head office and corporate items. Inter-segment sales are primarily charged at prevailing market rate which are the same as those charged to external customers. The accounting policies of the operating segments are the same as the Group's accounting policies.

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance in 2015 and 2014 is set out below:

	Coal		Power		Railway		Port		Shipping		Coal chemical		Segment total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>										
	million	million	million	million										
		(Restated)		(Restated)										(Restated)
Revenue from external customers	93,502	161,409	72,768	79,792	3,420	3,222	317	299	541	1,300	5,547	5,878	176,095	251,900
Inter-segment revenue	27,956	30,685	285	358	23,812	27,404	3,452	3,877	1,461	1,734	3	2	56,969	64,060
Reportable segment revenue	121,458	192,094	73,053	80,150	27,232	30,626	3,769	4,176	2,002	3,034	5,550	5,880	233,064	315,960
Reportable segment profit	5,883	25,465	17,628	19,502	9,862	14,663	868	1,344	48	341	342	1,142	34,631	62,457
Including:														
Interest expenses	1,320	1,025	2,048	1,824	637	240	473	432	103	57	275	275	4,856	3,853
Depreciation and amortisation	9,280	8,085	8,477	7,992	3,887	3,260	922	800	285	242	903	825	23,754	21,204
Share of results of associates	24	59	391	307	-	-	7	11	-	-	-	-	422	377
Impairment loss	3,076	261	1,819	222	879	16	-	-	-	-	-	-	5,774	499

Reconciliations of reportable segment revenue, segment profit and other items of profit or loss in 2015 and 2014:

	Reportable segment amounts		Unallocated head office and corporate items		Elimination of inter-segment amounts		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>
		(Restated)		(Restated)		(Restated)		(Restated)
Revenue	233,064	315,960	1,838	2,075	(57,833)	(64,954)	177,069	253,081
Profit before tax	34,631	62,457	(215)	368	104	(978)	34,520	61,847
Interest expenses	4,856	3,853	2,483	2,911	(2,871)	(1,982)	4,468	4,782
Depreciation and amortization	23,754	21,204	236	139	-	-	23,990	21,343
Share of results of associates	422	377	6	33	-	-	428	410
Impairment loss	5,774	499	(1)	122	-	-	5,773	621

## Geographical information

The following table sets out information about geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, construction in progress, exploration and evaluation assets, intangible assets, interest in associates, other non-current assets and lease prepayments ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, construction in progress and lease prepayments, and the location of operations, in the case of exploration and evaluation assets, intangible assets, other non-current assets and interest in associates.

	Revenue from external customers		Specified non-current assets	
	Year ended 31 December 2015	2014	31 December 2015	31 December 2014
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
		(Restated)		(Restated)
Domestic markets	175,129	247,848	414,513	411,710
Overseas markets	1,940	5,233	5,173	5,298
	<b>177,069</b>	<b>253,081</b>	<b>419,686</b>	<b>417,008</b>

## Other information

Certain other information of the Group's segments for the years ended 31 December 2015 and 2014 is set out below:

	Coal		Power		Railway		Port		Shipping		Coal chemical		Unallocated items		Eliminations		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
	million	million	million	million	million	million	million	million	million	million	million	million	million	million	million	million	million	million
	(Restated)		(Restated)										(Restated)		(Restated)		(Restated)	
Cost of coal purchased	17,264	43,545	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,264	43,545
Cost of coal production	40,098	42,163	-	-	-	-	-	-	-	-	-	-	-	(9,318)	(10,109)	30,780	32,054	
Cost of coal transportation	38,488	43,423	-	-	12,570	12,844	1,886	1,790	1,176	1,294	-	-	-	(39,320)	(42,998)	14,800	16,353	
Power cost	-	-	48,965	55,539	-	-	-	-	-	-	-	-	-	(8,299)	(10,212)	40,666	45,327	
Cost of coal chemical production	-	-	-	-	-	-	-	-	-	-	4,182	3,745	-	-	(300)	(368)	3,882	3,377
Others	11,643	32,386	823	978	2,025	1,898	140	205	584	1,276	538	500	196	210	-	-	15,949	37,453
<b>Total cost of operation</b>	<b>107,493</b>	<b>161,517</b>	<b>49,788</b>	<b>56,517</b>	<b>14,595</b>	<b>14,742</b>	<b>2,026</b>	<b>1,995</b>	<b>1,760</b>	<b>2,570</b>	<b>4,720</b>	<b>4,245</b>	<b>196</b>	<b>210</b>	<b>(57,237)</b>	<b>(63,687)</b>	<b>123,341</b>	<b>178,109</b>
Profit (loss) from operations (note (iii))	6,433	26,049	18,810	20,933	10,070	14,298	1,350	1,729	133	361	649	1,410	808	1,209	(596)	(1,267)	37,657	64,722
Additions to non-current assets (note (i))	7,001	8,653	19,805	18,173	6,529	14,869	1,387	1,533	138	1,097	531	794	35	337	-	-	35,426	45,456
Total assets (note (ii))	246,972	245,452	229,773	212,231	124,661	122,033	22,303	21,974	8,189	8,247	12,564	13,529	348,720	343,060	(433,391)	(415,654)	559,791	550,872
Total liabilities (note (ii))	(115,814)	(115,876)	(131,373)	(118,995)	(61,284)	(59,965)	(10,950)	(9,917)	(2,363)	(2,449)	(5,593)	(7,007)	(185,478)	(175,444)	316,985	304,351	(195,870)	(185,302)

### Notes:

- (i) Non-current assets exclude financial instruments and deferred tax assets.
- (ii) Unallocated items of total assets include deferred tax assets and other unallocated corporate assets. Unallocated items of total liabilities include deferred tax liabilities and other unallocated corporate liabilities.
- (iii) Profit from operation is calculated as operating revenue minus cost of operation, selling expenses, general and administrative expenses and impairment loss.

## 12. EVENTS AFTER THE REPORTING PERIOD

On 24 March 2016, the Board of Directors proposed a final dividend of RMB0.32 per ordinary share totaling RMB6,365 million to the equity holders of the Company.

## **BOARD OF DIRECTORS' STATEMENT**

On behalf of the Board, I am delighted to present the 2015 annual report of China Shenhua and to report to all shareholders on the Company's performance for the period.

The year 2015 saw the global economic slump and the slowing increase rate of the domestic economy. Demand in the coal market exceeded supply, coal prices continued to decline and the exposure to losses in coal enterprises expanded. As the growth in the demand of electricity consumption throughout the entire society decreased and power supply remained sufficient, thermal power enterprises were under increasing pressure in their operations.

The staff at all levels of China Shenhua have worked together and the Company has been committed to creating value as its key target, proactively implemented the development strategy of clean energy and focused on reducing the adverse impact on the Company from the downturn of the coal industry. It has strengthened strategic management, promoted structural adjustments to and transformation and upgrading of business, implemented income growth and cost reduction strategies simultaneously, enhanced marketing efforts in coal and power segments, improved the management of and control over costs, optimized the operation units of each of the business segments to achieve better operating results. In 2015, the Group realized the profit for the year of RMB24,959 million for the year and the profit for the year attributable to the equity holders of the Company amounted to RMB17,649 million and basic earnings per share were RMB0.887.

China Shenhua was ranked ninth in the "Platts' Top 250 Global Energy Company Rankings", being the only coal enterprise among the top ten companies. On 31 December 2015, the total market capitalization of China Shenhua reached USD43.4 billion, ranking the first among all listed coal companies worldwide and the fifth among all listed integrated mining companies worldwide.

**2015: Being determined to follow strategic guidance, accelerating structural adjustments, optimizing operation units and realizing clean development**

## **Proactively accommodating the industry changes to expedite the adjustment of structural business improvement**

Facing significant changes in the coal and power sector, the management of the Company made proactive response, timely refined strategic decisions and effectively promoted the structural business improvement through adjusting the capital expenditure and other methods to further augment the overall risk resistance capacity. The power generation business of the Company recorded an operating profit of RMB18,810 million and the transportation business realized RMB11,553 million, for the whole year, representing 81% in total of the profit from operations of all business segments before offset and consolidation under the International Financial Reporting Standards, becoming the main profit-making business segments. The stability of the profits from the two business segments mitigated significantly the impact of the continuous downward trend of the coal market.

## **Enhancing marketing efforts in coal and power segments to actively expand the market**

Determined to implement the sales strategy of securing the quality while stabilizing the prices, the Company actively expanded markets in the southern areas along the three railway lines and in the shipping route from the sea to the Yangtze River. The tasks on clean coal replacement in key areas had proceeded smoothly. The exploration of overseas market had shown initial results, and the first batch of semi-coal had been exported to Korea smoothly. The Company had also continuously increased the sales proportion of seaborne coal, which was of the highest economic efficiency, to ensure maximization of sales efficiency. The sales volume of seaborne coal amounted to 203.8 million tonnes for the whole year, and the proportion of the sales volume of seaborne coal over the total sales volume increased by 2.7 percentage points as compared with that of 2014. The sales volume of clean coal in the newly explored Beijing-Tianjin-Hebei region market was 8 million tonnes.

Against the backdrop of declining growth of demand and abundant supply, the Company enhanced marketing efforts in the power segment, actively participated in the market competition of direct power purchase by large power users and strived to expand into regional power markets. The average utilization hours of coal-fired power generators reached 4,631 hours, surpassing the national average utilization hours of thermal power generators by 302 hours.

## **Delicately refining the organization and operations of business units to improve the integrated operating efficiency**

The production and organization of the coal business have been constantly optimized and efforts in improving the production and organization of high quality coal resources have been increased, while the production of the few mines which are of low quality coal resources, high costs and low profitability was suspended or reduced, and the production of the mines which are of high quality coal resources and high efficiency increased on the basis of reasonable control on the production volume. The Company strengthened management on coal quality, focused on improving additional value of products and created conditions for market expansion.

For the power generation business, China Shenhua enhanced the operation management of generators, strived for a higher amount of power generation, increased the consumption of self-produced coal on the basis of ensuring stable income from the power generation business, and effectively achieved the mutual insurance of the coal industry and power generation industry. Gross power generation amounted to 225.79 billion kWh, and total power output dispatch reached 210.45 billion kWh.

For the transportation business, the transportation schedule was reasonably arranged and the management of the convergence of the up-and-down-streams plans were enhanced. The impact of market fluctuation on transportation and sales was reduced to the minimum. The Company actively explored new businesses in the transportation and logistics industry, gradually opened the surplus transportation capacity to the general public and improved the economic efficiency of transportation business. During the whole year, the Company's self-owned railway completed a transportation turnover of 200.1 billion tonnes/km; seaborne coal volume of the Company's self-owned ports reached 158.5 million tonnes; and the shipping segment's freight volume amounted to 79.8 million tonnes. The transportation revenue earned by the railway segment from third parties increased by 6.1% year on year.

For the coal chemical segment, stable efficiency is ensured through optimizing production plans, enabling technological innovations, enhancing marketing efforts and other measures. During the year, sales volume of coal-to-olefins products reached 632.1 thousand tonnes, representing an increase of 18.5% as compared with the same period last year.

## **Producing significant positive results in cost management and control**

China Shenhua strictly executed cost and expense control measures, optimized the accountability system on review of cost and the incentive mechanism and strengthened the cost management and control on throughout the entire process and business chain to brace itself. Throughout the year, the Group's unit production cost of self-produced coal was RMB123.2/tonne, representing a year-on-year decrease of 6.7%. The unit cost of power sale decreased by 8.5% year-on-year to RMB229.4/MWh.

## **Accelerating transformation and upgrading to lead clean development**

The Company took the lead in promoting the development and application of “ultra-low emission” technologies in coal-fired generating units to allow the actual emission level such as those of flue gas, sulfur dioxide and nitrogen oxides to reach the same or a lower level as compared with the emission standards for air pollutants produced by gas-fired power generators. National policies including the tariff subsidies lent support to “ultra-low emission” generator which established the Company’s first-mover advantage in clean development of thermal power generation, and expanded room for efficiency development in respect of power generation for the Company. Additional and renovated “ultra-low emission” coal-fired power generators amounted to 17,960 mw throughout the year, and the aggregate total installed capacity of “ultra-low emission” generators was 20,310 mw, representing 38.9% of the total installed capacity of coal-fired power generators of the Company.

The approval for “Water Resources Preservation and Utilization in Coal Mining”, a national key laboratory, was granted; “Restoration Technology and Demonstration thereof for the Ecology of Large-scale Energy Base”, “Key Technologies for and Application Studies on Digital Mine” as well as a number of other important technological projects proved to be a success, forming a clean exploitation system for coal.

## **Optimizing project decision to strengthen sustainable development capacity**

In view of the in-depth changes in the coal and the electricity market, guided by economic efficiency and clean production, the Company implemented the re-evaluation on projects under construction and proposed. For projects such as Phase I of the construction of Shouguang Power Plant which showed significant improvement in integrated operation efficiency and value creation, the Company expedited the construction progress and further optimized the relevant plans. Certain construction projects with worse economic efficiency were terminated or suspended in order to avoid inefficient investment at the source. The Company enhanced the Company’s competitiveness through scientific decision for project construction and investments.

The Company smoothly completed the acquisitions of the clean coal-fired generators of Ningdong Power Plant, Xuzhou Power Plant and Zhoushan Power Plant under Shenhua Group. In 2015, the three power plants in total generated 19.27 billion kWh, which reinvigorated the clean and highly-efficient development of the Company’s power generation business.

The Company vigorously expanded overseas markets in order to create a good start through setting up an international layout. The operation of the PT.GH EMM Indonesia Project was running steadily and efficiently. The bids for Sumsel-1 Coal Power (2×300 mw) Indonesia and the Java-7 Coal Power (2×1,000 mw) Project were won. The Watermark Coal Project in Australia and the project in Russia proceeded orderly.

## **Persisting in safe and green development to build a socially responsible Shenhua**

The Company has been adhering to the social responsibility philosophy of “striving for the accomplishment in production safety, high efficiency, clean development, environmental protection, harmony and win-win results” in order to build a socially responsible Shenhua.

The Company solidly promoted the construction of fundamental safety system by devoting more efforts to checks and rectification of hidden safety hazards in order to continuously enhance the capability of safety control and management. The fatality rate per million tonnes of raw coal production was 0.003 in 2015, for which China Shenhua maintained an advanced level in respect of safety production in the worldwide coal industry.

Through setting up a comprehensive on-line monitoring platform, and accelerating the implementation of key construction projects concerning energy saving and environmental protection, the Company ensured the fundamental safety of energy saving and environmental protection. In 2015, the Company invested a total amount of RMB3,800 million in energy conservation and environmental protection projects, which were mainly used in energy conservation projects such as boiler improvement and environmental protection projects such as comprehensive utilization of water resources. The total investment in ecological construction amounted to RMB240 million and additional green area amounted to 19.99 million m<sup>2</sup>.

### **2016: Promoting clean development as our endeavors to accomplish impressive results**

In 2016, with the expectedly slow recovery of the overseas economies, the downward pressure will emerge the domestic economy. The pace of the adjustments to the global energy structure in the short run will speed up and the trend of lowering the consuming proportion of fossil fuel energy will be obvious and the demand of fossil fuel energy including coal will steadily decrease. It is foreseeable that the Chinese coal market will see continued over-supply and such trend will further manifest itself in the thermal power market. As the Chinese government devotes constant efforts to facilitating the supply-side structural reform and even greater ones to resolving the excess capacity and fostering the reform in the electricity system, the structural adjustments to the coal and electricity sectors will accelerate even further.

China Shenhua will further push forward the adoption of clean energy development strategies. Meanwhile, it will speed up the structural adjustments, seek the market share in the coal power sector, keep on improving the operation quality, impose stringent control over cost increment and effectively leverage its core competitive strength from its integrated operations as its endeavors to achieve operational targets. Main focus will be laid on the following tasks:

**Implementing structural adjustments to stimulate clean development.** China Shenhua will continue to speed up the “ultra-low emission” renovation of coal-fired units, with a plan to complete ultra-low emission renovation for 26 units with total installed capacity of 14,550 mw throughout the year. The Company will also further optimize the coal production and project structure. By achieving safe, clean and highly efficient production at mines with a high level of performance, efficiency, modernization and safety, China Shenhua is committed to offering high value-added products. It will proactively promote the implementation of international energy cooperation projects through responding to the national policy of “One Belt, One Road”. China Shenhua will expedite the construction of Sumsel-1, Java-7 and other projects as well, all the while making proactive efforts to explore the development in terms of new energy.

**Exploring the market to ensure operating efficiency.** China Shenhua will continue to devote more resources to the sale of seaborne coal, which is of the highest economic efficiency, exploring new markets unearthing clean coal replacement and pushing forward the export of coal. It will also improve the marketing system and mechanism for electricity as its endeavors to enable the utilization hours of its generating units to exceed the average level of the same type of generating units in the same region. On the basis of ensuring its self-operated coal transportation, China Shenhua will leverage abundant capacity of transportation and adopt an open business model and foster the collaboration with key enterprises in a bid to increase the inventories and categories of products and augment efficiency.

**Increasing safety and environmental efforts to deepen technological innovations.** China Shenhua will continue to optimize the risk pre-control management system, stringently implement safety production responsibility to ensure safety production, continuously optimize assessment and accountability mechanisms of environmental safety, improve the work in ecological environmental protection, increase investments in scientific research, accelerate the commercialization of achievement, and promote transformation and development of traditional industries with the new achievement in scientific innovations.

**Strengthening cost management and control to lower operating risks.** China Shenhua will strengthen, re-evaluate and re-improve the efficiency of new construction projects, reduce expenses from the source, optimize investment direction and structure, establish the accountability assessment mechanism of cost-reduction, strengthen the incentives for revenue allocation, continuously improve the allocation of remnant assets, endeavor to implement light asset operations and strengthen cash flow management to ensure the safety of the flow of funds.

In 2016, China Shenhua will be confident under the guidance of clean energy strategies, devote efforts to market expansion, optimize operating management, seize market opportunities, embrace market challenges, prevent operating risks and endeavor to accomplish sound and sustainable development to create greater value for public investors.

**Zhang Yuzhuo**  
*Chairman*

24 March 2016

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview of the Company's Operating Results

#### Commercial Coal Production

	<b>2015</b>	2014	Change
	<i>million</i>	(Restated)	%
	<i>tonnes</i>	<i>million</i>	
		<i>tonnes</i>	
<b>Shandong Coal Group</b>	<b>153.4</b>	165.8	(7.5)
Bulianta	<b>27.7</b>	28.2	(1.8)
Daliuta-Huojitu	<b>33.0</b>	35.8	(7.8)
Yujialiang	<b>16.3</b>	17.2	(5.2)
Shangwan	<b>14.8</b>	15.0	(1.3)
Halagou	<b>14.7</b>	14.9	(1.3)
Baode (Kangjatan)	<b>3.7</b>	4.5	(17.8)
Shigetai	<b>10.2</b>	10.5	(2.9)
Wulanmulun	<b>3.9</b>	7.4	(47.3)
Bu'ertai	<b>18.1</b>	17.9	1.1
Liuta mine	<b>3.0</b>	3.8	(21.1)
Cuncaota No. 1 mine	<b>2.2</b>	3.3	(33.3)
Cuncaota No. 2 mine	<b>5.2</b>	5.9	(11.9)
Others	<b>0.6</b>	1.4	(57.1)
<b>Zhunge'er Energy Company</b>	<b>30.7</b>	30.4	1.0
Heidaigou Mine	<b>30.7</b>	30.4	1.0
<b>Ha'erwusu Branch</b>	<b>30.3</b>	31.4	(3.5)
<b>Beidian Shengli Energy</b>	<b>12.1</b>	17.0	(28.8)
<b>Jinjie Energy</b>	<b>18.0</b>	18.9	(4.8)
<b>Shenbao Energy Company</b>	<b>25.1</b>	28.7	(12.5)

	<b>2015</b> <i>million</i> <i>tonnes</i>	2014 (Restated) <i>million</i> <i>tonnes</i>	Change %
<b>Baotou Energy Company</b>	<b>6.8</b>	10.7	(36.4)
Shuiquan Open-cut Mine	<b>1.1</b>	0.8	37.5
Adaohai Mine	<b>0.1</b>	0.9	(88.9)
Lijiahao Mine	<b>5.6</b>	5.9	(5.1)
Wanli No.1 Mine	<b>0.0</b>	3.1	(100.0)
<b>Shendong Power Company</b>	<b>2.6</b>	1.6	62.5
Huangyuchuan Mine	<b>2.6</b>	1.6	62.5
<b>EMM Indonesia</b>	<b>1.9</b>	2.1	(9.5)
<b>Total production</b>	<b>280.9</b>	306.6	(8.4)
<b>By Regions</b>			
Inner Mongolia	<b>183.2</b>	202.2	(9.4)
Shaanxi	<b>92.1</b>	97.8	(5.8)
Shaanxi	<b>3.7</b>	4.5	(17.8)
Overseas	<b>1.9</b>	2.1	(9.5)

#### Domestic Coal Sales

	<b>2015</b> <i>million</i> <i>tonnes</i>	Proportion of domestic sales %	2014 (Restated) <i>million</i> <i>tonnes</i>	Change %
<b>Domestic sales</b>	<b>365.5</b>	100.0	439.6	(16.9)
By region				
Northern China	<b>210.8</b>	57.7	244.7	(13.9)
Eastern China	<b>95.8</b>	26.2	121.6	(21.2)
Central China and Southern China	<b>38.9</b>	10.7	48.9	(20.4)
Northeast China	<b>19.1</b>	5.2	23.6	(19.1)
Others	<b>0.9</b>	0.2	0.8	12.5
By usage				
Thermal coal	<b>244.2</b>	66.9	285.5	(14.5)
Metallurgy	<b>6.0</b>	1.6	7.5	(20.0)
Chemical (including coal slurry)	<b>31.2</b>	8.5	34.4	(9.3)
Others	<b>84.1</b>	23.0	112.2	(25.0)

## Railway Turnover

	<b>2015</b> <i>billion</i> <i>tonne km</i>	2014 (Restated) <i>billion</i> <i>tonne km</i>	Change %
<b>Self-owned railways</b>	<b>200.1</b>	223.8	(10.6)
Shenshuo Railway	<b>45.6</b>	52.8	(13.6)
Shuohuang-Huangwan Railway	<b>118.7</b>	138.2	(14.1)
Dazhun Railway	<b>25.7</b>	22.5	14.2
Baoshen Railway	<b>7.8</b>	10.3	(24.3)
Ganquan Railway	<b>0.5</b>	–	N/A
Bazhun Railway	<b>0.4</b>	–	N/A
Zhunchi Railway	<b>1.4</b>	–	N/A
<b>State-owned railways</b>	<b>41.3</b>	45.5	(9.3)
<b>Total railway turnover</b>	<b>241.4</b>	269.3	(10.4)

## Seaborne Coal in Ports

	<b>2015</b> <i>million</i> <i>tonnes</i>	2014 (Restated) <i>million</i> <i>tonnes</i>	Change %
<b>Self-owned ports</b>	<b>158.5</b>	174.0	(8.9)
Huanghua Port	<b>111.6</b>	131.6	(15.2)
Shenhua Tianjin Coal Dock	<b>40.3</b>	36.6	10.0
Zhuhai Coal Dock	<b>6.6</b>	5.8	13.8
<b>Third-party ports</b>	<b>45.3</b>	61.8	(26.7)
<b>Total seaborne coal</b>	<b>203.8</b>	235.8	(13.6)

## Power Generation Business

Power plants	Regional grid	Location	Gross power generation 100 million kwh	Total power output 100 million kwh	Average utilisation hours	Standard coal consumption rate for power output g/kwh	Power tariff RMB/mwh	Total installed capacity as at 31 December 2014 mw	Increase/ (decrease) in installed capacity for 2015 mw	Total installed capacity as at 31 December 2015 mw	Equity installed capacity as at 31 December 2015 mw
Cangdong Power	North China Power Grid	Hebei	124.3	118.0	4,933	309	340	2,520		2,520	1,285
Sanhe Power	North China Power Grid	Hebei	64.9	60.0	4,992	303	333	1,300		1,300	501
Dingzhou Power	North China Power Grid	Hebei	133.9	123.1	5,313	322	330	2,520		2,520	1,021
Panshan Power	North China Power Grid	Tianjin	54.1	50.6	5,104	315	350	1,060		1,060	482
Zhunge'er Power	North China Power Grid	Inner Mongolia	41.1	35.5	4,281	384	235	960		960	554
Shendong Power	Northwest /North China/ Shaanxi Provincial Local Power Grid	Inner Mongolia	226.5	207.9	4,084	347	259	4,167	4,020	8,187	7,534
Guohua Zhunge'er	North China Power Grid	Inner Mongolia	63.8	57.8	4,833	316	237	1,320		1,320	639
Guohua Hulunbei'er Power	Northeast Power Grid	Inner Mongolia	46.3	41.4	3,858	332	244	1,200		1,200	960
Beijing Thermal	North China Power Grid	Beijing	5.6	4.8	6,473	169	413	400	(400)	-	-
Suizhong Power	Northeast Power Grid	Liaoning	149.0	139.7	4,104	312	321	3,600	160	3,760	1,880
Zheneng Power	East China Power Grid	Zhejiang	197.4	186.7	4,486	303	385	4,400		4,400	2,640
Zhoushan Power	East China Power Grid	Zhejiang	38.9	36.5	4,275	333	398	910		910	464
Taicang Power	East China Power Grid	Jiangsu	68.7	65.4	5,452	303	328	1,260		1,260	630
Jinjie Energy	North China Power Grid	Shaanxi	169.0	155.4	7,042	325	289	2,400		2,400	1,680
Shenmu Power	Northwest Power Grid	Shaanxi	9.5	8.4	4,318	379	316	220		220	112
Taishan Power	South China Power Grid	Guangdong	196.9	184.2	3,938	317	409	5,000		5,000	4,000
Huizhou Thermal	South China Power Grid	Guangdong	30.2	27.3	4,576	329	411	660		660	660
Mengjin Power	Central China Power Grid	Henan	48.7	45.9	4,058	309	347	1,200		1,200	612
Chenjiagang Power	East China Power Grid	Jiangsu	74.6	71.0	5,652	291	316	1,320		1,320	726
Xuzhou Power	East China Power Grid	Jiangsu	119.0	113.0	5,950	289	337	2,000		2,000	2,000
Shenwan Energy	East China Power Grid	Anhui	174.8	165.8	5,079	308	342	2,600	2,000	4,600	2,346
Shenhua Sichuan Energy (coal-fired power)	Sichuan Power Grid	Sichuan	30.8	27.8	2,444	335	395	1,260		1,260	604
Fujian Energy	East China Power Grid	Fujian	94.9	89.9	3,503	321	329	1,240	2,000	3,240	1,501
Ningdong Power	Northwest Power Grid	Ningxia	34.8	31.4	5,273	352	226	660		660	660
PT.GH EMM	PLN	Indonesia	19.8	17.6	6,600	367	405	300		300	210
<b>Total for coal-fired power plants/weighted average</b>			<b>2,217.5</b>	<b>2,065.1</b>	<b>4,631</b>	<b>318</b>	<b>331</b>	<b>44,477</b>	<b>7,780</b>	<b>52,257</b>	<b>33,701</b>
<b>Other power plants</b>											
Zhuhai Wind	South China Power Grid	Guangdong	0.2	0.2	1,478	/	598	16		16	12
Shenhua Sichuan Energy (hydropower)	Sichuan Provincial Local Power Grid	Sichuan	6.7	6.5	5,364	/	232	125		125	48
Beijing Gas-fired Power	North China Power Grid	Beijing	15.5	15.1	4,074	227	401	-	950	950	950
Yuyao Power	East China Power Grid	Zhejiang	18.0	17.6	2,308	232	698	780		780	624

## Reserve

Mines	Coal resources (under PRC standard)			Recoverable reserve (under PRC standard)			Marketable reserve (under JORC standard)		
	As at	As at	Change	As at	As at	Change	As at	As at	Change
	31 December	31 December		31 December	31 December		31 December	31 December	
	2015	2014	2015	2014	2015	2014			
100 million tonnes	100 million tonnes	%	100 million tonnes	100 million tonnes	%	100 million tonnes	100 million tonnes	%	
Shandong Mines	166.57	168.59	(1.2)	97.60	98.86	(1.3)	41.85	43.62	(4.1)
Zhunge'er Mines	40.76	41.38	(1.5)	32.79	33.37	(1.7)	19.35	19.98	(3.2)
Shengli Mines	20.68	20.77	(0.4)	14.22	14.31	(0.6)	7.31	7.43	(1.6)
Baorixile Mines	14.58	14.79	(1.4)	12.43	12.63	(1.6)	12.77	13.02	(1.9)
Baotou Mines	0.54	1.03	(47.6)	0.38	0.62	(38.7)	0.13	0.15	(13.3)
<b>Total of China Shenhua</b>	<b>243.13</b>	<b>246.56</b>	<b>(1.4)</b>	<b>157.42</b>	<b>159.79</b>	<b>(1.5)</b>	<b>81.41</b>	<b>84.20</b>	<b>(3.3)</b>

## Breakdown of Shipping Volume

	2015 <i>million tonnes</i>	2014 <i>(Restated) million tonnes</i>	Change %
<b>Shenhua Zhonghai Shipping Company</b>			
The Group's internal customers	52.3	47.1	11.0
External customers	27.5	40.6	(32.3)
<b>Total of shipping volume</b>	<b>79.8</b>	<b>87.7</b>	<b>(9.0)</b>

## Summary of Operations in 2015

		2015	2014 (restated)	Change %
Commercial coal production	Million tonnes	280.9	306.6	(8.4)
Coal sales	Million tonnes	370.5	451.1	(17.9)
Total power output dispatch	Billion kwh	210.45	218.42	(3.6)
Revenue	RMB million	177,069	253,081	(30.0)
Cost of sales	RMB million	123,341	178,109	(30.7)
Selling, general and administrative expenses and net finance costs	RMB million	14,813	13,285	11.5

In 2015, China Shenhua actively dealt with the adverse effect of the downturn in the industry, organized operation delicately, prioritized the arrangement of the sales of self-produced commercial coal, proactively reduced the business volume of purchased coal, and performed better in sales and marketing of power. Due to the impact of the weak coal market, the coal sales achieved in 2015 were lower than the target set at the beginning of the year.

The Group recorded a profit for the year attributable to equity holders of the Company of RMB17,649 million (2014: RMB39,301 million (restated)), and basic earnings per share of RMB0.887/share (2014: RMB1.976/share (restated)), representing a year-on-year decrease of 55.1%.

Major financial indicators of the Group for 2015 are as follows:

		<b>2015</b>	2014 <i>(restated)</i>	Change <i>(%)</i>
Return on total assets as at the end of the period	%	<b>4.5</b>	8.9	Decreased by 4.4 percentage points
Return on net assets as at the end of the period	%	<b>5.9</b>	13.1	Decreased by 7.2 percentage points
EBITDA	RMB million	<b>62,597</b>	86,436	(27.6)
		<b>As at 31 December 2015</b>	As at 31 December 2014 <i>(restated)</i>	Change <i>(%)</i>
Equity attributable to equity holders per share	RMB/share	<b>14.99</b>	15.12	(0.9)
Liability to asset ratio	%	<b>35.0</b>	33.6	Increased by 1.4 percentage points
Total debt to total debt and total equity ratio	%	<b>23.1</b>	21.9	Increased by 1.2 percentage points

## Analysis on principal business

### 1. Analysis of the Changes in the Items in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Cash Flows

Unit: RMB million

Items	Amount for the period	Amount for the same period of the previous year (restated)	Change (%)
Revenue	<b>177,069</b>	253,081	(30.0)
Cost of sales	<b>(123,341)</b>	(178,109)	(30.7)
Selling expenses	<b>(584)</b>	(794)	(26.4)
General and administrative expenses	<b>(9,714)</b>	(8,835)	9.9
Other gains and losses	<b>(5,856)</b>	(770)	660.5
Other income	<b>1,659</b>	939	76.7
Other expenses	<b>(626)</b>	(419)	49.4
Interest income	<b>608</b>	803	(24.3)
Finance costs	<b>(5,123)</b>	(4,459)	14.9
Income tax expense	<b>(9,561)</b>	(12,784)	(25.2)
Net cash generated from operating activities	<b>55,406</b>	69,069	(19.8)
Of which: Net cash flow of operating activities of Shenhua Finance Company <sup>Note</sup>	<b>9,065</b>	(957)	(1,047.2)
Net cash generated from operating activities excluding the effect of Shenhua Finance Company	<b>46,341</b>	70,026	(33.8)
Net cash used in investing activities	<b>(26,123)</b>	(43,736)	(40.3)
Net cash used in financing activities	<b>(23,157)</b>	(27,707)	(16.4)

*Note:* As Shenhua Finance Company provides financial services including deposits and borrowings for entities other than the Group, the item represents the cash flows of deposits and borrowings and interest, fees and commission used by this business.

## 2. Revenue and costs

### (1) Factors affecting the revenue

The revenue of the Group in 2015 recorded a year-on-year decrease of 30.0%. The main reasons for such change are (1) the excessive of supply of coal, resulting in a year-on-year decrease of 17.9% in the Group's sales of coal to 370.5 million tonnes for the year 2015 (2014: 451.1 million tonnes (restated)); the average sales price of coal was RMB292.6 per tonne (2014: RMB351.0 per tonne (restated)), representing a year-on-year decrease of 16.6%; (2) being affected by an increase in the use of non-fossil fuels in power generation and the reduction in the utilization hours of coal-fired power generation units, the power output dispatch of the Group in 2015 was 210.45 billion kwh (2014: 218.42 billion kwh (restated)), representing a year-on-year decrease of 3.6%; average power tariff was RMB334/MWh (2014: RMB354/MWh (restated)), representing a year-on-year decrease of 5.6%; (3) a decrease in the materials trading business volume.

Major operating indicators	Unit	2015	2015 compared		2013 (restated)
			2014 (restated)	with 2014 (%)	
(I) Coal					
1. Commercial coal production	Million tonnes	<b>280.9</b>	306.6	(8.4)	318.1
2. Coal sales	Million tonnes	<b>370.5</b>	451.1	(17.9)	514.8
Of which: Export	Million tonnes	<b>1.2</b>	1.6	(25.0)	2.7
Import	Million tonnes	<b>0.2</b>	6.9	(97.1)	15.2
(II) Power generation					
1. Gross power generation	Billion kwh	<b>225.79</b>	234.38	(3.7)	246.04
2. Total power output dispatch	Billion kwh	<b>210.45</b>	218.42	(3.6)	229.55
(III) Coal chemical					
1. Sales of polyethylene	Thousand tonnes	<b>319.2</b>	265.5	20.2	262.4
2. Sales of polypropylene	Thousand tonnes	<b>312.9</b>	268.1	16.7	267.9

Major operating indicators	Unit	2015	2015 compared		2013
			2014	with 2014	
			(restated)	(%)	(restated)
(IV) Transportation					
1. Turnover of self-owned railway	Billion tonne km	<b>200.1</b>	223.8	(10.6)	211.6
2. Seaborne coal	Million tonnes	<b>203.8</b>	235.8	(13.6)	227.3
Of which: At Huanghua Port	Million tonnes	<b>111.6</b>	131.6	(15.2)	127.4
At Shenhua Tianjin Coal Dock	Million tonnes	<b>40.3</b>	36.6	10.1	31.1
At Shenhua Zhuhai Coal Dock	Million tonnes	<b>6.6</b>	5.8	13.8	1.5
3. Shipping volume	Million tonnes	<b>79.8</b>	87.7	(9.0)	118.6
4. Shipment turnover	Billion tonne nautical miles	<b>64.1</b>	72.2	(11.2)	114.9

(2) *Major customers*

Top five customers

No.	Customer	2015	
		Revenue <i>RMB million</i>	Percentage to revenue %
1	The first	11,407	6.4
2	The second	9,857	5.6
3	The third	8,667	4.9
4	The fourth	8,019	4.5
5	The fifth	7,928	4.5
	Total	<u>45,878</u>	<u>25.9</u>

(3) *Factors contributing to changes in cost*

*Unit: RMB million*

Breakdown of cost items	Amount for the period	Percentage to cost of sales for the period (%)	Amount for the same period of the previous year (restated)	Percentage to cost of sales for the same period of the previous year (%)	Change in amount for the period over that of the same period of the previous year (%)
Cost of coal purchased	17,264	14.0	43,545	24.4	(60.4)
Materials, fuel and power	15,816	12.8	24,109	13.5	(34.4)
Personnel expenses	11,874	9.6	11,417	6.4	4.0
Depreciation and amortization	21,134	17.1	19,284	10.8	9.6
Repairs and maintenance	8,619	7.0	9,505	5.3	(9.3)
Transportation charges	12,193	9.9	14,369	8.1	(15.1)
Taxes and surcharges	5,833	4.7	4,100	2.3	42.3
Other operating cost	30,608	24.8	51,780	29.1	(40.9)
Total costs of sales	<u>123,341</u>	<u>100.0</u>	<u>178,109</u>	<u>100.0</u>	<u>(30.7)</u>

The cost of sales of the Group in 2015 represented a year-on-year decrease of 30.7%, of which (1) the cost of coal purchased decreased by 60.4%, which was mainly attributable to the decrease in the price of coal and the Group's reduction in the sales volume of purchased coal and overseas and domestic trading coal based on the demand and supply of the coal market; (2) materials, fuel and power represented a year-on-year decrease of 34.4%, which was mainly attributable to the decrease in coal production and the decrease in the prices of fuel and oil; (3) personnel expenses represented a year-on-year increase of 4.0%, which was mainly attributable to the increase in the employee's social security payment base; (4) depreciation and amortization costs represented a year-on-year increase of 9.6%, which was mainly attributable to the increase in fixed assets of power and transportation business; (5) transportation charges represented a year-on-year decrease of 15.1%, which was mainly attributable to the decrease in external transportation fees arising from decrease in sales amount of coal; (6) Taxes and surcharges represented a year-on-year increase of 42.3%, which was

mainly attributable to the fact that coal price adjustment fund and mineral resources compensation fee were accounted for by the Group as resource tax as a result of the resource tax reform. The relevant amounts were adjusted from “other operating costs” to “taxes and surcharges” for accounting; (7) other operating costs represented a year-on-year decrease in 40.9%, which was mainly attributable to the decrease in the materials trading business volume.

#### (4) *Major suppliers*

During the reporting period, the total procurement from the top five suppliers of the Company amounted to RMB14,562 million, accounting for 13.2% of the total procurement for the year. The purchases from the largest supplier were RMB5,892 million, accounting for 5.3% of the total procurement for the year.

### 3. *Business segments in major business*

The major operating model of the Group refers to one unified supply chain of coal production → coal transportation (railway, port and shipping) → use of coal (power and coal-based chemical), and there are business intercourses between each segment. The operation revenue and the costs of the following business segments are the data before eliminations on consolidation of each segment.

*Unit: RMB million*

#### **Major business of business segments in 2015 before eliminations on consolidation**

<b>Business segment</b>	<b>Revenue</b>	<b>Cost of sales</b>	<b>Gross profit margin (%)</b>	<b>Increase/decrease in revenue as compared with last year (%)</b>	<b>Increase/decrease in cost of sales as compared with last year (%)</b>	<b>Increase/decrease in gross profit margin as compared with last year</b>
Coal	121,458	107,493	11.5	(36.8)	(33.4)	Decreased by 4.4 percentage points
Power	73,053	49,788	31.8	(8.9)	(11.9)	Increased by 2.3 percentage points
Railway	27,232	14,595	46.4	(11.1)	(1.0)	Decreased by 5.5 percentage points
Port	3,769	2,026	46.2	(9.7)	1.6	Decreased by 6.0 percentage points
Shipping	2,002	1,760	12.1	(34.0)	(31.5)	Decreased by 3.2 percentage points
Coal-based chemical	5,550	4,720	15.0	(5.6)	11.2	Decreased by 12.8 percentage points

#### 4. *Consolidated statement of profit or loss and other comprehensive income*

- (1) Selling expenses: Selling expenses of the Group were mainly expenses of sales institutions and other expenses of transportation and loading in the process of sales, representing a year-on-year decrease of 26.4% in 2015, which was mainly attributable to the decrease in sales volume of coals and the lower loading charges at purchased coal stations.
- (2) General and administrative expenses: representing a year-on-year increase of 9.9% in 2015, which was mainly attributable to the increase in depreciation and amortization resulting from the operation of the self-developed informatization system, an increase in suspended mines, and increase of expensed research and development expenditure.
- (3) Other gains and losses: representing a year-on-year increase of 660.5% in 2015, which was mainly attributable to the unfavorable situation in the coal industry and the upgrade and renovation of power generators. Pursuant to the assessment result of asset impairment at the end of 2015, the Group made provision for impairment on parts of fixed assets, construction in progress and supplies. Please refer to the announcement of the Company dated on 29 January 2016 for details.
- (4) Other income: representing a year-on-year increase of 76.7% in 2015, which was mainly attributable to the increase in government grants for railway and power operation.
- (5) Other expenses: representing a year-on-year increase of 49.4% in 2015, which was mainly attributable to the increase of expenses of donation for public welfare.
- (6) Interest income: representing a year-on-year decrease of 24.3% in 2015, which was mainly attributable to the continued decrease of the prime deposit rate.
- (7) Finance costs: representing a year-on-year increase of 14.9% in 2015, which was mainly attributable to the increase in the exchange loss in bonds denominated in USD arising from the appreciation of USD, and the exchange loss in borrowings denominated in Japanese Yen arising from the appreciation of Japanese Yen.

- (8) Income tax expenses: representing a year-on-year decrease of 25.2% in 2015, and the average rate of tax income in 2015 was 27.7% (2014: 20.7%, (restated)), with an increase of 7.0 percentage points, which was mainly attributable to the difference in deductible time incurred by provision for impairment losses of certain assets in the period and the deductible taxation losses incurred by operation losses of certain branches of subsidiaries. As the unrecognized deferred tax assets could not be confirmed in the pay-back period, and the decrease in percentage of profits in the coal segment, which is entitled to more preferential tax rates, and the increase in percentage of profits in the power generation and transportation segments, which are entitled to less preferential tax rates.

## 5. *Research and development expenditure*

Expensed research and development expenditure in the period (RMB million)	496
Capitalized research and development expenditure in the period (RMB million)	274
Total research and development expenditure (RMB million)	770
Percentage of total research and development expenditure to revenue (%)	0.4
Number of research and development personnel in the Company (number of person)	2,911
The ratio of research and development personnel to the total number of persons in the Company (%)	3.0
Ratio of capitalized research and development expenditure (%)	35.6

In 2015, the research and development expenditure of the Group, representing a year-on-year decrease of 28.8% (2014: RMB1,081 million (restated)), is mainly used for technological research in different aspects including heavy-loaded transportation, high efficiency usage of coal, high efficiency coal mining equipment and comprehensive use of coal ash after combustion.

## 6. *Cash flow*

- (1) Net cash generated from operating activities: a year-on-year decrease of 19.8% in 2015, of which, net cash generated from operating activities of Shenhua Finance Company represented a year-on-year increase of RMB10,022 million, which was mainly due to strengthened management of credit risk, increase in deposits and decrease in loans by Shenhua Finance Company. Excluding the effects of Shenhua Finance Company, net cash generated from operating activities of the Group represented a year-on-year decrease of 33.8%. This was mainly due to the decrease in net cash inflow arising from a year-on-year decrease of net profits.

- (2) Net cash used in investing activities: net cash outflow in 2015 represented a year-on-year decrease of 40.3%. This was mainly due to the decrease in cash paid for acquisition of long-term assets.
- (3) Net cash used in financing activities: net cash outflow in 2015 represented a year-on-year decrease of 16.4%. This was mainly due to the year-on-year increase in net amounts generated by external debt financing activities.

## **7. *Material changes in profit incurred from non-principal business***

Influenced by depression in the coal industry and the upgrade and renovation of power generation units, pursuant to the assessment result of asset impairment at the end of 2015, the Group made provision for impairment of RMB5,773 million on parts of fixed assets, construction in progress and supplies

## **Analysis on Operating Results by Business Segment**

### **(I) *Coal Segment***

#### **1. *Overview of production's operations and construction***

The majority of the coal products produced and sold by the Group were mainly thermal coal. In 2015, The Company actively responded to the market changes, organized production, enhanced coal quality management, and optimized product structures in accordance with the market demand and maximized efficiency. Shendong Mines adopted a number of measures to improve the quality of coal to guarantee efficiency; Zhunge'er Mines strengthened the overall progress management, and reasonably adjusted the quality and structure of coal to effectively control costs; Shengli and Baorixile Mines optimized the organization of production and sales to achieve cost reduction and expenditure saving. Guojiawan Coal Mine Project, which is under construction, entered the stage of joint trial operation.

During the year, commercial coal production volume of the Group reached 280.9 million tonnes (2014: 306.6 million tonnes (restated)), representing a year-on-year decrease of 8.4%. During the year, the coal segment of the Group accomplished total footage of advancing tunnels of 564 thousand meters (2014: 643 thousand meters), representing a year-on-year decrease of 12.3%. Specifically, Shendong Mines recorded total footage of advancing tunnels of 547 thousand meters, representing a year-on-year decrease of 12.6%; and Baotou Mines recorded total footage of advancing tunnels of 17 thousand meters, representing a year-on-year stabilization.

The Group has independently operated railway collection and distribution channels centralized and distributed in the rim of self-owned core mines, which can satisfy the transportation of coal in the core mines.

Production and sales volumes of all coals of the Group in 2015 are as below:

<b>Types of coal</b>	<b>Production</b>	<b>Sales</b>	<b>Revenue</b>	<b>Cost of sales</b>	<b>Gross profit</b>
	<i>Million tonnes</i>	<i>Million tonnes</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Thermal coal	280.9	369.3	107,506	90,234	17,272
Coking coal	/	1.2	907	1,174	(267)
Total	/	370.5	108,413	91,408	17,005

As of the end of the Reporting Period, the coal inventories of the Group were approximately 22.6 million tonnes, representing a decrease of 22.9% as compared with 29.3 million tonnes as at the end of the last year.

## 2. Coal sales

The Group executed specialized division of labour management. Various mining areas are responsible for production of coal while Shenhua Trading Group are centrally responsible for the sales of coal. Users are from different industries such as power, metallurgy, chemical and construction materials. In 2015, the Group scientifically designed marketing strategies, created innovative sales model, and on the basis of maintaining prices ensured the largest ratio of sales of self-produced coal and the best ratio of market share of seaborne.

Affected by factors including decrease in demands of downstream industries, weather, and structural adjustment of energy, the sales of coal in 2015 amounted to 370.5 million tonnes (2014: 451.1 million (restated)), representing a year-on-year decrease of 17.9%; the domestic sales volume of coals of the Group amounted to 365.5 million tonnes, accounting for 10.6% of the sales volume of coals in China for the same period which amounted to 3.46 billion tonnes; the weighted average coal sales price was RMB292.6/tonne (2014: RMB351.0/tonne (restated)) (exclusive of tax), representing a year-on-year decrease of 16.6%.

The Group enhanced the work on electronic coal trading with the help of Shenhua Coal Trading Network (<https://www.e-shenhua.com>) developed by the Group. In 2015, the amount of coal trading through Shenhua Coal Trading Network reached 189.7 million tonnes (2014: 248.8 million (restated)). Development of internet coal trading can help reduce transaction costs.

#### A. By source of coal and regions

	2015			2014 (restated)			Change	
	Sales volume million tonnes	Proportion of total sales %	Price RMB/tonne	Sales volume million tonnes	Proportion of total sales %	Price RMB/tonne	Sales volume %	Price %
I. Domestic sales	365.5	98.7	292.9	439.6	97.4	346.3	(16.9)	(15.4)
(I) Self-produced coal and purchased coal	354.1	95.6	292.0	406.2	90.0	342.2	(12.8)	(14.7)
1. Direct arrival	151.5	40.9	220.7	171.9	38.1	251.3	(11.9)	(12.2)
2. Seaborne	202.6	54.7	345.3	234.3	51.9	408.9	(13.5)	(15.6)
(II) Sales of domestic trading coal	11.2	3.0	318.0	26.5	5.9	380.1	(57.7)	(16.3)
(III) Sales of imported coal	0.2	0.1	412.7	6.9	1.5	458.8	(97.1)	(10.0)
II. Export Sales	1.2	0.3	442.9	1.6	0.4	557.0	(25.0)	(20.5)
III. Overseas coal sales	3.8	1.0	218.1	9.9	2.2	524.3	(61.6)	(58.4)
1. EMM Indonesia	1.9	0.5	83.7	2.1	0.5	100.3	(9.5)	(16.6)
2. Re-export trade	1.9	0.5	358.3	7.8	1.7	636.6	(75.6)	(43.7)
Total sales volume/weighted average price	<u>370.5</u>	<u>100.0</u>	<u>292.6</u>	<u>451.1</u>	<u>100.0</u>	<u>351.0</u>	<u>(17.9)</u>	<u>(16.6)</u>

*Note:* Sales prices of coal in this report are all exclusive of tax.

In 2015, the sales volume of the Company to the top five domestic customers of coal was 42.9 million tonnes, which accounted for 11.7% of the total domestic sales volume. In particular, the sales volume to the largest customer was 15.5 million tonnes, which accounted for 4.2% of the total domestic sales volume. The top five domestic customers of coal were primarily coal, power and fuel companies.

## B. By internal and external customers

	2015		2014 (restated)			Change in price %	
	Sales volume <i>million tonnes</i>	Percentage %	Price <i>RMB/ tonne</i>	Sales volume <i>million tonnes</i>	Percentage %		Price <i>RMB/ tonne</i>
Sales to external customers	281.6	76.7	293.8	365.8	81.1	356.9	(17.7)
Sales to internal power segment	84.6	22.8	291.5	81.5	18.1	326.7	(10.8)
Sales to internal coal chemical segment	4.3	1.2	236.1	3.8	0.8	296.5	(20.4)
Total coal sales volume/ weighted average price	<u>370.5</u>	<u>100.0</u>	<u>292.6</u>	<u>451.1</u>	<u>100.0</u>	<u>351.0</u>	<u>(16.6)</u>

In 2015, the sales volume of internal power segment and coal chemical segment respectively accounted for 22.8% and 1.2% of the coal segment of the Group, representing an increase of 4.7 percentage points and 0.4 percentage points as compared with last year, respectively. The Company adopted unified pricing policies in coal sales to the internal power segment, and coal chemical segment and external customers.

### 3. *Production safety*

The Company strengthened the concept of safe production with risk prevention as the focus, setting up a database of hazard sources through informationized management so as to optimize the risk control and management mechanism and consolidate the foundation of safety management. In 2015, the fatality rate per million tonnes of raw coal production of the Company was 0.003, enabling the Company to maintain its internationally leading position.

#### 4. *Environmental protection*

In 2015, the Group continuously strived to build the brand of “Shenhua Clean Coal” featuring the quality of low sulphur, low ash and medium-to-high calorific value, and put effort on promoting the action plan of Clean Burning of Coal of Shenhua in areas of Beijing-Tianjin-Hebei, Yangtze River Delta and Pearl River Delta. Upholding the philosophy of “producing environmentally-friendly coal and constructing ecological mines”, the Company actively launched campaigns including conservation of soil and water as well as land reclamation and reforestation. The Group invested a total of RMB237 million in conservation of soil and water and ecological construction and a total of RMB394 million in energy saving and environmental protection projects, and paid for a total of RMB62 million in sewage charges. Mining waste water consumption amounted to 71.1 million tonnes. At the end of 2015, balance of the “accrued reclamation obligations” amounted to RMB2,197 million, serving as strong financial guarantee for ecological construction.

#### 5. *Coal resources*

As at 31 December 2015, the Group had coal resources amounting to 24,313 million tonnes and recoverable coal reserve amounting to 15,742 million tonnes under the PRC Standard; and the Group’s marketable coal reserve amounted to 8,141 million tonnes under the JORC Standard.

*Unit: 100 million tonnes*

<b>Mines</b>	<b>Coal resources (under the PRC Standard)</b>	<b>Recoverable coal reserve (under the PRC Standard)</b>	<b>Marketable coal reserve (under the JORC Standard)</b>
Shendong Mines	166.57	97.60	41.85
Zhunge’er Mines	40.76	32.79	19.35
Shengli Mines	20.68	14.22	7.31
Baorixile Mines	14.58	12.43	12.77
Baotou Mines	0.54	0.38	0.13
<b>Total</b>	<b>243.13</b>	<b>157.42</b>	<b>81.41</b>

In 2015, the Company's exploration expenses (which were incurred before the conclusion of feasibility study and represented the expenses related to exploration and evaluation of coal resources) amounted to approximately RMB96 million (2014: RMB33 million), which was mainly attributable to the relevant exploration expenses of PT.GH EMM Indonesia Project and Watermark Coal Project in Australia.

In 2015, the Company's relevant capital expenditure of mining development and exploration amounted to approximately RMB3,539 million (2014: RMB5,647 million), which was mainly attributable to the development expenditure of Guojiawan Mine, as well as the coal-exploration related expenditure of various mines.

Characteristics of the commercial coal produced by the Company's major mines are as follows:

No.	Mines	Major types of coal	Calorific value of major commercial coal products (kcal/kg)	Sulphur content	Ash content (average)
1	Shendong Mines	Long flame coal/ non-caking coal	Approximately 5,400	≤0.50%	Approximately 12.5%
2	Zhunge'er Mines	Long flame coal	Approximately 4,500	≤0.50%	Approximately 26.7%
3	Shengli Mines	Lignite	Approximately 3,200	≤0.75%	Approximately 19.0%
4	Baorixile Mines	Lignite	Approximately 3,600	≤0.30%	Approximately 15.3%
5	Baotou Mines	Long flame coal/ non-caking coal	Approximately 4,350	≤0.65%	Approximately 19.5%

*Note:* The above calorific value, sulphur content and ash content of major commercial coal products produced by each mine may be inconsistent with the characteristics of the commercial coal products produced by individual mine and those of the commercial coal products sold by the Company due to such factors as geological conditions, mining area, coal washing, selecting and processing, transportation loss and coal blending ratio.

## 6. Analysis of operating results

### A. The operating results of the coal segment of the Group before elimination on consolidation

		2015	2014	Change	Main reasons for changes
			(restated)	(%)	
Revenue	RMB million	<b>121,458</b>	192,094	(36.8)	Decrease in coal sales volume and sales prices
Cost of sales	RMB million	<b>107,493</b>	161,517	(33.4)	Decrease in sales volumes of self-produced coal and coal purchased
Gross profit margin	%	<b>11.5</b>	15.9	Decreased by 4.4 percentage points	
Profit from operations	RMB million	<b>6,433</b>	26,049	(75.3)	
Profit margin from operations	%	<b>5.3</b>	13.6	Decreased by 8.3 percentage points	Save as the impact on decrease in cost of sales, the loss to the Group in respect of the provision for assets impairment of certain coals had increased, leading to the fact that the fall range of profit margin from operation was greater than the fall range of gross profit margin

### B. The sales and gross profit of the coal of the Group before elimination on consolidation

	2015				2014 (restated)			
	Revenue	Costs	Gross profit	Gross profit margin	Revenue	Costs	Gross profit	Gross profit margin
	RMB million	RMB million	RMB million	%	RMB million	RMB million	RMB million	%
Sales of coal domestic	<b>107,041</b>	<b>90,179</b>	<b>16,862</b>	<b>15.8</b>	152,217	120,605	31,612	20.8
Export and overseas	<b>1,372</b>	<b>1,229</b>	<b>143</b>	<b>10.4</b>	6,082	5,797	285	4.7
<b>Total</b>	<b>108,413</b>	<b>91,408</b>	<b>17,005</b>	<b>15.7</b>	<b>158,299</b>	<b>126,402</b>	<b>31,867</b>	<b>20.1</b>

The coal sold by the Company is mainly produced in self-owned mines. In order to fulfill the needs of customers and adequately make use of railway transportation, the Group also sold to external customers after purchasing coal from third parties from the surrounding areas of the self-owned mines and railways to produce different kinds and level of coal products.

## 7. Unit production cost of self-produced coal

Unit: RMB/tonne

	2015	2014	Change	Main reasons for changes
	(restated)		(%)	
Materials, fuel and power	<b>20.6</b>	24.6	(16.3)	Decrease in tunneling footage and prices in fuel and electricity arising from decrease in production volume of coals
Personnel expenses	<b>17.7</b>	15.4	14.9	Increase in base of social security payment for staffs and the decrease in sales volume of self-produced coal
Repairs and maintenance	<b>9.2</b>	9.9	(7.1)	Decrease in maintenance and repair arranged in the year
Depreciation and amortization	<b>25.2</b>	22.3	13.0	Increase in fixed assets in respect of maintenance and safety
Other costs	<b>50.5</b>	59.8	(15.6)	Classification of price adjustment fund and mineral resources compensation as “taxes and surcharges” under resource tax due to the reform of resource tax, and decrease in mineral construction cost and opening mining extraction cost.
Unit production cost of self-produced coal	<b>123.2</b>	132.0	(6.7)	

Other costs consist of the following three components: (1) expenses directly related to production, including coal washing, selecting and processing expenses, and mining engineering expenses, etc., accounting for 57%; (2) auxiliary production expenses, accounting for 12%; (3) land requisition and surface subsidence compensation, environmental protection expenses, fees levied by local government, etc., accounting for 31%.

## **8. *Cost of coal purchased from third parties***

The Company's coal purchased from third parties includes coal purchased from the surrounding areas of the self-owned mines and railways, domestic trading coal, imported and re-exported coal.

In 2015, costs of coal purchased from third parties was RMB17,264 million (2014: RMB43,545 million (restated)), representing a year-on-year decrease of 60.4%. The decrease was mainly due to the decrease in the purchasing price of coal and the Company's reduction in sales of coal purchased from third parties according to the supply and demand in the coal market.

The sales volume of coal purchased from third parties was 81.2 million tonnes (2014: 152.4 million tonnes (restated)), representing a year-on-year decrease of 46.7%, and its proportion of total sales volume of coal decreased to 21.9% in 2015 from 33.8% (restated) in 2014. The decrease was mainly attributable to the fact that to ensure the sales of coal of the self-owned mines, The Group reduced the amount of coal procured for the surrounding areas of the self-owned mines and along the railroad.

## **(II) *Power segment***

### **1. *Overview of production and operations***

In 2015, the power segment continued to expedite the "ultra low-emission" renovation; maintained the utilization hours of power generators at a higher level through measures including expanding its efforts in marketing and increasing the sale of direct current supply. The gross power generation achieved 225.79 billion kwh (2014: 234.38 billion kwh (restated)), representing a year-on-year decrease of 3.7%; and total power output dispatch of 210.45 billion kwh (2014: 218.42 billion kwh (restated)), representing a year-on-year decrease of 3.6%, accounting for 3.8% of 5,550 billion kwh of the total power consumption of society at the same period.

## 2. Power consumption and power tariffs

### A. Classified by power type

Power type	Gross power generation (billion kwh)			Total power output dispatch (billion kwh)			Power output sales prices (RMB/MWh)		
	2015 <i>(restated)</i>	2014	Change (%)	2015 <i>(restated)</i>	2014	Change (%)	2015 <i>(restated)</i>	2014	Change (%)
1. coal-fired power	<b>221.75</b>	231.76	(4.3)	<b>206.51</b>	215.87	(4.3)	<b>331</b>	350	5.4
2. wind power	<b>0.02</b>	0.02	0.0	<b>0.02</b>	0.02	0.0	<b>598</b>	598	0.0
3. hydropower	<b>0.67</b>	0.67	0.0	<b>0.65</b>	0.65	0.0	<b>232</b>	234	(0.9)
4. gas-fired power	<b>3.35</b>	1.93	73.6	<b>3.27</b>	1.88	73.9	<b>560</b>	773	(27.6)
Total	<b>225.79</b>	234.38	(3.7)	<b>210.45</b>	218.42	(3.6)	<b>334</b>	354	(5.6)

### B. Classified by operating area

Location/Type of power	Power generation (billion kwh)			Power output dispatch (billion kwh)			Power output sales price (RMB/MWh)
	2015 <i>(restated)</i>	2014 <i>(restated)</i>	year-on-year (%)	2015 <i>(restated)</i>	2014 <i>(restated)</i>	year-on-year (%)	2015
<b>Anhui</b>	<b>17.49</b>	<b>13.70</b>	<b>27.7</b>	<b>16.59</b>	<b>12.93</b>	<b>28.3</b>	<b>342</b>
coal-fired power	17.49	13.70	27.7	16.59	12.93	28.3	342
<b>Beijing</b>	<b>2.11</b>	<b>2.18</b>	<b>(3.2)</b>	<b>1.99</b>	<b>1.91</b>	<b>4.2</b>	<b>404</b>
coal-fired power	0.56	2.18	(74.3)	0.48	1.91	(74.9)	413
natural gas power	1.55	0	N/A	1.51	0	N/A	401
<b>Chongqing</b>	<b>3.35</b>	<b>0</b>	<b>N/A</b>	<b>3.20</b>	<b>0</b>	<b>N/A</b>	<b>333</b>
coal-fired power	3.35	0	N/A	3.20	0	N/A	333
<b>Fujian</b>	<b>9.49</b>	<b>5.16</b>	<b>83.9</b>	<b>8.99</b>	<b>4.84</b>	<b>85.7</b>	<b>329</b>
coal-fired power	9.49	5.16	83.9	8.99	4.84	85.7	329
<b>Guangdong</b>	<b>22.74</b>	<b>26.83</b>	<b>(15.2)</b>	<b>21.17</b>	<b>25.12</b>	<b>(15.7)</b>	<b>409</b>
coal-fired power	22.72	26.81	(15.3)	21.15	25.10	(15.7)	409
wind power	0.02	0.02	0.0	0.02	0.02	0.0	598
<b>Hebei</b>	<b>32.30</b>	<b>35.64</b>	<b>(9.4)</b>	<b>30.12</b>	<b>33.33</b>	<b>(9.6)</b>	<b>335</b>
coal-fired power	32.30	35.64	(9.4)	30.12	33.33	(9.6)	335

Location/Type of power	Power generation			Power output dispatch			Power output sales price
	<i>(billion kwh)</i>			<i>(billion kwh)</i>			<i>(RMB/MWh)</i>
	2015	2014 <i>(restated)</i>	year-on-year <i>(%)</i>	2015	2014 <i>(restated)</i>	year-on-year <i>(%)</i>	2015
<b>Henan</b>	<b>4.87</b>	<b>6.16</b>	<b>(20.9)</b>	<b>4.59</b>	<b>5.79</b>	<b>(20.7)</b>	<b>347</b>
coal-fired power	4.87	6.16	(20.9)	4.59	5.79	(20.7)	347
<b>Jiangsu</b>	<b>26.23</b>	<b>27.08</b>	<b>(3.1)</b>	<b>24.94</b>	<b>25.73</b>	<b>(3.1)</b>	<b>329</b>
coal-fired power	26.23	27.08	(3.1)	24.94	25.73	(3.1)	329
<b>Liaoning</b>	<b>14.90</b>	<b>14.45</b>	<b>3.1</b>	<b>13.96</b>	<b>13.56</b>	<b>2.9</b>	<b>321</b>
coal-fired power	14.90	14.45	3.1	13.96	13.56	2.9	321
<b>Inner Mongolia</b>	<b>23.51</b>	<b>25.86</b>	<b>(9.1)</b>	<b>21.09</b>	<b>23.44</b>	<b>(10.0)</b>	<b>239</b>
coal-fired power	23.51	25.86	(9.1)	21.09	23.44	(10.0)	239
<b>Ningxia</b>	<b>3.48</b>	<b>4.21</b>	<b>(17.3)</b>	<b>3.14</b>	<b>3.83</b>	<b>(18.0)</b>	<b>226</b>
coal-fired power	3.48	4.21	(17.3)	3.14	3.83	(18.0)	226
<b>Shanxi</b>	<b>0.95</b>	<b>1.00</b>	<b>(5.0)</b>	<b>0.86</b>	<b>0.91</b>	<b>(5.5)</b>	<b>292</b>
coal-fired power	0.95	1.00	(5.0)	0.86	0.91	(5.5)	292
<b>Shaanxi</b>	<b>22.08</b>	<b>22.95</b>	<b>(3.8)</b>	<b>20.17</b>	<b>20.97</b>	<b>(3.8)</b>	<b>292</b>
coal-fired power	22.08	22.95	(3.8)	20.17	20.97	(3.8)	292
<b>Sichuan</b>	<b>3.75</b>	<b>4.75</b>	<b>(21.1)</b>	<b>3.44</b>	<b>4.34</b>	<b>(20.7)</b>	<b>364</b>
coal-fired power	3.08	4.08	(24.5)	2.79	3.69	(24.4)	395
hydropower	0.67	0.67	0.0	0.65	0.65	0.0	232
<b>Tianjin</b>	<b>5.41</b>	<b>6.26</b>	<b>(13.6)</b>	<b>5.06</b>	<b>5.87</b>	<b>(13.8)</b>	<b>350</b>
coal-fired power	5.41	6.26	(13.6)	5.06	5.87	(13.8)	350
<b>Xinjiang</b>	<b>5.72</b>	<b>6.51</b>	<b>(12.1)</b>	<b>5.31</b>	<b>5.97</b>	<b>(11.1)</b>	<b>208</b>
coal-fired power	5.72	6.51	(12.1)	5.31	5.97	(11.1)	208
<b>Zhejiang</b>	<b>25.43</b>	<b>29.61</b>	<b>(14.1)</b>	<b>24.07</b>	<b>28.07</b>	<b>(14.3)</b>	<b>409</b>
coal-fired power	23.63	27.68	(14.6)	22.31	26.19	(14.8)	387
natural gas power	1.80	1.93	(6.7)	1.76	1.88	(6.4)	698
<b>Indonesia</b>	<b>1.98</b>	<b>2.03</b>	<b>(2.5)</b>	<b>1.76</b>	<b>1.81</b>	<b>(2.8)</b>	<b>431</b>
coal-fired power	1.98	2.03	(2.5)	1.76	1.81	(2.8)	431
<b>Total</b>	<b>225.79</b>	<b>234.38</b>	<b>(3.7)</b>	<b>210.45</b>	<b>218.42</b>	<b>(3.6)</b>	<b>334</b>

(3) *Installed capacity*

At the end of the reporting period, the total installed capacity of the Group reached 54,128 mw, which represented an increase of 19.2% year-on-year, accounting for 3.6% of 1.51 billion kw of the installed capacity of the total power generation of society; among which, the total installed capacity of the coal-fired power generators is 52,257 mw, which was 96.5% of the total installed capacity of the Group.

*Unit: mw*

<b>Power type</b>	<b>Gross installed capacity as at 31 December 2014 (restated)</b>	<b>Installed capacity increased/ (decreased) during the reporting period</b>	<b>Gross installed capacity as at 31 December 2015</b>
1. coal-fired power	44,477	7,780	<b>52,257</b>
2. hydropower	16	0	<b>16</b>
3. wind power	125	0	<b>125</b>
4. gas-fired power	780	950	<b>1,730</b>
Total	<u>45,398</u>	<u>8,730</u>	<u><b>54,128</b></u>

<b>Name of projects put into operation during the reporting period</b>	<b>Location</b>	<b>Scale of additional installed capacity (mw)</b>
Phase II of Shenfu Hongshan Thermal Power Plant Project	Shishi City, Fujian Province	2×1,000
Phase II of Anqing Power Generation Project of Shenwan Energy Company	Anqing City, Anhui Province	2×1,000
Chongqing Wanzhou Port and Power Integration Project of Shendong Power Company	Wanzhou District, Chongqing City	2×1,000
Hequ Low Calorific Value Coal Power Project of Shendong Power Company	Xinzhou City, Shanxi Province	2×350
Dianta Power Plant of Shendong Power Company	Yulin City, Shaanxi Province	2×660
Suizhong Power Increment Renovation Project	Suizhong County, Liaoning Province	160
Beijing Gas Thermal Power Project	Beijing City	950
Total	–	<u>9,130</u>

During the reporting period, the Company shut down the Beijing Thermal Coal-fired Power Generators(400mw) pursuant to with the request of the Beijing Municipal Commission of Development and Reform.

(4) *Utilization Rate of power generation equipment*

Under the circumstances of a slowdown in the growth of the total power consumption of society, The Group's power generators maintained a relatively high loading level, of which the coal-fired generators operated with an average utilization hours of 4,631 hours for the year, 302 hours above the national average of 4,329 hours. With further improvement on the efficiency of power generation, the power consumption rate of the power plant presented a downward trend year-on-year. As at the end of the reporting period, the installed capacity of circulating fluidized bed generating units of the Group reached 7,024mw, which was 13.4% of the installed capacity of the coal-fired units of the Group.

Power type	Average utilization hours (Hour)			Power consumption ratio of power plant (%)		
	2015	2014 (restated)	Change (%)	2015	2014 (restated)	Change
1. Coal-fired power	<b>4,631</b>	5,211	(11.1)	<b>6.14</b>	6.19	Decreased by 0.05 percentage point
2. Hydropower	<b>1,478</b>	1,415	4.5	<b>1.08</b>	1.16	Decreased by 0.08 percentage point
3. Wind power	<b>5,364</b>	5,321	0.8	<b>0.25</b>	0.27	Decreased by 0.02 percentage point
4. Gas-fired power	<b>2,889</b>	2,471	16.9	<b>2.15</b>	2.24	Decreased by 0.09 percentage point
Weighted Average	<b>4,591</b>	5,163	(11.1)	<b>6.09</b>	6.14	Decreased by 0.05 percentage point

(5) *Environmental protection*

The power segment expedited the clean energy development strategy and continued to expand its efforts in environmental protection. The total investment of energy saving and environmental protection for the year amounted to RMB3.174 billion, among which, investment in environmental protection amounted to RMB1.493 billion, and the total sewage fees amounted to RMB154 million. As at the end of the reporting period, the desulfurization renovation for all of its national coal-fired power generators of the Group was completed. The proportion of coal-fired power generators with denitrification equipment in operation which had passed completion verification reached 92%, representing a leading position in the industry. The power segment strived to implement the “ultra low-emission” renovation of coal-fired generators. As at the end of the reporting period, thirty-five “ultra-low-emission” coal-fired generations with total installed capacity of 20,310 mw were newly constructed and renovated, which was 38.9% of the installed capacity of coal-fired power generation of the Group. The standard coal consumption for average power sold of coal-fired power generators of the Group for the year was 318 gram/kwh, representing a decrease of 2 gram/kwh as compared with the same period last year.

(6) *Capitalized Expenses*

In 2015, the completed capitalized expenses of the power segment of the Group were RMB19.80 billion, primarily used in projects including the Guohua Shouguang Power Plant Project, and Phase II of Anqing Power Expansion Project of Shenwan Energy Company, and technical reformation expenditure on environmental protection at plants.

(7) *Analysis of operation results*

**A.** The operation results of the power segment of the Group before elimination on consolidation:

		<b>2015</b>	2014 (restated)	Change (%)	Main reasons for changes
Revenue	RMB million	<b>73,053</b>	80,150	(8.9)	Decrease in power output dispatch and power output sales prices
Cost of sales	RMB million	<b>49,788</b>	56,517	(11.9)	Decrease in purchase costs of coal-powered of power plants
Gross profit margin	%	<b>31.8</b>	29.5	Increased by 2.3 percentage points	
Profit from operations	RMB million	<b>18,810</b>	20,933	(10.1)	
Profit margin from operations	%	<b>25.7</b>	26.1	Decreased by 0.4 percentage points	Increase in provision for impairment of loss in power assets

**B.** Revenue and costs from the sale of electricity before elimination on consolidation

*Unit: RMB million*

Power type	Revenue from sale of power			Cost of sale of power				
	2015	2014 (restated)	Change (%)	2015	Percentage to total costs of 2015 (%)	2014 (restated)	Percentage to total costs of 2014 (%)	Change in 2015 over 2014 (%)
1. Coal-fired power	<b>68,349</b>	75,602	(9.6)	<b>46,123</b>	<b>95.5</b>	53,411	97.6	(13.6)
2. Hydropower	<b>14</b>	13	7.7	<b>10</b>	<b>0.0</b>	9	0.0	11.1
3. Wind power	<b>152</b>	152	0.0	<b>74</b>	<b>0.2</b>	75	0.1	(1.3)
4. Gas-fired power	<b>1,830</b>	1,449	26.3	<b>2,062</b>	<b>4.3</b>	1,265	2.3	63.0
Total	<b>70,345</b>	77,216	(8.9)	<b>48,269</b>	<b>100.0</b>	54,760	100.0	(11.9)

The Group's cost of sale of Power mainly comprised such costs as raw materials, fuel and power, labour cost, repairment and maintenance, depreciation and amortization and other costs. The unit cost of power output dispatch of the Group in 2015 was RMB229.4/mwh (2014: RMB250.7/mwh (restated)), representing a year-on-year decrease of 8.5%. The decrease was mainly due to the decrease in purchase costs of coal of power plants.

C. Analysis on cost of sale of electricity of coal-fired power generation of the Group before elimination on consolidation

	2015		2014 (restated)		Change in 2015 over 2014 %
	Costs RMB million	Percentage %	Costs RMB million	Percentage %	
Raw material, fuel and power	29,958	65.0	37,479	70.2	(20.1)
Labour cost	3,477	7.5	3,546	6.6	(1.9)
Repairment and maintenance	2,503	5.4	2,631	4.9	(4.9)
Depreciation and amortization	8,329	18.1	7,678	14.4	8.5
Others	1,856	4.0	2,077	3.9	(10.6)
Total cost of power output dispatch of coal-fired power plant	<u>46,123</u>	<u>100.0</u>	<u>53,411</u>	<u>100.0</u>	<u>(13.6)</u>

The power segment consumed a total of 88.4 million tonnes of the Group's coal, accounting for 91.9% of the 96.2 million tonnes of the coal consumption of the power segment of the Group in 2015 (2014: 88.7% (restated)).

**(III) Railway segment**

*(1) Overview of production and operations*

The railway segment distributed transportation resources reasonably by optimizing the production organization to overcome the adverse impact of severe weather in order to guarantee efficient and smooth transportation. In 2015, the newly built railways such as Bazhun Railway and Zhunchi Railway were put into operation in succession; the operating mileage of self-owned railways of the Group reached 2,155 km. The transportation turnover of self-owned railways for the year was 200.1 billion tonne km, representing a year-on-year decrease of 10.6%, which accounted for 82.9% of the total turnover (2014: 83.1% (restated)).

On the premise of protecting the demand of self-owned transportation, the Company strived to commence the reverse transportation and non-coal cargo transportation such as mines, chemical fertilizers, steel and iron and containers, and effectively utilized the existing capacity to increase revenue. During the reporting period, the Group provided transportation services for third parties and generated transportation revenue amounting to approximate RMB3,420 million (2014: RMB3,222 million (restated)), representing a year-on-year increase of 6.1%.

(2) *Progress of projects*

<b>Project be commenced operation in reporting period</b>	<b>Length (km)</b>	<b>Transportation capacity for short-term/long-term designs (Million tonnes/year)</b>
Bazhun Railway	129	15/200
Zhunchi Railway	183	50/200
Tahan Railway	78	11/38

During the reporting period, the Group continued to advanced the construction work of railways under construction such as Huangda Railway.

(3) *Operating outlook*

Railway transportation is one of the core competitive strengths that distinguish the Group from other coal companies. In 2015, the overall transportation capabilities of the railway transportation network of the Group showed rather significant improvements. After Bazhun Railway and Zhunchi Railway commenced operations, “Baoshen-Shenshuo” and “Bazhun-Dazhun-Zhunchi”, both being the upstream transportation channels, developed conditions for further increase in the transportation capacity of the Shuohuang Railway channel. As at the end of 2015, the Group controlled and operated the ring and radial railway transportation network at the principal coal bases that were located mainly in “Western Shanxi, Northern Shaanxi and Southern Inner Mongolia”, with an aggregate mileage of railway in operation of 2,155km.

To fully utilize the existing transportation resources, the Group plans to progressively open the transportation business to external companies in 2016, provided that there will not be any impact on the self-owned coal segment transportation and sales businesses. The principal measures include:

1. To intensify the endeavors in expanding the external customer base of coal transportation and offer seaborne transportation services of coal for external users. Currently, the Group has started to work with a certain coal company in Western Inner Mongolia for coal transportation services amounting to 12 million tonnes/year.
2. To try to commence incorporating the railway in the community of the areas with rich coal resources in order to expand the sources of coal resources.
3. To continue to promote reverse transportation and non-coal transportation businesses to thoroughly unearth the import and export resources along the railway and surrounding the areas of the ports.
4. To establish sound and flexible pricing strategies and efficient customer service system.

#### (4) *Operating results*

The operation results of the railway segment before elimination on consolidation in 2015 are as follows:

		<b>2015</b>	2014 <i>(restated)</i>	Change <i>(%)</i>	Main reasons for changes
Revenue	RMB million	<b>27,232</b>	30,626	(11.1)	Decrease in sale of coals resulted in a decrease in railway transportation volume
Cost of sales	RMB million	<b>14,595</b>	14,742	(1.0)	Newly-constructed railways such as Zhunchi Railway and Bazhun Railway transferred into fixed assets resulted in an increase in depreciation of fixed assets, and increase in transportation cost of providing transportation service for external customers
Gross profit margin	%	<b>46.4</b>	51.9	Decreased by 5.5 percentage points	
Profit from operations	RMB million	<b>10,070</b>	14,298	(29.6)	
Profit margin from operations	%	<b>37.0</b>	46.7	Decreased by 9.7 percentage points	

In 2015, the revenue generated from the internal transportation services provided by the railway segment for the Group amounted to RMB23,812 million (2014: RMB27,404 million (restated)), representing a year-on-year decrease of 13.1%, accounting for 87.4% of the revenue of the railway segment (2014: 89.5% (restated)).

In 2015, the unit transportation cost in the railway segment was RMB0.071/tonne km (2014: RMB0.063/tonne km (restated)), representing a year-on-year increase of 12.7%, mainly due to a decrease in transportation turnover volume of self-owned railway.

#### ***(IV) Port Segment***

##### *1. Overview of production and operations*

The port segment strengthened the connection of upstream and downstream in 2015 by improving the efficiency of unloading vessels to ensure steady and integrated operation. Huanghua Port organized in a scientific way by improving its process efficiency to expedite the turnover of vessels and yard, and seaborne coal volume for the year reached 111.6 million tonnes. Shenhua Tianjin Coal Dock overcame the adverse impacts of crossover operation of infrastructure, equipment renovation and production process by expanding its efforts in production organization, and seaborne coal volume for the year reached 40.3 million tonnes.

In 2015, to ensure steady and integrated operation, the Group further increased the seaborne coal sales through the self-owned ports according to the principle of maximization of overall efficiency. The proportion of the seaborne coal sales through the self-owned ports increased to 77.8% to the total seaborne coal sales from 73.8% last year.

## 2. *Analysis of operating results*

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

		2015	2014 (restated)	Change (%)	Main reasons for changes
Revenue	RMB million	<b>3,769</b>	4,176	(9.7)	Decrease in turnover volume of ports
Cost of sales	RMB million	<b>2,026</b>	1,995	1.6	Part of the Huanghua Port (Phase IV) project transferred into fixed assets resulted in an increase in relevant depreciation costs
Gross profit margin	%	<b>46.2</b>	52.2	Decreased by 6.0 percentage points	
Profit from operations	RMB million	<b>1,350</b>	1,729	(21.9)	
Profit margin from operations	%	<b>35.8</b>	41.4	Decreased by 5.6 percentage points	

In 2015, the revenue generated from the internal transportation services provided by the port segment for the Group amounted to RMB3,452 million (2014: RMB3,877 million (restated)), representing a year-on-year decrease of 11.0% and accounting for 91.6% (2014: 92.8% (restated)) of the revenue of the port segment. Costs of internal transportation services provided for the Group amounted to RMB1,810 million.

### (V) *Shipping Segment*

#### (1) *Overview of production and operations*

The shipping segment improved its service quality by strengthening the arrangement vessels and coordinating with coal sales activities to contribute to the integrated operation, and implemented the full-trip service model of combined transportation by seas and rivers by commencing multi-cargo transportation and round-trip transportation. In 2015, shipping volume amounted to 79.8 million tonnes and shipment turnover amounted to 64.1 billion tonne nautical miles.

## (2) Operating results

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

		2015	2014 (restated)	Change (%)	Main reasons for changes
Revenue	RMB million	<b>2,002</b>	3,034	(34.0)	Decrease in shipping volume and shipping costs
Cost of sales	RMB million	<b>1,760</b>	2,570	(31.5)	Decrease in external transportation volume, fuel price and charter costs
Gross profit margin	%	<b>12.1</b>	15.3	Decreased by 3.2 percentage points	
Profit from operations	RMB million	<b>133</b>	361	(63.2)	
Profit margin from operations	%	<b>6.6</b>	11.9	Decreased by 5.3 percentage points	

In 2015, the unit transportation cost of the shipping segment was RMB0.027/tonne nautical mile (2014: RMB0.036/tonne nautical mile (restated)), representing a year-on-year decrease of 25.0%, mainly due to a decrease in external transportation costs, fuel price and charter costs.

## (VI) Coal Chemical Segment

### (1) Overview of production and operations

The coal chemical segment aimed at a production and operation model of safety, steadiness, long-term, full loading and optimization with good product organization, equipment management and professional management of safety and technology to achieve the best level recorded in history in the accumulated passing rate of products and the long-term operation of installments.

	2015		2014 (restated)		Change	
	Sales volume Thousand tonnes	Price RMB/ tonne	Sales volume Thousand tonnes	Price RMB/ tonne	Sales volume %	Price %
Polyethylene	<b>319.2</b>	<b>7,431.5</b>	265.5	8,871.8	20.2	(16.2)
Polypropylene	<b>312.9</b>	<b>6,507.7</b>	268.1	8,628.9	16.7	(24.6)

(2) *Analysis of operating results*

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

		2015	2014 (restated)	Change (%)	Main reasons for changes
Revenue	RMB million	<b>5,550</b>	5,880	(5.6)	Decrease in product price of Coal to olefins products
Cost of sales	RMB million	<b>4,720</b>	4,245	11.2	Sales increase in olefins products
Gross profit margin	%	<b>15.0</b>	27.8	Decreased by 12.8 percentage points	
Profit from operations	RMB million	<b>649</b>	1,410	(54.0)	
Profit margin from operations	%	<b>11.7</b>	24.0	Decreased by 12.3 percentage points	

(3) *Unit production cost of main products*

	2015		2014 (restated)		Change	
	Production volume <i>Thousand tonnes</i>	Unit production cost <i>RMB/tonne</i>	Production volume <i>Thousand tonnes</i>	Unit production cost <i>RMB/tonne</i>	Production volume %	Unit production cost %
Polyethylene	<b>314.7</b>	<b>5,347.9</b>	261.1	6,009.0	20.5	(11.0)
Polypropylene	<b>308.7</b>	<b>5,073.7</b>	263.9	5,801.5	17.0	(12.5)

The coals consumed by the coal chemical segment were all the Group's coals. The coals consumed in 2015 were 4.2 million tonnes, representing an increase of 10.5% as compared to 3.8 million tonnes of last year.

## Regional operation analysis

*Unit: RMB million*

	<b>2015</b>	2014 (restated)
Revenue from domestic markets	<b>175,129</b>	247,848
Revenue from overseas markets	<b>1,940</b>	5,233
Total	<b><u>177,069</u></b>	<b><u>253,081</u></b>

*Note:* Revenue from external customers was classified based on the locations where the services were provided or the products were purchased.

The Group is mainly engaged in the production and sales of coal and power, railway, port and shipping transportation as well as coal-to-olefins businesses in P.R.C. In 2015, the revenue from external transactions in domestic markets was RMB175,129 million, accounting for 98.9% of the Group's revenue. Affected by factors such as the decrease in sale of coal and coal price and decrease in power output dispatch and power tariff, revenue from external transactions in domestic markets dropped. Affected by factors such as the decrease in the volume of exported coal and the sales volume and price of external coal, revenue from external transactions in overseas markets dropped.

In 2015, the Group strived to respond to the promotion of "One Belt, One Road" by the state by putting more efforts in international exploration. The operation of the PT.GH EMM Indonesia Project is running steadily, which achieved favorable operating revenue. The development and operation contracts of the Sumsel-1 Coal Power Project and the Jawa-7 Coal Power Project were achieved one by one at the end of 2015. 17 gas wells have been successfully put into operation in the shale gas project in the United States, which is running steadily and has helped the Company to accumulate experience and talents. The Watermark Coal Project in Australia has completed the development approval and EIA audit procedures. Other external projects are progressing under the principle of stability and prudence.

## Assets and Liabilities

### Consolidated statement of financial position

Unit: RMB million

Item	Amount at the end of the period	Percentage of total assets at the end of the period (%)	Amount at the end of the previous period (restated)	Percentage of total assets at the end of the previous period (%)	Change of the amount (%)	Main reasons for changes
Property, plant and equipment	339,326	60.6	292,262	53.1	16.1	Increase in fixed assets due to new investments in transportation and power segments
Construction in progress	33,610	6.0	78,988	14.3	(57.4)	Completed construction assets in transportation and power segments were put into use
Intangible assets	2,964	0.5	1,540	0.3	92.5	The self-built information system was put into use
Deferred tax assets	2,674	0.5	2,084	0.4	28.3	Increase in deductible temporary differences of impaired losses of accrued assets
Inventories	12,816	2.3	15,980	2.9	(19.8)	Decrease in coal inventory and supplies
Accounts and bills receivable	41,019	7.3	30,850	5.6	33.0	Increase in bank acceptance bills receivable of the coal segment
Prepaid expenses and other current assets	19,351	3.5	29,308	5.3	(34.0)	Decrease of prepayments arising from decrease in the volume of material trading business, and decrease of short-term loans issued by Shenhua Finance Company
Restricted bank deposits	4,611	0.8	6,271	1.1	(26.5)	Decrease in mandatory reserves of Shenhua Finance Company placed in the central bank, arising from the decrease in the reserve requirement ratio
Short-term borrowings	12,812	2.3	18,441	3.3	(30.5)	The Company issued bonds in place of short-term borrowings
Short-term debentures	4,998	0.9	9,994	1.8	(50.0)	Maturity of issued short-term bonds

Item	Amount at the end of the period	Percentage of total assets at the end of the period (%)	Amount at the end of the previous period (restated)	Percentage of total assets at the end of the previous period (%)	Change of the amount (%)	Main reasons for changes
Accounts and bills payable	<b>33,990</b>	6.1	39,011	7.1	(12.9)	Decrease in bank acceptance bills and payables of the coal segment arising from decrease in coals purchased
Accrued expenses and other payables	<b>47,519</b>	8.5	40,366	7.3	17.7	Increase in balance of deposits placed with Shenhua Finance Company,
Current portion of long-term liabilities	<b>203</b>	0.0	280	0.1	(27.5)	Decrease in of payables of mining rights arising from the decrease in production volume of coal
Long-term borrowings	<b>54,179</b>	9.7	44,619	8.1	21.4	Increase in long-term borrowings from power generation and transportation business
Bonds	<b>9,651</b>	1.7	0	0.0	N/A	Issuance of US dollar notes by the Company
Long-term Liabilities	<b>2,523</b>	0.5	1,705	0.3	48.0	Financial appropriation received by Zhunge'er Mines demonstration base for national mineral resources comprehensive utilization, leading to an increase in deferred income with more than one year
Equity attributable to equity holders of the Company	<b>298,068</b>	53.2	300,698	54.6	(0.9)	Decrease in reserves arising from paying for consideration of the acquisition under the common control <sup>Note</sup>

*Note:* According to the International Financial Reporting Standards for Business Enterprises, the acquisition of Ningdong Power, Xuzhou Power and Zhoushan Power by the Group in 2015 was a business merger under common control. The Group increased equity at the beginning of the year based on the book value of equity interests of the acquired three power plants, and decreased the equity interests based on the payment of consideration upon completion of the acquisition, leading to a decrease in equity attributable to equity holders of the Company when compared with that at the beginning of the period. As at the end of 2015, for the reserve of the Group, the reserve balance of maintenance and production funds increased by RMB1,682 million as compared with the beginning of the year.

## II. DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE PLANS<sup>1</sup>

### (I) Competition Landscape and Development Trend in the Industry

#### 1. *Macroeconomic conditions*

In 2015, there were many difficulties and severe challenges in the Chinese economic development. The government strived to stabilize growth, make structural adjustment and control risks, thereby maintaining the economic operation in a reasonable range while making positive progress in structural adjustment. The gross domestic product (GDP) of China grew by 6.9% year-on-year, representing a decrease of 0.4 percentage point as compared to that of last year. The consumer price index (CPI) recorded a year-on-year increase of 1.4%, representing a decrease of 0.6 percentage point as compared to that of last year.

In 2016, the Chinese government will step up the implementation of new ideals. The government adheres to the key note of “making progress while maintaining stability”, strikes a balance between stabilizing growth and adjusting structure, focuses on strengthening structural reform on the supply side and sticks to “eliminating excessive capacities, destocking, deleveraging, lowering costs and shoring up growth in weak areas” (去產能、去庫存、去杠杆、降成本、補短板), in addition to sustainable and sound development of the economy. GDP growth is expected to be around 6.5% to 7.0% in 2016, with CPI increase maintaining at around 3%. The all-year coal demand is expected to remain stable with slight decrease, and electricity demand is expected to increase at a slow rate.

<sup>1</sup> This section is for reference only and does not constitute any investment advice. The Company has used its best endeavors to ensure the accuracy and reliability of information in this section, but does not assume any liability or provide any form of guarantee for the accuracy, completeness or validity of all or part of its content. If there is any error or omission, the Company does not assume any liability. The content in this section may contain certain forward-looking statements based on subjective assumptions and judgments of future political and economic developments; therefore there may exist uncertainties in these statements. The Company does not undertake any responsibility for updating the information or correcting any subsequent error that may appear. The opinions, estimates and other data set out herein can be amended or withdrawn without further notice. The data contained in this section are mainly derived from sources such as the National Bureau of Statistics, China Coal Market Network, China Coal Resource Network, China Electricity Council, and China Coal Transportation & Sales Society etc.

## 2. *Market environment of the coal industry*

### (I) *Thermal coal market in China*

#### Review for 2015

Due to the slower macroeconomic growth in China, adjustment of energy structure became more intense and demand for coal decreased, resulting in continuous excessive production in the coal industry and falling coal prices. As at 31 December 2015, Bohai-Rim Steam-Coal Price (5,500 kcal) was RMB372/tonne, representing a decrease of RMB153/tonne as compared to that (RMB525/tonne) of the beginning of this year. During the year, the average price of Bohai-Rim Steam-Coal Price Index was RMB427/tonne, representing a year-on-year decrease of 18.2%.

	<b>2015</b>	2014	Year-on-year change (%)
Raw coal output (million tonnes)	<b>3,685</b>	3,819	(3.5)
Coal transportation by railway (million tonnes)	<b>2,000</b>	2,290	(12.6)
Coal import (million tonnes)	<b>204</b>	291	(29.9)
Coal export (million tonnes)	<b>5.33</b>	5.74	(7.2)

In 2015, the national raw coal output amounted to 3.69 billion tonnes, representing a year-on-year decrease of 3.5% and a further decrease as compared with last year. In particular, Shanxi recorded an output of 0.96 billion tonnes, representing a year-on-year decrease of 1.6%; Inner Mongolia recorded an output of 0.9 billion tonnes, representing a year-on-year decrease of 8.1 %; and Shaanxi recorded an output of 0.5 billion tonnes, representing a year-on-year decrease of 1.7%. The accumulated coal import during the year was 0.2 billion tonnes, representing a year-on-year decrease of 29.9%.

The national coal sales volume in 2015 was 3.46 billion tonnes, representing a year-on-year decrease of 6%. In the main coal consumption sectors in the downstream, except a certain increase in the chemical coal consumption, there was a decrease in the coal consumption of electricity, steel and construction material industries.

As the coal market was weak, coal outbound shipment clearly fell. The coal transportation volume through railways in China was 2.00 billion tonnes during the year, representing a year-on-year decrease of 12.6%. The coal transportation volume through cars increased, intensifying its competition with railway transportation. Coal outbound shipment through major ports in China was 0.64 billion tonnes, representing a year-on-year decrease of 5.6%.

The coal inventory differentiated throughout the year. The coal inventory in ports and plants significantly dropped in the second half year, while the coal inventory in coal mines remained relatively abundant. As at 31 December, the inventories at major ports in northern areas were 14.8 million tonnes, representing a decrease of 48.3% as compared to that of the end of last year; the inventories at major plants was 73.6 million tonnes, representing a decrease of 22.2% as compared to that of the end of last year; the inventories at major coal mines in China was 0.06 billion tonnes, representing an increase of 16.0% as compared to that of the end of last year. The low inventories at ports and plants will benefit the stability of coal market.

#### *Prospect for 2016*

In 2016, China's economy will grow slower and excess capacity of coal industry will continue. Coal price is expected to remain at a low level for the year while production volume of coal is expected to be stable with a slight decline as there will be larger scale of deficit for coal enterprises and the production of certain coal mines will be cut or suspended.

According to the Opinions on Overcoming Difficulties and Development Through Solving Excess Capacity in Coal Industry issued by the State Council to propose to exit coal production capacity of around 500 million tonnes and reduce and reorganize coal capacity of around 500 million tonnes in the coming three to five years. With the implementation of such policies, excess capacity in the coal industry is expected to be solved gradually, market supply and demand will be more balanced and industrial structure will be optimized, thereby making progress in transformation and upgrade.

Coal exporting countries such as Australia and Indonesia still enjoy certain edges over prices. However, affected by the depressed coal demands in China and the decreased difference in coal price between China and overseas, coal import volume is expected to change slightly as compared with the same period of last year.

Coal demand is expected to slacken. Oversupply will persist in the coal market and coal price will fluctuate at a low level.

(2) *Thermal coal market in the Asia Pacific region*

*Review for 2015*

In 2015, due to the showdown of the global economy and significant drop in oil price, coal demand was weak in countries with a continuous drop in international coal prices. The spot price of Australian BJ thermal coal decreased from US\$62.95/tonne at the beginning of 2015 to US\$52.28/tonne at the end of the year.

In 2015, there was a decrease in the total coal export volume of major coal exporters. Indonesia exported 0.30 billion tonnes of coal, representing a year-on-year decrease of 22.9%. Russia exported 0.15 billion tonnes of coal, representing a year-on-year decrease of 0.8%. The United States exported 70 million tonnes of coal, representing a year-on-year decrease of 23%. Australia exported 0.39 billion tonnes of coal, representing a year-on-year increase of 4.5%.

In 2015, India imported 0.25 billion tonnes of thermal coal, representing a year-on-year increase of 16.6%. Japan and South Korea maintained a stable increase of coal import. Japan imported 0.19 billion tonnes of coal, representing a year-on-year increase of 1.2%; South Korea imported 0.14 billion tonnes of coal, representing a year-on-year increase of 3.1%.

*Prospect for 2016*

In 2016, overcapacity in the coal industry is expected to continue to exist. Due to the commencement of the China-Australia Free Trade Agreement and the impacts of exchange rates, coal export from Australia will be benefited.

China and India will remain as the major consumers of coal. Demand for thermal coal in India will remain at a relatively high level, but, with the increasing production of coal in the nation, the export volume will slow down. Coal import volume in Japan, South Korea and other countries is expected to remain stable.

Global demand for coal is expected to manifest a downward trend in 2016 as impacted by the slackened global economy growth, structural adjustment of energy, slow energy consumption growth and climate change. The coal supply will be excessive, and prices of thermal coal will remain low.

### **3. *Market environment of the power industry***

#### *Review for 2015*

The growth in power consumption nationwide had a clear year-on-year decrease as impacted by the slow macroeconomic growth, adjustment of assets structure and climate change. The nationwide power supply was generally excessive. The total power consumption in 2015 was 5,550 billion kwh, representing a year-on-year increase of 0.5% but the growth was 3.3 percentage points slower year-on-year.

As at the end of 2015, the nationwide capacity of power generation equipment of power plants with capacity of 6,000 kw and above reached 1.51 billion kw, representing a growth of 10.4% as compared to that of the end of last year, of which the installed capacity of thermal power was 0.99 billion kw, representing a growth of 7.8% which was 1.9 percentage points faster year-on-year. The power-generating ability of non-fossil fuel including hydropower and nuclear power clearly increased.

Due to the slowdown in electricity demand and rapid growth of non-fossil energy generation capacity in the country, thermal power installed capacity increased significantly with the utilization hours of thermal power equipment being only 4,329 hours for the year, representing a year-on-year decrease of 410 hours which marked a further decline. The relatively sufficient supply of thermal power started to appear.

For analysis by geographical regions, there are more surplus of power supply capacity in the Northeast and Northwest of China, whereas there was a slight oversupply in the North, East, Central and South China in overall, and a little tight supply of electricity in rush hours in some areas.

## *Prospect for 2016*

In 2016, the domestic economy will still be shifting its gears and the pace of industrial restructuring will accelerate. It is expected that the annual electricity demand in the primary and second industries will remain low. Nevertheless, the tertiary industry and residential electricity consumption are expected to maintain rapid growth as driven by economic restructuring. The electricity consumption demand growth rate in 2016 is expected to slightly increase.

The power supply capacity across the country will be sufficient in 2016. Thermal power installed capacity will continue to increase. It is expected that hydropower, nuclear power and wind power etc. will continue to maintain their strong growth momentum.

The domestic supply of and demand for power in 2016 will continue to be stable in general, with a slight oversupply. The structure of power usage and supply and demand by geographical regions will align with those in the previous year. The urge for non-fossil energy power generation as an alternative will be apparent gradually given the growth rate of demand for electricity consumption continued to slow down with sufficient supply capacity of thermal power. The annual utilization hours of thermal power equipment are estimated to continue its downward trend. With the advance of the power system reform, it will further intensify competitions among power companies.

The government is committed to promoting energy saving and environmental protection reconstruction of thermal power with an aim to achieve “ultra-low emissions” by all coal-fired power plants which possess transformation conditions and newly built coal-fired generating units by 2020, which will be favorable to the continuous improvement of lowering air pollutant emission mostly from coal-fired units. Meanwhile, the introduction of supportive policies by the government will provide the pioneering coal-fired power plants which adopt ultra-low-emission technologies with a broader market space.

## **Development Strategy of the Company**

### ***(1) China Shenhua's opportunities for future development***

As a major energy source and industrial material, coal will remain as one of the primary energy sources in China in the medium- and long-term. It offers fundamental protection of a safe and stable supply of energy in China. The safe, green and efficient development as well as the technology of clean, efficient and low-carbon utilization of coal can further explore the use of coal.

The market share of coal-fired power generation has declined but its dominant position has not changed. As clean and efficient coal-fired power generation technology keeps improving, the competitiveness of high-quality thermal power will be enhanced, which in turn provides a key support for the development of the industry.

The “One Belt, One Road” strategy initiated by China provides important external opportunities for exploring international markets, which creates enormous potential in overseas business development.

The supply-side reform will accelerate the elimination of backward production capacity and promote mergers and acquisitions of coal and electric power enterprises in order to achieve large-scale development. New acquisitions and investment opportunities will come along with the state's transport corridor and local railway construction. The advancement of technology will also provide investment opportunities for promoting technology industrialization.

### ***(2) China Shenhua's future main challenges***

In 2016, the new normal state of the coal industry will become further defined. The development mode of purely relying on the expansion of output and capacity has changed, which in turn causes changes in the market competition model.

The slow international economy recovery and the national economy structure under adjustment will slacken the growth in the demand for energy, coal in particular. The oversupply in the coal market will remain and the pressure for falling coal prices will linger.

The power business has encountered more difficulties in accelerating development. The growth in demand for power will decrease as affected by the slow growth in economy; the government accelerated the adjustment of the power structure, and imposes a strict limit on the newly installed capacity of coal-fired power; factors such as the structural reform of the power industry will intensify the competition in the industry.

With regard to the tightening regulation on energy and the environment, the potential risks posed by environmental and ecological protection are gradually increasing. The entry requirements for coal exploitation and coal-fired power development and standards for energy saving, environmental protection and production safety, etc. are becoming more stringent. Restraints on water resources and significant investment in infrastructure are the key factors that hinder the development of the coal chemical business.

### ***(3) Development Strategy of China Shenhua***

China Shenhua will step up the implementation of the clean energy development strategy. Focusing on the goal of “building itself into a world first-class supplier of clean energy”, China Shenhua will accelerate the change in the concept and mode of development and facilitate the four developments, namely “safe development, transitional development, innovative development and harmonious development”, and achieve the five enhancements, namely “enhancing the quality and efficiency of development, the standards of management, the capability of internationalization, the soft power of the enterprise and the ability to fulfill social responsibilities.” By strengthening the integrated operation of coal production, transportation and marketing, improving clean and efficient conversion and utilization of coal and the production chain of new energies, and refining the technological system of clean combustion and efficient conversion of coal, China Shenhua will gradually explore new room for development, improve its comprehensive competitiveness, profitability and risk resilience, adhere to the continuity and stability of the profit distribution policy, and dutifully assume its social responsibility, building China Shenhua into a reputable international company and creating greater value for its shareholders.

## Business Targets for 2016

Item	Unit	Target of 2016	Accomplishment in 2015	increase/decrease (%)
Commercial coal production	100 million tonnes	2.8	2.809	(0.3)
Coal sales	100 million tonnes	3.4	3.705	(8.2)
Power output dispatch	billion kwh	211.40	210.45	0.5
Revenue	RMB100 million	1,451	1,770.69	(18.1)
Cost of sales	RMB100 million	1,138	1,233.41	(7.7)
Selling, general and administrative expenses and net finance costs	RMB100 million	140	148.13	(5.5)
Amount of change in unit production cost of the self-produced coal		Flat year-on-year growth	Year-on-year decrease of 6.7%	/

The above business targets and estimates are subject to risks, uncertainties and assumptions. The actual outcome may differ materially from these statements. Such statements do not constitute actual commitments to investors. Investors should be aware that undue reliance on or use of such information may lead to investment risks.

## Capital expenditures plans for 2016

*Unit: RMB100 million*

	Plans for 2016		Accomplishment in 2015
	Total amount	Of which: first batch	
1. Coal segment		12.9	70.0
2. Power segment		80.2	198.0
3. Transportation segment		6.3	80.6
Of which: Railway		4.2	65.3
Port		0.9	13.9
Shipping		1.2	1.4
4. Coal chemical business		1.6	5.3
5. Others		0.0	0.4
Total	200.0	101.0	354.3

Total capital expenditures of 2015 amounted to RMB35.43 billion, which were mainly used for expansion of Guohua Shouguang Power Plant, and Shenwan Energy Company Anqing Phase II, coal mine infrastructure and purchasing equipments, and the construction of Huangda Railway, etc.

In 2015, the Company issued three tranches of super short-term financing debentures, with proceeds of RMB15 billion.

On 20 January 2015, China Shenhua Overseas Capital Company Limited, a wholly-owned subsidiary of Shenhua Hong Kong Limited, which is a wholly-owned subsidiary of the Company, issued bonds of US\$1.5 billion which were listed on the Hong Kong Stock Exchange. The proceeds would mainly be used for the repayment of loans of overseas subsidiaries, approved overseas projects and other uses in compliance with applicable rules.

Based on the principles of maintaining the strict limit of investment scale and the continuity of major construction projects, the Board approved total planned capital expenditures of 2016 of no more than RMB20 billion, and implemented in batches. The first batch of planned capital expenditures of 2016 amounted to RMB10.10 billion. Regarding the capital expenditures for coal segment, the expenditures approved of mines amounted to RMB0.82 billion, and the other expenditures for technology transformation amounted to RMB0.47 billion. Regarding the capital expenditures for power segment, the expenditures for green technology reform of “ultra-low emission” of plants amounted to RMB0.72 billion.

The capital expenditure plans of the Group in 2016 are subject to the development of business plans (including potential acquisitions), progress of investment projects, market conditions, outlook for future operation environment and the obtaining of the requisite permissions and approval documents. Unless required by laws, the Company shall not assume any responsibilities for updating the data of its capital expenditure plans. The Company intends to finance its capital expenditures by cash generated from operating activities, short-term and long-term borrowings, and other debt and equity financing.

## PROFIT DISTRIBUTION PLAN

### Formulation, implementation or adjustment of cash dividend policy

In accordance with the requirements of the relevant laws and regulations and the Articles of Association, the profit distribution policy of the Company shall maintain continuity and stability and emphasize on achieving reasonable investment returns for investors. Pursuant to the Articles of Association, the profit distribution of the Company shall be made based on the profit for the year attributable to equity holders of the Company in the consolidated financial statements prepared under the Accounting Standards for Business Enterprises or the International Financial Reporting Standards, whichever is lower. Annual profit distribution in cash shall be no less than 35% of the net profit for the year attributable to equity holders of the Company subject to the relevant conditions.

### Profit distribution scheme or plan of the Company in the past three years (including the reporting period)

Year	Dividend per 10 shares (inclusive of tax) <i>RMB</i>	Amount of cash Dividend (inclusive of tax) <i>RMB million</i>	Accounting Standards for Business Enterprises (Unrestated) <i>RMB million</i>	Profit for the year attributable to equity holders of the Company in the consolidated financial statements of the respective dividend year in accordance with	Percentage to the profit for the year attributable to equity holders of the Company in the consolidated financial statements (%)
2015 (Proposed)	3.2	6,365	16,144		39.4
2014	7.4	14,718	36,807		40.0
2013	9.1	18,100	45,678		39.6

## **1. Profit distribution plan for the year 2015**

Net profit for the year attributable to equity holders of the Company for 2015 under the Accounting Standards for Business Enterprises amounted to RMB16,144 million, with basic earnings per share of RMB0.812/share; profit for the year attributable to shareholders of the Company under the International Financial Reporting Standards amounted to RMB17,649 million, with basic earnings per share of RMB0.887/share. As at 31 December 2015, the retained earnings available for distribution to shareholders of the Company amounted to RMB104,992 million. The Board recommends the payment of a cash dividend of RMB0.32 per share (inclusive of tax) on the basis of the total share capital of 19,889,620,455 shares of the Company as at 31 December 2015, totaling approximately RMB6,365 million (inclusive of tax), which represents 39.4% of the net profit for the year attributable to shareholders of the Company under the Accounting Standards for Business Enterprises and 36.1% of the profit for the year attributable to shareholders of the Company under the International Financial Reporting Standards.

The above plan is in compliance with the requirement of the Articles of Association and endorsed by the independent directors and approved by the Board of the Company. When recommending the final dividend plan for 2015, the Board has fully attended to and considered the opinions and concerns of the shareholders of the Company, in particular the minority shareholders. The Company will hold the 2015 annual general meeting on Friday, 17 June 2016 to consider and approve the relevant resolutions, including the above final dividend plan for the year 2015 as proposed by the Board.

2. Dividends distributed by the Company is denominated and announced in RMB. Dividends to holders of the Company's A shares, including holders of the Company's A shares through the Northbound Trading Link of the Shanghai-Hong Kong Stock Connect (hereinafter referred to as the "Northbound shareholders") and holders of the Company's H shares through the Southbound Trading Link (hereinafter referred to as the "Southbound Shareholders") are paid in RMB. Dividends to holders of the Company's H shares, except the Southbound Shareholders, are paid in HKD. The dividend paid in HKD is calculated according to the exchange rate based on the average benchmark rate of RMB against HKD, as published by the Bank of China five business days preceding the date of declaration of such dividend.

In accordance with the preliminary arrangement of profit distribution plan and annual general meeting of the Company for the year 2015, the final dividend of the Company's H shares for the year 2015 is estimated to be distributed on or about 29 July 2016.

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

- (1) After the Shanghai Stock Exchange is closed in the afternoon on Wednesday, 18 May 2016, the shareholders of A shares of the Company (including the Northbound Shareholders) and the proxies of shareholders as registered in the China Securities Depository and Clearing Corporation Limited Shanghai Branch are entitled to attend and vote at the 2015 annual general meeting of the Company;
- (2) Under the relevant regulations of China Securities Depository and Clearing Corporation Limited Shanghai Branch and according to the market practice adopted for final dividend distribution for A shares, the Company will publish a separate announcement in respect of final dividend distribution to holders of A shares (including the Northbound Shareholders) for the year 2015 after the 2015 annual general meeting to determine the record date, ex-rights date and dividend distribution date for final dividend distribution to holders of A shares for the year 2015.

**4. The arrangement of temporary closure for the register of members of H Shares of the Company:**

No.	Corresponding Rights	First Day (inclusive)	Temporary closure for the register of members		
			Last Day (inclusive)	The last day for registering members	The Company's share registrar for H shares
1	Attending and voting at the 2015 annual general meeting	18 May 2016, Wednesday	17 June 2016, Friday	17 May 2016, Tuesday 4:30p.m.	Computershare Hong Kong Investor Services Limited
2	Entitled to final dividend for the year 2015	27 June 2016, Monday	1 July 2016, Friday	24 June 2016, Friday 4:30p.m.	Computershare Hong Kong Investor Services Limited

5. In accordance with the Enterprise Income Tax Law of the PRC and its implementation regulations which came into effect on 1 January 2008, the Company is required to withhold and pay enterprise income tax at the rate of 10% on behalf of the non-resident enterprise shareholders whose names appear on the register of members for H shares of the Company when distributing final dividends. The Company shall withhold and pay enterprise income tax for the non-resident enterprise shareholders whose name would appear on the register of members for H shares of the Company on 1 July 2016.

6. According to Guo Shui Han [2011] No.348 issued by the State Administration of Taxation, the Company shall withhold and pay individual income tax for dividend payable to the individual shareholders of H shares. The individual shareholders of H shares are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements entered into between their countries of residence and China or the tax arrangements between mainland China and Hong Kong (Macau).

If the individual shareholders of the H shares who are Hong Kong or Macau residents or residents of the countries which have an agreed tax rate of 10% with China, the Company shall withhold individual income tax at a rate of 10%. If the individual shareholders of the H shares are residents of countries which have an agreed tax rate of less than 10% with China, the Company shall apply for the relevant agreed preferential tax treatment on behalf of them in accordance with the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative) (Guo Shui Fa [2009] No.124). If the individual shareholders of the H shares are residents of countries which have an agreed tax rate of over 10% but less than 20% with China, the Company shall withhold the individual income tax at the agreed actual rate. In case the individual shareholders of the H shares are residents of countries which have not entered into any tax agreement with China, or the agreed tax rate with China is 20% or otherwise, the Company shall withhold the individual income tax at a rate of 20%.

The Company shall use the registered address (hereinafter referred to as “registered address”) as recorded in the register of members of H shares on 1 July 2016 as the criterion in determining the residence of the individual shareholders of H shares, and withhold and pay individual income tax accordingly. If the residence of the individual shareholders of H shares is inconsistent with the registered address, such shareholders shall notify the Company’s share registrar for H shares at or before 4:30 pm on 24 June 2016 with the relevant evidence at Computershare Hong Kong Investor Services Limited of 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.

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

According to the relevant provisions under the “Notice on Tax Policies for Shanghai-Hong Kong Stock Connect Pilot Programme (Cai Shui [2014] No. 81)”, the Company shall withhold individual income tax at the rate of 20% with respect to dividends received by Mainland individual investors for investing in H-shares listed in Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect. For Mainland securities investment funds investing in shares listed on Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the above rules also apply and individual income tax shall be levied on dividends derived therefrom. The Company is not required to withhold income tax on dividends derived by Mainland enterprise investors, and such enterprises shall report the income and make tax payment by themselves. The record date and the relevant arrangements of dividend distribution for Southbound Investors are the same as that of the Company’s shareholders of H shares.

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

## **CORPORATE GOVERNANCE**

The Company has adopted the corporate governance policies as set out in Appendix 14 of the Hong Kong Listing Rules, and established its own system of corporate governance. As of 31 December 2015, the Company has been in full compliance with the principles and code provisions and most of the recommended best practices as specified therein.

### **Performance of Board Committees during the Reporting Period**

<b>Committee</b>	<b>The third session</b>	
	<b>Chairman</b>	<b>Members</b>
Strategy Committee	Zhang Yuzhuo	Zhang Yuzhuo, Ling Wen, Han Jianguo
Audit Committee	Gong Huazhang	Gong Huazhang, Fan Hsu Lai Tai, Guo Peizhang, Chen Hongsheng
Remuneration Committee	Fan Hsu Lai Tai	Fan Hsu Lai Tai, Gong Huazhang
Nomination Committee	Guo Peizhang	Guo Peizhang, Zhang Yuzhuo, Fan Hsu Lai Tai
Safety, Health and Environment Committee	Guo Peizhang	Guo Peizhang, Ling Wen, Han Jianguo

### ***The Strategy Committee***

The principal duties of the Strategy Committee are to conduct researches and to submit proposals regarding the long-term development strategies and material investment decisions of the Company; conduct researches and submit proposals regarding material investments and financing plans which require approval from the Board; conduct researches and submit proposals regarding material capital operations and assets operation projects which require approval from the Board; conduct researches and submit proposals regarding other material matters that may affect the Company's development; carry out examination on the implementation of the above matters; and carry out other matters as authorised by the Board.

In 2015, the Strategy Committee of the Board held two meetings to consider resolutions such as the acquisition of certain equity interests held by Shenhua Group (being the controlling shareholder), the 2016 annual capital expenditure plan of China Shenhua, all of which were approved at the meetings. All members of the Committee attended all meetings in person.

### ***The Audit Committee***

The principal duties of the Audit Committee were: to supervise and assess the work of the external audit institutions; to guide the internal audit work; to review and provide opinions on the financial reports of the Company; to evaluate the effectiveness of risk management and internal control; to coordinate communications between the management, internal audit department and relevant departments, and the external audit institutions; other duties authorized by the Board and other issues related to the relevant laws and regulations. During the reporting period, the Audit Committee carried out its duties strictly in accordance with the Rules of Procedure of Meetings of the Audit Committee of the Board, Rules on Work of the Audit Committee of the Board and Rules on Work of Annual Reports of the Audit Committee of the Board of China Shenhua.

In 2015, the Audit Committee held nine meetings to consider resolutions such as the financial reports and internal control reports of the Company. Suggestions were made on improving the management of accounts receivable and enhancing the clearance of spare parts. All resolutions were approved at the meetings and all members of the Committee attended all meetings in person.

The Audit Committee has performed necessary procedures for the preparation of the 2015 annual report of the Company:

- (1) Before the audit firms for 2015, namely Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu (“Deloitte”), proceeded with on-site auditing, the Audit Committee had consulted with Deloitte to determine the timing of the Company’s 2015 audit. On 19 October 2015, the Audit Committee reviewed the Company’s plans for the audit plan for the year 2015; on 5 November 2015, the Audit Committee reviewed the internal control assessment plan for the year 2015.
- (2) After Deloitte had issued its preliminary audit opinions, the Audit Committee reviewed the draft financial statements for 2015. On 25 February 2016, the Audit Committee reviewed the 2015 Assessment Report on Internal Control (Draft) and 2015 Financial Statements (Draft) of China Shenhua prepared by the Company.
- (3) The Audit Committee received briefings by the management to understand the overall operation of the Company during the reporting period. On 16 March 2016, the Audit Committee received a briefing given by Dr. Zhang Kehui, the Chief Financial Officer of the Company, on the accounting policies and the preparation of the financial statements.
- (4) Deloitte completed all audit procedures within the agreed time and intended to issue a standard unqualified audit report for 2015 to the Audit Committee. On 16 March 2016, the Audit Committee voted on the audited financial statements, the assessment report on internal control and the corporate social responsibility report for the year 2015 and agreed to submit such reports to the Board for consideration.

The Audit Committee discussed separately with the external auditors and no inconsistency was found in the briefings by the management.

### ***The Remuneration Committee***

The main duties of the Remuneration Committee are to make recommendations to the Board on formulation of the remuneration plan or proposal for directors, supervisors, the president and other senior management, including but not limited to the criteria, procedures and the major systems of performance assessment, key incentive and punishment plans and systems; to examine how directors, supervisors, the president and other senior management of the Company perform their duties and carry out annual performance assessment on them; and to supervise the implementation of the remuneration system of the Company. The Remuneration Committee is delegated by the Board to determine the specific remuneration package, including non-monetary benefits, pension and compensation (including compensation for loss or termination of office or appointment) for all executive directors, supervisors, the president and other senior management, to ensure that none of the directors or any of their associates can determine their own remuneration; and to carry out other matters as authorised by the Board.

In 2015, the Remuneration Committee held two meetings to consider resolutions including the remuneration packages of directors, supervisors and senior management for the year 2014, all of which were approved at the meeting. All members of the Committee attended all the meetings in person. During the reporting period, the Remuneration Committee reviewed the remuneration management system of the Company and the remuneration level for directors, supervisors, the president and other senior management for the relevant period.

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

### ***The Nomination Committee***

The main duties of the Nomination Committee are to formulate the board diversity policy, regularly review the structure, size and diversity of the Board, and to make recommendations to the Board with regard to any proposed changes; assess and verify the independence of independent non-executive directors; draft procedures and criteria for election and appointment of directors, the president and other senior management and make recommendations to the Board; extensively seek for qualified candidates of directors, the president and other senior management; examine the aforementioned candidates and make recommendations; nominate candidates for members of the Board Committees (other than members of the Nomination Committee and the chairman of any Board Committee); draft development plans for the president, other senior management and key reserve talents; review the board diversity policy where appropriate, and review the quantitative objectives set up by the Board to implement the board diversity policy and their progress of achievement, as well as disclose the results of review in the Corporate Governance Report annually; and carry out any other matters as authorised by the Board.

In 2015, the Nomination Committee held two meetings to consider resolutions including those in relation to the appointment of Wu Xiuzhang and three other persons as the vice presidents of the Company, all of which were approved at the meetings. All members of the Committee attended all meetings in person.

### ***The Safety, Health and Environment Committee***

The principal duties of the Safety, Health and Environment Committee are to supervise the implementation of health, safety and environmental protection plans of the Company; make recommendations to the Board or the president on material issues in respect of health, safety and environmental protection of the Company; inquire into the material incidents regarding the Company's production, operations, property assets, staff or other facilities; as well as review and supervise the resolution of such incidents and carry out other matters as authorised by the Board.

In 2015, the Safety, Health and Environment Committee held one meeting to consider the 2014 CSR Report of the Company, and the resolution was approved at the meeting. All members of the Committee attended the meeting in person.

## **Others**

For the year ended 31 December 2015, neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any securities of the Company as defined in the Hong Kong Listing Rules.

## **Restatement**

In October 2015, the Company acquired 100% equity interests in Ningdong Power Plant, 100% equity interests in Xuzhou Power Plant and 51% equity interests in Zhoushan Power Plant held by Shenhua Group Corporation through consolidation under common control. The financial and business data of in 2013, 2014 and 2015 have been correspondingly restated in this announcement.

## **ANNUAL REPORT**

The 2015 annual report will be published on the website of the Hong Kong Stock Exchange in due course.

The 2015 annual report, which contains consolidated financial statements for the year ended 31 December 2015, with an unqualified auditors' report, will be despatched to shareholders as well as made available on the Company's website at <http://www.csec.com>.

## **DEFINITIONS**

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

Shenhua Group	Shenhua Group Corporation Limited and its controlling subsidiaries
China Shenhua/the Company	China Shenhua Energy Company Limited
The Group	The Company and its controlling subsidiaries
Shendong Coal Group	Shenhua Shendong Coal Group Co., Ltd.
Shendong Power Company	Shenhua Shendong Power Co., Ltd.
Zhunge'er Energy Company	Shenhua Zhunge'er Energy Co., Ltd.

Shenhua Trading Group	Shenhua Trading Group Limited
Shenbao Energy Company	Shenhua Baorixile Energy Co., Ltd.
Beidian Shengli Energy	Shenhua Beidian Shengli Energy Co., Ltd
Shenhua Zhonghai Shipping Company	Shenhua Zhonghai Shipping Co., Ltd.
Shenwan Energy	Shenwan Energy Company Limited
Fujian Energy	Shenhua Fujian Energy Co., Ltd.
Shenhua Sichuan Energy	Shenhua Sichuan Energy Company Limited
Shenhua Finance Company	Shenhua Finance Co., Ltd.
Shenhua HK Company	Shenhua Hong Kong Limited
EMM Indonesia	PT.GH EMM INDONESIA
Beijing Thermal	Shenhua Guohua International Power Company Limited Beijing Thermal Power Branch
Panshan Power	Tianjin Guohua Panshan Power Generation Co., Ltd.
Sanhe Power	Sanhe Power Co., Ltd.
Guohua Zhunge'er	Inner Mongolia Guohua Zhunge'er Power Generation Co., Ltd.
Zhunge'er Power	Power-generating division controlled and operated by Zhunge'er Energy Company
Zheneng Power	Zhejiang Guohua Zheneng Power Generation Co., Ltd.
Shenmu Power	CLP Guohua Shenmu Power Co., Ltd.
Taishan Power	Guangdong Guohua Yudean Taishan Power Co., Ltd.
Cangdong Power	Hebei Guohua Cangdong Power Co., Ltd.
Suizhong Power	Suizhong Power Co., Ltd.

Jinjie Energy	Shaanxi Guohua Jinjie Energy Co., Ltd.
Dingzhou Power	Hebei Guohua Dingzhou Power Generation Co., Ltd.
Guohua Hulunbeier Power	Inner Mongolia Guohua Hulunbeier Power Generation Co., Ltd.
Taicang Power	Guohua Taicang Power Generation Co., Ltd.
Mengjin Power	Shenhua Guohua Mengjin Power Generation Co., Ltd.
Yuyao Power	Zhejiang Guohua Yuyao Gas-fired Power Co., Ltd.
Zhuhai Wind Energy	Zhuhai Guohua Huidafeng Wind Energy Development Co., Ltd.
Huizhou Thermal	Guohua Huizhou Thermal Power Branch of the Company
Ningdong Power	Ningxia Guohua Ningdong Power Generation Co., Ltd.
Xuzhou Power	Guohua Xuzhou Power Generation Company Limited
Zhoushan Power	Shenhua Guohua (Zhoushan) Power Generation Co., Ltd.
Beijing Gas	Shenhua Guohua (Beijing) Gas Thermal Power Co., Ltd.
JORC	Australasian Code for Reporting of Mineral Resources and Ore Reserves
Shanghai Stock Exchange	Shanghai Stock Exchange
Hong Kong Stock Exchange or Stock Exchange	The Stock Exchange of Hong Kong Limited
Hong Kong Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Accounting Standards for Business Enterprises	the latest Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China and the related application guidance, interpretations and other related requirements

International Financial Reporting Standards	International Financial Reporting Standards issued by the International Accounting Standards Committee
Articles of Association	Articles of Association of China Shenhua Energy Company Limited
EBITDA	Profit for the year + net finance costs + income tax + depreciation and amortisation – shares of results of associates.
Total debt to total debt and total equity	Long-term interest bearing debts + short-term interest bearing debts (including bills payable)/Long-term interest bearing debts + short-term interest bearing debts (including bills payable) + total equity
Shanghai-Hong Kong Stock Connect	A mutual access mechanism between Shanghai and Hong Kong stock markets under which Shanghai Stock Exchange and Hong Kong Stock Exchange allow investors from Shanghai and Hong Kong to trade eligible shares listed on the other's market through local securities firms (or brokers), which comprises Shanghai Stock Connect and Hong Kong Stock Connect
RMB	Renminbi unless otherwise specified

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

Beijing, 24 March 2016

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