

Corporate Governance Structure and Corporate Governance Report

Brief Information on Corporate Governance

During the reporting period, the Company further improved its level of corporate governance by establishing a standardized and sound corporate governance structure in strict compliance with the PRC Company Law, Securities Law and other laws and regulations as well as the domestic and foreign regulatory requirements. The Company's standard of corporate governance has been highly recognized in the capital market. In 2009, China Shenhua won the "Corporate Governance Awards – 2009 Directors Award" granted by the Shanghai Stock Exchange. The award is the first corporate governance award assessed by the Shanghai Stock Exchange and also the first corporate governance award assessed by the listing regulatory authority.

▼ The Company's compliance with domestic regulatory requirements

There is no material difference between the corporate governance of the Company and the corporate governance requirements under the relevant rules of the China Securities Regulatory Commission ("CSRC"). The Company, the Board and the directors of the Company have not received any administrative punishment, have not been publicly criticized or inspected by the CSRC and have not been condemned by any other regulatory authorities or stock exchanges.

From 11 to 14 November 2008, the Beijing Securities Regulatory Bureau conducted a four-day on-site inspection on corporate governance of the Company. On 24 November 2008, the Company received the "Regulatory Opinion" from the Beijing Securities Regulatory Bureau. As required by the special campaigns for corporate governance and the Beijing Securities Regulatory Bureau, the "Rectification Report on Special Campaigns for Corporate Governance of China Shenhua" was approved by the Board on 26 December 2008 and the relevant announcement was subsequently published and reported to the Beijing Securities Regulatory Bureau on 27 December 2008.

During the reporting period, the Board of the Company commenced the following tasks in accordance with the Listing Rules and the new requirements of the regulatory authorities in order to satisfy the requirements of the "Regulatory Opinion", achieve the objectives set out in the Rectification Report of the Company and ensure the operational compliance of the Company:

1. The amendments to the Articles of Association were formulated and proposed at the annual general meeting for consideration and approval which further provided that the cash dividend and profit distribution policies of the Company should maintain continuity and stability; the "Rules on Work of President" and the "Management Rules on Use of Proceeds" were improved in accordance with the new requirements of the regulatory authorities.
2. The "Provisional Measures for the Management of Provision of Guarantees" and the "Management Rules for Disposal of Fixed Assets" were formulated, which improved the internal control system of asset disposal and pledge.

Rectification measures			
No.	Regulatory opinion	Particulars	Procedures and time of completion
1	Amend and improve the Articles of Association, the Rules on Work of President and the Management Rules on Use of Proceeds according to the requirements	Amend and improve the Articles of Association Amend and improve the Rules on Work of President Amend and improve the Management Rules on Use of Proceeds	Resolution on the amendment to the Articles of Association was approved at the 2008 annual general meeting held on 5 June 2009 Resolution on the Rules on Work of President was approved and the Management Rules on Use of Proceeds was revised at the 28th board meeting held on 28 February 2009
2	Formulate the internal control system for disposal and pledge of assets according to the requirements	Formulate the system for disposal of assets Formulate the system of guarantees (including pledge of assets)	Resolution on the Management Rules for Disposal of Fixed Assets and the Provisional Measures for the Management of Provision of Guarantees was approved at the 28th board meeting held on 28 February 2009

Meanwhile, the Company also formulated the new “Rules on Work of Annual Report of the Audit Committee of the Board of Directors” and amended the “Rules on the Work of the Audit Committee of the Board of Directors” and “Measures on Dealings in the Shares of the Company by Employees”, which further improved corporate governance regulatory documents of the Company.

In addition, pursuant to the new requirements of the regulatory authorities, the Company amended the relevant systems including the “Information Disclosure Policy” and “Measures on Dealings in the Shares of the Company by Employees” on the 39th meeting of the Board held on 4 March 2010, amongst which the newly revised “Measures on Dealings in the Shares of the Company by Employees” states the regulatory authorities’ specific accountability measures of illegal trading of shares by the directors, supervisors and senior management of the Company and the Company’s punishment on employees in breach of such measures in accordance with the relevant regulatory requirements; the “Information Disclosure Policy” adds the relevant definitions of insider information and insiders, the specific duties and obligations of the parties in the execution of insider information management, the procedures for and requirements of the disclosure of unpublicized information, the obligations of the parties to information disclosure, the situations of and standards for identifying material errors, the principles of accountability for the material errors and the means of accountability for the material errors made by internal and external parties, and attaches the letters and forms for implementing the confidentiality reminder and registration for information disclosure.

▼ The Company’s compliance with the “Code on Corporate Governance Practices”

The Company has established its systems in relation to corporate governance practices in accordance with the “Code on Corporate Governance Practices” set out in Appendix 14 of the Hong Kong Listing Rules. The Company was in full compliance with the provisions of the “Code on Corporate Governance Practices” and most of the recommended best practices as specified therein for the year ended 31 December 2009.

In the following aspects, the provisions of the code on corporate governance adopted by the Company are stricter than the provisions of the Code on Corporate Governance Practices:

1. In addition to the Audit Committee, Remuneration Committee and Nomination Committee, the Board of the Company has also set up the Strategy Committee and the Safety, Health and Environment Committee.
2. All the members of the Audit Committee are independent non-executive directors.
3. The independent non-executive directors account for half of the members of the Board.

The general meetings of the shareholders of Company, the Board and the Supervisory Committee are conducted and held independently and effectively in accordance with the Articles of Association and the respective rules and procedures of meetings. The Company’s current governance regulatory documents include (but not limited to) the followings:

- I. Articles of Association and rules and procedures of meetings:
 1. Articles of Association of China Shenhua Energy Company Limited;

2. Rules and Procedures of Shareholders' General Meetings of China Shenhua Energy Company Limited;
 3. Rules and Procedures of Meetings of the Board of Directors of China Shenhua Energy Company Limited;
 4. Rules and Procedures of Meetings of the Supervisory Committee of China Shenhua Energy Company Limited;
 5. Rules and Procedures of Meetings of the President of China Shenhua Energy Company Limited;
 6. Rules on Work of the President of China Shenhua Energy Company Limited.
- II. Systems of independent directors and meeting rules and procedures and working rules of Board Committees:
1. System of Independent Directors of China Shenhua Energy Company Limited;
 2. Rules and Procedures of Meetings of the Strategy Committee of the Board of Directors of China Shenhua Energy Company Limited;
 3. Rules and Procedures of Meetings of the Audit Committee of the Board of Directors of China Shenhua Energy Company Limited;
 4. Rules on Work of the Audit Committee of the Board of Directors of China Shenhua Energy Company Limited;
 5. Rules and Procedures of Meetings of the Remuneration Committee of the Board of Directors of China Shenhua Energy Company Limited;
 6. Rules and Procedures of Meetings of the Nomination Committee of the Board of Directors of China Shenhua Energy Company Limited;
 7. Rules and Procedures of Meetings of the Safety, Health and Environment Committee of the Board of Directors of China Shenhua Energy Company Limited;
 8. Rules on Work of Annual Report of the Audit Committee of the Board of Directors of China Shenhua Energy Company Limited.
- III. Rules, measures and codes for risk management and use of proceeds:
1. Related Party Transactions Decision Making Systems of China Shenhua Energy Company Limited;
 2. Measures on the Management of Related Party Transactions of China Shenhua Energy Company Limited;
 3. Rules on the Management of the Use of Proceeds of China Shenhua Energy Company Limited;
 4. Model Code on Securities Transactions by Directors of China Shenhua Energy Company Limited;
 5. Measures on Dealings in the Shares by Employees of China Shenhua Energy Company Limited;
 6. Provisional Measures for the Management of Provision of Guarantees of China Shenhua Energy Company Limited;
 7. Management Rules for Disposal of Fixed Assets of China Shenhua Energy Company Limited;
 8. Internal Control Manual of China Shenhua Energy Company Limited;
 9. Manual on Self-assessment of China Shenhua Energy Company Limited.

IV. Information disclosure and investor relations policies:

1. Information Disclosure Policy of China Shenhua Energy Company Limited;
2. Internal Reporting System of Significant Events of China Shenhua Energy Company Limited;
3. Rules of Information Disclosure Committee and Information Disclosure Personnel of China Shenhua Energy Company Limited;
4. Investor Relations Policy of China Shenhua Energy Company Limited;
5. Rules of Investors Reception of China Shenhua Energy Company Limited.

According to the Articles of Association, the Company improved the convening, voting and disclosure procedures of Board meetings and rules and procedures of the Board. Procedures for nomination and appointment of directors are in compliance with the relevant requirements. The Company has established a Board whose members are from a variety of backgrounds. Members of the Board include domestic and overseas individuals with professional skills. Each director's knowledge base and area of expertise are professional and complementary in the overall Board structure, which ensure the scientific decision-making of the Board. Currently, the Board comprises 8 members, 4 of which are independent directors. The directors' extensive experience in macro economics management, management of the coal industry, financial and accounting management and legal affairs ensure the effectiveness and scientific nature of the Company's significant decisions.

The Board is a decision-making body of the Company. It leads and supervises the Company in a responsible and cost-effective manner. All directors shall act in the best interest of the Company. All the members of the Board understand that they jointly and severally accept full responsibility to all shareholders on matters of management, supervision and operation of the Company. The Board is responsible for making decisions on the following: 1. formulating strategies of the Company; 2. establishing objectives of the management; 3. monitoring performance of the management; and 4. ensuring that the Company implements a prudent and effective control system to assess and manage risks.

The Board is responsible for preparing the financial statements for each financial year to give a true and fair view of the Company's financial position, its results and cash flow for the relevant period. In preparing the financial statements for the year ended 31 December 2009, the Board has adopted the appropriate accounting policies in arriving at a prudent, fair and reasonable judgment and estimation, and has prepared the financial statements on a going concern basis. The Board is responsible for duly maintaining accounting records which reasonably and accurately disclose the financial position of the Company. The Board holds at least one regular meeting on a quarterly basis, or holds an extraordinary meeting when the Company needs to make a significant decision.

The chairman and the president of the Company are Dr. Zhang Xiwu and Dr. Ling Wen respectively. The roles of the chairman and the president are two distinctively separate positions. The chairman cannot be the president of the Company concurrently and their respective duties are clearly defined in writing. The chairman is responsible for managing the operation of the Board whereas the president is responsible for the business operations of the Company. The Articles of Association sets out in detail the respective duties of the chairman and the president. The members of senior management other than the directors and the supervisors, are responsible for the daily business operations of the Company and their duties are set out in the section "Directors, Supervisors, Senior Management and Employees" of this chapter.

In considering any matters or transactions at any Board meeting, the directors are required to declare any direct or indirect interests, and shall abstain from voting at the meeting where appropriate. The Company will, during each financial period, require the directors to confirm if they or their associates have entered into any connected transaction with the Company or any of its subsidiaries.

For details of other information set out in the "Code on Corporate Governance Practices" of Appendix 14 of the Hong Kong Listing Rules such as remuneration of the directors and senior management of the Company, security transactions by directors and shareholding interests of directors, supervisors and senior management, attendance of directors at Board meetings, performance by independent directors of their duties and performance by Board Committees of their duties, please refer to the relevant sections of this chapter.

Directors, Supervisors, Senior Management and Employees

▼ Basic information

Name	Position	Gender	Number of shares held	Stock options of the Company held	Total remuneration received from the Company during the reporting period (before tax)	Equity incentives granted during the reporting period				Whether salary or allowance are being paid by shareholder of the Company or its associate
						Number of shares falling to be issued upon exercise of the outstanding options	Number of shares issued pursuant to exercise of options	Exercise price	Market price of shares at the end of the reporting period	
					RMB10'000					
Zhang Xiwu	Chairman	Male	–	–	–	–	–	–	–	Yes
	Executive director									
Zhang Yuzhuo	Non-executive director	Male	–	–	–	–	–	–	–	Yes
Ling Wen	Executive director	Male	–	–	90.2	–	–	–	–	No
	President									
Han Jiangguo	Non-executive director	Male	–	–	–	–	–	–	–	Yes
Huang Yicheng	Independent non-executive director	Male	–	–	45.0	–	–	–	–	No
Neoh Anthony Francis	Independent non-executive director	Male	–	–	45.0	–	–	–	–	No
Chen Xiaoyue	Independent non-executive director	Male	–	–	45.0	–	–	–	–	No
Gong Huazhang	Independent non-executive director	Male	–	–	26.3	–	–	–	–	No
Xu Zufa	Chairman of Supervisory Committee	Male	–	–	–	–	–	–	–	Yes
Wu Gaoqian	Supervisor	Male	–	–	70.1	–	–	–	–	No
Li Jianshe	Employee representative supervisor	Male	–	–	56.2	–	–	–	–	No
Hao Gui	Vice president	Male	–	–	95.8	–	–	–	–	No
Wang Jinli	Vice president	Male	–	–	96.2	–	–	–	–	No
Xue Jilian	Vice president	Male	–	–	96.3	–	–	–	–	No
Hua Zeqiao	Vice president	Male	–	–	96.4	–	–	–	–	No
Wang Pingang	Vice president	Male	–	–	95.9	–	–	–	–	No
Huang Qing	Secretary to the Board	Male	–	–	90.6	–	–	–	–	No
Zhang Kehui	Chief financial officer	Female	–	–	80.2	–	–	–	–	No
Total	/	/	–	–	1,029.2	–	–	–	–	/

Note: The remuneration package of Directors and Supervisors of the Company for the year 2009 is subject to the approval by the Company at the 2009 annual general meeting.

As at 31 December 2009, none of the directors, supervisors or senior management had any interest or short position in the shares or underlying shares of the Company or any of its associated corporations within the meaning of Part XV of the SFO (Chapter 571 of the Laws of Hong Kong).

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “Model Code”) set out in Appendix 10 of the Hong Kong Listing Rules, requiring the securities transactions of the directors of the Company to be carried out in accordance with the Model Code. The Model Code is also applicable to the senior management of the Company. After specific inquiries conducted by the Company, all the directors have confirmed that they have fully complied with the Model Code throughout 2009.

Other than their working relationships with the Company, none of the directors, supervisors or the senior management has any financial, business or family relationship or any relationship in other material aspects with each other. For the year ended 31 December 2009, the Company had not granted any equity securities or warrants to its directors, supervisors and senior management or their respective spouses or children under the age of 18.

Pursuant to the requirements of the Hong Kong Stock Exchange, the Company confirms the independence of its independent non-executive directors as follows: the Company has received written confirmations from each of the independent non-executive directors confirming their independence in accordance with Rule 3.13 of Hong Kong Listing Rules. The Company is of the view that all of the independent non-executive directors are independent.

Directors



Dr. ZHANG Xiwu

aged 51, Chinese

Chairman and executive director

Dr. Zhang Xiwu has served as the chairman and an executive director of the Company since 30 December 2008. Dr. Zhang previously served as a non-executive director of the Company. Dr. Zhang is also the chairman of the board of directors of Shenhua Group and Beijing Guohua Power Company. Previously, he served as the general manager and vice general manager of Shenhua Group, chairman and general manager of Shenhua Shenfu Dongsheng Coal Company, chairman of Shenhua Dongsheng Coal Company, and manager of the Fine Coal Business Department of Shenhua Group. Prior to joining Shenhua Group in August 1995, Dr. Zhang was the deputy chief of the Bureau of Coal Industry of Jilin province, deputy general manager of the Northeast Inner Mongolia Coal Industry United Company, and department head and assistant to chief of Inner Mongolia Dayan Mining Bureau. Dr. Zhang is a researcher, and has in-depth industry knowledge of, and over 20 years of operational and management experience in the coal industry in China. He obtained a master's degree and a Ph. D degree from Liaoning University of Engineering and Technology in 1997 and 2003 respectively.



Dr. ZHANG Yuzhuo

aged 47, Chinese

Non-executive director

Dr. Zhang has served as a non-executive director of the Company since November 2004. Dr. Zhang is also a director and the general manager of Shenhua Group, chairman of China Shenhua Coal Liquefaction Company Limited, chairman of Shenhua International (Hong Kong) Company Limited and executive director of Shenhua Hulunbeier Coal Processing Company Limited. Previously, Dr. Zhang was a vice general manager of Shenhua Group. Prior to joining Shenhua Group in December 2001, Dr. Zhang served as the president of the China Coal Research Institute, chairman of China Coal Technology Corporation, chairman of Tiandi Science & Technology Co. Ltd. and deputy general manager of Shandong Yankuang Group Co. Ltd. Dr. Zhang is a researcher, and is experienced in management of research and development and has approximately 20 years of enterprise management experience in the coal industry in China. He graduated in 1982 from Shandong University of Science and Technology with a bachelor's degree, received a master's degree from China Coal Research Institute in 1985 and a Ph.D. degree from the University of Science and Technology of Beijing in 1989. From 1992 to 1996, Dr. Zhang conducted postdoctoral research and study of clean coal technology at the University of Southampton and Southern Illinois University at Carbondale.



Dr. LING Wen

aged 46, Chinese

Executive director and president

Dr. Ling has served as the president of the Company who is in charge of daily operations of the Company since August 2006 and an executive director of the Company since November 2004. Dr. Ling is also the chairman of Shenhua Finance Company Limited. Dr. Ling had previously served as the executive vice president and chief financial officer of the Company. Prior to joining the Company, Dr. Ling served as a vice general manager of Shenhua Group. Prior to joining Shenhua Group in December 2001, Dr. Ling served as the deputy general manager of the International Business Department of the Industrial and Commercial Bank of China, deputy general manager of Industrial and Commercial Bank of China (Asia) Limited and chairman of UB China Business Management Company Limited. Dr. Ling has in-depth and extensive experience in financial institution and enterprise management. He is a professor and mentor for doctoral students at Renmin University of China and China University of Mining and Technology. Dr. Ling graduated from Shanghai Jiaotong University with a bachelor's degree in science in 1984, received a master's degree in system engineering from Harbin Institute of Technology in 1987 and received a Ph.D. degree in management engineering in 1991. From 1992 to 1994, Dr. Ling conducted post-doctoral research in macroeconomics in the Department of Automation of Shanghai Jiaotong University.



Mr. HAN Jianguo

aged 51, Chinese

Non-executive director

Mr. Han has served as a non-executive director of the Company since November 2004. Mr. Han has also been the vice general manager of Shenhua Group since 2003. Previously, he served as chairman and general manager of Shenhua Coal Trading Company Limited. Prior to joining Shenhua Group in April 1998, Mr. Han also served as the secretary to the former vice minister of the State Development and Planning Commission. Mr. Han is a senior engineer and is experienced in the PRC coal industry, macroeconomic and enterprise management. He graduated from Fuxin College of Mining and Technology in Liaoning Province with a bachelor's degree in 1983 and received a master's degree from Tongji University in 1999. From 2004 to 2006, he studied at the EMBA Sino-European International Business School and obtained an MBA degree.



Mr. HUANG Yicheng

aged 83, Chinese

Independent non-executive Director

Mr. Huang has served as an independent non-executive director of the Company since November 2004. Mr. Huang previously served as the co-chairman of the Sino-Russia Friendship, Peace and Development Committee, deputy director of the Financial and Economic Committee of the Eighth National People's Congress, Minister of the Ministry of Energy and former vice minister of the State Planning Commission. Mr. Huang is a professor level senior engineer.



Mr. NEOH Anthony Francis

aged 63, Hong Kong

Independent non-executive director

Mr. Neoh has served as an independent non-executive director of the Company since November 2004. Mr. Neoh is a member of the International Advisory Committee of the CSRC and an independent non-executive director of Bank of China Limited. He was previously the chief advisor to the CSRC. He was the Chairman of the Securities and Futures Commission ("SFC") of Hong Kong from 1995 to 1998 and chairman of the Technical Committee of the International Organization of Securities Commissions from 1996 to 1998. From 1991 to 1994, he was a member of the Council and the Listing Committee of the Stock Exchange of Hong Kong Limited. He was appointed as queen's counsel (now renamed as senior counsel) in 1990. He was the visiting professor for Nomura Securities International Financial Systems at the Harvard Law School in 2004. He graduated from the University of London with a bachelor of law in 1976. In 2003, Mr. Neoh was granted an honorary doctorate in law by the Chinese University of Hong Kong.



Dr. CHEN Xiaoyue

aged 62, Chinese

Independent non-executive director

Dr. Chen has served as an independent non-executive director of the Company since November 2004. Dr. Chen is also an independent non-executive director of Dongfang Electric Corporation Limited, director of Accounting Research Institute at Tsinghua University, a consultant to Beijing National Accounting Institute, a professor of Tsinghua University and mentor for doctoral students, a council member of the Accounting Society of China and a vice president of China Appraisal Society. Dr. Chen was previously the president of Beijing National Accounting Institute, vice dean of the Economic Management School of Tsinghua University and dean of the Department of Accounting of Tsinghua University. Dr. Chen graduated in 1982 from Tsinghua University with a bachelor's degree and received his master's and Ph.D degrees from Tsinghua University in 1984 and 1988 respectively.



Mr. GONG Huazhang

aged 64, Chinese

Independent non-executive director

Mr. Gong has served as an independent non-executive director of the Company since June 2009. Mr. Gong is also an external director of Dongfang Electric Corporation, an independent non-executive director of Nanyang Commercial Bank (China) Limited, China Railway Group Limited and China Southern Airlines Company Limited, a director of China Yangtze Power Co., Ltd., a member of the Accounting Standards Committee of the Ministry of Finance, a member of China Valuation Standards Committee, vice chairman of the Accounting Society of China, the consultant of the Pricing Association of China, a part-time professor at Tsinghua University, Nankai University, Xiamen University, Shanghai National Accounting Institute and Xiamen National Accounting Institute, and a professor of Beijing National Accounting Institute. Mr. Gong has served as a chief accountant of China National Petroleum Corporation, a director of Petrochina Company Limited and the chairman of China Petroleum Finance Co., Ltd..

Supervisors



Mr. XU Zufa

aged 61, Chinese

Chairman of the Supervisory Committee

Mr. Xu has served as the chairman of Supervisory Committee of the Company since November 2004. Mr. Xu was also a member of the board of directors of Shenhua Group. Prior to joining Shenhua Group in July 2002, Mr. Xu served as the deputy director and a director-level supervisor of the Organization Department of the Central Committee of the Communist Party of China. Mr. Xu has extensive human resources management experience. He graduated from the Central Communist Party School in 1993.



Mr. WU Gaoqian

aged 59, Chinese

Supervisor

Mr. Wu has served as a supervisor of the Company since November 2004. Prior to joining the Company, Mr. Wu joined Shenhua Group in August 1996 as the director of the Audit and Inspection Office. Mr. Wu Gaoqian is a senior administrator. He graduated from the China People's Police University (now renamed as China People's Public Security University) in 1987.



Mr. LI Jianshe

aged 56, Chinese

Employee representative supervisor

Mr. Li has served as an employee representative supervisor of the Company since November 2004. Mr. Li has also been a vice general manager of Shenhua Huanghua Port Company Limited. Since November 2006, Mr. Li has served as a member of the standing committee and deputy chairman of China Coal Urban Development United Promotion Association. Prior to joining the Company, Mr. Li served as section chief of the General Planning Office of Shenhua Group. Prior to joining Shenhua Group Corporation Limited in December 2000, Mr. Li also served as chief of the Secretary Section of General Office of the Ministry of Communications. Mr. Li is a senior engineer and graduated from Beijing University of Technology in 1978.

Senior Management



Dr. LING Wen

aged 46, Chinese

Executive director and president

Dr. Ling has served as the president of the Company who is in charge of daily operations of the Company since August 2006 and an executive director of the Company since November 2004. Dr. Ling is also the chairman of Shenhua Finance Company Limited. Dr. Ling had previously served as the executive vice president and chief financial officer of the Company. Prior to joining the Company, Dr. Ling served as a vice general manager of Shenhua Group. Prior to joining Shenhua Group in December 2001, Dr. Ling served as the deputy general manager of the International Business Department of the Industrial and Commercial Bank of China, deputy general manager of Industrial and Commercial Bank of China (Asia) Limited and chairman of UB China Business Management Company Limited. Dr. Ling has in-depth and extensive experience in financial institution and enterprise management. He is a professor and mentor for doctoral students at Renmin University of China and China University of Mining and Technology. Dr. Ling graduated from Shanghai Jiaotong University with a bachelor's degree in science in 1984, received a master's degree in system engineering from Harbin Institute of Technology in 1987 and received a Ph.D. degree in management engineering in 1991. From 1992 to 1994, Dr. Ling conducted post-doctoral research in macroeconomics in the Department of Automation of Shanghai Jiaotong University.



Dr. HAO Gui

aged 47, Chinese

Vice president

Dr. Hao has served as the vice president of the Company who is in charge of the safety management of the Company since November 2004. Prior to joining the Company, Dr. Hao served as the vice chief economist of Shenhua Group, chairman of Shenhua Mengxi Coal Chemical Company Limited, chairman of Shenhua Zhonglian Shuozhou Coal Company, chairman of Zhonglian Economic and Technological Development Company, and chief economist of Shenhua Shenfu Fine Coal Company. Prior to joining Shenhua Group in May 1996, Dr. Hao acted as the vice director of the Yanzishan Mine of Datong Coal Mining Bureau and the lecturer at the Economics and Trade School of the China University of Mining and Technology. Dr. Hao is a senior economist and has indepth industry knowledge with over 15 years of operational and managing experience in the coal industry in China. He graduated from the China University of Mining and Technology with a bachelor's degree in 1984 and received a master's degree in 1987. He graduated from the China University of Mining and Technology and obtained a doctor's degree in management in 2006.

Dr. Wang has served as the vice president of the Company who is in charge of strategic planning and coal production of the Company since November 2004. Prior to joining the Company, Dr. Wang served as the chairman, general manager and deputy general manager of Shenhua Shendong Coal Company, director of Shenhua Port Company, director of the Changchun Coal Technology Centre and director of the Huichun Coal Mining Bureau. Dr. Wang is a researcher and senior engineer and has approximately 30 years of operational and management experience in the coal industry in China. He graduated from Jilin University with a bachelor's degree in 1992 and received a master's degree from Liaoning Technical University in 2002. In 2006, he graduated from Liaoning Engineering and Technology University and obtained a doctor's degree. He graduated from the School of Economics and Management in Tsinghua University in February 2009 with a master's degree in EMBA.



Dr. WANG Jinli

aged 50, Chinese

Vice president

Mr. Xue has served as the vice president of the Company who is in charge of transportation operations of the Company since November 2004. Mr. Xue is also the chairman and general manager of Shuohuang Railway Development Company Limited. Prior to joining Shenhua Group in April 1999, Mr. Xue served as deputy director and chief engineer of Number 16 Engineering Bureau of the Ministry of Railways. Mr. Xue is a professor-level senior engineer and has extensive operational and management experience in large-scale railway construction and rail transportation enterprises. He graduated from Shijiazhuang Railway Institute in 1979, graduated in 1993 from Southwest Jiaotong University with a bachelor's degree, received a master's degree in science and engineering management from Southwest Jiaotong University in 2001, and received a master of business administration degree from Cheung Kong Graduate School of Business in September 2008.



Mr. XUE Jilian

aged 55, Chinese

Vice president



Mr. HUA Zeqiao

aged 58, Chinese

Vice president

Mr. Hua has served as the vice president of the Company who is in charge of sales of the Company since November 2004. Mr. Hua is also the chairman of Shenhua Coal Trading Company Limited. Previously, he served as general manager, deputy general manager and chairman of the Labour Union of Shenhua Coal Trading Company Limited. Prior to joining Shenhua Group in September 1998, he also served as the chief economist of the Jixi Mining Bureau, deputy chief economist and head of the Marketing Office and head of Muleng Mines of the Jixi Mining Bureau. Mr. Hua is a senior economist and has over 30 years of operational and managing experience in coal production and sales management. He graduated from Harbin Normal University with a bachelor's degree in 1991.



Mr. WANG Pingang

aged 48, Chinese

Vice president

Mr. Wang has served as the vice president of the Company who is in charge of power production of the Company since November 2004. Prior to joining the Company, Mr. Wang served as the chief engineer, deputy chief engineer and manager of Power Operations Department of Beijing Guohua Power Company Limited. Previously, he had served as the general manager and party secretary, deputy general manager and chief engineer of Suizhong Power. Prior to joining Shenhua Group in March 1999, he also served as deputy head of the Yuanbaoshan Power Plant. Mr. Wang is a senior engineer and has extensive operational and management experience in large-scale power enterprises. He graduated from Northeast China Institute of Electric Power Engineering with dual bachelor's degrees in 1987.

Mr. Huang has served as the secretary to the Board of the Company since November 2004 and is also a co-company secretary of the Company. Mr. Huang is in charge of capital market of the Company. Prior to joining the Company, Mr. Huang served as the deputy director of the General Office of Shenhua Group from 2002 and secretary to the chairman of Shenhua Group since July 2003. Prior to joining Shenhua Group in 1998, he served as the deputy general manager of Hubei Provincial Railway Company and secretary to the vice governor of the Hubei provincial government. Mr. Huang obtained a board secretary certification from Shanghai Stock Exchange in 2004. Mr. Huang is a senior engineer. Mr. Huang graduated from the National University of Defense Technology with a bachelor's degree in 1988 and received a master's degree from Guangxi University in 1991.



Mr. HUANG Qing

aged 44, Chinese

Secretary to the board of directors

Ms. Zhang has served as the chief financial officer of the Company who is in charge of financial work of the Company since January 2007. Ms. Zhang has previously acted as the head of the internal-control and auditing department of the Company. Prior to joining the Company, Ms. Zhang acted as the deputy manager of financial department of Shenhua Group and assistant to the general manager of Shuohuang Railway Development Company Limited. Being a senior economist, certified accountant in China as well as fellow of certified public accountants of Australia (FCPA), Ms. Zhang has extensive experiences in financial management. Ms. Zhang graduated from Shanxi University with a bachelor's degree in 1985 and received a master's degree in Economics from China University of Mining and Technology in 1994.



Ms. ZHANG Kehui

aged 46, Chinese

Chief financial officer

Positions of directors, supervisors and senior management in controlling shareholder and its associates and other entities

Positions held in controlling shareholder

Name	Name of entity	Position held	Commencement of term of office	Expiry of term of office	Whether salaries or allowance are being paid
Zhang Xiwu	Shenhua Group	Chairman	2008-12	–	Yes
	Beijing Guohua Power Company Limited	Chairman	2008-12	–	No
Zhang Yuzhuo	Shenhua Group	Director and general manager	2008-12	–	Yes
	China Shenhua Coal Liquefaction Company Limited	Chairman	2003-07	–	No
	Shenhua International (Hong Kong) Company Limited	Chairman	2005-03	–	No
	Shenhua Hulunbeier Coal Processing Company Limited	Executive director	2006-04	–	No
	Shenhua Finance Company Limited	Chairman	2002-07	–	No
Ling Wen	Shenhua Finance Company Limited	Chairman	2002-07	–	No
Han Jianguo	Shenhua Group	Deputy general manager	2003-08	–	Yes
Hua Zeqiao	Shenhua Coal Trading Company Limited	Chairman	2004-03	–	No

Positions held in other entities

Name	Name of entity	Position held	Commencement of term of office	Expiry of term of office	Whether salaries or allowance are being paid
Neoh Anthony Francis	International Advisory Committee of the CSRC	Member	2004-06	–	Yes
	Bank of China Limited	Independent non-executive director	2004-08	–	Yes
Chen Xiaoyue	Accounting Research Institute at Tsinghua University	Director	2000-08	–	Yes
	Dongfang Electric Corporation Limited	Independent non-executive director	2009-06	–	Yes
Gong Huazhang	Dongfang Electric Corporation Limited	External director	2009-04	–	Yes
	Nanyang Commercial Bank (China) Limited	Independent non-executive director	2007-12	–	Yes
	China Railway Group Limited	Independent non-executive director	2007-09	–	Yes
	China Southern Airlines Company Limited	Independent non-executive director	2007-06	–	Yes
	China Yangtze Power Co., Ltd.	Director	2002-09	–	No

▼ **Remuneration policy of directors, supervisors and senior management and appraisal system and incentive mechanism for senior management**

The remuneration of directors and supervisors of the Company are proposed by the Remuneration Committee, with reference to international and domestic practices and remuneration of directors and supervisors of large-scale listed companies in China, and submitted to the annual general meeting of the Company for approval after consideration and approval by the Board of the Company. The remuneration of senior management of the Company is proposed by the Remuneration Committee of the Board of the Company in accordance with the operating conditions in 2009 and the "Provisional Measures for the Management of the Annual Remuneration of the Senior Management of China Shenhua Energy Company Limited", and is considered and approved by the Board.

Chairman Zhang Xiwu, directors Zhang Yuzhuo and Han Jianguo, and chairman of the Supervisory Committee Xu Zufa, do not receive allowance from the Company.

Details of remuneration of directors and supervisors of the Company are set out in note 10 to the financial statements in this report.

The Company has adopted a performance appraisal system for senior management which combines annual appraisal of operational performance and appraisal of operational performance over the terms of office. Such annual appraisal and appraisal are conducted based on the letter of responsibility of operational performance signed into by the Board and senior management.

The Company has adopted a share appreciation rights scheme, the grantees of which include senior management and key management officers of the Company. The cash remuneration of senior management is determined in accordance with the "Provisional Measures on the Management of the Annual Remuneration of Senior Management of China Shenhua Energy Company Limited". In addition, the Board of the Company conducts appraisal based on the performance of senior management, and a performance bonus is determined based on the results of appraisal. During the reporting period, the Company did not grant any share appreciation rights to its senior management.

▼ **Engagement and termination of directors, supervisors and senior management**

On 5 June 2009, Mr. Gong Huazhang was elected as an independent non-executive director of the Company at the 2008 annual general meeting.

▼ **Directors' and supervisors' interests in material contracts**

Save for their service contracts with the Company, none of the directors and supervisors of the Company has any material personal interests, directly or indirectly, in material contracts entered into by the Company or any of its subsidiaries in 2009 and subsisting during the year of 2009.

The Company has entered into service contracts with all its directors and supervisors. None of the directors or supervisors has entered into or proposed to enter into any service contract with members of the Group which cannot be determined by the Group within one year without any compensation (other than the statutory compensation).

▼ Employees of the Company

As at 31 December 2009, the Company had 62,286 employees in total. In 2009, the total number of retired employees in respect of which the Company bears cost was 311. Composition of the employees of the Company is as follows:

1. By function

Functions	As at 31 December 2009	As at 31 December 2008	Change
	persons	persons	%
Operation and maintenance	41,431	38,670	7.1
Management and administration	7,555	7,455	1.3
Finance and accounting	988	891	10.9
R&D and technical support	5,251	5,170	1.6
Sales and marketing	1,475	1,264	16.7
Others	5,586	6,093	(8.3)
Total	62,286	59,543	4.6

2. By education level

Degrees of education	As at 31 December 2009	As at 31 December 2008	Change
	persons	persons	%
Postgraduate or above	719	572	25.7
University graduate	11,370	9,586	18.6
College graduate	14,873	13,288	11.9
Specialized secondary school graduate	14,072	13,395	5.1
Technical school graduate	5,421	6,162	(12.0)
High school graduate	10,096	10,732	(5.9)
Middle school graduate or below	5,735	5,808	(1.3)
Total	62,286	59,543	4.6

Independence of the Company from its Controlling Shareholder

During the reporting period, the Company is independent from its controlling shareholder in terms of business, personnel, assets, organisation and finance.

Business:	the business of the Company is independent from that of its controlling shareholder and the Company is operating on its own with a separate business structure.
Personnel:	the Company has set up independent and complete systems for labour, personnel and remuneration management and has entered into labour contracts with its employees independently. All members of the senior management receive remuneration from the Company.
Assets:	the Company has its own independent production system, auxiliary production system, ancillary facilities, purchasing and selling systems, and it lawfully possesses the ownership or right of use of its tangible and intangible assets, such as land, buildings and trademarks.

Organisation:	the Company has established a sound organisational structure. The Board and the Supervisory Committee of the Company operate independently and no subordinated relationships between the controlling shareholder and the Company or their respective functional departments.
Finance:	the Company has an independent finance department, independent systems for accounting auditing and financial management. The Company has separate bank accounts, makes independent financial decisions and pays taxes independently.

Establishment and Improvement of Internal Control Systems

▼ Basic information on internal control

Since establishment, in order to secure the continuing, rapid, healthy, stable and orderly development of the Company and to protect the interests of shareholders, the Company has continued to build on and improve the risk management oriented internal control system in accordance with the requirements of relevant laws, regulations, rules and guidelines such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies in China, the Rules of Shanghai Stock Exchange for the Listing of Stocks, the Guidelines on Internal Controls of Listed Companies on the Shanghai Stock Exchange and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and in response to the change of internal and external environments.

In establishing and implementing the internal control system, the Company has taken into account of the seven factors including objective setting, internal environment, risk management, control activities, information and communication, supervision and assessment, and management reform.

(1) Objective setting

In order to fully utilize the resources of the Company and bring such into full place, the Board and the management of the Company have formulated the strategic objectives of "pursuing scientific development, reshaping Shenhua and doubling economic aggregate output within 5 years" on the basis of careful investigation and scientific research. Having analyzed the internal and external environments and risk factors, the Company has completed the growth plans of each segment for the coming five years to elaborate the operational objectives of the business segments (rolling budget objectives and annual operational plans) and management objectives (key work points for the year) in an effort to ensure the achievement of the Company's strategic objectives.

(2) Internal environment

In compliance with the relevant laws and regulations and the regulatory requirements, the Company has continued to improve the corporate governance structure and rules of procedure of meeting. The Company has established general meetings and the Board and the special board committees (including the Strategic Committee, Audit Committee, Remuneration Committee, Nomination Committee and Safety, Health and Environment Committee), the Supervisory Committee and the management for which the president is responsible to form an operating system with scientific decisions, effective supervision and strong implementation and an organizational structure with reasonable division of labor, clear term of reference, check and balance, and regulated operations.

(3) Risk management

The Company has formulated the Manual on Internal Control and Manual on Self-Assessment, and drafted the Manual on Comprehensive Risk Management (Draft) in accordance with the requirements of internal control and risk management promulgated by the China Securities Regulatory Commission, Shanghai Stock Exchange, Hong Kong Stock Exchange, Ministry of Finance of the People's Republic of China, and State-owned Assets Supervision and Administration Commission of the State Council (hereinafter as the "SASAC"). The Company endeavors to set up an operational system of internal control and risk management encompassing risk assessment, risk supervision and internal control examination and assessment.

(4) Control activities

The Company continues to strengthen its risk management and execution abilities and has set up 31 function departments including the General Office in terms of organizational structure control whilst combines with the actual conditions of the Company based on the principle that incompatible duties shall be separated and checked and supervised against each other and the principle of cost effectiveness where the specific departments shall execute the key duties of decision-making, execution, supervision and feedback. As to the system procedures, the Company shall take into consideration of the control measures such as the division of duties, authorization, examination and approval, certification, review, budget control, asset protection, control of accounting system, control of internal reporting, analysis of economic activities, performance assessment, information technology as a whole to cover the key management steps and activities of the Company. The Company carries out internal control management mainly in the following three areas:

1. Management of production and operations, including the management of proposals, dispatch, quality, safety, health and environment and related party transactions.
2. Management of the preparation of financial statements, including the management of accounting and audit, budget, funding, purchase and payment, sales and receivables, fixed assets, guarantee and financing, costs and expenses and investments.
3. Integrated management, including the management of information disclosure, internal audit, technological innovation projects, human resources, legal affairs, information system, engineering projects and branches and subsidiaries.

(5) Information and communication

The Company has put in place information communication channels and systems including the regular meeting on the analysis of economic operations, daily dispatch meeting, feedback on budget execution, financial, production, infrastructure statistics, president office meeting, internal report on material information, automated office system and internal website to provide the necessary information to the employees for the performance of their duties and to allow the management to capture relevant information in a timely manner so as to take appropriate actions timely in response to various changes. In addition, the Company has carried out communication and examination on the staff's performance of the control duties.

(6) Supervision and assessment

The Supervisory Committee of the Company has examined the procedures for convening the board meeting of the Company and the resolutions proposed thereat, the execution of the resolutions approved at the general meeting by the Board, the performance of duties by the senior management of the Company and the establishment of a sound internal management system in compliance with the relevant laws and the requirements of the Rules of Procedures of the Supervisory Committee.

The Audit Committee under the Board of the Company is responsible for reviewing the financial reporting, financial supervision, internal control and risk management system to examine the internal control system of the Company; discussing the internal control system with the management to ensure that the management have performed their duties of establishing an effective internal control system; and studying the key findings and the response of the management in respect of internal control matters voluntarily or at the request of the Board.

The Internal Audit Department of the Company shall report to the Audit Committee of the Board and is responsible for examining and assessing the appropriateness and effectiveness of the internal control system of the Company, and the truthfulness, validity and efficiency of the operating activities and financial income and expenses.

The various operation and management departments of the Company are responsible for the development and execution of internal control in their profession and shall submit to the supervision and examination by the Internal Control Supervision and Assessment Department.

(7) Management reform

The Company strives for improvement in terms of the impact of internal control, the deficiencies arising from the examination and assessment of internal control in accordance with the regulatory rules and requirements and the changes in the internal and external environments.

▼ Identification of the effectiveness of internal control

The Board of the Company considers that the internal control system in relation to the operation and financial auditing of the Company was in compliance with the requirements of the relevant regulatory authorities in material aspects in 2009. The Company executed sound control and prevention as to the material risk management failures, serious management frauds and major workflow errors. In executing the internal control system, no material risk management failures, serious management frauds and major workflow errors were found by the Company. Accordingly, the Board of the Company considers that there were no material defects in the design or execution of internal control of the Company in 2009.

Due to the influence of factors such as inherent limitations of internal control, the differences in the recognition of internal control by the management officers, ever-changing market and operating environment and unforeseeable risks, no assurance can be given that there would be no deviations or errors.

The Company will continue to improve the internal control system based on its accumulated management experience, shareholders' advice, domestic and overseas internal control growth trends and the changes in the internal and external risks in compliance with the regulatory rules and requirements.

KPMG Huazhen (hereinafter as "KPMG") was appointed by the Company to issue the "Explanation of the Self-Assessment Report (2009) for Internal Control by the Board of China Shenhua Energy Company Limited" (hereinafter as the "Explanation") for the "Self-Assessment Report (2009) for Internal Control by the Board of China Shenhua Energy Company Limited" (hereinafter as the "Self-Assessment Report"). The Explanation states that, based on the work performed by KPMG, in all material respects, no inconsistencies in internal control relating to the preparation of financial statements have been identified by KPMG between the Self-Assessment Report prepared by the Board and the audit of the Company's financial statements in 2009.

Daily Work of the Board of the Company

The Company has formulated a system relating to the decision-making of the Board in accordance with relevant regulatory requirements and the Articles of Association. The Company has established five Board Committees, including the Strategy Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Safety, Health and Environment Committee.

The Board of the Company has held 10 board meetings during the reporting period. The Board operates in strict compliance with the Articles of Association.

▼ Board meetings of the Company

In 2009, the Board has held 10 meetings to implement resolutions passed at the shareholders' meetings, to consider and approve regular reports, related party transactions (including connected transactions) and certain material decisions, and formulate or amend a number of rules and regulations of the Company.

1. The Company held the 28th meeting of the first session of the Board on 28 February 2009 by way of communication voting. Resolutions in relation to the adjustment of the capital expenditure plans of China Shenhua Energy Company Limited for the year 2008, the operating plans of the Company for the year 2009, the "Rules on Work of the President of China Shenhua Energy Company Limited (Trial)", the "Provisional Measures for the Management of Provision of Guarantees of China Shenhua Energy Company Limited", the "Management Rules for Disposal of Fixed Assets of China Shenhua Energy Company Limited" and the "Management Rules on Use of Proceeds of China Shenhua Energy Company Limited" were passed.
2. The Company held the 29th meeting of the first session of the Board on 27 March 2009 by way of physical meeting in Beijing. For resolutions passed by the Board, please refer to the "Announcement on Resolutions of the 29th Meeting of the First Session of Board of Directors of China Shenhua", which was published on the website of Hong Kong Stock Exchange and Shanghai Stock Exchange on 27 March 2009, and China Securities Journal, Shanghai Securities News and Securities Times on 28 March 2009.
3. The Company held the 30th meeting of the first session of the Board on 15 April 2009 by way of communication voting. For resolutions passed by the Board, please refer to the "Announcement on Resolutions of the 30th Meeting of the First Session of Board of Directors of China Shenhua", which was published on the website of Hong Kong Stock Exchange and Shanghai Stock Exchange on 15 April 2009, and China Securities Journal, Shanghai Securities News and Securities Times on 16 April 2009.
4. The Company held the 31st meeting of the first session of the Board on 28 April 2009 by way of physical meeting in Beijing. For resolutions passed by the Board, please refer to the "Announcement on Resolutions of the 31st Meeting of the First Session of Board of Directors of China Shenhua", which was published on the website of Hong Kong Stock Exchange and Shanghai Stock Exchange on 28 April 2009, and China Securities Journal, Shanghai Securities News and Securities Times on 29 April 2009.
5. The Company held the 32nd meeting of the first session of the Board on 31 July 2009 by way of communication voting. Resolutions in relation to the cancellation of Shenhua Inner Mongolia Coal Transportation and Sales Corporation Limited and the establishment of an office, the equity restructuring and capital increase of Shenhua Guohua (Beijing) Electricity Institute Company Limited and the establishment of Shenhua Guohua Shouguang Power Generation Company Limited (神華國華壽光發電有限責任公司) were passed.
6. The Company held the 33rd meeting of the first session of the Board on 14 August 2009 by way of communication voting. Resolution in relation to the engagement of Mr. Gong Huazhang as a member of the Audit Committee, the Remuneration Committee and the Safety, Health and Environment Committee of the Board of the Company was passed.

7. The Company held the 34th meeting of the first session of the Board on 28 August 2009 by way of physical meeting in Beijing. For resolutions passed by the Board, please refer to the "Announcement on Resolutions of the 34th Meeting of the First Session of Board of Directors of China Shenhua", which was published on the website of Hong Kong Stock Exchange and Shanghai Stock Exchange on 28 August 2009, China Securities Journal, Shanghai Securities News and Securities Times on 29 August 2009.
8. The Company held the 35th meeting of the first session of the Board on 27 October 2009 by way of physical meeting in Beijing. Resolution in relation to the "Third Quarterly Report of China Shenhua Energy Company Limited for the year 2009" was passed.
9. The Company held the 36th meeting of the first session of the Board on 15 November 2009 by way of communication voting. Resolution in relation to the adjustment of the function departments of the headquarter of the Company was passed.
10. The Company held the 37th meeting of the first session of the Board on 18 December 2009 by way of communication voting. For resolutions passed by the Board, please refer to the "Announcement on Resolutions of the 37th Meeting of the First Session of Board of Directors of China Shenhua", which was published on the website of Hong Kong Stock Exchange and Shanghai Stock Exchange on 18 December 2009, China Securities Journal, Shanghai Securities News and Securities Times on 19 December 2009.

Attendance of Directors at Board Meetings in 2009

Number of meetings		10
	Attendance in person Number of times	Attendance by proxy Number of times
Executive Directors		
Zhang Xiwu	10	0
Ling Wen	10	0
Non-executive Directors		
Zhang Yuzhuo	9	1
Han Jianguo	10	0
Independent Non-executive Directors		
Huang Yicheng	10	0
Neoh Anthony Francis	10	0
Chen Xiaoyue	10	0
Gong Huazhang	6	0

Note: Mr. Gong Huazhang was appointed as an independent non-executive director of the Company on 5 June 2009 and attended all of the board meetings held since then.

▼ Implementation of resolution passed at the general meeting by the Board

The Board and Board committees have strictly implemented various resolutions passed at the general meeting of the Company.

Implementation of the resolution passed at the 2008 annual general meeting held on 5 June 2009:

Resolution	Content	Status
Profit Distribution Plan of China Shenhua Energy Company Limited for the year 2008	Considered and approved the profit distribution proposal of the Company and authorized the Board to appoint a group of directors to carry out the profit distribution.	The Company's profit distribution plan for the year 2008 was considered and approved at the 2008 annual general meeting held on 5 June 2009. The announcement of China Shenhua on distribution of the 2008 final dividend was published on the website of Hong Kong Stock Exchange on 15 June 2009 and Shanghai Stock Exchange, China Securities Journal, Shanghai Securities News and Securities Times on 16 June 2009.

▼ Operation of Board Committees of the Company

Performance of duties by the Audit Committee

The Audit Committee of the Board comprises of independent directors including Dr. Chen Xiaoyue, Mr. Neoh Anthony Francis, Mr. Huang Yicheng and Mr. Gong Huazhang, with Dr. Chen Xiaoyue as the chairman. Mr. Gong Huazhang was appointed as a member of the Audit Committee on 14 August 2009.

The Audit Committee comprises four independent directors. During the reporting period, in strict compliance with the "Rules and Procedures of Meetings of the Audit Committee of China Shenhua Energy Company Limited", the Audit Committee amended the "Rules on Work of the Audit Committee of the Board of Directors of China Shenhua Energy Company Limited", formulated the "Rules on Work of Annual Report of the Audit Committee of the Board of Directors of China Shenhua Energy Company Limited", and standardized the monitoring procedures for the Audit Committee on the preparation of annual financial statements and annual auditing in 2009.

During the reporting period, the Audit Committee carried out its duties strictly in accordance with the "Rules and Procedures of Meetings of the Audit Committee of the Board of Directors".

1. In 2009, the Audit Committee held eight meetings in total. Details of the meetings are as follows:

Name	Date	Venue	Attendees	Resolutions passed
The 19th meeting	20 January 2009	Beijing	Chen Xiaoyue, Huang Yicheng, Neoh Anthony Francis	1. Resolution on the "Opinion on accelerating the internal control and risk management under the 'Basic Standard for Enterprise Internal Control' implemented by the five ministries including the Ministry of Finance" 2. Resolution on the "2008 audit plan of China Shenhua Energy Company Limited"
The 20th meeting	25 February 2009	Beijing	Chen Xiaoyue, Huang Yicheng, Neoh Anthony Francis	1. Resolution on the "2009 Operating budget of China Shenhua Energy Company Limited and its Explanation" 2. Resolution on the "Preparation of 2008 financial statements of China Shenhua Energy Company Limited"

Name	Date	Venue	Attendees	Resolutions passed
The 21st meeting	26 March 2009	Beijing	Chen Xiaoyue, Huang Yicheng, Neoh Anthony Francis	<ol style="list-style-type: none"> 1. Resolution on the "2008 audited financial statements of China Shenhua Energy Company Limited" 2. Resolution on the "2008 profit distribution plan of China Shenhua Energy Company Limited" 3. Resolution on the "Report on the deposit of and actual use of the proceeds of the Company" 4. Resolution on the "Cash dividend policies under the 'Articles of Association' of China Shenhua Energy Company Limited" 5. Resolution proposed at the general meeting to grant the general mandate to repurchase shares of the Company to the Board 6. Resolution proposed at the general meeting to authorize the Board to issue new shares of the Company 7. Resolution on the report of social responsibility of China Shenhua Energy Company Limited for the year 2008 8. Resolution on entering into Framework Agreement on Supply of Coal with Shaanxi Province Coal Transportation and Sales (Group) Co Ltd. 9. Resolution on the related party transactions in respect of the new substituted power generation 10. Resolution on the "Self-assessment report on the internal control of China Shenhua Energy Company Limited for the year 2008" 11. Resolution on the "Summary of the audit work of the Company for the year 2008 conducted by the auditor of the Company" 12. Resolution on the re-appointment of the external auditor for the year 2009 13. Resolution on the formulation of the "Rules on Work of Annual Report of the Audit Committee of the Board of Directors of China Shenhua Energy Company Limited" and the amendment to the "Rules on the Work of the Audit Committee of the Board of Directors of China Shenhua Energy Company Limited" 14. Resolution on the audit fee charged by the auditor of the Company for the year 2008 and its term of service 15. Resolution on the "Summary report of the performance of duties by the Audit Committee of the Board for the year 2008" 16. Resolution on the "Proposal on the internal audit work of China Shenhua Energy Company Limited for the year 2009" 17. Resolution on the adjustment to the relevant financial data under the requirements of the new accounting standards
The 22nd meeting	18 April 2009	Beijing	Chen Xiaoyue, Huang Yicheng, Neoh Anthony Francis	<ol style="list-style-type: none"> 1. Resolution on the "2009 first quarterly report of China Shenhua Energy Company Limited" 2. Resolution on the adjustment of the cap of the connected transaction between the Company and Shenhua Group
The 23rd meeting	31 July 2009	Beijing	Chen Xiaoyue, Huang Yicheng, Neoh Anthony Francis	<ol style="list-style-type: none"> 1. Resolution on the connected transactions involved in the equity restructuring and capital increase of Shenhua Guohua (Beijing) Electricity Institute Company Limited

Name	Date	Venue	Attendees	Resolutions passed
The 24th meeting	17 August 2009	Beijing	Chen Xiaoyue, Huang Yicheng, Neoh Anthony Francis, Gong Huazhang	<ol style="list-style-type: none"> 1. Resolution on the "2009 half-yearly financial statements of China Shenhua Energy Company Limited" 2. Resolution on the "Report on the deposit of and actual use of the proceeds of the Company" 3. Resolution on the adjustment to the relevant financial data under the requirements of the new accounting standards 4. Resolution on the adjustment of the cap of the connected transaction with Tianjin Jinneng Group 5. Resolution on the connected transaction involved in the establishment of Shenhua Xinzhun Railway Company Limited
The 25th meeting	27 October 2009	Beijing	Chen Xiaoyue, Huang Yicheng, Neoh Anthony Francis, Gong Huazhang	<ol style="list-style-type: none"> 1. Resolution on the "2009 third quarterly financial statements of China Shenhua Energy Company Limited" 2. Resolution on the issuance of the counter-guarantee letter on the financing of the EMM Indonesia project by CITIC Bank (draft)
The 26th meeting	17 December 2009	Beijing	Chen Xiaoyue, Huang Yicheng, Neoh Anthony Francis, Gong Huazhang	<ol style="list-style-type: none"> 1. Resolution on the operating plan of China Shenhua Energy Company Limited for the year 2010 2. Resolution on the provisional use of part of the idle proceeds as working capital 3. Resolution on the issuance of the counter-guarantee letter on the financing of the EMM Indonesia project by CITIC Bank

2. The Audit Committee has performed the following necessary procedures as part of its 2009 annual report work:

On 6 November 2009, Gong Huazhang, independent director, inspected the work of the Finance Department.

On 13 November 2009, the Audit Committee reviewed the audit work plan of our auditors in relation to the financial statements for 2009.

On 26 November 2009, the Audit Committee entrusted the Internal Control and Audit Department to discuss with the auditor, on the contents, requirements and work schedule for the audit of our financial statements for 2009.

On 29 December 2009, the Audit Committee entrusted the Internal Control and Audit Department to discuss the progress of hard close audit on the financial statements of 2009 with the auditor.

On 3 March 2010, the Audit Committee reviewed the unaudited financial statements for 2009 (draft) and the draft of self-assessment report on internal control of the Board of the Company (2009) prepared by the Company.

On 5 March 2010, the Audit Committee entrusted the Internal Control and Audit Department to discuss the annual audit progress with the auditor of the Company.

On 10 March 2010, the Audit Committee considered the report from Zhang Kehui, the chief financial officer, on the accounting policies, the preparation of the financial statements and the audit progress.

On 10 March 2010, the Audit Committee approved the audited financial statements for 2009, the self-assessment report on internal control for 2009 and the social responsibility report for 2009, and agreed to submit them to the Board for approval.

The Audit Committee discussed independently with the external auditors and there was no inconsistency with the report from the management.

Performance of duties by the Strategy Committee

The Strategy Committee of the Board consists of Dr. Zhang Xiwu, Dr. Zhang Yuzhuo and Dr. Ling Wen, with Dr. Zhang Xiwu as the chairman. Dr. Zhang Yuzhuo was appointed as a member of the Strategic Committee on 27 March 2009.

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; research and submit proposals regarding material investments and financing plans which require approval from the Board; conduct research and submit proposals regarding material capital operations and assets operation projects which require approval from the Board; conduct research 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 perform other matters authorised by the Board.

In 2009, the Strategy Committee held two meetings. Details of the meetings are as follows:

Name	Date	Venue	Attendees	Resolutions passed
The 10th meeting	26 February 2009	Beijing	Zhang Xiwu, Ling Wen	1. Resolution on the adjustment of the capital expenditure plan of China Shenhua Energy Company Limited for the year 2008 2. Resolution on the operating plan of China Shenhua Energy Company Limited for the year 2009
The 11th meeting	17 December 2009	Beijing	Zhang Xiwu, Zhang Yuzhuo, Ling Wen	1. Resolution on the adjustment of the capital expenditure plan of China Shenhua Energy Company Limited for the year 2009 2. Resolution on the operating plan of China Shenhua Energy Company Limited for the year 2010

Performance of duties by the Remuneration Committee

The Remuneration Committee of the Board comprises Mr. Neoh Anthony Francis, Dr. Ling Wen, Dr. Chen Xiaoyue and Mr. Gong Huazhang, with Mr. Neoh Anthony Francis as the chairman. Mr. Gong Huazhang was appointed as a member of the Remuneration Committee on 14 August 2009.

The main duties of the Remuneration Committee are to formulate the remuneration plan or proposal for directors, supervisors, president and other senior management, or to make recommendations to the Board on (including but not limited to) the criteria, procedures and the major systems of performance assessment, key incentive and punishment plans and systems, 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 supervise implementation of the remuneration system of the Company. The Remuneration Committee is authorized by the Board to fix the specific remuneration, including non-monetary benefits, pension and compensation (including compensation for loss or termination of duties or appointment) for all directors, supervisors, the president and other members of the senior management, to ensure that none of the directors or their respective associates fixes his own remuneration, and to carry out any other matter as authorized by the Board.

In 2009, the Remuneration Committee held three meetings in total. Details of the meetings are as follows:

Name	Date	Venue	Attendees	Resolutions passed
The 11th meeting	26 February 2009	Beijing	Neoh Anthony Francis, Ling Wen, Chen Xiaoyue	1. Resolution on the letter of responsibility of performance assessment of China Shenhua Energy Company Limited for the year 2009
The 12th meeting	26 March 2009	Beijing	Neoh Anthony Francis, Ling Wen, Chen Xiaoyue	1. Resolution on the remuneration of the directors and supervisors of China Shenhua Energy Company Limited for the year 2008 2. Resolution on the remuneration of the senior management of China Shenhua Energy Company Limited for the year 2008
The 13th meeting	18 December 2009	Beijing	Neoh Anthony Francis, Ling Wen, Chen Xiaoyue, Gong Huazhang	1. Resolution on the letter of responsibility of performance assessment of China Shenhua Energy Company Limited for the year 2010

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 in the year 2009.

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

Performance of duties by the Nomination Committee

The Nomination Committee of the Board consists of Dr. Zhang Xiwu, Mr. Huang Yicheng, Mr. Neoh Anthony Francis and Dr. Chen Xiaoyue, with Dr. Zhang Xiwu as the chairman.

The main duties of the Nomination Committee are to regularly review the structure, size and composition (including skills, knowledge and experience) 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 search for qualified candidates of directors, president and other senior management; examine candidates of directors, the president and other senior management and make recommendations; nominate candidates for members of the Board Committees (other than members of the Nomination Committee and chairman of any Board Committee); draft development plans for the president, other senior management and key reserve talent; and carry out any other matter as authorized by the Board.

In 2009, the Nomination Committee held four meetings in total. The details of the meetings are as follows:

Name	Date	Venue	Attendees	Resolutions passed
The 6th meeting	27 March 2009	Beijing	Zhang Xiwu, Huang Yicheng, Neoh Anthony Francis, Chen Xiaoyue	1. Resolution on the appointment of Mr. Zhang Yuzhuo as a member of the Strategic Committee of the first session of the Board of the Company
The 7th meeting	10 April 2009	Beijing	Zhang Xiwu, Huang Yicheng, Neoh Anthony Francis, Chen Xiaoyue	1. Resolution on the proposal of election of Mr. Gong Huazhang as an independent non-executive director of China Shenhua Energy Company Limited at the 2008 annual general meeting
The 8th meeting	14 August 2009	Beijing	Zhang Xiwu, Huang Yicheng, Neoh Anthony Francis, Chen Xiaoyue	1. Resolution on the appointment of Mr. Gong Huazhang as a member of the Audit Committee, Remuneration Committee and the Safety, Health and Environment Committee of the Board of the Company
The 9th meeting	15 November 2009	Beijing	Zhang Xiwu, Huang Yicheng, Neoh Anthony Francis, Chen Xiaoyue	1. Resolution on the adjustment of the function departments of the headquarter of China Shenhua Energy Company Limited

Performance of duties by the Safety, Health and Environment Committee

The Safety, Health and Environment Committee of the Board consists of Mr. Huang Yicheng, Dr. Zhang Yuzhuo, Dr. Ling Wen, Mr. Han Jianguo and Mr. Gong Huazhang, with Mr. Huang Yicheng as the chairman. Mr. Gong Huazhang was appointed as a member of the Safety, Health and Environment Committee on 14 August 2009.

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; give advice to the Board or the president on material issues of the Company in respect of health, safety and environmental protection, inquire into the material incidents regarding the Company's production, operations, properties, assets, staff or other facilities, as well as review and supervise the resolution of such incidents and deal with any other issues authorised by the Board.

In 2009, the Safety, Health and Environment Committee held two meetings in total. The details of the meetings are as follows:

Name	Date	Venue	Attendees	Resolutions passed
The 9th meeting	26 March 2009	Beijing	Huang Yicheng, Zhang Yuzhuo, Ling Wen, Han Jianguo	1. Resolution on the report of social responsibility of China Shenhua Energy Company Limited in 2008 2. Report of the safety, health and environmental protection work summary of China Shenhua Energy Company Limited in the first quarter of 2009 and the key work arrangements in the second quarter
The 10th meeting	25 December 2009	Beijing	Huang Yicheng, Zhang Yuzhuo, Ling Wen, Han Jianguo, Gong Huazhang	1. Safety, health and environmental protection work summary of China Shenhua Energy Company Limited in 2009 and key work plan arrangements in 2010

▼ Performance of duties by independent directors

During the reporting period, the independent directors of the Company strictly complied with the requirements of relevant laws and regulations, the Articles of Association, relevant rules and procedures of meeting and the “Systems of Independent Directors of China Shenhua Energy Company Limited”. They maintained their independence required of independent directors, performed their functions of supervision, participated in the making of various important decisions of the Company and reviewed regular reports and financial statements of the Company. Therefore the independent directors of the Company played a key role in monitoring the operation of the Company and protected the lawful interests of minority shareholders. The Company has facilitated and ensured that proper conditions are in place for independent directors to perform their duties.

The Board of the Company has been in compliance with Rule 3.10(1) of the Hong Kong Listing Rules, which requires a company to maintain at least three independent non-executive directors, and with Rule 3.10(2) of the Hong Kong Listing Rules, which requires one of those independent non-executive directors to possess appropriate professional qualifications or accounting or relevant financial management expertise.

1. Attendance of independent directors at board meetings

Name of independent director	Number of board meetings	Attendance in person	Attendance by proxy	Absence
Huang Yicheng	10	10	0	0
Neoh Anthony Francis	10	10	0	0
Chen Xiaoyue	10	10	0	0
Gong Huazhang	6	6	0	0

Note: Mr. Gong Huazhang was appointed as an independent non-executive director of the Company on 5 June 2009 and attended all of the board meetings of the Company since then

2. Dissenting views of independent directors on matters of the Company

During the reporting period, the independent directors of the Company did not raise any dissenting views to the resolutions of the Board of the Company for the year.

General Meetings

▼ Shareholders' rights

In accordance with the Articles of Association and the “Rules and Procedures of Shareholders’ General Meetings of China Shenhua Energy Company Limited”, the Company has defined the convening and voting procedures for shareholders’ general meetings, including the convening, notification, registration, holding, consideration and approval of proposals, voting, vote counting, announcement of voting results, formation of meeting resolutions, minutes and the execution and announcement thereof.

As the owners of the Company, the shareholders of the Company are entitled to the rights as stipulated in laws, administrative regulations and the Articles of Association. The shareholders’ general meeting is the highest authority of the Company, through which shareholders can exercise their rights.

The controlling shareholder of the Company exercises its rights as a shareholder in a regulated way and participates in operation and decision-making of the Company by way of shareholders’ general meeting and the Board. The Company convenes the general meeting in Hong Kong or Beijing, and actively invites minority shareholders of H shares and A shares to attend the shareholder’s general meeting. The Board of the Company considers with due care and makes arrangement for the matters to be considered at shareholders’ general meetings at least 45 days prior to such meetings, and sufficient time for discussion will be given in relation to each matter proposed. Minority shareholders actively attend shareholders’ general meeting and fully enjoy various rights such as right of information, to speak, to address questions and to vote.

The Company makes timely, accurate and complete information disclosures in strict compliance with the listing rules of its place of listing. This is to ensure the fairness, openness, equality and consistency for all shareholders in obtaining information. The Company has established an effective communication channel with shareholders through an information disclosure system and a reception system for investors. Shareholders are entitled to be informed and to participate in the significant events of the Company as specified in laws, administrative regulations and the Articles of Association.

▼ Convening of General Meetings

During the reporting period, the Company held one annual general meeting and two class meetings in strict compliance with the notification, convening and holding procedures of general meetings stipulated by relevant laws and regulations, listing rules in PRC and Hong Kong and the Articles of Association. The details of the meetings are as follows:

Name	Date	Venue	Number of shareholders/ proxies attended	Total number of shares represented by them	Percentage of total share capital
			persons	shares	
2008 annual general meeting	5 June 2009	Beijing	28	16,487,585,477	82.8954% of the total share capital
2009 first class meeting of A shares holders	5 June 2009	Beijing	33	14,790,194,608	89.6863% of the total A share capital
2009 first class meeting of H shares holders	5 June 2009	Beijing	2	1,545,376,858	45.4712% of the total H share capital

The above notices of the meetings were given 45 days prior to the convening of the meeting with particulars of the meeting being published at the websites of the stock exchanges both in the PRC and Hong Kong in accordance with requirements of the Articles of Association. Apart from accepting registration of shareholders' attendance by way of facsimile, the Company also actively invited the attendance of holders of A shares and H shares and fund analysts. Sufficient time was given to shareholders for consideration of proposals and for Q&A session, realizing good communication between the management and shareholders. The entire process of the meeting was witnessed by the PRC and overseas legal advisers and auditors of the Company, and the "Legal Opinion Regarding the 2008 Annual General Meeting, the 2009 First Class Meeting of Holders of A Shares and the 2009 First Class Meeting of Holders of H Shares of China Shenhua Energy Company Limited" was issued by Beijing King & Wood Law Firm.

Announcement of the resolutions passed at the 2008 Annual General Meeting, the 2009 First Class Meeting of Holders of A Shares and the 2009 First Class Meeting of Holders of H Shares was published on the website of Hong Kong Stock Exchange (www.hkex.com.hk) on 5 June 2009, and China Securities Journal, Shanghai Securities News, Securities Times and the website of Shanghai Stock Exchange (www.sse.com.cn) on 6 June 2009.