

## Supervisory Committee's Report

During the reporting period, all members of the Supervisory Committee (the "Supervisory Committee") of China Shenhua Energy Company Limited (the "Company") had, with integrity and the attitude of being responsible to all shareholders, honestly carried out their supervisory duties, protected the interests of shareholders and duly overseen the operations and the financial position of the Company in 2009 as well as the performance by the directors and senior management of the Company of their duties, in accordance with the Company Law of the Peoples' Republic of China (the "Company Law") and the Articles of Association.

### Operation of the Supervisory Committee

In the reporting period, in compliance with the requirements of the Articles of Association and the Rules and Procedures of Meetings of the Supervisory Committee and in light of the actual conditions, the Supervisory Committee conducted one on-site examination on the operations and the financial position of the Company and reviewed the 2008 annual financial statements, the 2009 first quarterly financial statements, the half-yearly financial statements and the third quarterly financial statements of the Company. In 2009, the Supervisory Committee held five meetings, details of such meetings are summarized as follows:

Meeting	Date	Venue	Method of meeting	Attendance of Supervisors	Subject matter	Voting results
The 15th meeting of the first session of the Supervisory Committee	27 March 2009	Beijing	On-site	All	<ol style="list-style-type: none"> <li>1. Resolution on the 2008 annual report of China Shenhua Energy Company Limited</li> <li>2. Resolution on the social responsibility report of China Shenhua Energy Company Limited for the year 2008</li> <li>3. Resolution on the 2008 audited financial statements of China Shenhua Energy Company Limited</li> <li>4. Resolution on the 2008 profit distribution plan of China Shenhua Energy Company Limited</li> <li>5. Resolution on the report on deposit and actual use of the proceeds of China Shenhua Energy Company Limited</li> </ol>	<p>Approved unanimously</p> <p>Approved unanimously</p> <p>Approved unanimously</p> <p>Approved unanimously</p> <p>Approved unanimously</p>

Meeting	Date	Venue	Method of meeting	Attendance of Supervisors	Subject matter	Voting results
					6. Resolution on the work summary of the Supervisory Committee of China Shenhua Energy Company Limited for the year 2008 7. Resolution on the key points of work of the Supervisory Committee of China Shenhua Energy Company Limited for the year 2009 8. Resolution on the work report of the Supervisory Committee of China Shenhua Energy Company Limited for the year 2008 9. To hear the report on the work of the internal control and audit department, strategic planning department, capital operations department and project management department of the Company for the year 2008	Approved unanimously  Approved unanimously  Approved unanimously  Not for voting
The 16th meeting of the first session of the Supervisory Committee	28 April 2009	Beijing	In writing	All	1. Resolution on the 2009 first quarterly report of China Shenhua Energy Company Limited	Approved unanimously
The 17th meeting of the first session of the Supervisory Committee	28 August 2009	Beijing	On-site	All	1. Resolution on the 2009 half-yearly report of China Shenhua Energy Company Limited 2. Resolution on the 2009 half-yearly financial statements of China Shenhua Energy Company Limited 3. Resolution on the report on the deposit and actual use of the proceeds of China Shenhua Energy Company Limited	Approved unanimously  Approved unanimously  Approved unanimously
The 18th meeting of the first session of the Supervisory Committee	27 October 2009	Beijing	In writing	All	1. Resolution on the 2009 third quarterly report of China Shenhua Energy Company Limited	Approved unanimously
The 19th meeting of the first session of the Supervisory Committee	18 December 2009	Beijing	In writing	All	1. Resolution on the provisional use of part of the idle proceeds as working capital	Approved unanimously

The five meetings were convened and held in compliance with the relevant provisions of the Company Law and the Articles of Association.

## **Independent opinion of the Supervisory Committee on the lawful operation of the Company**

In accordance with the laws and regulations of the jurisdiction where the Company is listed, the Supervisory Committee has duly overseen and examined the convening procedures and resolutions of board meetings, implementation by the Board of the resolutions of general meetings, performance by senior management of the Company of their duties and the establishment and consistent implementation of the internal management system of the Company.

The Supervisory Committee takes the view that the Board and senior management of the Company have acted in strict accordance with the Company Law, the Securities Law, the Articles of Association and other relevant regulations and rules of the jurisdiction where the Company is listed, have performed their duties with integrity and diligence and implemented the resolutions of, and exercised the power granted by, the general meetings; and that the decisions and operations are in compliance with the laws and regulations and the Articles of Association. In examining the financial position of the Company and overseeing the performance by the directors and senior management of the Company of their duties, the Supervisory Committee is not aware of any act prejudicial to the interests of the Company and its shareholders, or any act in breach of laws and regulations, the Articles of Association and the rules and regulations of the Company. The Supervisory Committee further takes the view that the Company has established a sound internal control system.

## **Independent opinion of the Supervisory Committee on the financial position of the Company**

In the reporting period, the Supervisory Committee effected one on-site examination on the financial position of the Company and its principal subsidiaries and branches, duly reviewed the Company's annual financial statements for the year 2008, the Company's profit distribution plan for the year 2008 and the Company's first quarterly, interim and third quarterly financial statements for the year 2009.

The Supervisory Committee is of the opinion that the financial statements of the Company give an objective, true and fair view of the financial position and the operating results of the Company in all material aspects and are true and reliable with its regulated financial audit and sound internal control system.

## **Independent opinion of the Supervisory Committee on the actual use of the proceeds from the latest fund-raising exercise of the Company**

In September 2007, the Company raised net proceeds of RMB65.98838 billion by issue of A shares. In 2009, the proceeds utilized amounted to RMB1.30306 billion, of which RMB0.92775 billion was used for investing in and upgrading the coal, power and transportation system of the Company, and RMB0.37531 billion was used for the acquisitions of strategic assets. As at 31 December 2009, the cumulative proceeds utilized by the Company amounted to RMB32.90587 billion, of which RMB15.00819 billion was used for investing in and upgrading the coal, power and transportation system of the Company, RMB1.89768 billion was used for the acquisitions of strategic assets, and RMB16 billion was used as working capital of the Company and for general commercial purposes. As at 31 December 2009, the balance of the proceeds amounted to RMB33.08251 billion. The actual use of such proceeds was in line with that set out in the prospectus issued by the Company. In addition, it was approved at the 37th meeting of the first session of the Board of the Company that part of the net proceeds of RMB6.500 billion would be provisionally used as working capital for a term of 6 months from 21 December 2009. The balance of such proceeds was RMB26.58251 billion.

## **Independent opinion of the Supervisory Committee on the acquisitions or disposals of assets by the Company**

The Company did not enter into any significant transactions for acquisition or disposal of assets in the reporting period and is not aware of any insider dealing or any situation prejudicial to the interests of shareholders or resulting in loss of assets of the Company.

## **Independent opinion of the Supervisory Committee on connected transactions of the Company**

The Supervisory Committee is of the opinion that the connected transactions of the Company in 2009 have been carried out under the principles of fairness and equality and have been constantly monitored and regulated, the consideration of such transactions are reasonable and the amounts of such transactions are within the caps as approved by competent regulatory authorities. The Supervisory Committee is not aware of any act prejudicial to the interests of the shareholders.

In 2010, the Supervisory Committee will continue to perform its duties with diligence to protect the interests of the Company and its shareholders in accordance with the Company Law and the Articles of Association.