中国神华
CHINA SHENHUA

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

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

(Stock Code: 01088)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

- Revenue of the Group in the first half of 2023 was RMB169,442 million, representing an increase of RMB3,863 million or 2.3% over the same period of 2022.
- Profit for the period attributable to equity holders of the Company was RMB36,861 million, representing a decrease of RMB5,632 million or 13.3% over the same period of 2022 (as restated).
- Basic earnings per share for the period was RMB1.855.
- EBITDA in the first half of 2023 was RMB61,693 million, representing a decrease of RMB3,714 million or 5.7% over the same period of 2022.

The board of directors (the "**Board**") of China Shenhua Energy Company Limited (the "**Company**") hereby presents the interim results of the Company and its subsidiaries (the "**Group**" or "**China Shenhua**") for the six months ended 30 June 2023 and reports our performance for the period.

I. INTERIM FINANCIAL INFORMATION

Financial information extracted from the unaudited condensed consolidated financial statements for the six months ended 30 June 2023 prepared in accordance with International Accounting Standard 34 "*Interim Financial Reporting*":

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the six months ended 30 June 2023 – unaudited
(Expressed in Renminbi ("RMB"))

		Six months ended 30 June	
	Note	**2023**	2022 (Restated)
		RMB million	*RMB million*
Revenue			
Goods and services	4	**169,442**	165,579
Cost of sales	5	**(114,144)**	(106,677)
Gross profit		**55,298**	58,902
Selling expenses		**(203)**	(328)
General and administrative expenses		**(4,580)**	(4,575)
Research and development costs		**(719)**	(703)
Other gains and losses		**138**	369
Other income		**480**	545
Loss allowances, net of reversal		**3**	77
Other expenses		**(93)**	(130)
Interest income		**1,432**	1,502
Finance costs		**(1,272)**	(1,204)
Share of results of associates		**1,816**	1,274
Profit before income tax		**52,300**	55,729
Income tax expense	6	**(9,576)**	(6,205)
Profit for the period	7	**42,724**	49,524

	Note	Six months ended 30 June	
		2023	2022 (Restated)
		RMB million	*RMB million*
Profit for the period		**42,724**	49,524
Other comprehensive income for the period			
Items that will not be reclassified to profit or loss, net of income tax:			
Fair value changes on investments in equity instruments at fair value through other comprehensive income		**86**	(14)
Share of other comprehensive income of associates		**160**	326
Items that may be reclassified subsequently to profit or loss, net of income tax:			
Exchange differences		**364**	420
Share of other comprehensive income of associates		**(19)**	(5)
Other comprehensive income for the period, net of income tax		**591**	727
Total comprehensive income for the period		**43,315**	50,251

	Note	Six months ended 30 June	
		2023	2022 (Restated)
		RMB million	*RMB million*
Profit for the period attributable to:			
Equity holders of the Company		**36,861**	42,493
Non-controlling interests		**5,863**	7,031
		42,724	49,524
Total comprehensive income for the period attributable to:			
Equity holders of the Company		**37,362**	43,117
Non-controlling interests		**5,953**	7,134
		43,315	50,251
Earnings per share			
– Basic *(RMB)*	8	**1.855**	2.139

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 June 2023 – unaudited
(Expressed in RMB)

	Note	**30 June 2023**	31 December 2022 (Restated)
		RMB million	*RMB million*
Non-current assets			
Property, plant and equipment		**273,766**	274,103
Construction in progress		**26,378**	20,843
Exploration and evaluation assets		**7,296**	5,218
Intangible assets		**4,058**	4,059
Right-of-use assets		**23,952**	24,023
Interests in associates	9	**53,808**	49,714
Equity instruments at fair value through other comprehensive income		**2,499**	2,386
Other non-current assets		**28,349**	28,905
Deferred tax assets		**5,060**	5,019
Total non-current assets		**425,166**	414,270
Current assets			
Inventories		**15,553**	12,096
Accounts and bills receivables	10	**16,617**	12,100
Financial assets at fair value through other comprehensive income		**192**	502
Prepaid expenses and other current assets		**16,751**	15,849
Restricted bank deposits		**8,123**	6,357
Time deposits with original maturity over three months		**33,415**	32,688
Cash and cash equivalents		**150,311**	131,458
Total current assets		**240,962**	211,050

	Note	30 June 2023	31 December 2022 (Restated)
		RMB million	*RMB million*
Current liabilities			
Borrowings		**6,589**	12,630
Accounts and bills payables	11	**31,755**	38,972
Accrued expenses and other payables		**93,288**	34,724
Current portion of lease liabilities		**237**	297
Current portion of long-term liabilities		**810**	674
Income tax payable		**3,451**	5,510
Contract liabilities		**5,077**	5,597
Total current liabilities		**141,207**	98,404
Net current assets		**99,755**	112,646
Total assets less current liabilities		**524,921**	526,916
Non-current liabilities			
Borrowings		**38,635**	38,438
Bonds		**3,312**	3,453
Long-term liabilities		**14,775**	10,613
Accrued reclamation obligations		**9,047**	9,005
Deferred tax liabilities		**1,243**	1,166
Other non-current liabilities		**1,099**	–
Lease liabilities		**1,355**	1,445
Total non-current liabilities		**69,466**	64,120
Net assets		**455,455**	462,796
Equity			
Share capital		**19,869**	19,869
Reserves		**363,961**	377,114
Equity attributable to equity holders of the Company		**383,830**	396,983
Non-controlling interests		**71,625**	65,813
Total equity		**455,455**	462,796

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2023 – unaudited
(Expressed in RMB)

	Equity attributable to equity holders of the Company									
	Share capital *RMB million*	Share premium *RMB million*	Capital reserve *RMB million*	Exchange reserve *RMB million*	Statutory reserves *RMB million*	Other reserves *RMB million*	Retained earnings *RMB million*	Total *RMB million*	Non-controlling interests *RMB million*	Total equity *RMB million*
At 31 December 2022	19,869	84,766	3,657	371	25,782	(20,415)	282,907	396,937	65,785	462,722
Impact on initial application of amendments to IAS 12, Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction *(Note 3)*	–	–	–	–	–	–	46	46	28	74
At 1 January 2023	19,869	84,766	3,657	371	25,782	(20,415)	282,953	396,983	65,813	462,796
Profit for the period	–	–	–	–	–	–	36,861	36,861	5,863	42,724
Other comprehensive income for the period	–	–	–	272	–	229	–	501	90	591
Total comprehensive income for the period	–	–	–	272	–	229	36,861	37,362	5,953	43,315
Dividend declared *(Note 12)*	–	–	–	–	–	–	(50,665)	(50,665)	–	(50,665)
Appropriation of maintenance and production funds	–	–	–	–	4,630	–	(4,630)	–	–	–
Utilisation of maintenance and production funds	–	–	–	–	(880)	–	880	–	–	–
Contributions from non-controlling shareholders	–	–	–	–	–	–	–	–	369	369
Distributions to non-controlling shareholders	–	–	–	–	–	–	–	–	(555)	(555)
Others	–	–	–	–	–	132	18	150	45	195
At 30 June 2023	19,869	84,766	3,657	643	29,532	(20,054)	265,417	383,830	71,625	455,455

	Equity attributable to equity holders of the Company									
	Share capital *RMB million*	Share premium *RMB million*	Capital reserve *RMB million*	Exchange reserve *RMB million*	Statutory reserves *RMB million*	Other reserves *RMB million*	Retained earnings *RMB million*	Total *RMB million*	Non-controlling interests *RMB million*	Total equity *RMB million*
At 31 December 2021(Restated)	19,869	84,766	3,657	(334)	22,425	(14,316)	263,786	379,853	69,143	448,996
Impact on initial application of amendments to IAS 12, Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction *(Note 3)*	–	–	–	–	–	–	24	24	9	33
At 1 January 2022(Restated)	19,869	84,766	3,657	(334)	22,425	(14,316)	263,810	379,877	69,152	449,029
Profit for the period (Restated)	–	–	–	–	–	–	42,493	42,493	7,031	49,524
Other comprehensive income for the period	–	–	–	317	–	307	–	624	103	727
Total comprehensive income for the period	–	–	–	317	–	307	42,493	43,117	7,134	50,251
Dividend declared *(Note 12)*	–	–	–	–	–	–	(50,466)	(50,466)	–	(50,466)
Appropriation of maintenance and production funds	–	–	–	–	2,896	–	(2,896)	–	–	–
Utilisation of maintenance and production funds	–	–	–	–	(1,536)	–	1,536	–	–	–
Contributions from non-controlling shareholders	–	–	–	–	–	–	–	–	124	124
Distributions to non-controlling shareholders	–	–	–	–	–	–	–	–	(463)	(463)
Others	–	–	–	–	–	13	13	26	53	79
At 30 June 2022 (Restated)	19,869	84,766	3,657	(17)	23,785	(13,996)	254,490	372,554	76,000	448,554

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2023 – unaudited
(Expressed in RMB)

	Note	Six months ended 30 June	
		2023	2022
		RMB million	*RMB million*
Operating activities			
Profit before income tax		**52,300**	55,729
Adjustments for:			
Depreciation and amortisation	7	**11,369**	11,250
Gains on disposal of property, plant and equipment, intangible assets and non-current assets	7	**(140)**	(369)
Loss allowances, net of reversal	7	**(3)**	(77)
Write down of inventories		**2**	–
Interest income		**(1,432)**	(1,502)
Share of results of associates		**(1,816)**	(1,274)
Interest expense		**1,510**	1,384
Exchange gain, net	7	**(255)**	(187)
Other income		**(2)**	(134)
Operating cash flows before movements in working capital		**61,533**	64,820
(Increase)/decrease in inventories		**(3,470)**	967
(Increase)/decrease in accounts and bills receivables		**(4,571)**	1,040
(Increase)/decrease in prepaid expenses, other current assets and other non-current assets		**(2,396)**	690
Decrease in accounts and bills payables		**(4,032)**	(2,596)
Increase in accrued expenses and other payables		**11,404**	4,575
Decrease in contract liabilities		**(520)**	(479)
Cash generated from operations		**57,948**	69,017
Income tax paid		**(11,599)**	(10,654)
Net cash generated from operating activities		**46,349**	58,363

	Note	Six months ended 30 June	
		2023	2022
		RMB million	*RMB million*
Investing activities			
Acquisition of property, plant and equipment, intangible assets, exploration and evaluation assets, additions to the construction in progress and other non-current assets		**(15,767)**	(11,163)
Increase in right-of-use assets		**(471)**	(926)
Proceeds from disposal of property, plant and equipment, intangible assets, and other non-current assets		**350**	465
Investments in associates		**(2,489)**	(225)
Repayment of investment from associates		**85**	–
Net cash increased from disposed of assets classified as held for sale		**–**	256
Dividend received from associates		**442**	224
Interest received		**2,109**	934
Increase in restricted bank deposits		**(1,766)**	(2,055)
Increase in time deposits with original maturity over three months		**(727)**	(3,819)
Net cash used in investing activities		**(18,234)**	(16,309)

	Note	Six months ended 30 June	
		2023	2022
		RMB million	*RMB million*
Financing activities			
Capital element of lease rentals paid		**(103)**	(91)
Interest element of lease rentals paid		**(16)**	(10)
Interest paid		**(1,277)**	(1,356)
Proceeds from borrowings		**6,639**	10,955
Repayments of borrowings		**(12,724)**	(13,074)
Redemption of bonds		**(313)**	–
Contributions from non-controlling shareholders		**369**	124
Distributions to non-controlling shareholders		**(2,175)**	(253)
Proceeds from bills discounted		**56**	542
Net cash used in financing activities		**(9,544)**	(3,163)
Net increase in cash and cash equivalents		**18,571**	38,891
Cash and cash equivalents, at the beginning of the period		**131,458**	156,706
Effect of foreign exchange rate changes		**282**	273
Cash and cash equivalents, at the end of the period		**150,311**	195,870

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2023
(Expressed in RMB)

1 PRINCIPAL ACTIVITIES

China Shenhua Energy Company Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") are principally engaged in: (i) the production and sale of coal; and (ii) the generation and sale of coal-based power to provincial/regional electric grid companies in the People's Republic of China (the "**PRC**"). The Group operates an integrated railway network and seaports that are primarily used to transport the Group's coal sales from its mines. The primary customers of the Group's coal sales include power plants, metallurgical and coal chemical producers in the PRC.

2 BASIS OF PREPARATION

This interim financial report have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (IAS) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (IASB). It was authorised for issue on 25 August 2023.

The interim financial report have been prepared in accordance with the same accounting policies adopted in the 2022 annual consolidated financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual consolidated financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual consolidated financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRSs.

The financial information relating to the financial year ended 31 December 2022 that is included in the interim financial report as comparative information does not constitute the Group's annual consolidated financial statements for that financial year but is derived from those financial statements. The annual consolidated financial statements for the year ended 31 December 2022 are available from the Company's registered office. The auditor has expressed an unqualified opinion on those financial statements in the report dated 24 March 2023.

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following new and amendments to IFRSs issued by the IASB to these financial statements for the current accounting period:

- IFRS 17, *Insurance contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *Income taxes: International tax reform – Pillar Two model rule*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRSs are discussed below:

IFRS 17, *Insurance contracts*

IFRS 17, which replaces IFRS 4, sets out the recognition, measurement, presentation and disclosure requirements applicable to issuers of insurance contracts. The standard does not have a material impact on these financial statements as the Group does not have contracts within the scope of IFRS 17.

Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on these financial statements as the Group's approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

Amendments to IAS 12, *Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction*

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The impact of the retrospective adjustments of the above accounting policy changes on the consolidated financial statements of the Group, which was prepared in accordance with IFRSs, is as follows: for the condensed consolidated statements of profit or loss and other comprehensive income for the six months ended 30 June 2023 and 2022, income tax expense decreased by RMB43 million and RMB33 million and profit for the period increased by RMB43 million and RMB33 million, respectively; for the condensed consolidated statement of financial position as at 30 June 2023, consolidated statements of financial position as at 31 December 2022 and 1 January 2022, deferred tax assets increased by RMB191 million, RMB142 million and RMB86 million, deferred tax liabilities increased by RMB74 million, RMB68 million and RMB53 million, and total equity increased by RMB117 million, RMB74 million and RMB33 million, respectively.

Amendments to IAS 12, *Income taxes: International tax reform – Pillar Two model rules*

The amendments introduce a temporary mandatory exception from deferred tax accounting for the income tax arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development ("**OECD**") (income tax arising from such tax laws is hereafter referred to as "**Pillar Two income taxes**"), including tax laws that implement qualified domestic minimum top-up taxes described in those rules. The amendments also introduce disclosure requirements about such tax. The amendments are immediately effective upon issuance and require retrospective application. The amendments do not have a material impact on these financial statements as the Group's approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

4 REVENUE FROM GOODS AND SERVICES

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

	For the six months ended 30 June															
	Coal		Power		Railway		Port		Shipping		Coal chemical		Others		Total	
Segments	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	RMB million	*RMB million*	***RMB million***	*RMB million*	***RMB million***	*RMB million*	***RMB million***	*RMB million*	***RMB million***	*RMB million*	***RMB million***	*RMB million*	***RMB million***	*RMB million*	***RMB million***	*RMB million*
Types of goods or services																
Sales of goods																
Coal	**110,984**	113,976	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**110,984**	113,976
Power	**–**	–	**40,770**	34,133	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**40,770**	34,133
Coal chemical products	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**2,727**	3,148	**–**	–	**2,727**	3,148
Others	**2,675**	2,552	**3,311**	2,942	**–**	–	**–**	–	**–**	–	**275**	277	**–**	–	**6,261**	5,771
	113,659	116,528	**44,081**	37,075	**–**	–	**–**	–	**–**	–	**3,002**	3,425	**–**	–	**160,742**	157,028
Transportation and other services																
Railway	**–**	–	**–**	–	**5,989**	5,600	**–**	–	**–**	–	**–**	–	**–**	–	**5,989**	5,600
Port	**–**	–	**–**	–	**–**	–	**847**	884	**–**	–	**–**	–	**–**	–	**847**	884
Shipping	**–**	–	**–**	–	**–**	–	**–**	–	**821**	622	**–**	–	**–**	–	**821**	622
Others	**–**	–	**–**	–	**910**	1,345	**133**	99	**–**	1	**–**	–	**–**	–	**1,043**	1,445
	–	–	**–**	–	**6,899**	6,945	**980**	983	**821**	623	**–**	–	**–**	–	**8,700**	8,551
Total	**113,659**	116,528	**44,081**	37,075	**6,899**	6,945	**980**	983	**821**	623	**3,002**	3,425	**–**	–	**169,442**	165,579
Geographical markets																
Domestic markets	**110,467**	114,896	**40,745**	34,184	**6,899**	6,945	**980**	983	**821**	623	**3,002**	3,425	**–**	–	**162,914**	161,056
Overseas markets	**3,192**	1,632	**3,336**	2,891	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**6,528**	4,523
Total	**113,659**	116,528	**44,081**	37,075	**6,899**	6,945	**980**	983	**821**	623	**3,002**	3,425	**–**	–	**169,442**	165,579
Timing of revenue recognition																
A point in time	**113,659**	116,528	**44,081**	37,075	**–**	–	**–**	–	**–**	–	**3,002**	3,425	**–**	–	**160,742**	157,028
Over time	**–**	–	**–**	–	**6,899**	6,945	**980**	983	**821**	623	**–**	–	**–**	–	**8,700**	8,551
Total	**113,659**	116,528	**44,081**	37,075	**6,899**	6,945	**980**	983	**821**	623	**3,002**	3,425	**–**	–	**169,442**	165,579

5 COST OF SALES

	Six months ended 30 June	
	2023	2022
	RMB million	*RMB million*
Coal purchased	**33,395**	30,096
Materials, fuel and power	**16,168**	12,894
Personnel expenses	**14,574**	12,586
Depreciation and amortisation	**9,547**	9,209
Repairs and maintenance	**5,875**	4,744
Transportation charges	**9,273**	9,357
Taxes and surcharges	**9,450**	9,934
Other operating costs	**15,862**	17,857
	114,144	106,677

6 INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022 (Restated)
	RMB million	*RMB million*
Current tax, mainly PRC enterprise income tax	**8,379**	9,462
Under/(Over) provision in respect of prior year	**1,161**	(2,813)
Deferred tax	**36**	(444)
	9,576	6,205

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate applicable for the PRC group entities is 25% (2022: 25%) except for subsidiaries and branches operating in the western developing region of the PRC which are entitled to a preferential tax rate of 15% from 2021 to 2030.

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

	Six months ended 30 June	
	2023	2022
	%	*%*
Australia	**30.0**	30.0
Indonesia	**22.0**	22.0
United States	**21.0**	21.0
Hong Kong	**8.25/16.5***	8.25/16.5*

During the six months ended 30 June 2023 and 2022, there was no significant assessable profit and provision for income tax for the overseas subsidiaries.

* The two-tiered profits tax rates regime is applicable from the year of assessment 2018/19 onwards. The profits tax rate for the first HKD2,000,000 of profits of corporations will be lowered to 8.25%, and profits above that amount will continue to be subject to the tax rate of 16.5%.

7 PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2023	2022
	RMB million	*RMB million*
Personnel expenses, including	**22,892**	20,973
– contributions to defined contribution plans	**2,585**	2,162
Depreciation of property, plant and equipment	**10,204**	10,030
Depreciation of right-of-use assets	**464**	429
Amortisation of intangible assets	**190**	220
Amortisation of other non-current assets	**531**	612
Depreciation and amortisation charged for the period	**11,389**	11,291
Less: amount capitalised	**20**	41
Depreciation and amortisation *(Note)*	**11,369**	11,250
Loss allowances, net of reversal		
– Trade and other receivables	**(3)**	(77)
	(3)	(77)
Other (gains) and losses, represent		
– gains on disposal of property, plant and equipment, exploration and evaluation assets, intangible assets and non-current assets	**(140)**	(369)
– write down of inventories	**2**	–
	(138)	(369)
Cost of inventories	**84,052**	79,120
Operating lease changes relating to short-term leases, leases of low-value assets and variable lease payments	**241**	189
Exchange gain, net	**(255)**	(187)

Note:

Cost of sales included an amount of depreciation and amortisation of RMB9,547 million for the six months ended 30 June 2023 (six months ended 30 June 2022: RMB9,209 million).

8 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity holders of the Company of RMB36,861 million (six months ended 30 June 2022 (Restated): RMB42,493 million) and the 19,869 million ordinary shares in issue during the six months ended 30 June 2023 (six months ended 30 June 2022: 19,869 million shares).

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

9 INTERESTS IN ASSOCIATES

	30 June 2023 *RMB million*	31 December 2022 *RMB million*
Unlisted shares, at cost	**50,644**	48,240
Share of post-acquisition profits and other comprehensive income, net of dividend received	**3,164**	1,474
	53,808	49,714

Name of associates	Proportion of ownership interest and voting power held by the Group		Principal activities
	30 June 2023 %	31 December 2022 %	
Beijing Guodian Power Co., Ltd.	**42.53**	42.53	Generation and sale of electricity
Haoji Railway Co., Ltd.	**12.50**	12.50	Provision of transportation service
Shendong Tianlong Group Co., Ltd.	**20.39**	20.39	Coal production and sale
Sichuan Guang'an Power Co., Ltd.	**20.00**	20.00	Generation and sale of electricity
Guohua (Hebei) Renewables Co., Ltd.	**25.00**	25.00	Generation and sale of electricity
Inner Mongolia Yili Chemical Industry Co., Ltd.	**25.00**	25.00	Production and sale of chemicals
China Energy Finance Co., Ltd.	**40.00**	40.00	Provision of comprehensive financial service

10 ACCOUNTS AND BILLS RECEIVABLES

	30 June 2023 *RMB million*	31 December 2022 *RMB million*
Accounts receivable		
– China Energy Group and fellow subsidiaries	**2,583**	2,472
– Associates	**44**	31
– Third parties	**13,356**	9,686
	15,983	12,189
Less: allowance for credit losses	**(1,219)**	(1,221)
	14,764	10,968
Bills receivables		
– China Energy Group and fellow subsidiaries	**766**	36
– Third parties	**1,087**	1,096
	1,853	1,132
	16,617	12,100

As at 30 June 2023 and 31 December 2022, accounts and bills receivables from contracts with customers amounted to RMB17,836 million and RMB13,321 million, respectively.

Bills receivables were mainly issued by PRC banks and are expiring within one year. As at 30 June 2023, no bills receivables was pledged to secure bills payables.

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	30 June 2023 *RMB million*	31 December 2022 *RMB million*
Less than one year	**14,309**	10,578
One to two years	**248**	155
Two to three years	**49**	27
More than three years	**158**	208
	14,764	10,968

11 ACCOUNTS AND BILLS PAYABLES

	30 June 2023 *RMB million*	31 December 2022 *RMB million*
Accounts payable		
– China Energy Group, associates of China Energy Group and fellow subsidiaries	**1,795**	2,158
– Associates	**526**	956
– Third parties	**28,467**	34,757
	30,788	37,871
Bills payables	**967**	1,101
	31,755	38,972

The following is an ageing analysis of accounts and bills payables, presented based on invoice date at the end of the reporting period:

	30 June 2023 *RMB million*	31 December 2022 *RMB million*
Less than one year	**27,336**	34,476
One to two years	**2,109**	1,804
Two to three years	**835**	874
More than three years	**1,475**	1,818
	31,755	38,972

12 DIVIDENDS

During the current interim period, a final dividend in respect of the year ended 31 December 2022 of RMB2.55 per ordinary share totaling RMB50,665 million (six months ended 30 June 2022: RMB2.54 per ordinary share totaling RMB50,466 million in respect of the year ended 31 December 2021) was approved at the annual general meeting held on 16 June 2023 and paid in full by August 2023.

The Directors have determined that no dividend will be paid in respect of the current interim period (six months ended 30 June 2022: Nil).

II. BOARD STATEMENT

Dear Shareholders,

In the first half of 2023, with the full resumption of normal operation of the economy and society, and the influence of macro policies, the national economy rebounded and improved and the high-quality development was steadily promoted. The Company thoroughly studied and implemented the guiding principles of the 20th National Congress of the CPC and the spirit delivered in General Secretary Xi Jinping's important speech on his inspection of Huanghua Port, practically fulfilled the "three roles" in scientific and technological innovation, industrial control and security support of a centrally-administered state-owned enterprise, and steadily exerted its efforts in production safety, reform and development, scientific and technological innovation, Party building and other aspects. All these efforts achieved concrete and effective progress, with production and operation meeting and even surpassing expectations.

Taking responsibility and setting an example in guarantee of energy supply. The Company has been ensuring energy security with coal supply as coal has become increasingly prominent as a stabiliser in ensuring energy security by delivering high and stable production on the premise of safety and compliance. Also, the Company has been ensuring the stability of power supply with coal-fired power. The role of coal-fired power generation as a stabiliser has been brought into full play, which further strengthens the position of the coal-fired power generation industry. The Company has insisted on stabilising the energy market with a price-anchored approach. The Company actively implemented national policies on the execution, fulfilment and pricing of medium- and long-term coal contracts, completed the annual ordering tasks with high standards, fulfilled the contracts with high quality, and demonstrated its commitment as a centrally-administered state-owned enterprise with sufficient supply and stable prices.

Improving quality and ensuring efficiency in production and operation. The Company launched the "100-day production safety campaign" to ensure an overall stable production safety situation. The Company actively responded to market conditions with flexible strategies and smooth operations, maintaining the monthly output of self-produced coal at a high level and a year-on-year increase in purchased coal. The Company endeavoured to maintain the price and expand the supply of coal-fired power, and achieved successive double-digit growth in power generation, which resulted in a favourable trend of increasing revenue and improving efficiency in the power generation. The Company maintained a smooth network of energy transportation channels, with the coal transportation volume by railway accounting for 26% of the national coal transportation volume by railways, and the volume of coal exported from self-owned ports accounting for 36% of the seaborne coal sales volume of the northern ports. The Company explored the large-scale logistics and transportation business, and realised the "railway, port and shipping" full process reverse transportation for the first time. Besides, the Company strengthened lean management of capital and smoothed internal capital circulation channels. As a result, the Company's external interest-bearing liabilities decreased by 11.4% compared to the beginning of the year, and its overall comprehensive financing cost ratio declined by 0.48% year-on-year. Thanks to the enhanced specialised management, the number of its loss-making enterprises of group entities at all levels reduced by 8 compared to the beginning of the year.

Expanding investment and strengthening leadership in transformation and development. The Company took major projects as a lead to increase investment in its core industries and consolidate its advantages in integrated operation. For instance, the acquisition of certain coal assets held by the controlling shareholder was initiated, the construction of Xinjie No. 1 Mine and No. 2 Mine and the renewed construction of the coal-fired power generation projects were pushed forward as planned, and the railway capacity expansion and electrification renovation projects were implemented smoothly. Intelligent construction of coal mines was pushed forward, with 19 coal mines and long-wall working faces passing the inspection and acceptance of intelligent coal mine construction at provincial (autonomous region) level. The Company has been deeply engaged in cooperation with local enterprises, expanded new energy investment opportunities in various ways, obtained project approvals for 13 new energy projects, actively participated in pumped storage projects, and launched a strategic study on the layout of hydrogen energy business. The two low-carbon funds set up with our participation have yielded stable returns and continued to scale up.

Optimising mechanisms and strengthening control in corporate governance. The Company has formulated an implementation plan to accelerate the construction of a world-class integrated energy listed company, an implementation plan for value creation against world-class enterprises, and a plan for high-quality development of the listed company, so as to ensure that the work of building a first-class enterprise will get off to a good start. In particular, the Company improved the review mechanism of special committees of the independent directors and held strategic seminars and meetings of the Board of Directors to enhance the standard of decision-making by the Board of Directors and the performance of duties by the independent directors. The Company strengthened compliance management and continued to enhance the management of related party/connected transactions. It improved the systems for analysing operating data and information disclosure, and responded to the demands of investors in an accurate and timely manner. By virtue of its improved ESG governance system, the Company has been listed in the Fortune China List for ESG Influence for two consecutive years, won the AA rating in the Wind-ESG Ranking (A Shares) and has received numerous awards such as the Listed Company with Best Practices.

Making concerted efforts on political construction and implementation. The Company strictly upheld the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era to strengthen our mind and soul, and further promoted the implementation of the spirit delivered in the guiding principles of the 20th National Congress of the CPC. The Company insisted on the integration of learning, thinking and application, and the unification of knowledge, beliefs and actions, and delivered tangible results in casting souls and enhancing wisdom, and in fostering morale and motivating actions, so as to promote the construction of a first-class enterprise with the achievements of thematic education. The Company strengthened the cohesion of the organisations by deepening the creation activities of "One Party Branch Builds One Brand, One Brand Features One Characteristic", optimising the structure of the cadre team, and accelerating the construction of the talent echelon.

At present, the global political and economic situation is complex and complicated, and the foundation for the sustainable recovery and the development of the domestic economy is still unstable, and the prices of bulk commodities such as coal are subject to frequent change. In this context, the Company, facing the urgent pressure of accelerating green and low-carbon transformation and upgrading, finds itself in internal need to grasp the opportunities of the times and promote high-quality development. In the second half of the year, the Company will continue to follow through the guiding principles of the 20th National Congress of the CPC and the spirit delivered in the important speeches and important instructions of General Secretary Xi Jinping, adhere to the goal-oriented and issue-oriented approach, actively serve major national strategies, and persist in the restructuring and upgrading of traditional industries as well as the development of emerging industries on a large scale, so as to complete various annual targets and tasks with high quality. Firstly, the Company will build a strong safety foundation by reinforcing our fundamental work. In this regard, we will uphold bottom-line thinking and extreme-case thinking, endeavour to improve the capability of safety management, and resolutely keep the bottom line of no serious accidents. Secondly, the Company will safeguard energy security during the peak summer and peak winter periods. In this regard, we will strengthen the organisation of coal production and consolidate the positive trend of monthly production. We will reinforce the reliability management of coal-fired power generating units to ensure the output level during peak seasons. We will also promote the all-out, high-efficiency and integrated operation to ensure energy supply in key areas and during critical periods. Thirdly, the Company will secure the business objectives through lean management. In this regard, we will carefully study the market and business situation in the second half of the year, and take multiple measures to stabilise our output, price, market share and revenue. We will deepen the industry-finance synergy, give full play to our capital strengths, and enhance our value creation capability. We will also increase the application of intelligent technology, cultivate a digital culture and explore the value of digital assets. Fourthly, the Company will reinforce the core functions in the course of restructuring and development. In this regard, we will continue to complete the approval procedure for Xinjie No. 1 Mine and Xinjie No. 2 Mine, to commission six highly-efficient clean coal power units with a total installed capacity of 4,700 MW, so as to further enhance the level of innovation and efficiency of core industry integration. We will advance the progress of projects under construction by accelerating the progress of the preliminary work, so as to steadily enlarge the installed capacity of new energy projects. We will continue to promote the research and development and demonstration of technologies for exploiting and using coal in a clean and efficient manner, increase R&D investment in hydrogen energy, energy storage, and the exploitation and application of comprehensive energy, and actively explore new models of coupled development of new energy and coal-based energy, so as to create a new multi-energy synergistic developing pattern for the low-carbon industries.

Board of Directors
China Shenhua Energy Company Limited
25 August 2023

III. MANAGEMENT DISCUSSION AND ANALYSIS

(I) INDUSTRY AND PRINCIPAL BUSINESSES CONDITIONS OF THE COMPANY IN THE FIRST HALF OF THE YEAR

i. Competition and Development Trend in the Industry[1]

1. Macroeconomic Environment

In the first half of 2023, domestic market demand has gradually recovered, and production and supply have continued to increase. Employment and commodity prices have been stabilized on the whole. Residents' income has grown steadily, and the overall economic operation has rebounded to a positive trend with the gross domestic product (GDP) in the first half of the year increasing by 5.5% year-on-year.

2. Coal Market Environment

(1) China's thermal coal market

In the first half of 2023, China's energy demand increased, and the national coal economic operation remained basically stable. Significant results were achieved in increasing coal production and ensuring supply. Coal production capacity continued to be released, and railway transportation capacity continued to improve. Coal storage in major sectors of the society was at a high level, and coal prices declined in a shocking manner. As at 30 June 2023, the medium- and long-term contract price of the National Coal Seaborne Thermal-Coal Price Index (國煤下水動力煤價格指數) (NCEI) (5,500 kcal) was RMB701 per tonne, representing a decrease of RMB27 per tonne as compared with that of the end of the previous year. The average medium- and long-term contract price implemented in the first half of the year was approximately RMB722 per tonne, remaining basically unchanged as compared with that of the corresponding period of the previous year, which played the role of "stabiliser" for coal prices.

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

From the perspective of the supply side, effective production capacity of coal supply has increased, and coal production has maintained growth, effectively guaranteeing China's secure and stable energy supply. Raw coal output from four provinces, namely Shanxi, Shaanxi, Inner Mongolia and Xinjiang amounted to 1.87 billion tonnes, representing a year-on-year increase of 4.6%, accounting for 81.3% of raw coal output in China. Total import volume of coal amounted to 220 million tonnes, representing a year-on-year increase of 93.0%. Thermal coal has taken up an increasing portion in coal sales and transport capacity, and the sales volume of coal under medium- and long-term contract has increased significantly, with thermal coal accounting for 83.6% of the national coal transportation volume by railways. As at the end of June, unified management power plants nationwide have a coal inventory of approximately 200 million tonnes.

	First half of 2023	Year-on-year Change %
Industrial raw coal output above designated scale in China *(billion tonnes)*	**23.0**	4.4
Coal import *(billion tonnes)*	**2.2**	93.0
National coal transportation volume by railways *(billion tonnes)*	**13.8**	3.2

From the perspective of the demand side, China's total energy consumption increased in the first half of 2023 by approximately 5.1% year-on-year. Commercial coal consumption kept growing, with a year-on-year increase of approximately 7.2%. In particular, the consumption of commercial coal in the power generation industry accounted for approximately 59.0% of the total consumption, with a year-on-year increase of 11.2%, showing a relatively rapid growth.

(2) International thermal coal market

In the first half of 2023, with a tepid global economic recovery, energy demand fell into a downtrend, and energy prices steadily trended lower. Coal production from major resource countries remained in high level, which mitigated global supply shortage of thermal coal market, demonstrating a more flexible market scalability. According to ship transport tracking data from Refinitiv, the global seaborne coal trade continued to expand in 2023, with total seaborne coal shipment volume (excluding domestic coastal transport) from January to June at approximately 0.64 billion tonnes, representing an increase of 11.9% year-on-year. Indonesia exported approximately 0.21 billion tonnes of coal, representing an increase of 29.3% year-on-year; Australia exported approximately 0.17 billion tonnes of coal, representing a decrease of 2.2% year-on-year; Russia exported 92.80 million tonnes, representing an increase of 6.8% year-on-year; the United States exported 40.40 million tonnes, representing an increase of 18.6% year-on-year; South Africa exported 34.10 million tonnes, representing an increase of 8.7% year-on-year. When analyzed by importing countries and regions, for the first half of 2023, imports from mainland China increased significantly; India imported 0.11 billion tonnes, representing an increase of 8.7% year-on-year; and coal imports of Japan, South Korea and the European Union all declined year-on-year. As at the end of June 2023, the spot price of Newcastle NEWC thermal coal was US$137.9 per tonne, representing a decrease of 65.7% as compared with that of the end of the previous year.

3. Power Market Environment

In the first half of 2023, China's power supply and demand is generally balanced, except that the tensions between the supply and demand of power built up in some areas during some periods affected by factors such as decreased incoming water. China's national power consumption reached 4,307.6 billion kWh, representing a year-on-year increase of 5.0%. Power generation by power plants above designated scale in China totalled 4,168.0 billion kWh, representing a year-on-year increase of 3.8%. In particular, thermal power generation amounted to 2,945.7 billion kWh, representing an increase of 7.5% year-on-year; hydropower generation amounted to 450.4 billion kWh, representing a decrease of 22.9% year-on-year due to the impact of the continued low water flow level; and wind and solar power generation together amounted to 559.9 billion kWh.

The proportion of installed power generation capacity from non-fossil energy sources continued to rise. In the first half of 2023, the newly installed capacity of power generation by infrastructure construction nationwide was 140 million kilowatts (kW), of which newly built grid-connected solar power generation capacity amounted to 78.42 million kW, accounting for 55.6% of the newly installed capacity. As at the end of June 2023, the country's installed power generation capacity was 2.71 billion kW, representing an increase of 10.8% year-on-year. In particular, the installed capacity of non-fossil energy power generation was 1.39 billion kW, representing an increase of 18.6% year-on-year, accounting for 51.5% of the total installed capacity, representing an increase of 3.4 percentage points year-on-year; the installed capacity of thermal power generation was 1.36 billion kW, of which 1.14 billion kW were coal-fired power generation, accounting for 42.1% of the total installed capacity of power generation, representing a decrease of 3.4 percentage points year-on-year.

Coal-fired power is still the main source of power supply in China at present. The average utilisation hours of power generation equipment at power plants in China with the installed capacity of 6,000KW and above was 1,733 hours, representing a year-on-year decrease of 44 hours. Among them, the average utilisation hours of thermal power generation equipment reached 2,142 hours, representing a year-on-year increase of 84 hours. The average utilisation hours of hydropower reached 1,239 hours, representing a year-on-year decrease of 452 hours. In the first half of the year, the average utilization hours of coal-fired power were 2,244 hours, representing an increase of 104 hours year-on-year. Coal-fired power generation accounted for 58.5% of the total power generation, which is still the main source of power supply in China at present, effectively compensating for the significant decline in hydropower output, lending strong support to ensure sufficient power supply.

Inter-provincial and inter-regional power transmission remained on a growth path. Market-based transaction has raised its proportion in total power sale. In the first half of 2023, power trading centers across China organized and completed a total of 2,650.1 billion kWh of market transactions, representing a year-on-year increase of 6.7%, accounting for 61.5% of total power consumption in the whole society, representing a year-on-year increase of 0.9 percentage point; of which the total medium- and long-term direct transaction volume of power was 2,114.2 billion kWh, representing a year-on-year increase of 5.9%. The electricity spot market has been steadily improving.

4. *Outlook for the Second Half of the Year*

In the second half of 2023, despite the more complex and severe external environment and the pressure on domestic economic development, the long-term fundamentals of China's economy remained positive, and the characteristics of having strong resilience, great potential and vitality stayed unchanged. With the accumulation of positive factors for development, such as improvement in employment, increase in residents' income, gradual enhancement of domestic demand, optimization and adjustment of supply structure, and growth and expansion of new energies, the economy is expected to continue to recover.

As to the coal industry, sustained economic recovery will allow steady and modest growth in coal consumption, while seasonal fluctuations, extreme weather, unforeseen events and other factors will further highlight coal as an important energy alternative to prevent power supply interruption. Coal supply will remain at a high level, and supply of thermal coal will remain stable and orderly as assured by medium- and long-term coal contracts. Notable growth in coal imports is expected to prevail throughout the year. Supply and demand condition of the domestic coal market is anticipated to remain basically balanced in the second half of the year, and the price median of coal may decline slightly.

As to the power industry, installed capacity of power generation will continue to rise in the second half of the year, and the proportion of installed power generation capacity from non-fossil energy will continue to increase. China's annual economic growth target will drive the growth of electricity demand. Considering last year's base number and weather condition, it is expected that the growth rate of electricity consumption in the second half of the year will be higher than that in the first half, and that supply will be tightly balanced in some periods, such as the peak summer season, and in some areas.

ii. Principal Businesses and Operation Model of the Company during the Reporting Period

China Shenhua Energy Company Limited was established in Beijing in November 2004 and was listed on HKEx and SSE in June 2005 and October 2007, respectively. The Group is principally engaged in the production and sale of coal and electricity, railway, port and shipping transportation, and coal-to-olefins businesses. The integration of coal, power, railway, port, shipping and coal chemical into one unified operation chain is the Group's unique operation and profitability model.

The Group owns high-quality coal resources in Shendong Mines, Zhunge'er Mines, Shengli Mines and Baorixile Mines, etc. As at 30 June 2023, the Company had coal reserves of 32.74 billion tonnes and recoverable coal reserves of 13.53 billion tonnes under the PRC Standard. The Group controls and operates high-capacity clean coal-fired power generators with great parameters, the Group controls and operates power generators with an installed capacity of 40,353 MW as at 30 June 2023. The Group controls and operates a network of concentric transportation railways around the major coal production bases in western Shanxi, northern Shaanxi and southern Inner Mongolia as well as "Shenshuo – Shuohuang Line", a major channel for coal transportation from western to eastern China, and Huanghua-Dajiawa Railway, a new energy channel in Bohai Rim. The total length of railways in operation has reached 2,408 km. The Group also controls and operates a number of ports and docks (approximately 0.27 billion tonnes/year vessel loading capability in aggregate), such as Huanghua Port, possesses the shipping transportation team comprising its own vessels with approximately 2.18 million tonnes of loading capacity and conducts coal-to-olefins businesses with approximately 0.6 million tonnes/year of operation and production capacity. The Group's technology of coal exploitation and production safety has secured a leading position in the global market, and that of clean coal-fired power generation and heavy-loaded railway transportation has secured a leading position in the domestic market.

During the Reporting Period, the Group made no significant change in the scope of its principal businesses, operation model and key drivers to performance.

(II) ANALYSIS ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD

There were no substantial changes in the core competitiveness of the Group during the Reporting Period.

The core competitiveness of the Group mainly includes: (1) the chained integration operation model of coal, power, railway, port, shipping and coal chemical operations; (2) premium and abundant coal resources; (3) a management team with the dedication to the principal business of the Company and an advanced operation philosophy; (4) leading industrial technologies and technological innovation capabilities in China and overseas in areas including coal mining, production safety, heavy-loaded railway transportation, clean coal-fired power generation and coal-to-olefins.

(III) DISCUSSION AND ANALYSIS ON OPERATION RESULTS

In the first half of the year, the Group's safe production remained stable, energy supply was consolidated, resource succession and key project construction were accelerated, achieving the overall development of steady progress and quality uplift. However, the Group's operating results in the first half of the year decreased year-on-year affected by the decline in coal prices, rising costs of raw materials and other factors.

The Group recorded a revenue of RMB169,442 million in the first half of 2023 (the first half of 2022: RMB165,579 million), representing a year-on-year increase of 2.3%; a profit before tax of RMB52,300 million (the first half of 2022: RMB55,729 million), representing a year-on-year decrease of 6.2%; the profit for the period attributable to equity holders of the Company of RMB36,861 million (the first half of 2022: RMB42,493 million, as restated); and basic earnings per share of RMB1.855/share (the first half of 2022: RMB2.139/share, as restated), representing a year-on-year decrease of 13.3%.

The status of completion of 2023 business targets of the Group is as follows:

Item	Unit	Targets of 2023	**Completion in the first half of 2023**	Percentage of completion %
Commercial coal production	100 million tonnes	3.094	**1.607**	51.9
Coal sales	100 million tonnes	4.358	**2.179**	50.0
Power generation	100 million kWh	2,039	**1,002.0**	49.1
Revenue	RMB100 million	3,500	**1,694.42**	48.4
Cost of sales	RMB100 million	2,510	**1,141.44**	45.5
Selling, general and administrative expenses, R&D costs and net financial costs	RMB100 million	155	**53.42**	34.5
Change in unit production cost of self-produced coal	/	Year-on-year increase of approximately 10%	**Year-on-year increase of 5.9%**	/

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

IV. MAJOR OPERATION RESULTS DURING THE REPORTING PERIOD

(I) Analysis on Principal Business

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

Unit: RMB million

Item	The first half of 2023	The first half of 2022 (restated)	Change %
Revenue	**169,442**	165,579	2.3
Cost of sales	**(114,144)**	(106,677)	7.0
Interest income	**1,432**	1,502	(4.7)
Finance costs	**(1,272)**	(1,204)	5.6
Share of results of associates	**1,816**	1,274	42.5
Income tax expense	**(9,576)**	(6,205)	54.3
Net cash generated from operating activities	**46,349**	58,363	(20.6)
Net cash used in investing activities	**(18,234)**	(16,309)	11.8
Net cash used in financing activities	**(9,544)**	(3,163)	201.7

(1) Reasons for the changes in revenue

The revenue of the Group in the first half of 2023 recorded a year-on-year slight increase. The main reasons for the increase are:

① Affected by the growth of national power consumption, the increase of power generation brought by the new generating units put into operation, and the Group's strengthening of unit operation and marketing and other factors, the Group's power output dispatch and average price of electricity sold increased by 18.4% and 1.5% respectively year-on-year.

② The Group strengthened the resource organization of purchased coal, and the sales volume of purchased coal increased by 17.0% year-on-year.

③ Due to the efforts that the Group put in efficiently organising coal transportation, the transportation turnover of self-owned railway increased by 3.6% year-on-year.

Major operating indicators	Unit	**The first half of 2023**	The first half of 2022	Change %
(I) Coal				
1. Commercial coal production	Million tonnes	**160.7**	157.6	2.0
2. Coal sales	Million tonnes	**217.9**	210.1	3.7
Of which: Sales of self-produced coal	Million tonnes	**159.3**	160.0	(0.4)
Sales of purchased coal	Million tonnes	**58.6**	50.1	17.0
(II) Transportation				
1. Transportation turnover of self-owned railway	Billion tonne km	**150.4**	145.2	3.6
2. Loading volume at Huanghua Port	Million tonnes	**100.6**	103.2	(2.5)
3. Loading volume at Tianjin Coal Dock	Million tonnes	**22.6**	20.3	11.3
4. Shipping volume	Million tonnes	**72.2**	65.8	9.7
5. Shipment turnover	Billion tonne nautical miles	**78.8**	64.4	22.4
(III) Power generation				
1. Gross power generation	Billion kWh	**100.20**	84.79	18.2
2. Total power output dispatch	Billion kWh	**94.26**	79.60	18.4
(IV) Coal chemical				
1. Sales of polyethylene	Thousand tonnes	**181.3**	183.7	(1.3)
2. Sales of polypropylene	Thousand tonnes	**170.1**	174.6	(2.6)

(2) Explanations on the reasons for the changes in cost of sales

Breakdown of cost items	**The first half of 2023** Amount *RMB million*	**The first half of 2023** Percentage *%*	The first half of 2022 Amount *RMB million*	The first half of 2022 Percentage *%*	Change of the amount *%*
Cost of purchased coal	**33,395**	**29.3**	30,096	28.2	11.0
Raw materials, fuel and power	**16,168**	**14.2**	12,894	12.1	25.4
Personnel expenses	**14,574**	**12.8**	12,586	11.8	15.8
Repair and maintenance	**5,875**	**5.1**	4,744	4.4	23.8
Depreciation and amortisation	**9,547**	**8.4**	9,209	8.6	3.7
Transportation charges	**9,273**	**8.1**	9,357	8.8	(0.9)
Tax and surcharge	**9,450**	**8.3**	9,934	9.3	(4.9)
Others	**15,862**	**13.8**	17,857	16.8	(11.2)
Total cost of sales	**114,144**	**100.0**	106,677	100.0	7.0

The cost of sales of the Group in the first half of 2023 represented a year-on-year increase, of which:

① The main reasons for the year-on-year increase in the cost of purchased coal: the year-on-year increases in the sales volume of purchased coal and purchase cost.

② The main reasons for the year-on-year increase in raw materials, fuel and power costs: the increases in power output dispatch and the cost of purchased coal.

③ The main reasons for the year-on-year increase in personnel expenses: the increased policy-related social security contributions, as well as the increase in accrued employee compensation based on progress.

④ The main reason for the year-on-year increase in repair and maintenance costs: the increase in repair and maintenance costs in railway segment due to the maintenance plan.

⑤ The main reasons for the year-on-year increase in depreciation and amortisation: increase in property, plant and equipment of the Group due to the operation of generating units, purchase of coal mine equipment, railway and port construction.

⑥ The main reason for the year-on-year decrease in tax and surcharge: the decrease in the revenue from sales of self-produced coal, and the decrease in resource taxes year-on-year.

(3) Other items of consolidated statement of profit or loss and other comprehensive income

① The main reason for the year-on-year decrease in interest income: the decrease in interest rates of bank deposits.

② The main reasons for the year-on-year increase in finance costs: growth in relevant discount interest on mining rights confirmed during the Reporting Period.

The Group adhered to lean management of funds and enhanced its ability to realise gains from funds through measures such as properly improving the fund deposit structure and promoting reduction of interest-bearing liabilities, the net finance costs therefore remained relatively low for a long time.

③ The main reason for the year-on-year increase in share of results of associates: the increase in the Group's investment income from power and railway associates and Finance Company.

④ The main reasons for the year-on-year increase in the income tax: in the same period of the last year, certain coal subsidiaries of the Group settled and paid the income tax, and the overpaid tax in previous years was offset against the current income tax.

(4) Items of cash flow statement

The Group formulated capital management policies that aimed to achieve maximized interests for the shareholders and maintained a sound capital structure while reducing the costs of capital under the premise of safeguarding the operation on an on-going basis, and made investments in accordance with the policy of the Company.

① Net cash generated from operating activities: net cash inflow in the first half of 2023 was RMB46,349 million (net cash inflow in the first half of 2022: RMB58,363 million), representing a year-on-year decrease of 20.6%. Main reasons: the Group's net cash generated from operating activities decreased as a result of factors such as the decline in revenue from coal sales and the increase in production costs.

② Net cash used in investing activities: net cash outflow in the first half of 2023 was RMB18,234 million (net cash outflow in the first half of 2022: RMB16,309 million), representing a year-on-year increase of 11.8%, which was mainly attributable to the increase in payment for the acquisition and construction of property, plant and equipment, intangible assets, exploration and evaluation assets, construction in progress and other non-current assets as the Group promoted the construction of projects under construction.

③ Net cash used in financing activities: net cash outflow in the first half of 2023 was RMB9,544 million (net cash outflow in the first half of 2022: RMB3,163 million), representing a year-on-year increase of 201.7%, which was mainly due to the Group's active efforts to reduce the interest-bearing liabilities and the decrease in the balance of external loans.

(5) Research and development expenditure

Expensed research and development expenditure in the period *(RMB million)*	719
Capitalised research and development expenditure in the period *(RMB million)*	206
Total research and development expenditure (RMB million)	925
Ratio of capitalised research and development expenditure *(%)*	22.3
Percentage of total research and development expenditure to revenue *(%)*	0.5
Number of research and development personnel in the Company *(number of person)*	2,958
Ratio of research and development personnel to the total number of persons in the Company *(%)*	3.6

In the first half of 2023, the research and development expenditure of the Group amounted to RMB925 million (the first half of 2022: RMB1,028 million), representing a year-on-year decrease of 10.0%. During the Reporting Period, the research and development expenditure was mainly used for smart mine projects of Shendong Mines, the continuous coal mining system of wheel buckets for strip mines in alpine regions, the research on high-temperature subcritical efficiency improvement technology for thermal power units, key technologies and applications for comprehensive efficiency improvement of multi-parameter industrial steam turbine units, carbon dioxide capture, resources and energy utilisation, 7*24 intelligent operation and maintenance projects of railway lines, application of wireless ECP braking system on heavy-loaded railways, and research on technologies relating to smart ships.

2. Explanation on Material Changes in the Business Model, Composition of Profit or Source of Profit of the Company

The major business model of the Group is the integrated coal industry chain: i.e. coal production → coal transportation (railway, port and shipping) → conversion of coal (power generation and coal chemical), and there are business intercourses between each segment. In the first half of 2023, the percentages of profit before income tax (before elimination on consolidation) of coal, power, transportation and coal chemical segments of the Group were 71%, 12%, 17% and 0%, respectively (the first half of 2022: 73%, 7%, 19% and 1%). Affected by the decrease in coal prices, the increase in power generation and other factors, the proportion of profit before income tax in the coal segment of the Group decreased, while the proportion of profit before income tax in the power segment increased.

During the Reporting Period, the Company made no significant change in the business model, composition of profit or source of profit.

(II) Analysis on Assets and Liabilities

1. Analysis on Changes in the Major Items in the Consolidated Statement of Financial Position

	As at 30 June 2023		As at 31 December 2022			
Item	**Amount**	**Percentage of total assets**	Amount	Percentage of total assets	Change of the amount	Main reasons for changes
	RMB million	***%***	*RMB million*	*%*	*%*	
Construction in progress	**26,378**	**4.0**	20,843	3.3	26.6	Continuous investment in power generation projects under construction
Exploration and evaluation assets	**7,296**	**1.1**	5,218	0.8	39.8	Increase in assets related to exploration rights of Xinjie No. 1 Mine and Xinjie No. 2 Mine
Interests in associates	**53,808**	**8.1**	49,714	8.0	8.2	Completion of capital increase in Finance Company and recognization of share of results of associates during the Reporting Period
Inventories	**15,553**	**2.3**	12,096	1.9	28.6	Increase in coal inventories, spare tools and spare parts

Item	As at 30 June 2023		As at 31 December 2022		Change of the amount	Main reasons for changes
	Amount	**Percentage of total assets**	Amount	Percentage of total assets		
	RMB million	***%***	*RMB million*	*%*	*%*	
Accounts and bills receivables	**16,617**	**2.5**	12,100	1.9	37.3	Increase in receivables from power sales and coal sales; and the increase in settlement on bills for sales of coal and electricity
Financial assets at fair value through other comprehensive income	**192**	**0.0**	502	0.1	(61.8)	Decrease in bank acceptances intended to be used for discounting or endorsement
Restricted bank deposits	**8,123**	**1.2**	6,357	1.0	27.8	Increase in the balance of the special account for the Group's mine geographical environment governance and restoration fund
Cash and cash equivalents	**150,311**	**22.6**	131,458	21.0	14.3	Net cash generated from operating activities during the Reporting Period
Short-term borrowings	**6,589**	**1.0**	12,630	2.0	(47.8)	Optimising the use of internal funds and increased repayment of short-term borrowings during the Reporting Period; repayment on maturity of long-term borrowings due within one year
Accounts and bills payables	**31,755**	**4.8**	38,972	6.2	(18.5)	Decrease in material payables, engineering and equipment payables
Accrued expenses and other payables	**93,288**	**14.0**	34,724	5.6	168.7	Unpaid final dividend of 2022 as at the end of the Reporting Period; as at the disclosure date of this annoucement, such dividend was fully paid
Income tax payable	**3,451**	**0.5**	5,510	0.9	(37.4)	Income tax at the end of the last year paid during the Reporting Period
Long-term liabilities	**14,775**	**2.2**	10,613	1.7	39.2	Increase in long-term payables of transfer proceeds associated with mining right

2. Explanation on Offshore Assets

As at 30 June 2023, the total offshore assets of the Group amounted to RMB34,892 million, accounting for 5.2% of the total assets, which mainly consisted of the power generation assets in Indonesia and the assets from U.S. dollar-denominated bonds issued in Hong Kong, the PRC.

3. Restrictions on Main Assets as at the End of the Reporting Period

No main assets of the Group have been seized or mortgaged.

As at 30 June 2023, the balance of the restricted assets of the Group was RMB8,209 million, which mainly consisted of balance of the special account for the mine geographical environment governance and restoration fund of Group's coal subsidiaries and branches and various deposits placed with financial institutions by the Group as security deposits.

(III) Operation Results by Business Segment

1. Coal Segment

(1) Production, operations and construction

In the first half of 2023, the Group adhered to safety and compliance to increase production and ensure supply, achieving stable and orderly production safety and strong energy supply. The commercial coal output achieved 160.7 million tonnes in the first half of the year (the first half of 2022: 157.6 million tonnes), representing a year-on-year increase of 2.0%. The total footage of advancing tunnels at underground mines was 199 thousand meters (the first half of 2022: 229 thousand meters), among which Shendong Mines recorded footage of advancing tunnels of 190 thousand meters (the first half of 2022: 219 thousand meters).

The Group grasped the policy opportunities and continued to promote coal resource continuation, license application and capacity enhancement. As at the end of the Reporting Period, the contract for the proceeds from transfer of mining rights has been entered into for Xinjie No. 1 Mine and No. 2 Mine in Taigemiao North Area in Inner Mongolia. The environmental assessment report of Xinjie No. 1 Mine has been approved by the Ministry of Ecology and Environment of the PRC. The acquisition of resources in the expanded area of Shangwan Coal Mine and Bulianta Coal Mine in Shendong Mines has been progressing in an orderly manner, and the contract for the payment (in installments) of the proceeds from the transfer of mining rights has been signed. The production capacity of Lijiahao Mine has increased from 6 million tonnes/year to 8 million tonnes/year, and has passed the on-site verification by the State Administration of Mine Safety.

The Group continued to promote the construction of intelligent coal mines. As at the end of the Reporting Period, a total of 19 coal mines and long-wall working faces of the Group have passed the inspection and acceptance of intelligent coal mine construction at provincial (autonomous region) level. The Group has built 37 intelligent underground coal mining working faces, 54 intelligent excavation working faces, 4 intelligent stripping surface for open-pit mines and 19 intelligent coal processing plants; 76 unmanned production vehicles in open-pit coal mines.

(2) Sales of coal

The coal sold by the Group is mainly produced in its self-owned mines. In order to fulfill the needs of customers and adequately make use of railways transportation, the Group also purchased the coal from third parties in the surrounding areas of the self-owned mines and along the railway lines and produced different kinds and levels of coal products and sold them to external customers. The Group implemented specialized division management. Production enterprises are responsible for production of coal, affiliated railway companies of the Company are mainly responsible for coal transportation and Trading Group, a subsidiary of the Company, is mainly responsible for sales of coal. Customers are involved in different industries, such as power, metallurgy, chemical and construction materials.

In the first half of 2023, the Group actively responded to market changes by tapping into the market potential and making every effort to increase the sales volume of coal. In the first half of the year, the sales volume of coal was 217.9 million tonnes (the first half of 2022: 210.1 million tonnes), representing a year-on-year increase of 3.7%, among which, the sales volume of purchased coal was 58.6 million tonnes (the first half of 2022: 50.1 million tonnes), representing a year-on-year increase of 17.0%. The sales volume of the Group to the top five domestic customers of coal was 94.3 million tonnes, which accounted for 44.0% of the domestic sales volume. In particular, the sales volume to China Energy Group, the largest customer, was 82.2 million tonnes, which accounted for 38.4% of the domestic sales volume. The top five domestic coal customers were primarily power, coal chemical and coal trading companies.

In the first half of 2023, due to the impact of supply and demand in the coal market, the Group's average selling price was RMB601 per tonne (exclusive of tax, same below) (the first half of 2022: RMB633 per tonne), representing a year-on-year decrease of 5.1%.

The coal sales of the Group are set out below:

① By types of source of coal

	The first half of 2023			The first half of 2022			Changes	
	Sales volume	**Percentage to total sales volume**	**Price (exclusive of tax)**	Sales volume	Percentage to total sales volume	Price (exclusive of tax)	Sales volume	Price (exclusive of tax)
	Million tonnes	***%***	***RMB/tonne***	*Million tonnes*	*%*	*RMB/tonne*	*%*	*%*
I. Self-produced coal	**159.3**	**73.1**	**560**	160.0	76.2	591	(0.4)	(5.2)
II. Purchased coal	**58.6**	**26.9**	**713**	50.1	23.8	769	17.0	(7.3)
Total sales volume/average price (exclusive of tax)	**217.9**	**100.0**	**601**	210.1	100.0	633	3.7	(5.1)

Note: The purchased coal sold by the Company includes purchased coal in the surrounding areas of the self-owned mines and along the railway lines, coal for domestic trade and coal for import and transit trade.

② By contract pricing mechanisms

	The first half of 2023			The first half of 2022			Changes	
	Sales volume	**Percentage to total sales volume**	**Price (exclusive of tax)**	Sales volume	Percentage to total sales volume	Price (exclusive of tax)	Sales volume	Price (exclusive of tax)
	Million tonnes	***%***	***RMB/tonne***	*Million tonnes*	*%*	*RMB/tonne*	*%*	*%*
I. Sales through Trading Group	**206.0**	**94.5**	**616**	199.0	94.7	651	3.5	(5.4)
1. Annual long-term contracts	**124.3**	**57.0**	**500**	104.5	49.7	513	18.9	(2.5)
2. Monthly long-term contracts	**63.7**	**29.2**	**821**	74.1	35.3	808	(14.0)	1.6
3. Spot commodity	**18.0**	**8.3**	**693**	20.4	9.7	780	(11.8)	(11.2)
II. Direct sales at the coal mine pits	**11.9**	**5.5**	**347**	11.1	5.3	322	7.2	7.8
Total sales volume/average price (exclusive of tax)	**217.9**	**100.0**	**601**	210.1	100.0	633	3.7	(5.1)

Note: The above is a summary of the Group's sales of the coal products with different calorific value, including thermal coal and other coals.

③ By internal and external customers

	The first half of 2023			The first half of 2022			Changes	
	Sales volume	**Percentage to total sales volume**	**Price (exclusive of tax)**	Sales volume	Percentage to total sales volume	Price (exclusive of tax)	Sales volume	Price (exclusive of tax)
	Million tonnes	***%***	***RMB/tonne***	*Million tonnes*	*%*	*RMB/tonne*	*%*	*%*
1. Sales to external customers	**180.1**	**82.7**	**616**	175.3	83.4	650	2.7	(5.2)
2. Sales to internal power segment	**35.3**	**16.2**	**534**	32.3	15.4	556	9.3	(4.0)
3. Sales to internal coal chemical segment	**2.5**	**1.1**	**452**	2.5	1.2	450	0.0	0.4
Total sales volume/average price (exclusive of tax)	**217.9**	**100.0**	**601**	210.1	100.0	633	3.7	(5.1)

④ By sales regions

	The first half of 2023			The first half of 2022			Changes	
	Sales volume	**Percentage to total sales volume**	**Price (exclusive of tax)**	Sales volume	Percentage to total sales volume	Price (exclusive of tax)	Sales volume	Price (exclusive of tax)
	Million tonnes	***%***	***RMB/tonne***	*Million tonnes*	*%*	*RMB/tonne*	*%*	*%*
I. Domestic sales	**214.1**	**98.3**	**597**	208.0	99.0	629	2.9	(5.1)
(I) Self-produced coal and purchased coal	**206.0**	**94.5**	**594**	199.0	94.7	619	3.5	(4.0)
1. Direct arrival	**99.4**	**45.6**	**455**	92.2	43.9	473	7.8	(3.8)
2. Seaborne	**106.6**	**48.9**	**724**	106.8	50.8	746	(0.2)	(2.9)
(II) Sales of domestic trading coal	**5.5**	**2.6**	**599**	6.7	3.2	816	(17.9)	(26.6)
(III) Sales of imported coal	**2.6**	**1.2**	**814**	2.3	1.1	888	13.0	(8.3)
II. Export sales	**0.0**	**0.0**	**/**	0.3	0.1	1,149	(100.0)	/
III. Overseas coal sales	**3.8**	**1.7**	**836**	1.8	0.9	1,063	111.1	(21.4)
Total sales volume/average price (exclusive of tax)	**217.9**	**100.0**	**601**	210.1	100.0	633	3.7	(5.1)

(3) Coal resources

As at 30 June 2023, under the PRC Standard, the Group had coal resources amounted to 32.74 billion tonnes, representing a decrease of 0.16 billion tonnes as compared with that of the end of 2022, recoverable coal reserve amounted to 13.53 billion tonnes, representing a decrease of 0.36 billion tonnes as compared with that of the end of 2022, trusted reserves amounted to 5.64 billion tonnes, representing a decrease of 0.21 billion tonnes as compared with that of the end of 2022, proved reserve amounted to 3.14 billion tonnes, representing a decrease of 0.04 billion tonnes as compared with that of the end of 2022. The Group's marketable coal reserve amounted to 9.64 billion tonnes under the JORC Standard, representing a decrease of 0.16 billion tonnes as compared with that of the end of 2022.

In the first half of 2023, the Group's coal exploration expenses (the expenses incurred before the conclusion of feasibility study and related to exploration and evaluation of coal resources) amounted to RMB0.08 billion. The Company's relevant capital expenditure of mining development and exploration amounted to approximately RMB7.58 billion (the first half of 2022: RMB0.97 billion), which was mainly attributable to the payment of the proceeds from transfer of the mining rights.

Unit: 100 million tonnes

Mines	Coal reserve (under the PRC Standard)	Recoverable coal reserve (under the PRC Standard)	Trusted reserves (under the PRC Standard)	Proved reserve (under the PRC Standard)	Marketable coal reserve (under the JORC Standard)
Shendong Mines	150.6	85.1	39.4	17.2	64.5
Zhunge'er Mines	36.2	28.7	7.3	12.0	20.9
Shengli Mines	19.3	12.9	5.2	0.2	2.3
Baorixile Mines	12.9	8.3	4.5	1.9	8.5
Baotou Mines	0.4	0.3	0.0	0.1	0.2
Xinjie Taigemiao Mines	108.0	/	/	/	/
Total	327.4	135.3	56.4	31.4	96.4

Note: 1. Trusted reserve and proved reserve are calculated based on the Classifications for Mineral Resources and Mineral Reserves (GB/T 17766-2020).

2. Trusted reserve of Baotou Mines under the PRC Standard is 1.06 million tonnes.

Characteristics of commercial coal produced in the Group's major mining areas are as follows:

Mines	Major types of coal	Calorific value of major commercial coal products *Kcal/kg*	Sulphur content *Average, %*	Ash content *Average, %*
Shendong Mines	Long flame coal/ non-caking coal	4,024-5,877	0.24-1.12	7.21-20.57
Zhunge'er Mines	Long flame coal/ non-caking coal	4,453-4,686	0.46-0.7	26.48-29.56
Shengli Mines	Lognite	2,938	0.96	24.72
Baorixile Mines	Lognite	3,512	0.22	15.82
Baotou Mines	Meager lean coal	3,218	0.54	52.07

Note: The above average calorific value, sulphur content and ash content of major commercial coal products produced by coal mine at each mine site may be inconsistent with the characteristics of the commercial coal products produced by individual coal mine or those of the commercial coal products sold by the Company due to storage conditions and production process.

(4) Operating results

① The operating results of the coal segment of the Group before elimination on consolidation

		The first half of 2023	The first half of 2022	Change %	Main reasons for changes
Revenue	RMB million	**135,244**	136,252	(0.7)	Decrease in average sales price of coal
Cost of sales	RMB million	**(97,324)**	(94,628)	2.8	Increase in production cost of self-produced coal such as stripping fees and personnel expenses; increase in sales and purchase cost of purchased coal
Gross profit margin	%	**28.0**	30.5	Decreased by 2.5 percentage points	
Profit before income tax	RMB million	**35,307**	39,339	(10.2)	

② The gross profit from the sales of coal products of the Group by regions before elimination on consolidation

	The first half of 2023				The first half of 2022			
	Sales revenue	**Sales cost**	**Gross profit**	**Gross profit margin**	Sales revenue	Sales cost	Gross profit	Gross profit margin
	RMB million	***RMB million***	***RMB million***	**%**	*RMB million*	*RMB million*	*RMB million*	*%*
Domestic	**127,793**	**(82,028)**	**45,765**	**35.8**	130,758	(80,443)	50,315	38.5
Export and overseas	**3,198**	**(3,157)**	**41**	**1.3**	2,285	(1,983)	302	13.2
Total	**130,991**	**(85,185)**	**45,806**	**35.0**	133,043	(82,426)	50,617	38.0

③ The gross profit from sales of coal products of the Group by coal source before elimination on consolidation

	The first half of 2023				The first half of 2022			
Coal source	**Sales revenue**	**Sales cost**	**Gross profit**	**Gross profit margin**	Sales revenue	Sales cost	Gross profit	Gross profit margin
	RMB million	***RMB million***	***RMB million***	**%**	*RMB million*	*RMB million*	*RMB million*	*%*
Self-produced coal	**89,184**	**(44,152)**	**45,032**	**50.5**	94,496	(45,228)	49,268	52.1
Purchased coal	**41,807**	**(41,033)**	**774**	**1.9**	38,547	(37,198)	1,349	3.5
Total	**130,991**	**(85,185)**	**45,806**	**35.0**	133,043	(82,426)	50,617	38.0

Purchased coal sold by the Group includes coal purchased from the surrounding areas of the self-owned mines and along the railway lines, coal for domestic trade, and coal for import and transit trade. The cost of sales of purchased coal includes the purchase cost of purchased coal, as well as the transportation and port charges incurred to realise the sales.

④ Unit production cost of self-produced coal

Unit: RMB/tonne

	The first half of 2023	The first half of 2022	Change %	Main reasons for changes
Unit production cost of self-produced coal	**166.7**	157.4	5.9	
Raw materials, fuel and power	**31.2**	28.4	9.9	Increase in stripping ratio of certain open-pit coal mines and the relevant costs of stripping business
Personnel expenses	**47.6**	41.3	15.3	Increase in policy-related social security contribution and accrued employee compensation based on progress
Repairs and maintenance	**10.3**	11.8	(12.7)	Mainly affected by the maintenance plan
Depreciation and amortization	**20.7**	20.9	(1.0)	
Other costs	**56.9**	55.0	3.5	Increase in external engagement stripping fees

Other costs consist of the following three components: (1) expenses directly related to production, including expenses for coal washing, selecting and processing expenses, and mining engineering expenses, etc., accounting for 67%; (2) auxiliary production expenses, accounting for 19%; and (3) land requisition and surface subsidence compensation, environmental protection expenses, tax, etc., accounting for 14%.

2. *Power Segment*

(1) Production and operations

In the first half of 2023, the Group strengthened the operation of power units, gave full play to the role of coal power as a supportive regulator and guarantor, and took various measures to seize power generation. Power generation in the first half of this year amounted to 100.20 billion kWh (the first half of 2022: 84.79 billion kWh), representing a year-on-year increase of 18.2%; and total power output dispatch of 94.26 billion kWh (the first half of 2022: 79.60 billion kWh), representing a year-on-year increase of 18.4%, of which market-based transaction electricity amounted to 91.89 billion kWh, accounting for approximately 97% of the total power output dispatch. The Group implemented the electricity price reform policy and actively sought for the limit for high electricity price. In the first half of the year, the Group's average price of electricity sold was RMB418/MWh (the first half of 2022: RMB412/MWh), representing a year-on-year increase of 1.5%.

The Group continued to promote the "three reforms" linkages and energy saving of coal-fired power generating units. In the first half of 2023, the Group carried out flexibility transformation for a total of 2 units of Taishan Power and Dingzhou Power, and carried out transformation of energy conservation for a total of 3 units of Taishan Power, Jiujiang Power and Huizhou Power. In the first half of 2023, the Group's standard coal consumption for power supply of coal-fired generating units (excluding coalgangue) was 294 g/kWh (first half of 2022: 297 g/kWh), representing a year-on-year decrease of 3 g/kWh.

The Group actively accelerated the business development of the new energy and power generation. As at the first half of 2023, the Group has put 50 new energy power generation projects into operation with an installment capacity of 177.7 MW in total, among which the total installed capacity of photovoltaic power generation for external commercial operation is 114 MW. As at the disclosure date of this announcement, the 150 MW photovoltaic project of the surface dumping site of Shengli Energy of the Group has been fully connected to the grid for power generation, and the annual on-grid green power is expected to be 224 million kWh. The project is currently the largest surface mine dumping site photovoltaic power generation project in the PRC in terms of installed capacity. Beijing Guoneng New Energy Industry Investment Fund and Beijing Guoneng Green and Low-Carbon Development Investment Fund, which were established with the participation of the Company, have completed investments in 27 projects and have provided stable fund investment income.

(2) Power output dispatch and price of electricity sold

Power type/Location		Gross power generation *billion kWh*			Total power output dispatch *billion kWh*			Price of electricity sold *RMB/MWh*		
		The first half of 2023	The first half of 2022	Change %	**The first half of 2023**	The first half of 2022	Change %	**The first half of 2023**	The first half of 2022	Change %
(I)	**Coal-fired power**	**98.25**	82.59	19.0	**92.35**	77.45	19.2	**416**	409	1.7
	Shaanxi	**16.15**	14.61	10.5	**14.84**	13.43	10.5	**335**	346	(3.2)
	Guangdong	**15.79**	14.41	9.6	**14.90**	13.56	9.9	**465**	436	6.7
	Fujian	**11.51**	8.59	34.0	**11.00**	8.19	34.3	**434**	422	2.8
	Hebei	**11.02**	11.47	(3.9)	**10.34**	10.77	(4.0)	**401**	398	0.8
	Sichuan	**8.36**	6.78	23.3	**7.93**	6.39	24.1	**447**	433	3.2
	Inner Mongolia	**6.97**	6.13	13.7	**6.35**	5.58	13.8	**337**	373	(9.7)
	Guangxi	**6.41**	1.48	333.1	**6.09**	1.40	335.0	**438**	484	(9.5)
	Shandong	**5.53**	4.17	32.6	**5.26**	3.96	32.8	**430**	458	(6.1)
	Jiangxi	**5.30**	5.18	2.3	**5.05**	4.94	2.2	**434**	430	0.9
	Hunan	**4.32**	3.04	42.1	**4.12**	2.90	42.1	**478**	468	2.1
	Chongqing	**4.12**	3.69	11.7	**3.94**	3.54	11.3	**418**	411	1.7
	Henan	**2.01**	2.27	(11.5)	**1.87**	2.12	(11.8)	**418**	371	12.7
	Indonesia (overseas)	**0.76**	0.77	(1.3)	**0.66**	0.67	(1.5)	**505**	524	(3.6)
(II)	**Gas-fired power**	**1.62**	1.91	(15.2)	**1.58**	1.86	(15.1)	**570**	568	0.4
	Beijing	**1.62**	1.91	(15.2)	**1.58**	1.86	(15.1)	**570**	568	0.4
(III)	**Hydropower**	**0.28**	0.28	0.0	**0.28**	0.28	0.0	**256**	255	0.4
	Sichuan	**0.28**	0.28	0.0	**0.28**	0.28	0.0	**256**	255	0.4
(IV)	**Photovoltaic power**	**0.05**	0.01	400.0	**0.05**	0.01	400.0	**426**	425	0.2
	Fujian	**0.03**	0.01	200.0	**0.03**	0.01	200.0	**452**	425	6.4
	Guangdong	**0.01**	/	/	**0.01**	/	/	**472**	/	/
	Hebei	**0.01**	/	/	**0.01**	/	/	**328**	/	/
	Shandong	**0.00**	0.00	/	**0.00**	0.00	/	**350**	349	0.3
	Shaanxi	**0.00**	/	/	**0.00**	/	/	**326**	/	/
Total		**100.20**	84.79	18.2	**94.26**	79.60	18.4	**418**	412	1.5

Note: In the first half of 2023, the power generation and output dispatch of the photovoltaic power station of the Group in Shandong were 4.74 million kWh and 4.60 million kWh, respectively, and that of the photovoltaic power station in Shaanxi were 2.37 million kWh and 2.35 million kWh, respectively.

(3) Installed capacity

As at the end of the Reporting Period, the total installed capacity of the Group's power generating units for external commercial operation reached 40,353 MW, among which, the total installed capacity of the coal-fired power generating units is 39,164 MW, accounting for 97.1% of the total installed capacity of the Group. During the Reporting Period, the Group newly increased 52 MW of installed capacity of photovoltaic power generation for external commercial operation in Guangdong, Hebei and Fujian.

Unit: MW

Power type	Total installed capacity as at 31 December 2022	Installed capacity increased during the Reporting Period	**Total installed capacity as at 30 June 2023**
Coal-fired power	39,164	0	**39,164**
Gas-fired power	950	0	**950**
Hydropower	125	0	**125**
Photovoltaic power	62	52	**114**
Total	40,301	52	**40,353**

(4) Utilisation rate of power generation equipment

In the first half of 2023, average utilisation hours of coal-fired generators of the Group reached 2,509 hours, 289 hours higher than the 2,220 hours in the same period last year, and 265 hours higher than the national average utilisation hours of 2,244 hours[1] for coal-fired generating equipment with the installed capacity of 6,000KW and above.

1. Source: China Electricity Council

Power type	Average utilisation hours *(Hour)*			Power consumption ratio of power plant *(%)*		
	The first half of 2023	The first half of 2022	Change %	**The first half of 2023**	The first half of 2022	Change
Coal-fired power	**2,509**	2,220	13.0	**5.17**	5.33	Decreased by 0.16 percentage point
Gas-fired power	**1,700**	2,012	(15.5)	**1.55**	1.48	Increased by 0.07 percentage point
Hydropower	**2,257**	2,268	(0.5)	**0.34**	0.34	Basically unchanged
Photovoltaic power	**563**	272	107.0	**/**	/	/
Weighted average	**2,484**	2,213	12.2	**5.09**	5.23	Decreased by 0.14 percentage point

(5) *Operation results of the power sales business*

In the first half of 2023, Shandong Power Sales Company, whose principal operation model is to make profit through the price difference between the purchase and sale of electricity, is mainly engaged in providing value-added services, such as procurement and sales of power, incremental distribution grid business, power equipment management and comprehensive energy utilisation. During the Reporting Period, the agent power output dispatch from non-self-owned power plants were approximately 3.28 billion kWh, with the corresponding revenue from power sales and cost of power sales amounting to RMB1,088 million and RMB1,082 million, respectively. Due to business adjustment, the Group's original power sales company in Guangdong ceased to be engaged in power sales business.

No.	Province of the company engaged in power sales	Power output dispatch *Billion kWh*		Average price of electricity sold *(exclusive of tax) RMB/MWh*		Unit cost of power purchase *(exclusive of tax) RMB/MWh*	
		The first half of 2023	The first half of 2022	**The first half of 2023**	The first half of 2022	**The first half of 2023**	The first half of 2022
1	Shandong	**3.28**	2.96	**332**	329	**330**	320
2	Guangdong	**/**	0.67	**/**	433	**/**	369

(6) Capital expenditure

In the first half of 2023, the total capital expenditure of the power generation segment was RMB5,914 million, mainly for the following projects:

No.	Name of project	Shareholding ratio of the Company *%*	The contribution amount for the Reporting Period *RMB million*	Percentage of accumulated investment in project to the total budget as of the end of the Reporting Period *%*
1	Guangdong Qingyuan Power Plant Phase I (2×1,000MW)	51	**824**	45
2	Hunan Yueyang Power Plant Project (2×1,000MW)	95	**628**	42
3	Shengli Energy Open-pit Dump Disposal Photovoltaic Project (150MW)	50	**297**	87

(7) Operation results

① The operation results of the power generation segment of the Group before elimination on consolidation

		The first half of 2023	The first half of 2022	Change *%*	Main reasons for changes
Revenue	RMB million	**44,190**	37,160	18.9	Increase in the power output dispatch and the average price of electricity sold
Cost of sales	RMB million	**(36,971)**	(32,377)	14.2	Increase in the power output dispatch and increase in the coal purchase cost
Gross profit margin	%	**16.3**	12.9	Increased by 3.4 percentage points	
Profit before income tax	RMB million	**6,110**	3,945	54.9	

② Revenue from and cost of the power sales of the Group before elimination on consolidation

Unit: RMB million

Power type	Revenue from power sales (including heat sales)			Cost of power sales (including heat sales)				
	The first half of 2023	The first half of 2022	Change	**The first half of 2023**	**Percentage to total costs of power sales of the first half of 2023**	The first half of 2022	Percentage to total costs of power sales of the first half of 2022	Change in the first half of 2023 over the first half of 2022
			%		**%**		%	%
Coal-fired power	**39,717**	33,081	20.1	**33,302**	**97.0**	29,166	96.3	14.2
Gas-fired power	**1,066**	1,059	0.7	**987**	**2.9**	1,063	3.5	(7.1)
Hydropower	**71**	71	0.0	**50**	**0.1**	58	0.2	(13.8)
Photovoltaic power	**22**	/	/	**10**	**0.0**	/	/	/
Total	**40,876**	34,211	19.5	**34,349**	**100.0**	30,287	100.0	13.4

Note: In the first half of 2022, the Group's revenue from and cost of power sales of photovoltaic power are temporarily shown in the coal-fired power generation due to the relatively small scale of its generation.

The Group's cost of power sales (including heat sales) is mainly comprised of raw materials, fuel and power, personnel expenses, repair and maintenance, depreciation and amortisation and other costs. The unit cost of power sales of the Group in the first half of 2023 was RMB364.4/MWh (first half of 2022: RMB380.5/MWh), representing a year-on-year decrease of 4.2%, mainly due to the decline of coal purchase price.

③ Cost of power sales of coal-fired power plant of the Group before elimination on consolidation

	The first half of 2023		The first half of 2022		Change in cost
	Costs	**Percentage**	Costs	Percentage	
	RMB million	***%***	*RMB million*	*%*	*%*
Raw material, fuel and power	**25,867**	**77.7**	22,311	76.5	15.9
Personnel expenses	**2,243**	**6.7**	2,025	6.9	10.8
Repairs and maintenance	**875**	**2.6**	860	2.9	1.7
Depreciation and amortisation	**3,052**	**9.2**	2,901	9.9	5.2
Others	**1,265**	**3.8**	1,069	3.8	18.3
Total cost of power sales of coal-fired power plant	**33,302**	**100.0**	29,166	100.0	14.2

In the first half of 2023, the cost of power sales of coal-fired power plant of the Group increased by 14.2% year-on-year, which was mainly due to the increase in power generation and increase in coal procurement costs.

In the first half of 2023, the power generation segment consumed a total of 33.8 million tonnes (first half of 2022: 32.1 million tonnes) of coal from sales of the Group, representing a year-on-year increase of 5.3%, accounting for 76.6% of the total coal consumption of 44.1 million tonnes in the power generation segment.

3. *Railway Segment*

(1) Production and operations

In the first half of 2023, centering on the task of ensuring energy supply of "integration", the Group efficiently organized railway transportation by increasing the frequency of trains with capacity of 10,000 tonnes, optimizing the organization and operation of hubs, strengthening the connection of traffic flow at the intersection to keep coal transportation channels safe and unobstructed. The Group expanded large-scale logistics business, realized the disembarkation of ore by returning vessel at the general cargo terminal at Huanghua Port, opened up the integrated transportation process of reverse road, port and shipping; strengthened cooperation with large and medium-sized production enterprises and logistics enterprises along the route to cultivate and expand the non-coal transportation market, resulting in the stable increase of transportation volume of non-coal goods. The Group continued to promote and improve the development of railway collection and distribution system, and steadily promoted 300 million tonnes capacity expansion project of Shenshuo Railway and 450 million tonnes capacity expansion and transformation project of Shuohuang Railway, and commenced the full-scale renovation of the electrification of the Huangwan Railway.

In the first half of 2023, transportation turnover of self-owned railway of the Group is 150.4 billion tonne km (first half of 2022: 145.2 billion tonne km), representing a year-on-year increase of 3.6%; the revenue from railway segment amounted to RMB22,123 million (first half of 2022: RMB21,012 million), representing a year-on-year increase of 5.3%. The transportation business of non-coal commodities, which focuses on iron ore, chemical products and sand and gravel, continued to grow, with transportation volume of non-coal commodities of approximately 10.304 million tonnes in the first half of the year, representing a year-on-year increase of 3.0%. Huangda Railway, which is deeply engaged in the markets within Shandong Province, fully took advantage of its collection and distribution capacity, with coal transportation volume amounting to 10.52 million tonnes, representing a year-on year increase of 19.5%.

(2) Operation results

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

		The first half of 2023	The first half of 2022	Change %	Main reasons for changes
Revenue	RMB million	**22,123**	21,012	5.3	Transportation turnover of self-owned railway increased
Cost of sales	RMB million	**(13,766)**	(11,342)	21.4	Repair and maintenance costs of Shuohuang, Shenshuo and Dazhun railways increased due to the maintenance plan; increase in personnel expenses
Gross profit margin	%	**37.8**	46.0	Decreased by 8.2 percentage points	
Profit before income tax	RMB million	**6,986**	8,171	(14.5)	

In the first half of 2023, the unit transportation cost in the railway segment was RMB0.083/tonne km (the first half of 2022: RMB0.069/tonne km), representing a year-on-year increase of 20.3%, which was mainly due to the increase in repair and maintenance costs, personnel expenses and others.

4. Port Segment

(1) Production and operations

In the first half of 2023, the Group overcame the impact of unbalanced arrival resources to the port segment and other impacts, and optimized the layout of production organization, thereby ensuring the efficient and smooth progress of the integrated industrial chain in all effort. Loading volume of coal at Huanghua Port was 100.6 million tonnes (the first half of 2022: 103.2 million tonnes), representing a year-on-year decrease of 2.5%, however, successively ranking the first in terms of the loading volume of coal in China. Loading volume of coal at Tianjin Coal Dock was 22.6 million tonnes (the first half of 2022: 20.3 million tonnes), representing a year-on-year increase of 11.3%.

The Group focuses on building a multi-functional, comprehensive and modern port. The diversified business has been expanding in a faster pace. Huanghua Harbour Administration has successively launched a number of new businesses such as cargo agency, "bulk to container" for coke and "non-vessel shipping". The Huanghua Harbour Administration realized full intelligent operation from automatic acquisition of operation instructions to coordinated operation of equipment. The "5G Smart Port Innovative Application Project" was successfully selected as a national typical case; and Tianjin Harbour Administration continued to improve its port operation efficiency by adopting flexible management and control, intelligent production scheduling and the operation model of "direct loading + coal blending". The port segment has improved its low-carbon and clean development level, and the application and promotion of port shore power has made great progress, with connection rate remaining at a high level.

The large-scale logistics business in ports developed rapidly. In the first half of the year, affected by the trial operation of two general bulk cargo berths of 50,000-tonnes level in Huanghua Harbour Administration and the addition of limestone, iron ore and other cargoes, the port segment completed the transportation volume of 6.079 million tonnes (the first half of 2022: 2.714 million tonnes) of non-coal cargo such as crude oil and chemical fertilizers, representing a year-on-year increase of 124.0%.

(2) Operation results

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

		The first half of 2023	The first half of 2022	Change %	Main reasons for changes
Revenue	RMB million	**3,287**	3,237	1.5	
Cost of sales	RMB million	**(1,839)**	(1,666)	10.4	Increase in depreciation and amortization due to increase in structures and equipment of China Energy (Fuzhou) Terminal Development Co., Ltd., a subsidiary of Fujian Energy, and Huanghua Harbour Administration; increase in personnel expenses and others
Gross profit margin	%	**44.1**	48.5	Decreased by 4.4 percentage points	
Profit before income tax	RMB million	**1,221**	1,357	(10.0)	

5. Shipping Segment

(1) Production and operations

In the first half of 2023, the shipping segment of the Group adhered to the integrated operation and international layout. While ensuring the efficient operation of the integrated industrial chain, the Group actively explored international routes, increased the volume of foreign trade coal transportation, and diversified the types of freight transportation, thereby continually achieving growth in the shipping business. In the first half of the year, shipping volume amounted to 72.2 million tonnes (the first half of 2022: 65.8 million tonnes), representing a year-on-year increase of 9.7%; shipment turnover amounted to 78.8 billion tonne nautical mile (the first half of 2022: 64.4 billion tonne nautical mile), representing a year-on-year increase of 22.4%.

(2) Operation results

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

		The first half of 2023	The first half of 2022	Change %	Main reasons for changes
Revenue	RMB million	**2,579**	3,031	(14.9)	Decrease in average shipping price
Cost of sales	RMB million	**(2,348)**	(2,503)	(6.2)	Decrease in vessel rental charges
Gross profit margin	%	**9.0**	17.4	Decreased by 8.4 percentage points	
Profit before income tax	RMB million	**118**	442	(73.3)	

In the first half of 2023, the unit transportation cost of the shipping segment was RMB0.030/tonne nautical mile (the first half of 2022: RMB0.039/tonne nautical mile), representing a year-on-year decrease of 23.1%, mainly due to the decrease in vessel rental changes, and the decrease in unit fixed costs as a result of the increase in shipping volume.

6. Coal Chemical Segment

(1) Production and operations

The coal chemical segment of the Group comprises the coal-to-olefins project of Baotou Coal Chemical, the main products of which include polyethylene (with production capacity of approximately 300,000 tonnes/year), polypropylene (with production capacity of approximately 300,000 tonnes/year) and a small amount of by-products (including industrial sulfur, mixed C5, industrial propane, mixed C4, industrial methanol, fine methanol and others).

In the first half of 2023, the polyolefin market was in a situation of strong supply and weak demand in China. Baotou Coal Chemical coordinated and implemented production based on sales; coordinated production load and flexibly adjust product grades to improve operating efficiency; adhered to clean, efficient, green and low-carbon development. The environmental protection facilities are in normal operation, and the total discharge and concentration of major pollutants met the standard. Zero discharge of sewage and wastewater was achieved with hazardous wastes all disposed of in compliance with regulations.

The Baotou Coal-to-Olefin Upgrading Demonstration Project remains in the preliminary stage. The preliminary work has been basically completed.

In the first half of 2023, the total sales volume of polyolefin products of the Group amounted to 351.4 thousand tonnes (the first half of 2022: 358.3 thousand tonnes), representing a year-on-year decrease of 1.9%, as detailed below:

	In the first half of 2023		In the first half of 2022		Change	
	Sales volume *thousand tonne*	**Price** *RMB/tonne*	Sales volume *thousand tonne*	Price *RMB/tonne*	Sales volume *%*	Price *%*
Polyethylene	**181.3**	**6,456**	183.7	7,060	(1.3)	(8.6)
Polypropylene	**170.1**	**5,931**	174.6	6,891	(2.6)	(13.9)

(2) Operation results

The operation results of the coal chemical segment of the Group before elimination on consolidation are as follows:

		In the first half of 2023	In the first half of 2022	Change %	Main reasons for changes
Revenue	RMB million	**3,002**	3,425	(12.4)	Decrease in sales volume and average sales price of polyolefin products
Cost of sales	RMB million	**(2,857)**	(2,804)	1.9	
Gross profit margin	%	**4.8**	18.1	Decreased by 13.3 percentage points	
Profit before income tax	RMB million	**35**	499	(93.0)	

(3) Unit production cost of main products

	In the first half of 2023		In the first half of 2022		Change	
	Output	**Unit production cost**	Output	Unit production cost	Output	Unit production cost
	Thousand tonnes	***RMB/tonne***	*Thousand tonnes*	*RMB/tonne*	*%*	*%*
Polyethylene	**179.7**	**5,920**	178.6	5,808	0.6	1.9
Polypropylene	**170.1**	**5,879**	173.2	5,795	(1.8)	1.4

All coal consumed by the coal chemical segment is self-produced by the Group. In the first half of 2023, the total consumption of coal was 2.5 million tonnes, same as that in corresponding period last year.

(IV) Operations by Region

Unit: RMB million

	The first half of 2023	The first half of 2022	Change %
Revenue from external transactions in domestic markets	**162,914**	161,056	1.2
Revenue from external transactions in overseas markets	**6,528**	4,523	44.3
Total	**169,442**	165,579	2.3

Note: The revenue from external transactions is divided by the location of customers receiving services and purchasing products.

The Group is mainly engaged in the production and sales of coal and power, railway, port and shipping transportation as well as coal-to-olefins businesses in the PRC. In the first half of 2023, the revenue from external transactions in domestic markets was RMB162,914 million, accounting for 96.1% of the Group's revenue. The revenue from external transactions in overseas markets was RMB6,528 million, representing a year-on-year increase of 44.3%, which was mainly due to the increase in the revenue from the sale of overseas coal sales of 3.8 million tonnes by the Group in the first half 2023, representing a year-on-year increase of 111.1%.

In the first half of 2023, the operation of the Group's overseas projects was stable. EMM Indonesia and Pembangkitan Jawa overcame internal and external pressure in production and operation to ensure their ongoing safety and stableness. The construction of EMM Indonesia No. 1 Project was progressing normally and is expected that two generators will put into operation by the end of 2023. The production operation of the shale gas project in Pennsylvania, U.S.A. was smooth. The Group produced 64 million cubic meters of gas (equity gas) in the first half of the year. The preliminary work of the Zashulan (扎舒蘭) project in Russia progressed in an orderly fashion.

(V) Analysis on Investments

1. Overall Analysis of External Equity Investments

The equity investments of the Company in the first half of 2023 amounted to RMB5,735 million (the first half of 2022: RMB5,880 million), mainly representing the capital increase in certain power generation and transportation subsidiaries, as well as the capital increase in associates such as the Finance Company.

2. Completion of Capital Expenditures Plans for 2023

Unit: RMB100 million

	Plan for 2023	**Completion in the first half of 2023**
Coal segment	73.77	**93.19**
Power generation segment	180.80	**59.14**
Transportation segments	95.61	**15.38**
Including: railway segment	82.84	**13.58**
port segment	12.03	**1.72**
shipping segment	0.74	**0.08**
Coal chemical segment	5.61	**0.28**
Others	5.73	**0.14**
Total	361.52	**168.13**

Note: Due to the uncertainty of the acquisition time of the mining rights, the plan for 2023 of the Group does not include the capital expenditure related to the mining rights.

In the first half of 2023, total amount of capital expenditure of the Group was RMB16.813 billion, primarily used for obtaining mining rights and purchasing coal mine equipment, the construction of Guangdong Qingyuan Power Plant (Phase I), Hunan Yueyang power plant project and others, construction of railway transportation equipment and purchase of trains, etc. In the coal business, capital expenditures related to mining rights amounted to RMB6.464 billion and other capital expenditures amounted to RMB2.855 billion.

The capital expenditure plans of the Group for 2023 are subject to the development of business plans (including potential acquisitions), progress of capital projects, market conditions, outlook for future operation environment and the obtaining of the requisite permissions and approval documents. Unless required by laws, the Company shall not assume any responsibilities for updating the data of its capital expenditure plans. The Company intends to finance its capital expenditures by cash generated from operating activities, short-term and long-term borrowings, and other debt and equity financing.

3. *Financial Assets at Fair Value*

The financial assets at fair value held by the Group were mainly the non-trading equity investments that have no significant impact on the investees and bank acceptance bill that are planned to be discounted or endorsed.

Unit: RMB million

Category of assets	At the beginning of the period	Gains and losses from fair-value changes for the period	Cumulative changes in fair value included in equity	Impairment provided for the period	Amount of purchase for the period	Amount of disposal/ redemption for the period	Other changes	At the end of the period
Investments in equity instruments at fair value through other comprehensive income	2,386	/	113	/	/	/	/	2,499
Financial assets at fair value through other comprehensive income	502	/	/	/	/	/	(310)	192
Total	2,888	/	113	/	/	/	(310)	2,691

(VI) Major Subsidiaries

Unit: RMB million

		Registered capital	Total assets	Net assets	Net profit attributable to the equity holders of the parent company			
No.	Company	As at 30 June 2023			**The first half of 2023**	The first half of 2022 (Restated)	Change %	Main reasons for changes
1	Shendong Coal	**4,989**	**58,660**	**51,632**	**9,292**	17,872	(48.0)	Decrease in coal sales price; increase in coal production costs; settlement and payment of income tax during the corresponding period of the previous year, the overpaid tax in previous years being offset against the current income tax
2	Shuohuang Railway	**15,231**	**47,663**	**32,498**	**3,380**	3,713	(9.0)	Increase in repair and maintenance costs
3	Jinjie Energy	**3,802**	**17,434**	**13,707**	**2,368**	2,908	(18.6)	Decrease in coal sales price; increase in coal production costs
4	Baorixile Energy	**1,169**	**12,440**	**7,537**	**1,422**	2,069	(31.3)	Decrease in coal sales price; increase in coal production costs
5	Zhunge'er Energy	**7,102**	**51,538**	**42,640**	**1,484**	1,680	(11.7)	Decrease in coal sales price; increase in coal production costs
6	Baotou Energy	**2,633**	**14,829**	**9,252**	**867**	1,315	(34.1)	Decrease in coal sales price
7	Beidian Shengli	**2,925**	**13,368**	**8,602**	**1,216**	1,272	(4.4)	
8	Trading Group	**1,889**	**26,588**	**12,481**	**584**	986	(40.8)	Decrease in coal sales price
9	Huanghua Harbour Administration	**6,790**	**13,753**	**10,879**	**800**	886	(9.7)	Decrease in loading volume on port
10	Yulin Energy	**2,420**	**8,173**	**4,760**	**781**	778	0.4	

Notes:

1. The financial information of the major subsidiaries disclosed in the above table was prepared in accordance with the China Accounting Standards for Business Enterprises. The data has not been audited or reviewed.

2. Shendong Coal recorded a revenue of RMB42,997 million and a profit from operations of RMB10,966 million in the first half of 2023.

3. Shuohuang Railway recorded a revenue of RMB10,597 million and a profit from operations of RMB4,506 million in the first half of 2023.

V. POTENTIAL RISKS AND COUNTERMEASURES

The Company encountered major risks, primarily including risks in safety production and environmental protection, market competition, investment, compliance, engineering project management, international business, macroeconomic fluctuation, integrated operation, and policy (please refer to the Company's 2022 Annual Report for details), and no new risk factors were added during the Reporting Period.

The Company has established a closed-loop risk management system: it will perform risk identification and determine the major risks upon assessment at the beginning of each year, then monitor such risks on a daily basis by way of monitoring of major risks on a quarterly basis, specialised inspection, internal audit and other methods, and assess its major risk management at the end of the year. This facilitates and improves the decision-making process, refines the internal control system, and continues to enhance the risk management standard. The Board and the Audit and Risk Committee and of the Company is of the view that such mechanism is able to assess the effectiveness of the operation of the risk management of the Company.

During the Reporting Period, the Company has adopted the following measures in response to major risks:

1. In safe production and environmental protection, the Group will build the safety production management system, continue to improve the dual prevention mechanism of safety risk grading control and potential risks investigation and response, hold the safety production accountable, accelerate the standardization of safety production, ensure safety production with the support of science and technology, leverage strength in information technology, boost security capabilities, take innovation in safety inspection mechanism, prevent and resolve major safety risks with all efforts; strengthen the building of emergency response system and safety production training, enhance quality of personnels, effectively increase emergency-handling capability. The Group will continue to strengthen environmental monitoring, strictly adhere to the ecological red line, vigorously promote the construction of green mines, green smart heavy-haul railway and green ports, accelerate green and low-carbon transformation. The Group will continuously build the brand image of "Ultra-low emissions" in coal power on an on-going basis. The Group will continue to further improve the environmental management system and strengthen the remediation of potential issues and environmental emergency management, defuse ecological risks and potential dangers, actively adapt to requirements of "Dual Control" of total energy consumption and energy intensity in order to achieve energy-saving and emission reduction targets.

2. In marketing and sales, the Group will fully and accurately grasp market conditions, improve the accuracy of the pre-judgment to coal market, formulate coal purchase and sale mechanism and price policy in different areas and at different times, optimise the structure of coal products, increase brand advantage on an ongoing basis, strengthen the development of new markets and the maintenance of existing markets, take coordinated measures to ensure product and production capacity reserve, focus on coal transfer and consumption markets, take active and prudent approaches to design coal reserve bases and deepen the comprehensive coordination of production, transportation, sales, storage and use of coal. The Group will step up efforts to increase revenue and efficiency of the power market and power business and conduct risk prevention and control to ensure safety production. The Group will continue to increase the collection and distribution capacity of self-owned railways, promote the construction of dedicated railway lines for coal core areas, accelerate the transformation of capacity expansion of railway lines and increase the transportation volume of non-coal goods. The Group will also deepen synergy and efficiency improvement, enhance customer service capabilities, and further consolidate integration advantages.

3. In investment management, the Group will continue to optimise its investment management system, strengthen the quality management in the early stage of projects, strictly control the investment decisions of projects, highlight the risk management and control of major projects; continue to focus on investment plans, expand effective investment, reasonably control the pace of project investment, and strengthen the investigation and supervision of the implementation of investment plans; actively, orderly and standardly carry out post-project evaluation work to improve the efficiency and benefits of investment.

4. In compliance management, the Group will optimise the legal compliance risk prevention system on a continuous basis, carry out compliance risk identification and early warning in different levels and categories, and use information technology to improve the effectiveness of compliance management. The Group will promote the"standardisation of main business contracts", proceed the "layered listing supervision" mechanism for major cases, and improve the prevention and response capabilities for major legal cases. The Group will strengthen the compliance management of coal-fired power projects, such as project approval and licensing, and standardize the construction and operation of projects. The Group will enhance the follow-up research on legal systems of the countries where the projects are located, monitor overseas compliance risks that overseas projects may face in a regular manner, and implement risk prevention and control measures.

5. In project management, the Group will strengthen the unified management of the construction plan, technology, technical economics, safety and quality of projects, improve the functional management of construction, project early management and construction team management and strictly control project design, budget and settlement. It will also enhance the project cost control, track and monitor project construction in real time, and timely formulate effective measures to reduce or eliminate the impact of extension of time. The Group will strengthen the construction of standardized sites, continuously strengthen its construction safety management and enforce its administration in management of safety emergency plans.

6. In international operations, the Group will further carry out overseas resource evaluation, operation performance evaluation and technology assessment based on sound information collection, analysis and research prior to making any decision on overseas project investment so as to ensure economic and technological feasibility. The Group will strengthen overseas risk screening, regularly monitor the overseas legal compliance risks, and take multiple measures to prevent and resolve risks. Furthermore, the Group will strengthen the cultivation and introduction of interdisciplinary talents, actively and steadily implement the "Going Global" strategy in accordance with the requirements of coordinating the overall domestic and international situations.

   The Group and the Company are mainly exposed to exchange rate risk arising from monetary funds, accounts receivable, accounts payable and borrowings, all of which were denominated in foreign currency. Foreign currency amounts that give rise to exchange rate risk are mainly US Dollars, Japanese Yen, Euros, Australian Dollars, Indonesian Rupiah and other currency. As at the end of the Reporting Period, monetary funds and accounts receivable amounted to RMB3,708 million in aggregate, accounts payable and long-term borrowings amounted to RMB1,433 million, all of which were denominated in foreign currency and subject to exchange rate risk. The Group actively seeks to balance its capital and currency, pays close attention to changes in exchange rates in real time, and maintains reasonable positions in various currencies, to ensure that the exchange rate fluctuation is under control.

7. In order to cope with the risks of macroeconomic fluctuations, the Group will further strengthen its research on macroeconomic policies and development trends of relevant industries, vigorously promote scientific and technological innovation, grasp the clean and efficient utilization of coal, explore the development of high-end, diversified and low-carbon coal chemical products, promote the optimization of coal and new energy, accelerate the development of new energy on a large scale, and promote the Company's high-quality and sustainable development.

8. In order to cope with the risks of integrated operation, the Group will continue to strengthen its core strengths in integrated operation, improve the overall coordination and balance of integration, grasp the succession of resources, strengthen scientific scheduling and planning management, improve the railway collection and distribution system, strengthen the coordination of the power grid, and continue to strengthen the resilience of the integrated industry chain, value chain and supply chain.

9. In policy research and response, the Company will strengthen the research on the latest national industrial policies and regulations, enhance policy coordination, pay close attention to the window of policy opportunities for resource continuation, promote resource continuity, increase reserves and production, facilitate colliery construction, license application and the increase of authorised production capacity to improve the ability to take control independently. The Group will also focus on its principal business, and prudently advance the goal of carbon peak and carbon neutrality. The gradual withdrawal from traditional energy should be based on the safe and reliable replacement of new energy. The Group will reasonably match the investment scale of each industry, accelerate the development of renewable energy while firmly promoting the clean and efficient utilization of coal, and promote industrial upgrading and green and low-carbon transformation.

   Investors should be aware that although the Company has assessed the major risks, and adopted relevant countermeasures, there is no absolute guarantee that all adverse impact could be eliminated due to the limitation of various factors.

VI. SIGNIFICANT EVENTS

Repurchase, Sale or Redemption of Securities of the Company

For the six months ended 30 June 2023, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Company's securities (as provided under the Hong Kong Listing Rules).

Corporate Governance

During the six months ended 30 June 2023, the Company has adopted the corporate governance polices as set out in Appendix 14 of the Hong Kong Listing Rules. Due to adjustment of work arrangements, Mr. Huang Qing resigned as secretary to the Board, company secretary and general counsel of the Company on 11 January 2023. On 28 April 2023, the 21st meeting of the fifth session of the Board approved the appointment of Mr. Song Jinggang as the Company's secretary to the Board. Besides, the Company and all directors have been in full compliance with all the principles and code provisions contained in the Corporate Governance Code and most of the recommended best practices as specified therein.

Securities Transactions of Directors and Supervisors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as provided in Appendix 10 of the Hong Kong Listing Rules, requiring all securities transactions of the Company's directors be made in accordance with the Model Code. The Model Code also applies to the supervisors and the senior management of the Company.

The Company has made specific enquiries, and all directors and supervisors have confirmed that they had fully complied with the Model Code for the six months ended 30 June 2023.

Other than the working relationships within the Company, none of the directors, supervisors or senior management had any financial, business or family relationship or any relationship in other material aspects with each other.

Other than their own service contracts, none of directors or supervisors had any actual personal interest, directly or indirectly, in any material contracts made by the Company or any of its subsidiaries in the first half of 2023.

Audit and Risk Management Committee

The Company has set up the Audit and Risk Management Committee in accordance with the Hong Kong Listing Rules. The Audit and Risk Management Committee comprised Dr. Chen Hanwen (chairman of the Audit and Risk Management Committee, with professional qualifications and experience in related fields such as accounting and finance), Dr. Yuen Kwok Keung and Dr. Bai Chong-En, all being Independent Non-executive Directors. The principal duties of the Audit and Risk Management Committee include: supervising and evaluating the work of external auditing firm and proposing engagement or replacement of the external audit institutions; supervising and evaluating the effectiveness of the internal audit work and taking charge of coordination of the internal and external audits; reviewing the financial information of the Company and its disclosure; supervising and evaluating the risk management and internal control of the Company; and other duties under laws, regulations, the Articles of Association and the authorisation of the Board. During the Reporting Period, in relation to the consideration of resolutions on entering into the new mutual coal supply agreement, entering into the new mutual supplies and services agreement, entering into the new financial services agreement, and the amendments to the existing non-competition agreement and the supplemental agreement to the existing non-competition agreement at the Company's 2022 Annual General Meeting, the Company established the Independent Board Committee comprising Dr. Yuen Kwok Keung, Dr. Bai Chong-En and Dr. Chen Hanwen, which issued an opinion recommending the independent shareholders to vote in favor of the resolutions. For details, please refers to the circular dated 17 May 2023 disclosed by the Company on the website of the HKEx.

During the six months ended 30 June 2023, the Audit and Risk Management Committee performed its duties in strict compliance with the Rules of Procedures of the Audit and Risk Management Committee of the Board of Directors and the Work Procedures of the Audit and Risk Management Committee of the Board of Directors of the Company. On 23 August 2023, the Audit and Risk Management Committee reviewed the Group's interim financial statements for the six months ended 30 June 2023 and approved the submission of the same to the Board of Directors for consideration and approval.

VII. DEFINITIONS

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

China Shenhua/the Company	China Shenhua Energy Company Limited
The Group	The Company and its subsidiaries
China Energy	China Energy Investment Corporation Limited
China Energy Group	China Energy and its subsidiaries (excluding the Group)
Shendong Coal	China Energy Shendong Coal Group Co., Ltd.
Zhunge'er Energy	Shenhua Zhunge'er Energy Co., Ltd.
Baorixile Energy	China Energy Baorixile Energy Co., Ltd.
Beidian Shengli	China Energy Beidian Shengli Energy Co., Ltd.
Shuohuang Railway	China Energy Shuohuang Railway Development Co., Ltd.
Trading Group	China Energy Trading Group Limited
Huanghua Harbour Administration	China Energy Huanghua Harbour Administration Co., Ltd.
Baotou Energy	China Energy Baotou Energy Co., Ltd.
Baotou Coal Chemical	China Energy Baotou Coal Chemical Co., Ltd.
Yulin Energy	China Energy Yulin Energy Co., Ltd.
Tianjin Harbour Administration	China Energy (Tianjin) Harbour Administration Co., Ltd
EMM Indonesia	PT.GH EMM INDONESIA
Pembangkitan Jawa	PT. Shenhua Guohua Pembangkitan Jawa Bali
Taishan Power	China Energy Yudean Taishan Power Co., Ltd

Jinjie Energy	China Energy Jinjie Energy Co., Ltd.
Dingzhou Power	China Energy Hebei Dingzhou Power Generation Co., Ltd
Jiujiang Power	China Energy Shenhua Jiujiang Power Co., Ltd.
Huizhou Thermal	China Energy (Huizhou) Thermal Power Co., Ltd
Liuzhou Power	China Energy Guangtou (Liuzhou) Power Generation Co., Ltd.
Shengli Energy	Shengli Energy Branch of the Company
Shandong Power Sales Company	China Energy (Shandong) Power Sales Co., Ltd.
JORC	Australasian Code for Reporting of Mineral Resources and Ore Reserves
Finance Company	China Energy Finance Co., Ltd
SSE	Shanghai Stock Exchange
HKEx	The Stock Exchange of Hong Kong Limited
Hong Kong Listing Rules	Rules Governing the Listing of Securities on the HKEx
China Accounting Standards for Business Enterprises	The latest Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China and the related application guidance, interpretations and other related requirements
International Financial Reporting Standards	International Financial Reporting Standards issued by the International Accounting Standards Board
Articles of Association	Articles of Association of China Shenhua Energy Company Limited
EBITDA	Profit for the period + net finance costs + income tax + depreciation and amortization - share of profits and losses of associates

Total debt to total equity ratio	Long-term interest-bearing debt + short-term interest-bearing debt (including notes payable)/long-term interest-bearing debt + short-term interest-bearing debt (including notes payable) + total shareholder equity
RMB	Renminbi unless otherwise specified
Reporting Period	January to June 2023

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

Beijing, 25 August 2023

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