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

TO BUILD A WORLD-CLASS LISTED COMPREHENSIVE ENERGY CORPORATION WITH GLOBAL COMPETITIVENESS

2023
Interim Report

國家能源——不斷前進的動力
China Energy— Driving force for constant progress

Important Notice

I. The Board, supervisory committee and directors, supervisors and senior management of the Company warrant that this interim report does not contain any misrepresentations, misleading statements or material omissions, and are jointly and severally liable for the authenticity, accuracy and completeness of the information contained in this report.

II. This report was approved at the 22nd meeting of the fifth session of the Board of the Company. 6 out of 8 directors attended the meeting.

III. The interim financial statements of this report have not been audited. KPMG has issued a review report on the Company's 2023 Interim Financial Statements prepared under IFRS.

IV. Lv Zhiren, the person in charge of the Company, Song Jinggang, Chief Financial Officer, and Yu Yanling, person-in-charge of the accounting department, warrant the authenticity, accuracy and completeness of the financial statements contained in this interim report.

V. The proposal of distribution of profit or the conversion of capital reserve into share capital for the Reporting Period considered by the Board：Not Applicable

VI. Disclaimer of forward-looking statements: the forward-looking statements in this report made on the basis of subjective assumptions and judgments on future policies and economic conditions, which are subject to risks, uncertainties and assumptions, may differ materially from the actual outcome. Such statements do not constitute actual commitments to investors. Investors should be aware that undue reliance on or use of such information may lead to risks of investment.

VII. Any appropriation of funds by controlling shareholder and its related parties for non-operating purposes: No

VIII. Any provision of external guarantee that has violated the applicable regulations and procedures: No

IX. Whether more than half of the directors cannot guarantee the authenticity, accuracy and completeness of the interim report disclosed by the Company: No

X. Material risk alert: the Company is mainly exposed to, among other things, risks in safety production and environmental protection, market competition, investment, compliance, engineering project management, international operation, macroeconomic fluctuation, integrated operation and policy, to which investors are advised to pay attention.

Contents

Section I Definitions

Unless the context otherwise requires, the following terms used in this report 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.
Shendong Power	Shenhua Shendong Power 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.
Xinshuo Railway	China Energy Xinshuo Railway Co., Ltd.
Trading Group	China Energy Trading Group Limited
Huanghua Harbour Administration	China Energy Huanghua Harbour Administration Co., Ltd.
Baoshen Railway	China Energy Baoshen Railway 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
Zhuhai Harbour Administration	China Energy (Zhuhai) Harbour Administration Co., Ltd.
Sichuan Energy	China Energy Sichuan Energy Co., Ltd.
Fujian Energy	Shenhua (Fujian) Energy Co., Ltd.

Zhunge'er Power	Power generation segment controlled and operated by Zhunge'er Energy
EMM Indonesia	PT.GH EMM INDONESIA
Pembangkitan Jawa	PT. Shenhua Guohua Pembangkitan Jawa Bali
Shenmu Power	China Energy Group Shaanxi Shenmu Power Generation Co., Ltd.
Taishan Power	China Energy Yudean Taishan Power Co., Ltd
Cangdong Power	China Energy Hebei Cangdong Power Generation Co., Ltd.
Jinjie Energy	China Energy Jinjie Energy Co., Ltd.
Dingzhou Power	China Energy Hebei Dingzhou Power Generation Co., Ltd
Mengjin Power	China Energy Mengjin Thermal Power Co., Ltd.
Jiujiang Power	China Energy Shenhua Jiujiang Power Co., Ltd.
Huizhou Thermal	China Energy (Huizhou) Thermal Power Co., Ltd
Beijing Gas	China Energy Guohua (Beijing) Gas Power Cogeneration Co., Ltd.
Shouguang Power	China Energy Shouguang Power Generation Co., Ltd.
Liuzhou Power	China Energy Guangtou (Liuzhou) Power Generation Co., Ltd.
Beihai Power	China Energy Guangtou Beihai Power Generation Co., Ltd.
Yongzhou Power	China Energy Group Yongzhou 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
Shanghai Listing Rules	Rules Governing the Listing of Shares on the SSE
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 results of associates
Gearing Ratio	Total debts/total assets
Total debt to total equity ratio	[Long-term interest-bearing debt + short-term interest-bearing debt (including bills payable)]/[long-term interest-bearing debt + short-term interest-bearing debt (including bills payable) + total shareholder equity]
RMB	Renminbi unless otherwise specified
Reporting Period	January to June 2023

Section II Company Profile and Major Financial Indicators

I. INFORMATION OF THE COMPANY

Chinese Name of the Company	中國神華能源股份有限公司
Abbreviation of Chinese Name of the Company	中國神華
English Name of the Company	China Shenhua Energy Company Limited
Abbreviation of English Name of the Company	CSEC/China Shenhua
Legal Representative of the Company	Mr. Wang Xiangxi resigned as the Chairman and Executive Director of the Company on 29 July 2022 with immediate effect. The selection and appointment of the new Chairman are in progress.
Authorised Representative of the Company under the Hong Kong Listing Rules	Lv Zhiren

II. CONTACTS AND CONTACT DETAILS

	Secretary to the Board	Representative of Securities Affairs
Name	Song Jinggang	Zhuang Yuan
Address	22 Andingmen Xibinhe Road, Dongcheng District, Beijing (Postal Code: 100011)	22 Andingmen Xibinhe Road, Dongcheng District, Beijing (Postal Code: 100011)
Tel	(8610) 5813 3399	(8610) 5813 3355
Fax	(8610) 5813 1814/1804	(8610) 5813 1814/1804
E -mail	1088@csec.com	ir@csec.com

	Board Office of the Company	Hong Kong Office of the Company
Address	22 Andingmen Xibinhe Road, Dongcheng District, Beijing (Postal Code: 100011)	Room B, 54th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong
Tel	(8610) 5813 1088/3399/3355	(852) 2578 1635
Fax	(8610) 5813 1814/1804	(852) 2915 0638

III. PARTICULARS

Registered Address of the Company	22 Andingmen Xibinhe Road, Dongcheng District, Beijing
Postal Code of Registered Address of the Company	100011
Change of Registered Address of the Company	N/A
Office Address of the Company	22 Andingmen Xibinhe Road, Dongcheng District, Beijing
Postal Code of Office Address of the Company	100011
Company Website	www.csec.com or www.shenhuachina.com
E-mail	ir@csec.com

IV. INFORMATION DISCLOSURE AND PLACE FOR DOCUMENT INSPECTION

Designated newspaper for information disclosure	China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily
Website for publication of the interim report	www.sse.com.cn and www.hkexnews.hk
Place where the Company's interim report is available for inspection	SSE, Board Office of the Company and Hong Kong Office of the Company

V. BASIC INFORMATION ON SHARES

Class of Shares	Stock Exchange	Abbreviation	Stock Code
A Share	SSE	China Shenhua	601088
H Share	HKEx	China Shenhua	01088

VI. OTHER INFORMATION

Accounting firm engaged by the Company (A Share)	Name	KPMG Huazhen LLP
	Office Address	8th Floor, Tower E2, Oriental Plaza, 1 East Chang An Avenue, Beijing
	Signing Auditors	Zhang Nan, Wang Xia
Accounting firm engaged by the Company (H Share)	Name	KPMG (Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance)
	Office Address	8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong
	Signing Auditors	Guen Kin Shing
Share Registrar of the Company (A Share)	Name	China Securities Depository and Clearing Corporation Limited Shanghai Branch
	Office Address	188 Yanggao South Road, Pudong New Area, Shanghai
Share Registrar of the Company (H Share)	Name	Computershare Hong Kong Investor Services Limited
	Office Address	17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

Major accounting data		**The first half of 2023**	The first half of 2022 After restatement	The first half of 2022 Before restatement	Change %
Revenue	RMB million	**169,442**	165,579	165,579	2.3
Profit for the period	RMB million	**42,724**	49,524	49,491	(13.7)
Profit for the period attributable to equity holders of the Company	RMB million	**36,861**	42,493	42,475	(13.3)
Basic earnings per share	RMB/share	**1.855**	2.139	2.138	(13.3)
Net cash generated from operating activities	RMB million	**46,349**	58,363	58,363	(20.6)
Return on total assets as at the end of the period	%	**6.4**	7.6	7.6	Decreased by 1.2 percentage points
Return on net assets as at the end of the period	%	**9.6**	11.4	11.4	Decreased by 1.8 percentage points
EBITDA	RMB million	**61,693**	65,407	65,407	(5.7)

		As at 30 June 2023	As at 31 December 2022 After restatement	As at 31 December 2022 Before restatement	Change %
Total assets	RMB million	**666,128**	625,320	625,178	6.5
Total liabilities	RMB million	**210,673**	162,524	162,456	29.6
Total equity	RMB million	**455,455**	462,796	462,722	(1.6)
Equity attributable to equity holders of the Company	RMB million	**383,830**	396,983	396,937	(3.3)
Total share capital as at the end of the period	RMB million	**19,869**	19,869	19,869	0.0
Equity attributable to equity holders per share	RMB/share	**19.32**	19.98	19.98	(3.3)
Gearing ratio	%	**31.6**	26.0	26.0	Increased by 5.6 percentage points
Total debt to equity ratio	%	**9.8**	10.7	10.7	Decreased by 0.9 percentage point

Reasons for restatement of financial statements:

The Group has implemented Amendments to International Accounting Standard 12, "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" to which the provision applies from 1 January 2023. Taxable and deductible temporary differences arising on recognition of assets and liabilities in a single transaction to which the provision applies are no longer subject to the accounting treatment of initial recognition exemption for deferred tax. According to the relevant requirements of International Accounting Standard 12, "Income Taxes", the corresponding deferred tax liabilities and assets shall be recognised respectively at the time of the transaction. Meanwhile, for the deferred tax related to assets and liabilities arising from the related single transactions between the beginning of the earliest period presented in the financial statements in which the Group first applied the above provisions and the effective date, the retrospective adjustments shall be made. For details of the above changes in accounting policies and the restatement of the financial statements, please refer to the announcement headed Inside Information – Changes in Accounting Policies published by the Company on the website of HKEx on 28 April 2023 and "Changes in Accounting Policies" in notes to the financial statements of this report.

VIII. DIFFERENCE IN ACCOUNTING DATA UNDER DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

Unit: RMB million

	Net profit attributable to equity holders of the Company			Net assets attributable to equity holders of the Company		
		The first half of 2022			As at 31 December 2022	
	The first half of 2023	After restatement	Before restatement	**As at 30 June 2023**	After restatement	Before restatement
Under China Accounting Standards for Business Enterprises	**33,279**	41,162	41,144	**380,915**	393,900	393,854
Adjustments for:						
Simple production maintenance, safety production and other related expenditures	**3,582**	1,331	1,331	**2,915**	3,083	3,083
Under International Financial Reporting Standards	**36,861**	42,493	42,475	**383,830**	396,983	396,937

Explanation on differences in domestic and overseas accounting standards:

Pursuant to the relevant regulations of the related governmental authorities in the PRC, the Group accrued provisions for simple production maintenance, safety production and other related expenditures, recognised as expenses in profit or loss and separately recorded as a specific reserve in shareholders' equity under China Accounting Standards for Business Enterprises. On utilisation of the specific reserve as fixed assets within the stipulated scope, the full amount of accumulated depreciation is recognised at the same time when the cost of the relevant assets is recorded. Under International Financial Reporting Standards, these expenses are recognised in profit or loss as and when incurred. Relevant capital expenditure is recognised as property, plant and equipment and depreciated according to the relevant depreciation method. The effect on deferred tax arising from such difference is also reflected.

Section III 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

Overview of China Shenhua's Operating Results for the First Half of 2023

Table 1 Completion of Business Targets

		Target for 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, R&D expenses and net finance costs	RMB100 million	**155**	53.42	34.5
Changes in unit production costs of self-produced coal		**Year-on-year increase of around 10%**	Year-on-year increase of 5.9%	

Table 2 Financial Indicators

		In the first half of 2023	In the first half of 2022 (Restated)	Change %
Revenue	RMB million	**169,442**	165,579	2.3
Profit before income tax	RMB million	**52,300**	55,729	(6.2)
EBITDA	RMB million	**61,693**	65,407	(5.7)
Profit for the period attributable to equity holders of the Company	RMB million	**36,861**	42,493	(13.3)
Basic earnings per share	RMB/share	**1.855**	2.139	(13.3)
Net cash generated from operating activities	RMB million	**46,349**	58,363	(20.6)

Table 3 Results of Each Segment

	Coal: In the first half of 2023 RMB million	Coal: In the first half of 2022 RMB million	Power: In the first half of 2023 RMB million	Power: In the first half of 2022 RMB million	Railway: In the first half of 2023 RMB million	Railway: In the first half of 2022 RMB million	Port: In the first half of 2023 RMB million	Port: In the first half of 2022 RMB million
Revenue from external customers	**113,659**	116,528	**44,081**	37,075	**6,899**	6,945	**980**	983
Inter-segment revenue	**21,585**	19,724	**109**	85	**15,224**	14,067	**2,307**	2,254
Sub-total of segment revenue	**135,244**	136,252	**44,190**	37,160	**22,123**	21,012	**3,287**	3,237
Segment cost of sales	**(97,324)**	(94,628)	**(36,971)**	(32,377)	**(13,766)**	(11,342)	**(1,839)**	(1,666)
Profit before tax	**35,307**	39,339	**6,110**	3,945	**6,986**	8,171	**1,221**	1,357
	As at 30 June 2023 RMB million	As at 31 December 2022 (Restated) RMB million	**As at 30 June 2023 RMB million**	As at 31 December 2022 (Restated) RMB million	**As at 30 June 2023 RMB million**	As at 31 December 2022 (Restated) RMB million	**As at 30 June 2023 RMB million**	As at 31 December 2022 (Restated) RMB million
Segment total assets	**323,359**	294,168	**160,287**	150,632	**134,534**	124,906	**19,998**	19,831
Segment total liabilities	**(128,027)**	(128,036)	**(135,567)**	(131,621)	**(57,169)**	(53,174)	**(7,153)**	(7,931)

	Shipping: In the first half of 2023 RMB million	Shipping: In the first half of 2022 RMB million	Coal chemical: In the first half of 2023 RMB million	Coal chemical: In the first half of 2022 RMB million	Unallocated items: In the first half of 2023 RMB million	Unallocated items: In the first half of 2022 RMB million	Eliminations: In the first half of 2023 RMB million	Eliminations: In the first half of 2022 RMB million	Total: In the first half of 2023 RMB million	Total: In the first half of 2022 RMB million
Revenue from external customers	**821**	623	**3,002**	3,425	**-**	-	**-**	-	**169,442**	165,579
Inter-segment revenue	**1,758**	2,408	**-**	-	**309**	269	**(41,292)**	(38,807)	**-**	-
Sub-total of segment revenue	**2,579**	3,031	**3,002**	3,425	**309**	269	**(41,292)**	(38,807)	**169,442**	165,579
Segment cost of sales	**(2,348)**	(2,503)	**(2,857)**	(2,804)	**(11)**	(11)	**40,972**	38,654	**(114,144)**	(106,677)
Profit before tax	**118**	442	**35**	499	**2,499**	1,884	**24**	92	**52,300**	55,729
	As at 30 June 2023 RMB million	As at 31 December 2022 (Restated) RMB million	**As at 30 June 2023 RMB million**	As at 31 December 2022 RMB million	**As at 30 June 2023 RMB million**	As at 31 December 2022 (Restated) RMB million	**As at 30 June 2023 RMB million**	As at 31 December 2022 RMB million	**As at 30 June 2023 RMB million**	As at 31 December 2022 (Restated) RMB million
Segment total assets	**7,517**	7,417	**8,088**	8,646	**505,963**	489,271	**(493,618)**	(469,551)	**666,128**	625,320
Segment total liabilities	**(457)**	(424)	**(1,920)**	(3,206)	**262,478**	(201,295)	**382,098**	363,163	**(210,673)**	(162,524)

Table 4 Operation Data

		In the first half of 2023	In the first half of 2022	Change %
Commercial coal production	million tonnes	**160.7**	157.6	2.0
Coal sales	million tonnes	**217.9**	210.1	3.7
Transportation turnover of self-owned railway	billion tonne km	**150.4**	145.2	3.6
Loading volume at Huanghua Port	million tonnes	**100.6**	103.2	(2.5)
Loading volume at Tianjin Coal Dock	million tonnes	**22.6**	20.3	11.3
Shipping volume	million tonnes	**72.2**	65.8	9.7
Shipment turnover	billion tonne nm	**78.8**	64.4	22.4
Gross power generation	billion kWh	**100.20**	84.79	18.2
Total power output dispatch	billion kWh	**94.26**	79.60	18.4
Polyethylene sales	thousand tonnes	**181.3**	183.7	(1.3)
Polypropylene sales	thousand tonnes	**170.1**	174.6	(2.6)

Table 5 Commercial Coal Production Volume

	In the first half of 2023 Million tonnes	In the first half of 2022 Million tonnes	Change %
Total production	**160.7**	157.6	2.0
By mines			
Shendong Mines	**93.3**	94.7	(1.5)
Zhunge'er Mines	**36.4**	34.3	6.1
Shengli Mines	**14.4**	13.4	7.5
Baorixile Mines	**15.5**	14.5	6.9
Baotou Mines	**1.1**	0.7	57.1
By regions			
Inner Mongolia	**112.2**	108.9	3.0
Shaanxi Province	**45.6**	46.3	(1.5)
Shanxi Province	**2.9**	2.4	20.8

Table 6 Power Business

Coal-fired power plants	Power grid	Location	Gross power generation 100 million kWh	Total power output dispatch 100 million kWh	Average utilization hours hours	Standard coal consumption for power output dispatch g/kWh	Power tariff RMB/MWh	Total installed capacity as at 31 December 2022 MW	Increase in installed capacity for the first half of 2023 MW	Total installed capacity as at 30 June 2023 MW	Equity installed capacity as at 30 June 2023 MW
Zhunge'er Power	North China Power Grid	Inner Mongolia	19.7	17.8	2,981	345	371	660	-	660	381
Shendong Power	Northwest/North China/ Shaanxi Provincial Local Power Grid	Inner Mongolia	128.9	119.1	2,572	317	374	5,014	-	5,014	4,528
Shengli Energy	North China Power Grid	Inner Mongolia	26.2	24.0	1,983	337	314	1,320	-	1,320	1,320
Cangdong Power	North China Power Grid	Hebei	54.3	51.7	2,153	292	401	2,520	-	2,520	1,285
Dingzhou Power	North China Power Grid	Hebei	55.9	51.7	2,218	307	401	2,520	-	2,520	1,021
Taishan Power	South China Power Grid	Guangdong	136.4	129.4	2,665	302	468	5,120	-	5,120	4,096
Huizhou Thermal	South China Power Grid	Guangdong	21.5	19.5	3,250	298	443	660	-	660	660
Fujian Energy	East China Power Grid	Fujian	115.1	110.0	2,392	292	434	4,810	-	4,810	3,406
Jinjie Energy	North China Power Grid	Shaanxi	97.6	90.4	2,624	310	321	3,720	-	3,720	3,720
Shouguang Power	North China Power Grid	Shandong	55.3	52.6	2,739	280	430	2,020	-	2,020	1,212
Jiujiang Power	Central China Power Grid	Jiangxi	53.0	50.5	2,647	276	434	2,000	-	2,000	2,000
Sichuan Energy	Sichuan Power Grid	Sichuan	83.6	79.3	3,215	293	447	2,600	-	2,600	1,666
Mengjin Power	Central China Power Grid	Henan	20.1	18.7	1,677	295	418	1,200	-	1,200	612
Liuzhou Power	Guangxi Power Grid	Guangxi	19.4	18.4	2,769	313	450	700	-	700	490
Beihai Power	Guangxi Power Grid	Guangxi	44.7	42.6	2,237	302	433	2,000	-	2,000	1,040
Yongzhou Power	Hunan Power Grid	Hunan	43.2	41.2	2,160	284	478	2,000	-	2,000	1,600
EMM Indonesia	PLN	Indonesia	7.6	6.6	2,548	366	505	300	-	300	210
Total of coal-fired power plants/weighted average			**982.5**	**923.5**	**2,509**	**301**	**416**	**39,164**	**-**	**39,164**	**29,247**
Other Power Business											
Gas-fired power			16.2	15.8	1,700	191	570	950	-	950	950
Hydropower			2.8	2.8	2,257	/	256	125	-	125	62
Photovoltaic power			0.5	0.5	563	/	426	62	52	114	77

Table 7 Cost of Sales of Coal Segment

	In the first half of 2023	In the first half of 2022	Change %
Cost of coal purchased	**33,395**	30,096	11.0
Raw materials, fuel and power	**5,000**	4,478	11.7
Personnel expenses	**7,757**	6,654	16.6
Repair and maintenance	**1,662**	1,867	(11.0)
Depreciation and amortization	**3,223**	3,208	0.5
Transportation charges	**25,578**	25,778	(0.8)
Others	**12,113**	13,457	(10.0)
Tax and surcharge	**8,596**	9,090	(5.4)
Total cost of sales	**97,324**	94,628	2.8

Table 8 Cost of Sales of Power Segment

	In the first half of 2023: Cost RMB million	In the first half of 2023: Power output dispatch 100 million KWh	In the first half of 2023: Unit cost RMB/MWh	In the first half of 2022: Cost RMB million	In the first half of 2022: Power output dispatch 100 million KWh	In the first half of 2022: Unit cost RMB/MWh	Change in unit cost %
Cost of power output dispatch	**34,349**	**942.6**	**364.4**	30,287	796.0	380.5	(4.2)
Raw materials, fuel and power	**26,649**	**942.6**	**282.7**	23,199	796.0	291.4	(3.0)
Personnel expenses	**2,292**	**942.6**	**24.3**	2,079	796.0	26.1	(6.9)
Repair and maintenance	**910**	**942.6**	**9.7**	881	796.0	11.1	(12.6)
Depreciation and amortization	**3,147**	**942.6**	**33.4**	2,989	796.0	37.6	(11.2)
Others	**1,351**	**942.6**	**14.3**	1,139	796.0	14.3	-
Other operating costs	**2,111**			1,602			
Tax and surcharge	**511**			488			
Total cost of sales	**36,971**			32,377			

Table 9 Domestic Coal Sales Volume

		In the first half of 2023 Million tonnes	Proportion of domestic sales %	In the first half of 2022 Million tonnes	Change %
Domestic sales		**214.1**	100.0	208.0	2.9
By regions	Northern China	**72.5**	33.9	69.3	4.6
	Eastern China	**66.7**	31.2	68.0	(1.9)
	Central China and Southern China	**35.6**	16.6	30.9	15.2
	Northeast China	**21.7**	10.1	21.0	3.3
	Others	**17.6**	8.2	18.8	(6.4)
By usage	Thermal coal	**172.1**	80.4	162.3	6.0
	Metallurgy	**7.6**	3.5	7.9	(3.8)
	Chemical (including coal slurry)	**23.5**	11.0	29.5	(20.3)
	Others	**10.9**	5.1	8.3	31.3

Table 10 Completion of Capital Expenditure Plan

	Plan for 2023 RMB100 million	Completion in the first half of 2023 RMB100 million
Coal segment	**73.77**	93.19
Power segment	**180.80**	59.14
Transportation segments	**95.61**	15.38
Including: Railway	**82.84**	13.58
Port	**12.03**	1.72
Shipping	**0.74**	0.08
Coal chemical segment	**5.61**	0.28
Others	**5.73**	0.14
Total	**361.52**	168.13

Table 11 Cost of Sales of Transportation and Coal Chemical Segments

	Railway: In the first half of 2023 RMB million	Railway: In the first half of 2022 RMB million	Railway: Change %	Port: In the first half of 2023 RMB million	Port: In the first half of 2022 RMB million	Port: Change %	Shipping: In the first half of 2023 RMB million	Shipping: In the first half of 2022 RMB million	Shipping: Change %	Coal chemical: In the first half of 2023 RMB million	Coal chemical: In the first half of 2022 RMB million	Coal chemical: Change %
Cost of internal transportation business	**8,496**	6,922	22.7	**1,201**	1,062	13.1	**1,573**	1,690	(6.9)	**/**	/	/
Raw materials, fuel and power	**1,205**	1,161	3.8	**179**	169	5.9	**283**	300	(5.7)	**1,577**	1,588	(0.7)
Personnel expenses	**2,784**	2,470	12.7	**235**	209	12.4	**12**	13	(7.7)	**293**	219	33.8
Repair and maintenance	**2,207**	1,211	82.2	**121**	110	10.0	**26**	12	116.7	**165**	172	(4.1)
Depreciation and amortization	**1,565**	1,565	-	**298**	249	19.7	**87**	94	(7.4)	**360**	344	4.7
External transportation charges	**371**	286	29.7	**/**	/	/	**1,007**	1,104	(8.8)	**/**	/	/
Others	**364**	229	59.0	**368**	325	13.2	**158**	167	(5.4)	**108**	138	(21.7)
Cost of external transportation business	**3,991**	3,112	28.2	**452**	438	3.2	**773**	809	(4.4)	**/**	/	/
Prime business cost	**12,487**	10,034	24.4	**1,653**	1,500	10.2	**2,346**	2,499	(6.1)	**2,503**	2,461	1.7
Other operating costs	**1,068**	1,079	(1.0)	**141**	122	15.6	**/**	/	/	**280**	275	1.8
Tax and surcharge	**211**	229	(7.9)	**45**	44	2.3	**2**	4	(50.0)	**74**	68	8.8
Total cost of sales	**13,766**	11,342	21.4	**1,839**	1,666	10.4	**2,348**	2,503	(6.2)	**2,857**	2,804	1.9

Table 12 Coal Sales Price

	In the first half of 2023: Sales volume Million tonnes	In the first half of 2023: Percentage to total sales volume %	In the first half of 2023: Average price (excluding tax) RMB/tonne	In the first half of 2022: Sales volume Million tonnes	In the first half of 2022: Percentage to total sales volume %	In the first half of 2022: Average price (excluding tax) RMB/tonne	Change: Sales volume %	Change: Average price (excluding tax) %
Total sales volume/average price (excluding tax)	**217.9**	**100.0**	**601**	210.1	100.0	633	3.7	(5.1)
I. Classify by contract pricing mechanism								
(I) Sales through Trading Group	**206.0**	**94.5**	**616**	199.0	94.7	651	3.5	(5.4)
1. Annual long-term agreement	**124.3**	**57.0**	**500**	104.5	49.7	513	18.9	(2.5)
2. Monthly long-term agreement	**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 through coal mine pit	**11.9**	**5.5**	**347**	11.1	5.3	322	7.2	7.8
II. Classify by internal and external customers								
(I) Sales to external customers	**180.1**	**82.7**	**616**	175.3	83.4	650	2.7	(5.2)
(II) Sales to internal power segment	**35.3**	**16.2**	**534**	32.3	15.4	556	9.3	(4.0)
(III) Sales to internal coal chemical segment	**2.5**	**1.1**	**452**	2.5	1.2	450	0.0	0.4

Table 13 Coal Resources Reserve

Mines	Coal resources (under PRC standard): 30 June 2023 100 million tonnes	Coal resources (under PRC standard): 31 December 2022 100 million tonnes	Coal resources (under PRC standard): Change %	Recoverable reserve (under PRC standard): 30 June 2023 100 million tonnes	Recoverable reserve (under PRC standard): 31 December 2022 100 million tonnes	Recoverable reserve (under PRC standard): Change %	Marketable reserve (under JORC standard): 30 June 2023 100 million tonnes	Marketable reserve (under JORC standard): 31 December 2022 100 million tonnes	Marketable reserve (under JORC standard): Change %
Shendong Mines	**150.6**	151.6	(0.7)	**85.1**	85.7	(0.7)	**64.5**	65.5	(1.5)
Zhunge'er Mines	**36.2**	36.5	(0.8)	**28.7**	29.0	(1.0)	**20.9**	21.3	(1.9)
Shengli Mines	**19.3**	19.4	(0.5)	**12.9**	13.1	(1.5)	**2.3**	2.4	(4.2)
Baorixile Mines	**12.9**	13.1	(1.5)	**8.3**	10.8	(23.1)	**8.5**	8.6	(1.2)
Baotou Mines	**0.4**	0.4	-	**0.3**	0.3	-	**0.2**	0.2	-
Xinjie Taigemiao Mines	**108.0**	108.0	-	**/**	/	/	**/**	/	/
Total of China Shenhua	**327.4**	329.0	(0.5)	**135.3**	138.9	(2.6)	**96.4**	98.0	(1.6)

Table 14 Seaborne Coal Sales at Ports

	In the first half of 2023 Million tonnes	In the first half of 2022 Million tonnes	Change %
Self-owned ports	**94.2**	96.7	(2.6)
Huanghua Port	**72.4**	77.4	(6.5)
Tianjin Coal Dock	**21.8**	19.2	13.5
Zhuhai Coal Dock	**–**	0.1	(100.0)
Third-party ports	**12.4**	10.1	22.8
Total seaborne coal sales	**106.6**	106.8	(0.2)

Table 15 Railway Transportation Turnover

	In the first half of 2023 billion tonne km	In the first half of 2022 billion tonne km	Change %
Self-owned railways	**150.4**	145.2	3.6
Baoshen Railway	**4.4**	4.8	(8.3)
Shenshuo Railway	**27.0**	26.2	3.1
Ganquan Railway	**1.1**	0.4	175.0
Dazhun Railway	**15.7**	14.9	5.4
Bazhun Railway	**1.7**	1.3	30.8
Zhunchi Railway	**6.3**	6.5	(3.1)
Shuohuang-Huangwan Railway	**92.3**	89.6	3.0
Huangda Railway	**1.9**	1.5	26.7
State-owned railways	**29.3**	26.7	9.7
Total railway turnover	**179.7**	171.9	4.5

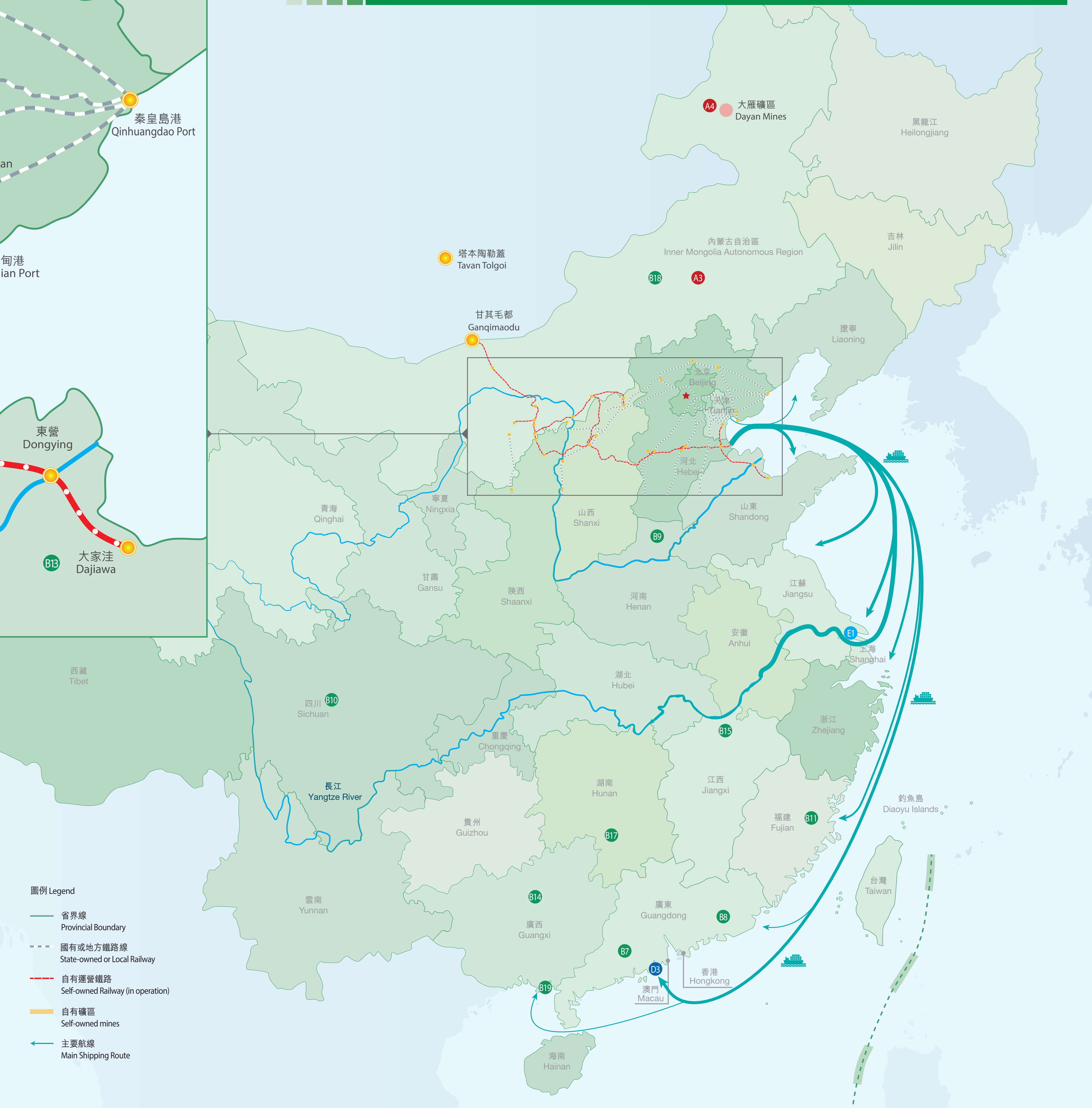
Table 16 Shipping Volume

	In the first half of 2023 Million tonnes	In the first half of 2022 Million tonnes	Change %
The Group's internal customers	**46.5**	41.9	11.0
External customers	**25.7**	23.9	7.5
Total of shipping volume	**72.2**	65.8	9.7

中國神華能源股份有限公司
CHINA SHENHUA ENERGY COMPANY LIMITED

2023

主要資產分佈圖 Assets Distribution Map



圖例 Legend

省界線
Provincial Boundary

國有或地方鐵路線
State-owned or Local Railway

自有運營鐵路
Self-owned Railway (in operation)

自有礦區
Self-owned mines

主要航線
Main Shipping Route

煤礦 COAL MINE

A1. 神東礦區
Shendong Mines

A2. 准格爾礦區
Zhunge'er Mines

A3. 勝利礦區
Shengli Mines

A4. 寶日希勒礦區
Baorixile Mines

A5. 包頭礦區
Baotou Mines

A6. 新街台格廟勘查區（前期工作階段）
Xinjie Taigemiao Exploration Area
(preliminary work in progress)

電廠 POWER

B1. 滄東電力
Cangdong Power

B2. 定州電力
Dingzhou Power

B3. 准能電力
Zhunge'er Power

B4. 神東電力
Shendong Power

B5. 北京燃氣
Beijing Gas Power

B6. 錦界能源
Jinjie Energy

B7. 台山電力
Taishan Power

B8. 惠州熱電
Huizhou Thermal

B9. 孟津電力
Mengjin Power

B10. 四川能源
Sichuan Energy

B11. 福建能源
Fujian Energy

B12. 南蘇EMM
EMM Indonesia

B13. 壽光電力
Shouguang Power

B14. 柳州電力
Liuzhou Power

B15. 九江電力
Jiujiang Power

B16. 印尼爪哇
Indonesia Java

B17. 永州電力
Yongzhou Power

B18. 勝利能源
Shengli Energy

B19. 北海電力
Beihai Power

鐵路 RAILWAY

C1. 神朔鐵路
Shenshuo Railway

C2. 朔黃鐵路
Shuohuang Railway

C3. 黃萬鐵路
Huangwan Railway

C4. 大准鐵路
Dazhun Railway

C5. 包神鐵路
Baoshen Railway

C6. 巴准鐵路
Bazhun Railway

C7. 甘泉鐵路
Ganquan Railway

C8. 准池鐵路
Zhunchi Railway

C9. 黃大鐵路
Huangda Railway

C10. 塔韓鐵路
Tahan Railway

港口 PORT

D1. 黃驊港
Huanghua Port

D2. 天津煤碼頭
Tianjin Coal Dock

D3. 珠海煤碼頭
Zhuhai Coal Dock

航運 SHIPPING

E1. 航運公司
Shipping Company

煤化工 COAL CHEMICAL

F1. 包頭煤化工
Baotou Coal Chemical

註： ① 於2023年6月30日之分佈圖，僅做示意
② 以審圖號GS(2019)1818號地圖為基礎編製

Note: ① This map as at 30 June 2023 is for illustrative purpose only.
② Prepared on the basis of the map with the approval number of GS(2019)1818.

Section IV Management Discussion and Analysis

I. INDUSTRY IN WHICH THE COMPANY OPERATED AND ITS PRINCIPAL BUSINESSES 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 gradually recovered, and production and supply continued to increase. Employment and commodity prices stabilized on the whole. Residents' income grew steadily, and the overall economic operation rebounded to a positive trend with the gross domestic product (GDP) 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. In the first half of the year, raw coal output of the 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 income 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		The first half of 2022		Change of the amount
	Amount	Percentage	Amount	Percentage	
	RMB million	*%*	*RMB million*	*%*	*%*
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) Explanation on Significant Change of Profit Caused by Non-principal Business

☐ Applicable ✔ Not applicable

(III) Analysis on Assets and Liabilities

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

Item	As at 30 June 2023		As at 31 December 2022			
	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
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

Item	As at 30 June 2023 Amount	Percentage of total assets	As at 31 December 2022 Amount	Percentage of total assets	Change of the amount	Main reasons for changes
	RMB million	*%*	*RMB million*	*%*	*%*	
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 report, 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.

(IV) 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 reserve 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 resources (under the PRC Standard)	Recoverable reserve (under the PRC Standard)	Trusted reserve (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

Notes: 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	Sulphur content	Ash content
		Kcal/kg	*Average, %*	*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 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 report, 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) The first half of 2023	The first half of 2022	Change %	Total power output dispatch (billion kWh) The first half of 2023	The first half of 2022	Change %	Price of electricity sold (RMB/MWh) 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.

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

1. Source: China Electricity Council

(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

	Revenue from power sales (including heat sales)			Cost of power sales (including heat sales)				
Power type	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 (the 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 (the 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 (the 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 (the 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 adjusted 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:

	The first half of 2023		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:

		The first half of 2023	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

	The first half of 2023		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.

(V) 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 be 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.

(VI) 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. Material Investment in Equity Interest

☐ Applicable ✔ Not applicable

3. Material Investment in Non-Equity Interest

☐ Applicable ✔ Not applicable

4. 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.

5. 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

6. Derivatives Investment

☐ Applicable ✔ Not applicable

(VII) Disposal of Material Assets and Equity Interest

☐ Applicable ✔ Not applicable

(VIII) Analysis on Major Holding and Associated Companies

1. 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.

2. Major Companies in which the Company Has Invested

Please refer to the section headed "Significant Events" of this report for details of the Finance Company.

(IX) Structured Entities Controlled by the Company

☐ Applicable ✔ Not applicable

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.

I. CORPORATE GOVERNANCE

The Company has established a relatively sound corporate governance structure and a smooth operating mechanism, and there are no material differences from the laws, administrative regulations and regulations on the governance of listed companies of China Securities Regulatory Commission ("CSRC").

The Board is responsible for implementing good corporate governance of the Company. The Company has been in compliance with the requirements of corporate governance policies under the corporate governance code (the "Corporate Governance Code") as set out in Appendix 14 to the Hong Kong Listing Rules to establish its own system of corporate governance.

The convening, voting and disclosure procedures of Board meetings of the Company, rules of procedures of the Board and procedures for nomination and appointment of directors are in compliance with relevant requirements. Being a standing decision-making body of the Company, the Board is accountable to the shareholders' general meeting, and exercises functions and powers in accordance with the requirements of article 136 of the Articles of Association and relevant applicable regulatory requirements. Being a standing executive body of the Company, operating management comprising senior management including the Chief Executive Officer, is accountable to the Board and exercises functions and powers in accordance with the requirements of article 156 of the Articles of Association and relevant applicable regulatory requirements. The Articles of Association set out the respective duties of the Chairman of the Board and the Chief Executive Officer in detail. The Chairman of the Board and the Chief Executive Officer of the Company are held by different personnel. On 29 July 2022, Mr. Wang Xiangxi resigned as the Chairman and Executive Director of the Company. Upon the recommendation of the incumbent directors, the Board meetings will be convened by Mr. Lv Zhiren, the Executive Director and Chief Executive Officer.

Due to adjustment of work arrangements, Mr. Huang Qing resigned as the secretary to the Board, company secretary, and general counsel of the Company on 11 January 2023. On 28 April 2023, Song Jinggang was appointed as the secretary to the Board of the Company at the 21st meeting of the fifth session of the Board of the Company. Saved as disclosed above, during the six months ended 30 June 2023, the Company has been in full compliance with the provisions of principle and codes set out in Corporate Governance Code and most of the recommended best practices as specified therein. For the terms of functions and powers of the Board and the Board Committees under the Corporate Governance Code, please refer to the Articles of Association, Rules of Procedures of the Board and the Board Committees, which have been published on the websites of the stock exchanges where the Company is listed and on the Company's website.

The Board of the Company has formulated the board diversity policy for members of the Board, which was set out in the rules of procedures of the nomination committee of the Board of the Company and has been disclosed. When selecting the candidates in accordance with the board diversity policy of the Company, the Board will use a series of diversified terms, including but not limited to gender, age, culture and educational background, race, skills, knowledge and professional experience as standard, and will determine in conjunction with the characteristics and role of the personnel. As at the end of the Reporting Period, the Board of the Company consisted of 8 directors, including 2 Executive Directors, 2 Non-executive Directors, 3 Independent Non-executive Directors and 1 Employee Director, of whom one is a female Director. Directors are from various domestic and overseas industries, and the composition of the members is diversified. The knowledge structure and professional fields of each director are both specialized and complementary to each other in the overall structure of the Board, which is beneficial to safeguarding the scientific decision-making of the Board.

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 Reporting Period, 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.

The securities transactions of the directors of the Company have been carried out in accordance with the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") set out in Appendix 10 to the Hong Kong Listing Rules. The Model Code is also applicable to the supervisors and senior management of the Company. The directors, supervisors or senior management of the Company have confirmed that they have fully complied with the Model Code in the first half of 2023 or during their respective terms of office.

As at the end of the Reporting Period, the directors, supervisors and senior management of the Company had not any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

II. GENERAL MEETINGS

Meetings	Date	Inquiry index on the designated website for publishing the poll results	Date of disclosure of the poll results	Resolutions of the meeting
2022 Annual General Meeting	16 June 2023			The 2022 Annual General Meeting considered and approved all 12 resolutions by means of the combination of on-site open voting and online voting
2023 First Class Meeting of the Holders of A Shares	16 June 2023	The website of the SSE The website of the HKEx	17 June 2023 16 June 2023	The 2023 First Class Meeting of the Holders of A Shares considered and approved the Resolution on the General Mandate for the Board to Repurchase H Shares by means of the combination of on-site open voting and online voting
2023 First Class Meeting of the Holders of H Shares	16 June 2023			The 2023 First H Shareholders Class Meeting of the Holders of H Shares considered and approved the Resolution on the General Mandate for the Board to Repurchase H Shares by means of on-site open voting

1. Request for Convening of Extraordinary General Meeting by the Holders of Preference Shares whose Voting Rights Have Been Restored

☐ Applicable ✓ Not applicable

2. Particulars of General Meetings

The Company convened the 2022 Annual General Meeting, the 2023 First Class Meeting of the Holders of A Shares and the 2023 First Class Meeting of the Holders of H Shares on 16 June 2023, and all the resolutions considered at the meetings were passed. The resolutions of the meetings were disclosed on the website of the HKEx on 16 June 2023, and on the website of the SSE on 17 June 2023.

The Company accepted registration of shareholders' attendance, and arranged a special session for the shareholders' effective consideration of proposals at the meetings. Shareholders actively participated in the meetings and were entitled to exercise their various rights, such as the right to know, the right of speech, the right to question and the right to vote. Directors, supervisors and senior management of the Company attended the meetings. Arranging special Q&A session in the meeting enabled interactions between shareholders and the management.

Shareholder representatives and supervisor representatives of the Company, witness lawyers and the representative of Computershare Hong Kong Investor Services Limited acted as scrutineers at the general meetings. The PRC legal advisor of the Company issued the legal opinion.

III. CHANGES IN THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS OF THE COMPANY

Name	Position	Changes
Song Jinggang	Secretary to the Board	Appointment
Huang Qing	Secretary to the Board, company secretary and general counsel	Resignation

On 11 January 2023, Mr. Huang Qing resigned as the secretary to the Board, company secretary and general counsel of the Company due to adjustment of work arrangements, and also ceased to be the authorised representative of the Company under Rule 3.05 of the Hong Kong Listing Rules.

On 28 April 2023, as considered and approved at the 21st meeting of the fifth session of the Board of the Company, Mr. Song Jinggang was appointed as the secretary to the Board of the Company for a term of three years from the date of approval by the Board, which is subject to re-appointment upon the expiry of the term.

IV. EMPLOYEES

As at 30 June 2023, the total number of employees of the Group was 81,843. Number of resigned and retired employees which the Group are responsible for was 13,859. Details are as follows:

1. By Function

Function	Number of employees as at 30 June 2023	Number of employees as at 31 December 2022	Change %
Operation and maintenance	49,502	50,681	(2.3)
Management and administration	14,343	14,008	2.4
Finance and accounting	1,559	1,589	(1.9)
Research and development	2,958	2,940	0.6
Technical support	8,966	9,064	(1.1)
Sales and marketing	687	698	(1.6)
Others	3,828	4,049	(5.5)
Total	81,843	83,029	(1.4)

2. By Educational Level

Educational Level	Number of employees as at 30 June 2023	Number of employees as at 31 December 2022	Change %
Postgraduate or above	3,883	3,859	0.6
University graduate	35,157	35,213	(0.2)
College graduate	20,443	20,832	(1.9)
Specialised secondary school graduate	8,483	8,709	(2.6)
Technical school graduate, high school graduate or below	13,877	14,416	(3.7)
Total	81,843	83,029	(1.4)

The Company has formulated a competitive remuneration policy that combines basic salary and performance assessment and is oriented towards first-tiered employees.

The Company has established a multi-layered and multi-channel training system, providing employees with suitable training programs on occupational skills, work safety, group-based management and other aspects.

V. THE PROPOSAL OF PROFIT DISTRIBUTION OR CONVERSION OF CAPITAL RESERVE INTO SHARE CAPITAL

(I) Proposal of Profit Distribution and Conversion of Capital Reserve into Share Capital for the First Half of the Year

Whether to make profit distribution or conversion of capital reserve into share capital	No
Description of proposal of profit distribution or conversion of capital reserve into share capital	The Company has no plan to declare or pay interim dividends (including cash dividends)

(II) The Execution of or Adjustment to the Profit Distribution Plan during the Reporting Period

On 16 June 2023, the 2022 Annual General Meeting of the Company approved the distribution of the 2022 final dividend of RMB2.55 per share (tax inclusive) to all shareholders, totaling RMB50,665 million (tax inclusive). As at the date of disclosure of this report, the payment of the aforesaid dividends has been completed. The distribution of the 2022 final dividend meets the requirements of the resolutions of the general meeting of the Company.

VI. THE SPECIFIC IMPLEMENTATION OF SHARE INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVE SCHEME

☐ Applicable ✓ Not applicable

Section VI Environmental and Social Responsibilities

I. ENVIRONMENTAL INFORMATION

(I) Explanations on the Environment Protection by the Company and Its Significant Subsidiaries Listed as the Key Pollutant Discharge Units as Published by the Competent Environmental Protection Authorities of the PRC

1. Information on Pollutant Discharge

As at 30 June 2023, a total of 36 subsidiaries of the Group that classified as the key environmental supervision units ("Key Units") published by the environmental protection authorities (including key pollutant discharge units and key environment risk control units in terms of atmospheric environment, water environment and soil contamination), are mainly coal-fired power plants, coal chemical plants and coal mines, which are located in areas including Inner Mongolia Autonomous Region, Shaanxi, Hebei, Fujian and Guangdong.

The main pollutants in the atmospheric environment are sulfur dioxide, nitrogen oxides and soot, which are emitted organisationally and continuously to the atmosphere through the chimneys. The enterprises are mainly public thermal power plants, coal-to-chemical captive power plants, heating boilers for mines and coking plants. Emission standards implemented include Emission Standards for Air Pollutants Produced by Thermal Plants (GB13223-2011), Emission Standards for Air Pollutants Produced by Boilers (GB13271-2014) and Emission Standards for Pollutants Produced by Coking Chemical Industry (GB16171–2012).

The main pollutants of the water environment are chemical oxygen demand (COD), which are discharged continuously or discontinuously to the surface water through the sewage outfall of the enterprises. The enterprises are mainly coal chemical enterprises and public thermal power plants. The emission standards implemented were the Comprehensive Emission Standards for Sewage (GB8978-1996).

In the first half of 2023, the emissions of Key Units in terms of atmospheric environment are as follows:

Name of the entity	Main pollutants	Total emissions *tonne*	Average emission concentration *mg/Nm³*	Approved total emissions *tonne/year*	Number of emission outlets	Distribution of emission outlets	Excessive emissions *hour*	Operation rate of pollution prevention facilities *%*
Taishan Power	SO_2	805	18.28	4,780	6	Units No. 1 and 2 share one emission outlet; each of Units No. 3-7 has one emission outlet	0	100
	NO_X	1,080	24.54	9,560			0	
	Soot	76	1.74	1,620			0	
Huizhou Thermal	SO_2	203	24.96	501.52	1	All units share one emission outlet	0	100
	NO_X	329	39.49	716.46			0	
	Soot	11	1.38	71.65			0	
Liuzhou Power	SO_2	90	15.29	3,727.2	1	All units share one emission outlet	0	100
	NO_X	194	33.99	1,863.6			0	
	Soot	9	1.86	559			0	
Beihai Power	SO_2	82	4.70	771.2	2	Each unit has one emission outlet	0	100
	NO_X	352	25.03	712.9			17	
	Soot	11	0.83	11.2			0	
China Energy Shenfu (Shishi) Power Generation Co., Ltd.	SO_2	421	22.66	3,675	2	Each unit has one emission outlet	0	100
	NO_X	750	40.77	3,675			0	
	Soot	83	4.53	309			3	
China Energy Shenfu (Jinjiang) Thermal Power Co., Ltd.	SO_2	33	15.86	182	1	All units share one emission outlet	0	99.99
	NO_X	90	42.68	260			2	
	Soot	2	0.79	52			0	
China Energy Shenfu (Longyan) Power Generation Co., Ltd.	SO_2	132	20.42	358	1	All units share one emission outlet	2	100
	NO_X	285	44.11	839			20	
	Soot	19	2.85	360			2	
China Energy (Lianjiang) Gangdian Co., Ltd.	SO_2	401	25.20	1,632.2	2	Each unit has one emission outlet	2	100
	NO_X	603	40.79	2,282.2			1	
	Soot	74	5.02	466.34			0	

Name of the entity	Main pollutants	Total emissions	Average emission concentration	Approved total emissions	Number of emission outlets	Distribution of emission outlets	Excessive emissions	Operation rate of pollution prevention facilities
		tonne	*mg/Nm³*	*tonne/year*			*hour*	*%*
Jiujiang Power	SO_2	184	10.85	2,805	2	Each unit has one emission outlet	0	100
	NO_X	558	34.93	3,014			0	
	Soot	14	0.82	1,065			0	
Yongzhou Power	SO_2	251	19.07	895	2	Each unit has one emission outlet	0	100
	NO_X	449	34.75	1,080			1	
	Soot	13	1.02	110			0	
China Energy Chongqing Wanzhou Electric Power Co., Ltd.	SO_2	328	19.34	1,291.5	2	Each unit has one emission outlet	0	100
	NO_X	702	42.86	1,837.5			0	
	Soot	27	1.74	367.5			0	
China Energy Jiangyou Thermal Power Co., Ltd.	SO_2	80	12.43	385	1	All units share one emission outlet	0	100
	NO_X	265	39.11	550			0	
	Soot	39	6	110			0	
China Energy Sichuan Tianming Power Generation Co., Ltd.	SO_2	330	17.41	924	2	Each unit has one emission outlet	0	100
	NO_X	794	41.89	1,313			0	
	Soot	56	2.94	174			0	
Mengjin Power	SO_2	149	18.68	1,079	2	Each unit has one emission outlet	0	100
	NO_X	316	39.15	1,542			0	
	Soot	19	2.55	308			0	
Shouguang Power	SO_2	262	15.78	1,347.5	2	Each unit has one emission outlet	0	100
	NO_X	550	33.6	1,925			1	
	Soot	29	1.74	192.5			0	
Cangdong Power	SO_2	264	22.23	1,842.65	2	Every two units share one emission outlet	0	100
	NO_X	464	12.52	2,632.36			0	
	Soot	53	2.56	292.06			0	
Dingzhou Power	SO_2	219	11.41	1,814.32	2	Every two units share one emission outlet	0	100
	NO_X	351	18.97	2,591.88			0	
	Soot	40	2.2	521.88			0	

Name of the entity	Main pollutants	Total emissions *tonne*	Average emission concentration *mg/Nm³*	Approved total emissions *tonne/year*	Number of emission outlets	Distribution of emission outlets	Excessive emissions *hour*	Operation rate of pollution prevention facilities *%*
Dianta Power Plant of Shendong Power	SO_2	255	19.62	1,031.81	1	All units share one emission outlet	0	100
	NO_X	431	33.89	1,474.02			0	
	Soot	31	2.51	294.80			0	
Shendong Power Daliuta Thermal Power Plant	SO_2	0.04	0.06	47.32	1	All units share one emission outlet	0	100
	NO_X	9	10.08	67.6			2	
	Soot	0.06	0.15	13.52			0	
Shendong Power Guojiawan Power Plant	SO_2	29	3.14	420	1	All units share one emission outlet	0	100
	NO_X	220	24.94	600			0	
	Soot	15	1.71	120			0	
Shenmu Power	SO_2	63	17.4	189	1	All units share one emission outlet	0	100
	NO_X	119	34.08	270			0	
	Soot	6	1.66	54			0	
Jinjie Energy (Power Plant)	SO_2	444	13.02	2,459	3	Every two units share one emission outlet	0	100
	NO_X	1,091	31.14	4,422.18			0	
	Soot	82	2.37	884.45			0	
Power Plant of Guoneng Yili Energy Co., Ltd.	SO_2	472	48	880	4	Each unit has one emission outlet	0	100
	NO_X	882	89.7	1,760			0	
	Soot	10	1.05	352			0	
Zhunge'er Power	SO_2	191	24.67	3,840	2	Each of Phase I and Phase II has one emission outlet	0	100
	NO_X	294	38.44	3,840			0	
	Soot	30	4.22	576			0	
Shengli Energy	SO_2	128	10.29	1,016.4	2	Each unit has one emission outlet	0	100
	NO_X	282	25.98	1,271			0	
	Soot	26	2.29	290.4			0	
Baotou Coal Chemical	SO_2	65	10.78	2,695.5	5	One boiler has four emission outlets, a separate emission outlet is set for sulfur recovery facilities	0	100
	NO_X	177	29.55	1,368.29			0	
	Soot	15	2.51	418.87			0	

Name of the entity	Main pollutants	Total emissions *tonne*	Average emission concentration *mg/Nm³*	Approved total emissions *tonne/year*	Number of emission outlets	Distribution of emission outlets	Excessive emissions *hour*	Operation rate of pollution prevention facilities *%*
Shenhua Bayan Nur Energy Co., Ltd.	SO_2 NO_X Soot	26 147 8	26.12 260.3 6.5	132 900 96	2	One coke oven chimney and one emission outlet for dust removal station	1 0 0	100
Shuiquan Open-pit Mine of Baotou Energy	SO_2 NO_X Soot	0.72 0.14 0.68	211 104 71.76	Registration management, not approved	1	One emission outlet for coal-fired boiler (the emission outlet was dismantled for transformation in March)	0 0 0	100
Baotou Energy Wanli First Colliery	SO_2 NO_X Soot	8 22 2	46.11 127.45 12.95	79.71 80.02 17.14	3	Each plant has one emission outlet	3 15 9	100
Zhunge'er Energy	SO_2 NO_X Soot	20 27 5	126.06 165.04 30.98	59.02 76.16 12.48	4	5 coal-fired boilers share one emission outlet and each of 3 gas-fired boilers has one emission outlet	0 0 0	100
China Shenhua Ha'erwusu Open-pit Mine	SO_2 NO_X Soot	19 19 3	208.93 201.15 33.36	42 52.5 8.57	1	One emission outlet for four coal-fired boilers	0 0 0	100
Huangyuchuan Colliery of Guoneng Yili Energy Co., Ltd.	SO_2 NO_X Soot	11 20 3	226 313 50	72.13 90.17 18.03	4	Two emission outlets for the colliery and two emission outlets for coal preparation plant	0 0 0	100
Shendong Coal Bu'ertai Colliery	SO_2 NO_X Soot	19 35 2	118.57 228.19 12.04	53.24 72.51 14.5	1	One emission outlet for coal-fired boiler	0 0 0	100

In the first half of 2023, Key Units, in terms of water environment, including three enterprises, i.e. Baotou Coal Chemical, Power Plant of Guoneng Yili Energy Co., Ltd., and Mengjin Power, achieved zero external discharge and 100% operation rate of pollution prevention facilities.

In the first half of 2023, Key Units, in terms of soil pollution and key environment risk control, including 10 enterprises, i.e. Baotou Coal Chemical, Zhunge'er Energy, Explosive Plant of Zhunge'er Energy, Shenhua Bayan Nur Energy Co., Ltd., Baorixile Energy, Dianta Power Plant of Shendong Power, Mengjin Power, Shouguang Power, Cangdong Power, Cangzhou Locomotives And Trains Maintenance Branch of China Energy Railway Equipment Co., Ltd. (國能鐵路裝備有限責任公司滄州機車車輛維修分公司), generated 29,036 tonnes of hazardous waste and entrusted qualified units to dispose the waste in compliance with the laws and regulations.

Investors should be aware that the above data are the results of the self-monitoring of the Company, which have not been confirmed by the local ecological and environmental protection regulatory authorities and may differ from the final data recognized by the local ecological and environmental protection regulatory authorities.

With regard to the provisions under the existing laws, the management believes that there is no contingent risk in relation to environmental protection that may bring material and adverse effects to the financial position or operating results of the Group. Contingent liabilities which may arise in the future cannot be accurately predicted.

2. Construction and Operation of Pollution Prevention and Control Facilities

The Group has built desulfurization, denitration, dust collectors, wastewater, solid waste and noise prevention and control facilities in accordance with national and local pollution prevention and environmental protection standards. During the Reporting Period, the pollution prevention and control facilities were generally in effective and stable operation and there were no environmental pollution incidents of general or above level.

3. Environmental Effect Appraisal of Construction Project and Other Administrative Approvals on Environmental Protection

In terms of construction projects, the Group carried out environmental impact appraisal and energy conservation appraisal, soil conservation inspection and acceptance, as well as environmental protection inspection and acceptance. The environmental impact appraisal, as well as environmental protection inspection and acceptance, water environmental protection inspection and acceptance and other relevant tasks upon construction completion have been conducted, respectively, on all construction projects in accordance with the law. All Key Units have obtained pollutant discharge licences in compliance with the national environmental requirements.

4. Emergency Plan for Unexpected Environmental Incidents

The Group carried out related work in accordance with the national emergency plan and management requirements for unexpected environmental incidents. The emergency plan filing for unexpected environmental incidents of Key Units can be searched on the websites of the local ecological environmental protection department.

5. Environment Self-monitoring Plan

The Group standardized the management of the online environmental protection monitoring system, and formulated the Administration Measures for the Online Environmental Protection Monitoring System* (《環保在線監測系統管理辦法》) in accordance with the relevant national standards and administrative regulations for online monitoring of pollution sources. All Key Units have completed the compilation of their self-monitoring plans. All automatic monitoring data and commissioned monitoring data in relation to wastewater and exhaust gas have been timely uploaded to the monitoring platform of the local environmental protection department according to relevant requirements.

6. Administrative Penalty for Environmental Problems during the Reporting Period

Unit name	Date	Penalty No.	Amount of penalty *RMB0'000*	Reason for penalty	Rectification progress
Shendong Power Guojiawan Power Plant	17 May 2023	No.72 of Shan K Fu Gu Huan Fa[2023]	10	No protective measures were taken in accordance with national environmental protection standards in the industrial solid waste storage process	Rectified
Shuiquan Open-pit Mine of Baotou Energy	14 April 2023	No. 6 of Bao Huan Fa 150221[2023]	10	No effective dust-proof measures were taken for open coal storage	Rectified

7. Other Environmental Information that should be Disclosed

☐ Applicable ✓ Not applicable

(II) Environmental Issues of Companies Other Than Those Classified as the Key Pollutant Discharge Units

1. Administrative Penalties for Environmental Problems

Unit name	Date	Penalty No.	Amount of penalty *RMB0'000*	Reasons for penalty	Rectification progress
Shendong Coal Branch	3 January 2023	No.1 of E Huan Yi Fa [2023]	23.61	Other illegal acts	Rectified
	15 March 2023	No.11 of Shan K Huan Fa[2023]	45	Failure to renew expired drainage permits of affiliated collieries in a timely manner	Renewed
	10 April 2023	No.17 of Shan K Huan Fa[2023]	45	Failure to renew expired drainage permits of affiliated collieries in a timely manner	Renewed
Yulin Energy Qinglongsi Colliery (榆林能源青龍寺煤礦)	10 January 2023	No.20 of Shan K Fu Gu Huan Fa[2023]	20	Appointment of incapable third parties to dispose gangue	Rectified
	10 January 2023	No.28 of Shan K Fu Gu Huan Fa[2023]	1.07	No approval procedures of environmental protection authority for new temporary storage of hazardous waste	Rectified
Yulin Energy Guojiawan Colliery (榆林能源郭家灣煤礦)	10 January 2023	No.26 of Shan K Fu Gu Huan Fa[2023]	10	No dust proof measures taken in temporary gangue dump	Rectified

2. Other Environmental Information

During the Reporting Period, the total emissions of major pollutants of the Group were as follows:

	Sulfur dioxide *0,000 tonnes*	Nitrogen oxide *0,000 tonnes*	Soot *0,000 tonnes*	Chemical oxygen demand (COD) *tonnes*	Hazardous waste *tonnes*
Key Units	0.60	1.19	0.08	0	29,036
Other enterprises	0.51	1.17	0.08	394	3,170
Total	1.11	2.36	0.16	394	32,206

Note: Since 2022, the Group has calculated the total hazardous waste emissions based on the full scope of the Directory of National Hazardous Wastes (2021 Edition).

3. Explanation of Reasons for Non-disclosure of Environmental Information by Companies Other Than Those Classified as the Key Pollutant Discharging Units

☐ Applicable ✓ Not applicable

(III) Explanation of the Follow-up Progress or Changes in the Disclosure of Environmental Information during the Reporting Period

☐ Applicable ✓ Not applicable

(IV) Actions Taken by the Company to Protect Ecology, Prevent Pollution and Take on Environmental Responsibilities

During the Reporting Period, the Group continued to carry out in-depth pollution prevention and control, comprehensively promoted the construction of green mines, green transportation, green power and green chemicals. The Group adopted a combination of measures to ensure source prevention and control, intensified efforts to advance the comprehensive governance of air pollution, and implemented a number of tasks to secure environment quality. The Group gave priority to conservation, enhanced recycling, and took coordinated steps to promote the high-efficient utilization of water resources. The Group insisted on source reduction, reclamation and harmless treatment and strengthened the disposal of hazardous waste in compliance with laws and regulations. The Group strictly observed the red lines for ecological protection, strengthened the management of soil pollution, took steps to enhance the integrated protection and remediation of mountains, rivers, forests, farmlands, lakes, grasslands and deserts, and promoted the ecological remediation and governance and protection of biodiversity in a well-coordinated way.

In the first half of 2023, the Group invested RMB581 million in environmental protection (including RMB130 million in ecological construction).

(V) Measures Taken to Reduce Carbon Emissions and Achievements Made During the Reporting Period

The Group was devoted to the safe, clean, efficient and intelligent development and utilization of coal in compliance with laws and regulations, and provided clean coal products for society. The Group made overall arrangements for energy-saving and consumption-reducing transformation, heating transformation and flexibility transformation of coal-fired power units, and further tapped into the potential of energy conservation and carbon reduction of existing thermal power enterprises. The Group strived for resources and projects in new energy industry and steadily increased the proportion of the installed capacity of new energy. The Group explored the development of clean fuels based on the utilization of hydrogen and ammonia energy, phased out outdated electrical and mechanical equipment with high energy consumption, improved the upgrading of technology and equipment, such as replacing coal with electricity and replacing oil with electricity, advancing the low carbon development of the entire industrial chain.

In the first half of 2023, the Group applied 46.62 million kWh of renewable electricity. Land reclamation of open-pit mines was increased by 1.48 million square meters, land governance coverage of underground mines subsidence area was increased by 18.17 million square meters and green area was increased by 6.72 million square meters.

II. DETAILS OF THE COMPANY'S EFFORTS TO EXPAND POVERTY ALLEVIATION ACHIEVEMENTS AND RURAL REVITALIZATION

The Group thoroughly studied and implemented the important expositions and important instructions of General Secretary Xi Jinping on the work related to agriculture, rural areas and rural residents and continued to increase support for capital, technology and talents in accordance with the plans of the Central Rural Work Conference and the work requirements of the National Rural Revitalisation Administration of the State Council and the State-owned Assets Supervision and Administration Commission of the State Council to ensure that the assistance work is steady and strong, the assistance efforts are steadily increasing, and the assistance effect is increasing, helping Mizhi County and Wubu County in Shaanxi Province, Butuo County in Sichuan Province and other designated counties to consolidate and expand the achievements in tackling poverty, and made new achievements in comprehensively promoting rural revitalization.

Based on the resource endowments of counties, the Group cultivated and expanded rural industrial projects according to local conditions, increased consumption assistance, and helped to cultivate and enhance the competitiveness of local enterprises. The Group actively participated in rural construction, continuously strengthened the supply of basic public services in rural areas, adhered to ecological priority, supported green development, and built beautiful and harmonious countryside. In the first half of the year, the Group donated assistance fund of RMB38.35 million in the three designated counties, implemented 28 projects of industry assistance and infrastructures construction, trained 815 persons for skilled personnel and primary-level cadres, and purchased and sold agricultural products of RMB2.182 million.

Section VII Significant Events

I. PERFORMANCE OF COMMITMENTS

Undertakings made by relevant parties such as de facto controller, shareholders, related parties and acquirers of the Company as well as the Company during the Reporting Period or subsisting to the Reporting Period are as follows:

Background of undertakings	Type of undertakings	Undertaking party	Contents of undertakings	Date and duration of undertakings	Any deadline for performance	Whether timely and strictly performed	In case of failure to perform in time, the specific reasons for the incomplete performance shall be started	In case of failure to perform in time, future plans shall be described
Undertaking made in connection with initial public offering	Non-competition undertaking	China Energy	The two parties entered into the "Non-competition Agreement" on 24 May 2005, a "Supplemental Agreement to the Existing Non-Competition Agreement" on 1 March 2018 and "Supplemental Agreement II to the Existing Non-Competition Agreement" on 28 April 2023. As the Company is an integrated platform which is responsible for the coal business and affiliated to China Energy, China Energy has undertaken not to compete with the Company in respect of the Company's core businesses (coal exploration, mining, processing, sales; production and sales of comprehensive utilization of coal products; development and management of coal products; railway transportation; port transportation; the industry and ancillary service related to the business aforementioned) whether inside or outside of the PRC, and granted the Company options and pre-emptive rights to acquire and be transferred from China Energy any business opportunities and assets which may pose potential competition.	24 May 2005, long-term; 1 March 2018, 27 August 2028	Yes	Yes, in progress	N/A	N/A

The Resolution on the Performance of Non-competition Undertaking was approved at the 45th meeting of the second session of the Board on 27 June 2014 and the Announcement on the Performance of Non-competition Undertaking was disclosed to the public. The Company will commence the acquisition of 14 assets of the former Shenhua Group Corporation Limited and its subsidiaries ("Original Undertaking Assets") step by step as planned. For details, please refer to the H-share announcement dated 27 June 2014 and the A-share announcement of the Company dated 28 June 2014. The Company completed the acquisition of three assets, namely 100% equity interest in Ningdong Power,100% equity interest in Xuzhou Power and 51% equity interest in Zhoushan Power in 2015.

Being the parent company subsequent to the restructuring, China Energy merged with China Guodian Corporation by way of merger by absorption. As approved in the 2018 first extraordinary general meeting of the Company, the Company entered into the Supplemental Agreement to the Existing Non-Competition Agreement with China Energy. It is agreed by both parties that other than the amendments in the Supplemental Agreement to the Existing Non-Competition Agreement, the clauses of the Existing Non-competition Agreement will continue to be performed. Pursuant to the Supplemental Agreement to the Existing Non-competition Agreement, within five years after the completion of China Energy merging with China Guodian Group Co., Ltd. by way of merger by absorption, the Company will discretionally exercise the options and pre-emptive rights to acquire the assets within the retained businesses, and will no longer perform the non-competition undertaking given in 2014. The retained businesses refer to (1) Original Undertaking Assets (excluding the three equity assets that the Company completed the acquisition of in 2015) other than the assets of conventional power generation business and (2) the unlisted businesses originally held by China Guodian Corporation which directly or indirectly compete with the core businesses of the Company (excluding the relevant assets that China Guodian Corporation undertook to inject into its subsidiary, Inner Mongolia Pingzhuang Energy Co., Ltd., in 2007). For details, please refer to the H-share announcement of the Company dated 1 March 2018 and the A-share announcement of the Company dated 2 March 2018.

On 16 June 2023, the Supplemental Agreement II to the Existing Non-Competition Agreement was approved to be entered into between the Company and China Energy at the 2022 Annual General Meeting, pursuant to which, the period for the Company to seize the opportune moment to exercise the options and pre-emptive rights to acquire the assets involved in the retained businesses was extended to 27 August 2028. For details, please refer to the H-share announcement of the Company dated 28 April 2023 and the A-share announcement of the Company dated 29 April 2023.

In the first half of 2023, the Company commenced the work on the acquisition of 100% equity interest in Inner Mongolia Dayan Mining Industry Group Co., Ltd and 100% equity interest in China Energy Hangjin Energy Co., Ltd. held by China Energy, which are still in progress as at the end of the Reporting Period. For details, please refer to the H-share announcement of the Company dated 25 June 2023 and the A-share announcement of the Company dated 26 June 2023.

As a coal business integration platform under China Energy, the Company will, in accordance with the Non-competition Agreement and relevant supplemental agreements signed by both parties, discretionally exercise the options and pre-emptive rights in respect of business opportunities and assets that may constitute potential competition, thereby promoting gradual reduction of competition.

II. APPROPRIATION OF FUNDS BY ITS CONTROLLING SHAREHOLDER AND OTHER RELATED PARTIES FOR NON-OPERATIONAL PURPOSES DURING THE REPORTING PERIOD

☐ Applicable ✓ Not applicable

III. ILLEGAL GUARANTEES

☐ Applicable ✓ Not applicable

IV. AUDIT OF THE INTERIM REPORT

(I) Description of Appointment and Removal of Auditors

On 16 June 2023, KPMG Huazhen LLP and KPMG were appointed as the A-share and H-share auditors of the Company respectively for 2023 at the Company's 2022 Annual General Meeting.

(II) Change in Appointment of Auditors During the Audit Period

☐ Applicable ✓ Not applicable

(III) Explanation of the Company on the "Modified Audit Report" Issued by Auditors

☐ Applicable ✓ Not applicable

(IV) Explanation of the Company on the "Modified Audit Report" Issued by the Certified Public Accountant in respect of the Financial Report Contained in the Annual Report for the Previous Year

☐ Applicable ✓ Not applicable

V. CHANGES IN AND TREATMENT OF MATTERS INVOLVED IN NON-STANDARD AUDIT OPINIONS ON THE ANNUAL REPORT OF LAST YEAR

☐ Applicable ✓ Not applicable

VI. INSOLVENCY OR RESTRUCTURING RELATED MATTERS

☐ Applicable ✓ Not applicable

VII. MATERIAL LITIGATION AND ARBITRATION

As at the end of the Reporting Period, the Group was not involved in any material litigation or arbitration. As far as the Group was aware, the Group did not have any material litigation or claim which was pending or threatened against the Group.

As at 30 June 2023, the Group was the plaintiff, the defendant or the party of certain non-material litigations and arbitrations. The management believes that any possible legal liability which may be incurred from the aforesaid cases will not have any material impact on the financial position of the Group.

VIII. SANCTIONS AND RECTIFICATIONS IMPOSED ON THE LISTED COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER, DE FACTO CONTROLLER AND ACQUIRERS

☐ Applicable ✓ Not applicable

IX. INTEGRITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER DURING THE REPORTING PERIOD

After enquiring National Enterprise Credit Information Publicity System, during the Reporting Period, neither the Company nor China Energy, the controlling shareholder of the Company, was included in the list of enterprises with serious illegal and dishonest acts.

X. MATERIAL RELATED PARTY/CONNECTED TRANSACTIONS

(I) Related Party/Connected Transactions During the Daily Operation

The Company has a related party/connected transaction team under the direct supervision of the Chief Financial Officer, which is responsible for the management of related party/connected transactions; and has established a business process, which properly delineates the responsibilities of the Company, its subsidiaries and branches in the management of related party/connected transactions. The Company has also established routine examinations, reporting systems and accountability systems in the subsidiaries and branches of the Company, to ensure that related party/connected transactions be conducted in accordance with the terms and conditions of framework agreement.

1. Annual Caps for the Related Party/Connected Transaction During the Daily Operation in 2023

China Energy holds 69.52% of the Company's shares and is a related party of the Company under the Shanghai Listing Rules and connected person of the Company under the Hong Kong Listing Rules. On 22 October 2021, the Company's 2021 First Extraordinary General Meeting approved the 2021-2023 Mutual Coal Supply Agreement (the "Mutual Coal Supply Agreement"), the 2021-2023 Mutual Supplies and Services Agreement (the "Mutual Supplies and Services Agreement") entered into between the Company and China Energy on 27 August 2021 and determined the annual transaction cap amount of each year from 2021 to 2023 for such related party/connected transactions during the daily operation with the validity of the agreements expiring on 31 December 2023. Due to the rise in coal and service prices and the increase in demand, the Company's 2021 Annual General Meeting held on 24 June 2022 approved the revision of the annual caps for supply of coal by the Group to China Energy Group for the years from 2021 to 2023 under the Mutual Coal Supply Agreement and the annual caps for supply of product and provision of services by the Group to China Energy Group for the years from 2022 to 2023 under the Mutual Supplies and Services Agreement. (Please refer to the Company's H-share announcement on 25 March 2022 and A-share announcement on 26 March 2022 and the Company's 2022 Annual Report.)

Finance Company is 60% owned by China Energy, the Company's controlling shareholder. Therefore, it is a related party of the Company under the Shanghai Listing Rules and connected person of the Company under the Hong Kong Listing Rules. Within its business scope, Finance Company provides the members of the Group with financial services. The Company's 2020 Annual General Meeting held on 25 June 2021 approved the 2021-2023 Financial Services Agreement (the "Financial Services Agreement") entered into between the Company and Finance Company on 26 March 2021 and the annual transaction caps from 2021 to 2023 for such related party/connected transactions during the daily operation thereunder. On 28 October 2022, the Company's 2022 first extraordinary general meeting approved the Supplemental Agreement to Financial Services Agreement (the "Supplemental Agreement") entered into between the Company and Finance Company, to amend certain terms of the Financial Services Agreement and the annual caps in respect of daily balance (including interests accrued thereon) of deposits placed by the Company and its controlling subsidiaries with Finance Company for 2022 and 2023. The Supplemental Agreement is valid from 1 January 2022 to 31 December 2023. (Please refer to the Company's H-share announcement on 23 September 2022 and A-share announcement on 24 September 2022, and the Company's 2022 Annual Report.)

Guoneng (Beijing) Commercial Factoring Co., Ltd. ("Guoneng Factoring") (國能（北京）商業保理有限公司) is an indirect wholly-owned subsidiary of China Energy, the Company's controlling shareholder. Accordingly, Guoneng Factoring is a related party of the Company under the Shanghai Listing Rules and connected person of the Company under the Hong Kong Listing Rules. On 28 April 2023, the Company and Guoneng Factoring entered into the Factoring Services Agreement between China Shenhua Energy Company Limited and Guoneng (Beijing) Commercial Factoring Co., Ltd. (the "Factoring Services Agreement") and agreed the annual cap amount for the transactions from 2023 to 2025 thereunder, effective from 1 January 2023 to 31 December 2025. Pursuant to the Factoring Services Agreement, Guoneng Factoring has agreed to provide the members of the Group with factoring services (including recourse factoring, non-recourse factoring, reverse factoring, etc.) and factoring-related services such as, relevant consulting, agency, asset management and supply chain finance platform service. (Please refer to the Company's H-share announcement on 28 April 2023 and A-share announcement on 29 April 2023.)

China Railway Taiyuan Group Co., Ltd. ("Taiyuan Railway Bureau") is the controlling shareholder of Daqin Railway Co., Ltd., which is a substantial shareholder of Shuohuang Railway, a significant subsidiary of the Company. China State Railway Group Co., Ltd. ("China Railway") is the controlling shareholder of Taiyuan Railway Bureau. Therefore, China Railway constitutes a connected person of the Company under the Hong Kong Listing Rules. On 28 October 2022, the Company and Taiyuan Railway Bureau which acted for and on behalf of China Railway entered into the Continuing Connected Transactions Framework Agreement, effective from 1 January 2023 to 31 December 2025. Pursuant to the Continuing Connected Transactions Framework Agreement, the Group and China Railway Group (China Railway and its subsidiaries, including Taiyuan Railway Bureau Group (including Taiyuan Railway Bureau and its subsidiaries)) have agreed to provide transportation service, supply coal and provide other products and services to each other. (Please refer to the Company's H-share announcement on 28 October 2022 and A-share announcement on 29 October 2022 and the Company's 2022 Annual Report.)

2. Implementation of Each Agreement During the Reporting Period

Set out below are the caps and implementation of major continuing related party/connected transaction agreements disclosable during the Reporting Period. During the Reporting Period, the total amount of related party/connected transactions in relation to sales of products and provision of services by the Group to China Energy Group reached RMB54,736 million, accounting for 32.3% of the Group's revenue during the Reporting Period.

Name of the agreement		Provision of products and services by the Group to related parties/connected persons and other inflows			Purchase of products and services from related parties/connected persons by the Group and other outflows		
		Prevailing transaction cap	Transaction amount during the Reporting Period	Proportion in the same type of transactions	Prevailing transaction cap	Transaction amount during the Reporting Period	Proportion in the same type of transactions
		RMB million	***RMB million***	*%*	*RMB million*	***RMB million***	*%*
(1)	Mutual Coal Supply Agreement entered into between the Company and China Energy	99,000	**46,421**	41.8	29,000	**6,394**	19.1
(2)	Mutual Supplies and Services Agreement entered into between the Company and China Energy	39,000	**8,315**	–	17,000	**2,391**	–
	Including: ①Products		**3,710**	8.5		**517**	1.5
	②Services		**4,605**	30.8		**1,874**	12.4
(3)	Continuing Connected Transactions Framework Agreement entered into between the Company and China Railway	7,400	**1,168**	1.0	20,000	**5,182**	6.3

Name of agreement		Transaction item		Prevailing transaction cap *RMB million*	Transaction amount during the Reporting Period *RMB million*
(4)	Financial Services Agreement between the Company and Finance Company	①	Maximum daily balance of comprehensive credit provided by Finance Company to the members of the Group (including loans, credit loans, bill acceptance and discount, guarantee, letter of guarantee, overdraft, letter of credit, etc., including relevant interest accrued thereon)	100,000	**25,719**
		②	Maximum daily deposit balance of the members of the Group in Finance Company (including the accrued interest thereon)	75,000	**74,945**
		③	Total amount of fees charged by Finance Company for providing the members of the Group with financial services, including but not limited to consultation, agency, settlement, transfer, investment, letter of credit, online banking, entrusted loan, guarantee, bill acceptance and other services	400	**2**
(5)	Factoring Services Agreement between the Company and Guoneng Factoring	①	Maximum daily balance (including interests, factoring service fees and related financing fees) for providing factoring services by Guoneng Factoring to the members of the Group (including recourse factoring, non-recourse factoring, reverse factoring, etc.)	2,000	**1,150**
		②	Total service fees (including but not limited to consulting fee, agency fee, handling fee or other service fees) charged by Guoneng Factoring per annum for providing the members of the Group with other related services, including but not limited to providing consulting, agency, management and other services	20	**–**

Aforementioned continuing related party/connected transactions were conducted within the normal business scope of the Company, and approval and disclosure procedures of independent directors and independent shareholders were performed strictly.

(II) Related Party Transactions in Relation to Acquisition of Assets or Acquisition or Disposal of Equity Interests

☐ Applicable ✓ Not applicable

(III) Material Related Party Transactions Regarding Joint External Investments

1. Events Which Were Disclosed in Announcements Without Subsequent Progress or Changes

☐ Applicable ✓ Not applicable

2. Events Which Were Disclosed in Announcements with Subsequent Progress or Changes

On 30 November 2022, the Proposal on Capital Increase to China Energy Finance Co., Ltd. has been considered and approved at the 17th meeting of the fifth session of the Board of Directors of the Company, approving the capital increase by the Company and the Company's controlling subsidiaries, namely Shuohuang Railway, Zhunge'er Energy and Baoshen Railway, to Finance Company in the total amount of RMB2 billion in the same proportion according to their respective shareholding ratios. For details, please refer to the Announcement on Related Party Transaction on the Capital Increase to China Energy Finance Co., Ltd. disclosed by the Company on the website of the SSE on 1 December 2022, and the announcement headed Connected Transaction – Entering into Finance Company Capital Increase Agreement disclosed by the Company on the website of the HKEx on 30 November 2022. As at the end of the Reporting Period, the above transaction has been completed.

3. Events Undisclosed in Announcements

☐ Applicable ✓ Not applicable

(IV) Debts and Liabilities Between Related Parties

Unit: RMB million

		Funds provided to related parties			Funds offered by related parties to the listed company		
Related parties	Related party relationship	Opening balance	Amount incurred	Closing balance	Opening balance	Amount incurred	Closing balance
China Energy	Controlling shareholder	–	–	–	874	–	874
Finance Company	Subsidiary of the controlling shareholder	58,850	15,835	74,685	25,719	(5,174)	20,545
Other related parties	Other	400	–	400	553	597	1,150
Total		59,250	15,835	75,085	27,146	(4,577)	22,569

Reasons for debts and liabilities between related parties	(1) Long- and short-term borrowing were provided by China Energy to the Group; (2) The Group's deposits/loans with Finance Company; (3) The entrusted loans were issued or received by the Group. Internal decision-making procedures have been performed in respect of the above debts and liabilities between related parties in accordance with relevant regulations.
Repayment of debts and liabilities between related parties	At present, the principal and interest of the above borrowings and entrusted loans are being paid normally according to the repayment plan.
Impacts of debts and liabilities between related parties on the operating results and financial position of the Group	The above borrowings and entrusted loans are beneficial to the normal commencement of relevant project construction and production operation of the Group and have no material impact on the operating results and financial position of the Group.

(V) Related Party/Connected Transactions with Finance Company

As at the end of the Reporting Period, the Company directly and indirectly held 40% equity interests in Finance Company, and China Energy, the controlling shareholder of the Company, held 60% equity interests in Finance Company, therefore the financial services provided by Finance Company to the Group constituted related party/connected transactions of the Company. The board of directors of Finance Company comprises of 7 directors in total, including 4 non-executive directors, 1 director appointed by the Company and 3 directors appointed by China Energy.

1. Major Financial Indicators of Finance Company

	Unit	The first half of 2023 (unaudited)	The first half of 2022 (unaudited)
Revenue	RMB million	**2,129**	1,901
Total profit	RMB million	**1,816**	1,561
Net profit	RMB million	**1,424**	1,202

	Unit	As at 30 June 2023 (unaudited)	As at 31 December 2022 (audited)
Total assets	RMB million	**246,466**	221,886
Total liabilities	RMB million	**214,890**	196,733
Owner's equity	RMB million	**31,576**	25,153

Note: The financial data in the above table are prepared in accordance with China Accounting Standards for Business Enterprises.

2. Major Risk Indicators of Finance Company

No.	Control indicators	Requirement on indicators	As at 30 June 2023
1	Capital adequacy rate not lower than the lowest regulatory requirements	≥10.5%	**13.97%**
2	Liquidity ratio not lower than 25%	≥25%	**37.83%**
3	Loan balance not higher than 80% of the sum of the deposit balance and the paid-in capital	≤80%	**77.88%**
4	Total external liabilities not higher than net capital	≤100%	**0.00%**
5	Balance of bills acceptance not higher than 15% of total assets	≤15%	**1.78%**
6	Balance of bill acceptance no more than 3 times of balance of interbank deposits	≤300%	**38.63%**
7	Total amount of bills acceptance and rediscounting not higher than net capital	≤100%	**12.97%**
8	Security deposits for bank acceptance bills not higher than 10% of total deposits	≤10%	**0.00%**
9	Total amount of investment not higher than 70% of net capital	≤70%	**38.68%**
10	Net amount of fixed assets not higher than 20% of net capital	≤20%	**0.06%**

3. Deposit Business

Unit: RMB million

Related party	Related party relationship	Maximum daily deposit limit	Deposit interest rate range	Opening balance	Amount for the period: Total amount deposited for the period	Amount for the period: Total amount withdrawn for the period	Closing balance
Finance Company	Subsidiary of the controlling shareholder	75,000	0.3%-3.2%	58,850	217,770	201,935	74,685
Total	/	/	/	58,850	217,770	201,935	74,685

Note: "Maximum daily deposit limit" refers to the maximum daily deposit balance (including accrued interest incurred) of the Group in Finance Company during the Reporting Period.

4. Loan Business

Unit: RMB million

Related party	Related party relationship	Maximum daily loan limit	Loan interest rate range	Opening balance	Amount for the period: Total amount of loan for the period	Amount for the period: Total amount of repayment for the period	Closing balance
Finance Company	Subsidiary of the controlling shareholder	100,000	1.9744%-4.26%	25,719	1,708	6,882	20,545
Total	/	/	/	25,719	1,708	6,882	20,545

Note: "Maximum daily loan limit" refers to the maximum daily balance (including accrued interest incurred) of loans provided by Finance Company to the Group.

5. Credit Facilities or Other Financial Business

Unit: RMB million

Related party	Related party relationship	Business type	Quota	Amount for the period
Finance Company	Subsidiary of the controlling shareholder	Bill discount	100,000	852
Finance Company	Subsidiary of the controlling shareholder	Issue of acceptance bill	100,000	715
Finance Company	Subsidiary of the controlling shareholder	Intermediary business	400	2

Notes:

(1) The amount for the period of bills acceptance and discount business refers to total amount of relevant services provided by Finance Company to the Group during the Reporting Period.

(2) The amount for the period of intermediary business refers to total amount of various service fees charged by Finance Company for provision of financial services to the Group.

(VI) Other Major Related Party Transactions

☐ Applicable ✓ Not applicable

XI. MATERIAL CONTRACTS AND THEIR PERFORMANCE

(I) Trust, Contracting and Leasing

☐ Applicable ✓ Not applicable

(II) Major Guarantees Performed and Outstanding During the Reporting Period

Unit: RMB million

Guarantees provided by the Company to external parties (excluding guarantee granted to its subsidiaries)													
Guarantor	Relationship between the guarantor and the listed company	Guarantee	Amount guaranteed	Date of provision of guarantee (execution date of agreement)	Beginning date of guarantee	Expiry date of guarantee	Type of guarantee	Whether performance has been completed	Whether guarantee is overdue	Amount of guarantee overdue	Whether counter guarantee is provided	Whether guarantee is for the benefit of related parties	Related party relationship
Baorixile Energy	Controlling subsidiary	Hulunbei'er Liangyi Railway Company Limited	57.95	2008.08.30	2008.08.30	2029.08.29	Joint and several liability guarantee	No	No	0	No	No	Not applicable

Total amount of guarantee provided during the Reporting Period (excluding guarantee provided to its subsidiaries)	(4.83)
Total balance of guarantee at the end of the Reporting Period (A) (excluding guarantee provided to its subsidiaries)	57.95
Guarantee provided by the Company and its subsidiaries to its subsidiaries	
Total amount of guarantee provided to its subsidiaries during the Reporting Period	(131.3)
Total balance of guarantee provided to its subsidiaries at the end of the Reporting Period (B)	3,274.39
Aggregated amount of guarantee (including guarantee provided to its subsidiaries)	
Total amount of guarantee (A+B)	3,332.34
Proportion of total amount of guarantee to the net assets attributable to shareholders of the Company under China Accounting Standards for Business Enterprises at the end of the Reporting Period (%)	0.9
Amount of guarantee provided to its shareholders, de facto controller and their related parties (C)	0
Amount of guarantee directly or indirectly provided to its parties with a gearing ratio in excess of 70% (D)	3,332.34
Portion of the total amount of guarantee in excess of 50% of net assets (E)	0
Aggregated amount of the above three amounts of guarantee (C+D+E)	3,332.34
Description of the potential joint and several repayment liability for unmatured guarantee	Please refer to below
Description of guarantee	Please refer to below

Note: The balance of guarantee provided by the subsidiary to external parties of the total amount of guarantee at the end of the Reporting Period equals to the amount of external guarantee of the subsidiary multiplies by the shareholding of the Company in the subsidiary.

As at the end of the Reporting Period, the total balance of the amount of guarantee provided by the Group amounted to RMB3,332.34 million, including:

(1) As at the end of the Reporting Period, the guarantee provided by Baorixile Energy, a subsidiary of which the Company owns 56.61% equity interests, to external parties was as follows: prior to the acquisition of Baorixile Energy by the Company in 2011 and pursuant to the Guarantee Agreement on the Syndicated Renminbi Loan for the Cooperative Railway Project Connecting Yimin and Yiershi Newly Constructed by Hulunbei'er Liangyi Railway Company Limited, in 2008, Baorixile Energy, as one of the guarantors, provided joint and several liability guarantee to Hulunbei'er Liangyi Railway Company Limited (hereinafter referred to as the "Liangyi Railway Company", of which Baorixile Energy owns 14.22% equity interests) for the syndicated loans. The major liability guaranteed was the debts due to the lender with a maximum balance of RMB207.47 million from 2008 to 2027, regardless of whether the debt is due when the above period expires. The above syndicated loans will fall due by tranches between 2011 and 2026. The guarantee agreement provides that the guarantee period of the debts borne by the guarantor shall be calculated from the due date of each tranche to two years after the due date of the last tranche, i.e. 2029.

    Given that Liangyi Railway Company failed to pay the loan interest on time due to its deteriorating business operation, as resolved by the shareholders' general meeting of Liangyi Railway Company, additional capital was injected into Liangyi Railway Company by its shareholders (including Baorixile Energy). Baorixile Energy has injected an accumulated amount of RMB11.82 million into Liangyi Railway Company.

    As at the end of the Reporting Period, Baorixile Energy, in proportion to its shareholding, repaid the principal on the loans on behalf of Liangyi Railway Company amounting to a total of RMB98.829 million. Baorixile Energy already made full provision for impairment on its 14.22% equity interests in Liangyi Railway Company and the repayment amount paid on its behalf. Together with other shareholders, Baorixile Energy will continue to call for improvement of business operation of Liangyi Railway Company. As at 30 June 2023, Liangyi Railway Company had a gearing ratio of 190%.

(2) As at the end of the Reporting Period, the amount of guarantee between subsidiaries in consolidated reports of the Company, in proportion to its shareholding, amounted to approximately RMB3,274.39 million, which was mainly due to the fact that Shenhua Hong Kong Limited, a wholly-owned subsidiary of the Company, provided guarantees for the issuance of USD0.5 billion bonds by China Shenhua Overseas Capital Company Limited, its wholly-owned subsidiary.

(III) Entrusted Cash Asset Management

1. General Status of Entrusted Loans

Unit: RMB million

Type of product	Source of fund	Amount incurred during the Reporting Period	Closing balance undue of the Reporting Period	Unrecovered amount overdue
Entrusted loans	Own fund	400	400	0

Note: Amount incurred during the Reporting Period refers to the daily maximum principal balance of such entrusted loans of the Group in the first half of 2023.

2. Individual Entrusted Loans

Unit: RMB million

Name of borrower	Relationship between the borrower and the Group	Trustee	Amount of entrusted loans	Initial date of loans	Expiry date of loans	Duration of loans	Source of fund	Investment of fund	Determination of compensation	Interest rate	Actual return for the Reporting Period	Principal recovered for the Reporting Period	Whether it has been through legal procedures
Yili Chemical	Joint stock company	Bank of China	400	24/12/2020	23/12/2023	3 years	Own fund	Replacement of loans	Interest to be paid quarterly	4.75%	9.6	0	Yes

In December 2020, Shendong Power, a wholly-owned subsidiary of the Company, entered into an entrusted loan agreement with an amount of RMB400 million with Inner Mongolia Yili Chemical Industry Co., Ltd. ("Yili Chemical"). The proportion of entrusted loan provided by Shendong Power to Yili Chemical to total shareholders' loan of Yili Chemical does not exceed its shareholding, which complies with relevant requirements of Guideline No. 8 for the Listed Company – Regulations of Transfer of Funds and External Guarantees of Listed Companies issued by the CSRC.

As at 30 June 2023, the Group did not grant entrusted loans with an amount exceeding 5% of the Group's latest audited net assets attributable to equity holders of the Company to any individual party. The Company did not utilise the proceeds raised to grant entrusted loans, and there was no entrusted loan that was involved in litigations. No provision for impairment for the above entrusted loans has been made by the Group. Under centralised capital management of the Group, the entrusted loans among the Company and its subsidiaries were used for meeting operating and development needs. Such entrusted loans have been eliminated in the consolidated financial statements of the Group.

Section VIII Changes in Ordinary Share Capital and Particulars of Shareholders

I. CHANGE IN SHARE CAPITAL

(I) Changes of the Number of Shares

1. Changes of the Number of Shares

During the Reporting Period, there were no changes in the total number of ordinary shares and shareholding structure. The Company did not issue any preference shares.

Unit: share

	As at 30 June 2023	
	Number	Percentage %
I. Shares with selling restrictions	0	0.00
II. Shares without selling restrictions	19,868,519,955	100.00
1. RMB ordinary shares	16,491,037,955	83.00
2. Overseas listed foreign shares	3,377,482,000	17.00
III. Total number of shares	19,868,519,955	100.00

During the six months ended 30 June 2023, the Group did not purchase, sell or redeem any of the Company's securities as defined under the Hong Kong Listing Rules.

As at the disclosure date of this report, so far as the Company's Directors are aware of, the Company has satisfied minimum public float requirement under Rule 8.08 of the Hong Kong Listing Rules.

2. Details of Changes in Shares

☐ Applicable ✔ Not applicable

3. Impacts of Changes in Shares on Earnings Per Share, Net Assets Per Share and Other Financial Indicators after the Reporting Period and Prior to the Disclosure Date of the Interim Report

☐ Applicable ✔ Not applicable

4. Other Contents to be Disclosed as Deemed Necessary by the Company or Required by Securities Regulatory Authorities

☐ Applicable ✔ Not applicable

(II) Changes in Shares with Selling Restrictions

☐ Applicable ✔ Not applicable

II. NUMBER OF SHAREHOLDERS AND SHARES

(I) Total Number of Shareholders

Total number of shareholders of ordinary shares as at the end of the Reporting Period *(accounts)*	160,207
Including: Holders of A shares (including China Energy)	158,314
Registered holders of H shares	1,893

(II) Shareholdings of Top Ten Shareholders and Top Ten Holders of Tradable Shares (or Shareholders Without Selling Restrictions) as at the End of the Reporting Period

Unit: share

Shareholdings of top ten shareholders							
Name of shareholders (Full name)	Increase/ decrease during the Reporting Period	Number of shares held at the end of the Reporting Period	Percentage %	Number of shares with selling restrictions	Shares subject to pledge, mark or lock-up: Status	Shares subject to pledge, mark or lock-up: Number	Nature of shareholders
China Energy Investment Corporation Limited	0	13,812,709,196	69.52	0	Nil	N/A	State-owned corporation
HKSCC NOMINEES LIMITED	-1,932,462	3,367,332,445	16.95	0	Unknown	N/A	Overseas corporation
China Securities Finance Corporation Limited	0	594,718,004	2.99	0	Nil	N/A	Others
Hong Kong Securities Clearing Company Limited	-117,793,031	203,144,217	1.02	0	Nil	N/A	Overseas corporation
Guoxin Investment Co., Ltd.	+117,112,145	117,814,945	0.59	0	Nil	N/A	State-owned corporation
Central Huijin Asset Management Ltd.	0	106,077,400	0.53	0	Nil	N/A	State-owned corporation
China Life Insurance Company Limited – Dividend – Personal dividend – 005L – FH002 Hu	-2,958,200	70,142,158	0.35	0	Nil	N/A	Others
Huaxia Life Insurance Co., Ltd. – Own fund	+25,284,456	31,604,645	0.16	0	Nil	N/A	Others
National Social Security Fund Portfolio 101	+14,331,060	30,126,155	0.15	0	Nil	N/A	Others
Industrial and Commercial Bank of China – Shanghai Index 50 Trading Open-end Index Securities Investment Fund	+195,400	28,419,464	0.14	0	Nil	N/A	Others

Unit: share

Shareholdings of top ten shareholders without selling restrictions			
	Number of shares without selling restrictions	Type and number of shares	
Name of shareholders		Type	Number
China Energy Investment Corporation Limited	13,812,709,196	RMB ordinary shares	13,812,709,196
HKSCC NOMINEES LIMITED	3,367,332,445	Overseas-listed foreign shares	3,367,332,445
China Securities Finance Corporation Limited	594,718,004	RMB ordinary shares	594,718,004
Hong Kong Securities Clearing Company Limited	203,144,217	RMB ordinary shares	203,144,217
Guoxin Investment Co., Ltd.	117,814,945	RMB ordinary shares	117,814,945
Central Huijin Asset Management Ltd.	106,077,400	RMB ordinary shares	106,077,400
China Life Insurance Company Limited – Dividend – Personal dividend – 005L – FH002 Hu	70,142,158	RMB ordinary shares	70,142,158
Huaxia Life Insurance Co., Ltd. –Own fund	31,604,645	RMB ordinary shares	31,604,645
National Social Security Fund Portfolio 101	30,126,155	RMB ordinary shares	30,126,155
Industrial and Commercial Bank of China – Shanghai Index 50 Trading Open-end Index Securities Investment Fund	28,419,464	RMB ordinary shares	28,419,464
Description of the special account for repurchase of the top ten shareholders	N/A		
Description of the abovementioned shareholders' entrusting of voting rights, entrusted voting rights, and waiver of voting rights	N/A		
Details regarding the related party relationships among the above shareholders or whether they are parties acting in concert	Both HKSCC NOMINEES LIMITED and Hong Kong Securities Clearing Company Limited are wholly-owned subsidiaries of Hong Kong Exchanges and Clearing Limited. Save as disclosed above, the Company is not aware of any related party relationships between the top ten shareholders without selling restrictions and the top ten shareholders, and whether they are parties acting in concert as defined in the Measures for Administration of Acquisition of Listed Companies.		
Details regarding the holders of preference shares with voting rights restored and the number of shares held	N/A		

Note: H shares held by HKSCC NOMINEES LIMITED are held on behalf of a number of its clients; A shares held by Hong Kong Securities Clearing Company Limited are held on behalf of a number of its clients.

Number of shares held by top ten shareholders with selling restrictions and their selling restrictions:

☐ Applicable ✓ Not applicable

(III) Strategic Investors or General Legal Persons Becoming Top Ten Shareholders as A Result of New Share Placing

☐ Applicable ✓ Not applicable

(IV) Substantial Shareholders' Interests and Short Positions in the Shares of the Company

As at 30 June 2023, persons set out in the table below had an interest and/or short position in the shares or underlying shares of the Company which is required to be recorded in the register of equity interests and/or short positions pursuant to section 336 of Part XV of the Securities and Futures Ordinance (the "SFO", Chapter 571 of the Laws of Hong Kong):

No.	Name of shareholder	Capacity	H shares/A shares	Nature of interest	Number of H shares/ A shares held	Percentage of H shares/ A shares over total issued H shares/ A shares respectively %	Percentage of total issued share capital of the Company %
1	China Energy	Beneficial owner	A shares	N/A	13,812,709,196	83.76	69.52
2	BlackRock, Inc.	Interest of corporation controlled by shareholder	H shares	Long position	193,904,316	5.74	0.98
				Short position	78,500	0.00	0.00

As at 30 June 2023, save as disclosed above, there was no other person who held interests and/or short positions in the shares or underlying shares of the Company which are required to be recorded in the register to be kept under section 336 of Part XV of the SFO, or was a substantial shareholder of the Company.

III. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) Changes in Shareholding of the Incumbent Directors, Supervisors, and Senior Management and Those Departed During the Reporting Period

☐ Applicable ✓ Not applicable

(II) Equity Incentives Granted to Directors, Supervisors and Senior Management During the Reporting Period

☐ Applicable ✓ Not applicable

(III) Other Explanation

☐ Applicable ✓ Not applicable

IV. CHANGES IN CONTROLLING SHAREHOLDER OR DE FACTO CONTROLLER

☐ Applicable ✓ Not applicable

Section IX Report on Review of Condensed Consolidated Financial Statements

Review report to the board of directors of
China Shenhua Energy Company Limited
(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 103 to 151 which comprises the condensed consolidated statement of financial position of China Shenhua Energy Company Limited (the "Company") as of 30 June 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, interim financial reporting, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2023 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

25 August 2023

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2023 – unaudited

(Expressed in RMB)

	Note	Six months ended 30 June 2023 RMB million	Six months ended 30 June 2022 (Restated) RMB million
Revenue			
Goods and services	4	**169,442**	165,579
Cost of sales	6	**(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	10	**138**	369
Other income	7	**480**	545
Loss allowances, net of reversal	10	**3**	77
Other expenses		**(93)**	(130)
Interest income		**1,432**	1,502
Finance costs	8	**(1,272)**	(1,204)
Share of results of associates		**1,816**	1,274
Profit before income tax		**52,300**	55,729
Income tax expense	9	**(9,576)**	(6,205)
Profit for the period	10	**42,724**	49,524
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

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

for the six months ended 30 June 2023 – unaudited

(Expressed in RMB)

	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)	12	**1.855**	2.139

The notes on pages 113 to 151 form part of this interim financial report.

Condensed Consolidated Statement of Financial Position

at 30 June 2023 – unaudited

(Expressed in RMB)

	Note	**30 June 2023** *RMB million*	31 December 2022 (Restated) *RMB million*
Non-current assets			
Property, plant and equipment	13	**273,766**	274,103
Construction in progress	13	**26,378**	20,843
Exploration and evaluation assets		**7,296**	5,218
Intangible assets		**4,058**	4,059
Right-of-use assets	16	**23,952**	24,023
Interests in associates	14	**53,808**	49,714
Equity instruments at fair value through other comprehensive income		**2,499**	2,386
Other non-current assets	15	**28,349**	28,905
Deferred tax assets		**5,060**	5,019
Total non-current assets		**425,166**	414,270
Current assets			
Inventories	17	**15,553**	12,096
Accounts and bills receivables	18	**16,617**	12,100
Financial assets at fair value through other comprehensive income		**192**	502
Prepaid expenses and other current assets	19	**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	20	**150,311**	131,458
Total current assets		**240,962**	211,050
Current liabilities			
Borrowings	21	**6,589**	12,630
Accounts and bills payables	22	**31,755**	38,972
Accrued expenses and other payables	23	**93,288**	34,724
Current portion of lease liabilities		**237**	297
Current portion of long-term liabilities	24	**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

Condensed Consolidated Statement of Financial Position (Continued)

at 30 June 2023 – unaudited

(Expressed in RMB)

	Note	30 June 2023 RMB million	31 December 2022 (Restated) RMB million
Non-current liabilities			
Borrowings	21	**38,635**	38,438
Bonds		**3,312**	3,453
Long-term liabilities	24	**14,775**	10,613
Accrued reclamation obligations	25	**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	26	**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

Approved and authorised for issue by the board of Directors on 25 August 2023.

Lv Zhiren
Executive Director

Xu Mingjun
Executive Director

The notes on pages 113 to 151 form part of this interim financial report.

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 (Note 26)	Share premium RMB million (Note (i))	Capital reserve RMB million (Note (ii))	Exchange reserve RMB million	Statutory reserves RMB million (Note (iii))	Other reserves RMB million (Note (iv))	Retained earnings RMB million (Note (v))	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 11)*	–	–	–	–	–	–	(50,665)	(50,665)	–	(50,665)
Appropriation of maintenance and production funds *(Note (iii))*	–	–	–	–	4,630	–	(4,630)	–	–	–
Utilisation of maintenance and production funds *(Note (iii))*	–	–	–	–	(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

Condensed Consolidated Statement of Changes in Equity (Continued)

for the six months ended 30 June 2023 – unaudited

(Expressed in RMB)

	Equity attributable to equity holders of the Company									
	Share capital *RMB million* *(Note 26)*	Share premium *RMB million* *(Note (i))*	Capital reserve *RMB million* *(Note (ii))*	Exchange reserve *RMB million*	Statutory reserves *RMB million* *(Note (iii))*	Other reserves *RMB million* *(Note (iv))*	Retained earnings *RMB million* *(Note (v))*	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 11)*	–	–	–	–	–	–	(50,466)	(50,466)	–	(50,466)
Appropriation of maintenance and production funds *(Note (iii))*	–	–	–	–	2,896	–	(2,896)	–	–	–
Utilisation of maintenance and production funds *(Note (iii))*	–	–	–	–	(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

Notes:

(i) Share premium represents the difference between the total amount of the par value of shares issued and the amount of net proceeds received upon the global initial public offering of H shares in 2005 and the issuance of A shares in 2007.

(ii) The capital reserve represents the difference between the total amount of the par value of shares issued and the amount of the net assets, net of other reserves, transferred from Shenhua Group Corporation Limited ("Shenhua Group"), in connection with the Restructuring (as defined in Note 1).

(iii) Statutory reserves

Statutory surplus reserve

According to the PRC Company Law and the Company's Articles of Association, the Company is required to transfer 10% of its net profit as determined in accordance with the China Accounting Standards for Business Enterprises ("China Accounting Standards") to its statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of dividends to shareholders.

The statutory surplus reserve has reached 50% of the registered capital in 2009. Accordingly, no appropriation of net profit to the statutory surplus reserve has been proposed since 1 January 2010.

Statutory surplus reserve can be used to make up losses, if any, or to expand the Company's business, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital of the Company. The statutory surplus reserve is not distributable.

Specific reserve for maintenance and production funds

Pursuant to the relevant PRC regulations, the Group is required to transfer production and maintenance funds at fixed rates based on relevant bases, such as production volume, to a specific reserve account. The production and maintenance funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of production and maintenance funds utilised would be transferred from the specific reserve account to retained earnings.

Discretionary surplus reserve

The appropriation to the discretionary surplus reserve is subject to the shareholders' approval. The utilisation of the reserve is similar to that of the statutory surplus reserve.

The directors of the Company (the "Directors") have not proposed any appropriation to the discretionary surplus reserve for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

(iv) Other reserves

Other reserves mainly represent the consideration paid for acquisition of subsidiaries under common control, share of other comprehensive income of associates, and fair value changes on investments in equity instruments at fair value through other comprehensive income.

(v) Retained earnings

Included in the retained earnings of the Group were its share of the surplus reserve of its domestic subsidiaries amounting to RMB29,631 million as at 30 June 2023 (31 December 2022: RMB29,631 million).

The notes on pages 113 to 151 form part of this interim financial report.

Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2023 – unaudited

(Expressed in RMB)

		Six months ended 30 June	
		2023	2022
	Note	***RMB million***	*RMB million*
Operating activities			
Profit before income tax		**52,300**	55,729
Adjustments for:			
Depreciation and amortisation	10	**11,369**	11,250
Gains on disposal of property, plant and equipment, intangible assets and non-current assets	10	**(140)**	(369)
Loss allowances, net of reversal	10	**(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	8	**(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

Condensed Consolidated Statement of Cash Flows (Continued)

for the six months ended 30 June 2023 – unaudited

(Expressed in RMB)

	Note	Six months ended 30 June 2023 RMB million	2022 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)

Condensed Consolidated Statement of Cash Flows (Continued)

for the six months ended 30 June 2023 – unaudited

(Expressed in RMB)

		Six months ended 30 June	
		2023	2022
	Note	***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

The notes on pages 113 to 151 form part of this interim financial report.

1 PRINCIPAL ACTIVITIES AND ORGANISATION

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.

Organisation

The Company was established in the PRC on 8 November 2004 as a joint stock limited company as part of the Restructuring (as defined below) of Shenhua Group, a state-owned enterprise under the direct supervision of the State Council of the PRC.

Effective on 31 December 2003, the coal production and power generation operations previously operated by various entities wholly-owned or controlled by Shenhua Group were restructured and managed separately (the "Restructuring"), and those assets and liabilities related to the operations and businesses that were transferred to the Company were revalued by China Enterprise Appraisal Co., Ltd., an independent valuer registered in the PRC, as at 31 December 2003 as required by the PRC rules and regulations.

On 8 November 2004, in consideration for Shenhua Group transferring the coal mining and power generating assets and liabilities to the Company, the Company issued 15,000,000,000 domestic state-owned ordinary shares with a par value of RMB1.00 each to Shenhua Group. The shares issued to Shenhua Group represented the entire registered and paid-up share capital of the Company at that date.

In 2005, the Company issued 3,089,620,455 H shares with a par value of RMB1.00 each, at a price of Hong Kong Dollars ("HKD") 7.50 per H share by way of a global initial public offering. In addition, 308,962,045 domestic state-owned ordinary shares of RMB1.00 each owned by Shenhua Group were converted into H shares. A total of 3,398,582,500 H shares were listed on The Stock Exchange of Hong Kong Limited.

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

1 PRINCIPAL ACTIVITIES AND ORGANISATION (Continued)

Immediate parent and ultimate controlling party

On 28 August 2017, Shenhua Group received the *Notice regarding the Restructuring of China Guodian Corporation and Shenhua Group Corporation Limited* (Guo Zi Fa Gai Ge [2017] No. 146) from the State-owned Assets Supervision and Administration Commission of the State Council, which approves that China Guodian Corporation (the "China Guodian") and Shenhua Group shall implement the joint restructuring, China Guodian shall be merged into Shenhua Group, and the company name of Shenhua Group shall be changed to China Energy Group. China Energy Group will be the parent company after the completion of the restructuring.

On 27 November 2017, Shenhua Group completed the industrial and commercial registration of changes in the business license. The Directors consider the immediate parent and the ultimate holding company of the Group to be China Energy Group.

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 International Financial Reporting Standards (IFRSs).

2 BASIS OF PREPARATION (Continued)

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 new and 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.

3 CHANGES IN ACCOUNTING POLICIES (Continued)

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															
Segments	Coal		Power		Railway		Port		Shipping		Coal chemical		Others		Total	
	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

4 REVENUE FROM GOODS AND SERVICES (Continued)

The Group's revenue from contracts with customers is RMB169,385 million for the six months ended 30 June 2023 (six months ended 30 June 2022: RMB165,559 million).

The Group produces and sells coal and coal chemical products to customers at spot market. For sales of coal and coal chemical products, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customers' specific location. According to the Group's historical experiences, there was no significant exchange or return of coal and coal chemical products occurred. There is no sales-related warranties associated with coal and coal chemical products.

For sales of power, revenue is recognised upon the transmission of electric power to the power grid companies. Power could not be returned or exchanged and there is also no warranties associated with power sales.

The Group provides railway transportation services, shipment transportation services as well as port loading and storage services to customers. Such services are recognised as a performance obligation satisfied over time as the Group rendering the services. Revenue is recognised for these services based on the stage of completion of the performance obligation using output method.

All performance obligations of sales of coal, power and coal chemical products, railway and shipment transportation services, and port loading and storage services are part of contracts with an original expected duration of one year or less, and as permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5 SEGMENT AND OTHER INFORMATION

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker ("CODM"), including president, senior vice president and chief financial officer, for the purposes of resource allocation and performance assessment, the Group has presented the following six reportable segments. No operating segments have been aggregated to form the following reportable segments.

(1) Coal operations – which produce coal from surface and underground mines, and the sale of coal to external customers, the power operations segment and the coal chemical operations segment. The Group sells its coal under long-term supply contracts, which allow periodical price adjustments, and at spot market.

(2) Power operations – which use coal from the coal operations segment and external suppliers, thermal power, wind power, water power, gas power and photovoltaic power to generate electric power for the sale to coal operations segment and external customers. Electric power is sold to the power grid companies in accordance with planned power output at the tariff rates as approved by the relevant government authorities. Electric power produced in excess of the planned power output is sold at the marker price.

(3) Railway operations – which provide railway transportation services to the coal operations segment, the power operations segment, the coal chemical operations segment and external customers. The rates of freight charges billed to the coal operations segment, the power operations segment, the coal chemical operations segment and external customers are consistent and do not exceed the maximum amounts approved by the relevant government authorities.

(4) Port operations – which provide loading, transportation and storage services to the coal operations segment and external customers. The Group charges service fees and other expenses, which are reviewed and approved by the relevant government authorities.

(5) Shipping operations – which provide shipment transportation services to the power operations segment, the coal operations segment and external customers. The rates of freight charges billed to the power operations segment, the coal operations segment and external customers are consistent.

(6) Coal chemical operations – which use coal from the coal operations segment to first produce methanol and further process into polyethylene and polypropylene, together with other by-products, for sale to external customers. The Group sells its polyethylene at spot market.

5 SEGMENT AND OTHER INFORMATION (Continued)

(a) Segment results

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

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2023 and 2022 is set out below:

	Six months ended 30 June													
	Coal		Power		Railway		Port		Shipping		Coal chemical		Total	
	2023 RMB million	2022 RMB million	2023 RMB million	2022 RMB million	2023 RMB million	2022 RMB million	2023 RMB million	2022 RMB million	2023 RMB million	2022 RMB million	2023 RMB million	2022 RMB million	2023 RMB million	2022 RMB million
Revenue from external customers	113,659	116,528	44,081	37,075	6,899	6,945	980	983	821	623	3,002	3,425	169,442	165,579
Inter-segment revenue	21,585	19,724	109	85	15,224	14,067	2,307	2,254	1,758	2,408	–	–	40,983	38,538
Reportable segment revenue	135,244	136,252	44,190	37,160	22,123	21,012	3,287	3,237	2,579	3,031	3,002	3,425	210,425	204,117
Reportable segment profit	35,307	39,339	6,110	3,945	6,986	8,171	1,221	1,357	118	442	35	499	49,777	53,753
Including:														
Interest expenses	518	352	905	803	298	416	73	63	–	–	11	18	1,805	1,652
Depreciation and amortisation	4,068	4,301	3,460	3,308	2,721	2,614	530	474	144	144	383	360	11,306	11,201
Share of results of associates	391	538	30	144	2	1	–	–	–	–	–	–	423	683
Loss allowances and impairment of assets	(2)	(76)	1	(1)	–	–	–	–	–	–	–	–	(1)	(77)

5 SEGMENT AND OTHER INFORMATION (Continued)

(b) Reconciliations of reportable segment revenue, segment profit and other items of profit or loss for the six months ended 30 June 2023 and 2022 are set out below:

	Reportable segment amounts		Unallocated head office and corporate items		Elimination of inter-segment amounts		Consolidated	
	2023 *RMB million*	2022 *RMB million*	2023 *RMB million*	2022 *RMB million*	2023 *RMB million*	2022 *RMB million*	2023 *RMB million*	2022 *RMB million*
Revenue	210,425	204,117	309	269	(41,292)	(38,807)	169,442	165,579
Profit before income tax	49,777	53,753	2,499	1,884	24	92	52,300	55,729
Interest expenses	1,805	1,652	630	510	(996)	(833)	1,439	1,329
Depreciation and amortisation	11,306	11,201	63	49	–	–	11,369	11,250
Share of results of associates	423	683	1,337	637	56	(46)	1,816	1,274
Loss allowances and impairment of assets	(1)	(77)	–	–	–	–	(1)	(77)

5 SEGMENT AND OTHER INFORMATION (Continued)

(c) Other information

Certain other information of the Group's segments for the six months ended 30 June 2023 and 2022 is set out below:

	Coal		Power		Railway		Port		Shipping		Coal chemical		Unallocated items		Eliminations		Total	
	2023	2022	**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*	***RMB million***	*RMB million*
Coal purchased	**33,395**	30,096	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**33,395**	30,096
Cost of coal operation	**34,900**	35,645	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(7,216)**	(3,668)	**27,684**	31,977
Cost of coal transportation	**25,578**	25,778	**–**	–	**8,707**	7,149	**1,387**	1,221	**854**	732	**–**	–	**–**	–	**(19,289)**	(18,729)	**17,237**	16,151
Power cost	**–**	–	**34,861**	30,775	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(13,599)**	(15,281)	**21,262**	15,494
Cost of coal chemical production	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**2,577**	2,529	**–**	–	**(868)**	(976)	**1,709**	1,553
Others	**3,451**	3,109	**2,110**	1,602	**5,059**	4,193	**452**	445	**1,494**	1,771	**280**	275	**11**	11	**–**	–	**12,857**	11,406
Total cost of sales	**97,324**	94,628	**36,971**	32,377	**13,766**	11,342	**1,839**	1,666	**2,348**	2,503	**2,857**	2,804	**11**	11	**(40,972)**	(38,654)	**114,144**	106,677
Profit from operations *(Note (i))*	**34,800**	38,410	**6,832**	4,382	**7,145**	8,409	**1,265**	1,390	**99**	412	**40**	509	**(64)**	14	**(320)**	(153)	**49,797**	53,373
Capital expenditures *(Note (ii))*	**9,319**	3,566	**5,914**	4,267	**1,358**	1,360	**172**	483	**8**	–	**28**	92	**14**	12	**–**	–	**16,813**	9,780

	Coal		Power		Railway		Port		Shipping		Coal chemical		Unallocated items		Eliminations		Total	
	30 June 2023	31 December 2022 *(Restated)*	**30 June 2023**	31 December 2022 *(Restated)*	**30 June 2023**	31 December 2022 *(Restated)*	**30 June 2023**	31 December 2022 *(Restated)*	**30 June 2023**	31 December 2022 *(Restated)*	**30 June 2023**	31 December 2022	**30 June 2023**	31 December 2022 *(Restated)*	**30 June 2023**	31 December 2022	**30 June 2023**	31 December 2022 *(Restated)*
	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*	***RMB million***	*RMB million*
Total assets *(Note (iii))*	**323,359**	294,168	**160,287**	150,632	**134,534**	124,906	**19,998**	19,831	**7,517**	7,417	**8,088**	8,646	**505,963**	489,271	**(493,618)**	(469,551)	**666,128**	625,320
Total liabilities *(Note (iii))*	**(128,027)**	(128,036)	**(135,567)**	(131,621)	**(57,169)**	(53,174)	**(7,153)**	(7,931)	**(457)**	(424)	**(1,920)**	(3,206)	**(262,478)**	(201,295)	**382,098**	363,163	**(210,673)**	(162,524)

5 SEGMENT AND OTHER INFORMATION (Continued)

(c) Other information (Continued)

Notes:

(i) Profit from operations is calculated as revenue minus cost of sales, selling expenses, general and administrative expenses, research and development costs, loss allowances and impairment of assets.

(ii) Capital expenditures consist of addition in property, plant and equipment, construction in process, exploration and evaluation assets, intangible assets, long-term deferred expense and land use rights and prepayment for mining projects.

(iii) Unallocated items of total assets include deferred tax assets and other unallocated corporate assets. Unallocated items of total liabilities include deferred tax liabilities and other unallocated corporate liabilities.

6 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

7 OTHER INCOME

	Six months ended 30 June	
	2023	2022
	RMB million	*RMB million*
Government grants	**244**	243
Claim income	**36**	38
Others	**200**	264
	480	545

8 FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	RMB million	*RMB million*
Interest expense	**1,168**	1,377
Less: amount capitalised	**(144)**	(278)
	1,024	1,099
Unwinding of discount	**415**	230
Exchange gain, net	**(255)**	(187)
Others	**88**	62
	1,272	1,204

9 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 qualified to be entitled to a preferential tax rate of 15% from 2021 to 2030.

9 INCOME TAX EXPENSE (Continued)

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%.

10 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)

10 PROFIT FOR THE PERIOD (Continued)

	Six months ended 30 June	
	2023	2022
	RMB million	*RMB million*
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).

11 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).

12 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.

13 PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

During the six months ended 30 June 2023, the net book value of the disposals of property, plant and equipment amounted to RMB268 million (six months ended 30 June 2022: RMB331 million).

The Group is in the process of applying for the title certificates of certain of its properties with an aggregate carrying amount of RMB3,363 million as at 30 June 2023 (31 December 2022: RMB3,421 million). The Directors are of the opinion that the Group is entitled to lawfully and validly occupy or use the above mentioned properties.

As at 30 June 2023, the Group is in the process of obtaining requisite permits for certain of its power plants and railways from the relevant government authorities. The Directors are of the opinion that the Group will be able to obtain the requisite permits in due course.

No impairment loss was recognised by the Group during the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

As at 30 June 2023, the Group has bank loans secured by the Group's property, plant and equipment with carrying amount of RMB86 million (31 December 2022: RMB826 million).

14 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 reserves, 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** **30 June 2023** %	31 December 2022 %	**Principal activities**
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 Guangan 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

15 OTHER NON-CURRENT ASSETS

	30 June 2023 *RMB million*	31 December 2022 *RMB million*
Prepayments in connection with construction work, equipment purchases and others *(Note (i))*	**6,271**	5,861
Prepayment for mining projects	**2,000**	4,000
Deductible VAT and other tax	**383**	315
Service concession receivables *(Note (ii))*	**16,011**	14,967
Goodwill	**143**	143
Long-term deferred expenses *(Note (iii))*	**3,541**	3,619
	28,349	28,905

Notes:

(i) At 30 June 2023, the Group had prepayments to subsidiaries of China Energy Group ("fellow subsidiaries") amounting to RMB89 million (31 December 2022: RMB94 million).

(ii) Pursuant to the Power Purchase Agreements entered between certain power plants of the Group and PT Perusahaan Listrik Negara (Persero) ("PLN"), an independent third party, certain power plants of the Group build power plants to supply electricity to PLN for a 25-30 years period from the power plant's commercial operation date under the service concession scheme. Service concession receivables represents service provided in connection with the service concession arrangement, for which a guaranteed minimum payments have been agreed. Due to the length of the payment plans, receivables are the present value of future guaranteed cash receipts discounted using effective interest rate.

(iii) The movement of long-term deferred expenses during the period/year as follows:

	30 June 2023 *RMB million*	31 December 2022 *RMB million*
At the beginning of the period/year	**3,619**	4,104
Additions	**453**	813
Amortisation	**(531)**	(1,288)
Disposal	**–**	(10)
At the end of the period/year	**3,541**	3,619

16 RIGHT-OF-USE ASSETS

The right-of-use assets represent land use rights paid to the PRC's government authorities and the leased assets. The Group is in the process of applying for the title certificates of certain land use rights certificates with an aggregate carrying amount of RMB3,158 million as at 30 June 2023 (31 December 2022: RMB3,130 million). The Directors are of the opinion that the Group is entitled to lawfully and validly occupy or use the above mentioned lands.

As at 30 June 2023, the Group has no bank loans or other loans secured by the Group's right-of-use assets (31 December 2022: Nil).

17 INVENTORIES

	30 June 2023	31 December 2022
	RMB million	*RMB million*
Coal	**8,655**	6,385
Materials and supplies	**7,777**	6,698
Others *(Note)*	**1,285**	1,236
	17,717	14,319
Less: Write-down of inventories	**(2,164)**	(2,223)
	15,553	12,096

Note:

Others mainly represent properties under development.

18 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.

18 ACCOUNTS AND BILLS RECEIVABLES (Continued)

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

19 PREPAID EXPENSES AND OTHER CURRENT ASSETS

	30 June 2023 *RMB million*	31 December 2022 *RMB million*
Financial assets measured at amortised cost		
– Service concession receivables *(Note 15(ii))*	**2,223**	2,073
– Current portion of entrusted loans *(Note (i))*	**400**	400
– Other receivables due from associates	**633**	500
– Other receivables	**2,865**	2,817
– Other loans	**4,500**	4,500
	10,621	10,290
Less: impairment losses	**4,670**	4,674
	5,951	5,616
Prepaid expenses and deposits	**8,067**	7,106
Deductible VAT and other tax	**2,733**	3,127
	16,751	15,849

Note:

(i) The Group has entrusted loan of RMB400 million to an associate through a PRC state-owned bank, with an interest rate of 4.75% per annum.

20 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the condensed consolidated statement of financial position and the condensed consolidated statement of cash flows comprise cash at bank and in hand, and time deposits with original maturity within three months.

As of the end of the reporting period, cash and cash equivalents situated in Mainland China amounted to RMB150,311 million (31 December 2022: RMB131,458 million). Remittance of funds out of Mainland China is subject to relevant rules and regulations of foreign exchange control.

21 BORROWINGS

An analysis of the Group's borrowings is as follows:

	30 June 2023 ***RMB million***	31 December 2022 *RMB million*
Current borrowings:		
– Short-term bank and other borrowings	**3,811**	5,216
– Current portion of long-term borrowings	**2,778**	7,414
	6,589	12,630
Non-current borrowings:		
– Long-term borrowings, less current portion	**38,635**	38,438
	45,224	51,068
Secured	**9,689**	9,709
Unsecured	**35,535**	41,359
	45,224	51,068

21 BORROWINGS (Continued)

The exposure of the long-term borrowings and the contractual maturity dates:

	30 June 2023 RMB million	31 December 2022 RMB million
The exposure of the long-term borrowings and the contractual maturity dates:		
Within one year	**2,778**	7,414
More than one year, but not exceeding two years	**1,699**	718
More than two years, but not exceeding five years	**1,850**	3,388
More than five years	**35,086**	34,332
	41,413	45,852

As at 30 June 2023, the Group had borrowings from China Energy Group and fellow subsidiaries amounting to RMB22,542 million (31 December 2022: RMB27,134 million).

22 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

22 ACCOUNTS AND BILLS PAYABLES (Continued)

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

23 ACCRUED EXPENSES AND OTHER PAYABLES

	30 June 2023 *RMB million*	31 December 2022 *RMB million*
Accrued staff wages and welfare benefits	**16,280**	8,750
Accrued interests	**83**	127
Taxes payable other than income tax	**4,807**	7,176
Dividends payable	**55,949**	6,904
Other accrued expenses and payables	**16,169**	11,767
	93,288	34,724

24 LONG-TERM LIABILITIES

	30 June 2023 *RMB million*	31 December 2022 *RMB million*
Payables for acquisition of mining rights *(Note (i))*	**11,321**	7,046
Deferred income *(Note (ii))*	**1,359**	1,352
Long-term payroll payable	**581**	582
Others	**2,324**	2,307
	15,585	11,287
Analysed for reporting purpose as:		
– Current liabilities	**810**	674
– Non-current liabilities	**14,775**	10,613
	15,585	11,287

Notes:

(i) The payables for acquisition of mining rights is the present value of the payable mining rights. The mining rights payable shall be paid annually during the execution of the contract.

(ii) Deferred income mainly represents grants provided by several local governments in the PRC to encourage the construction of non-current assets.

25 ACCRUED RECLAMATION OBLIGATIONS

The accrual for reclamation costs has been determined based on management's best estimates. However, so far as the effect on the land from current mining activities becomes apparent in future periods, the estimate of the associated costs may be subject to change. Accordingly, the actual costs and cash flows may differ from estimates. The Directors believe that the accrued reclamation obligations at 30 June 2023 are adequate and appropriate.

26 SHARE CAPITAL

	30 June 2023 *RMB million*
Registered, issued and fully paid:	
16,491,037,955 domestic listed A shares of RMB1.00 each	**16,491**
3,377,482,000 H shares of RMB1.00 each	**3,378**
	19,869

	31 December 2022 *RMB million*
Registered, issued and fully paid:	
16,491,037,955 domestic listed A shares of RMB1.00 each	16,491
3,377,482,000 H shares of RMB1.00 each	3,378
	19,869

All A shares and H shares rank pari passu in all material aspects.

27 CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares to reduce debts.

The Group monitors capital using a gearing ratio which is total liabilities divided by total assets. The Group aims to maintain the gearing ratio at a reasonable level. The Group's gearing ratio as at 30 June 2023 was 32% (31 December 2022: 26%).

28 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

As at 30 June 2023, the Group had capital commitments for land, buildings and mining rights, equipment and other as follows:

	30 June 2023 *RMB million*	31 December 2022 *RMB million*
Contracted for but not provided		
– Land, buildings and mining rights	**38,306**	39,638
– Equipment	**49,470**	48,042
– Other	**6,633**	7,060
	94,409	94,740

(b) Financial guarantees issued

As at 30 June 2023, the Group had issued certain guarantees in respect of certain banking facilities granted to an entity of which the Group held less than 20% equity interest. The maximum amount guaranteed is RMB103 million (31 December 2022: RMB111 million).

(c) Legal contingencies

The Group is the defendant in certain lawsuits as well as the plaintiff in other proceedings arising in the ordinary course of business. While the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, management believes that any resulting liabilities will not have a material adverse effect on the financial position or operating results of the Group.

28 COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(d) Environmental contingencies

To date, the Group has not incurred any significant expenditure for environmental remediation, is currently not involved in any environmental remediation, and apart from the provision for land reclamation costs, has not accrued any further amounts for environmental remediation relating to its operations. Under the existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group. The regulatory bodies, however, have moved, and may move further towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include (i) the exact nature and extent of the contamination at various sites including, but not limited to coal mines and land development areas, whether operating, closed or sold; (ii) the extent of required cleanup efforts; (iii) varying costs of alternative remediation strategies; (iv) changes in environmental remediation requirements; and (v) the identification of new remediation sites. The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under future environmental legislation cannot reasonably be estimated at present, and could be material.

29 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

Level 3 valuations: Fair value measured using significant unobservable inputs.

29 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

	30 June 2023 *RMB million*	31 December 2022 *RMB million*	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets				
Equity instruments at fair value through other comprehensive income	2,499	2,386	Level 3	Market comparison approach. Fair value is estimated based on value of comparable listed companies, multiples and discounted for lack of liquidity.
Financial assets at fair value through other comprehensive income	192	502	Level 3	Discounted cash flow method. The significant unobservable inputs used by the Group for the valuation are the expected rates of return.

During the year ended 31 December 2022 and the six months ended 30 June 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

30 RELATED PARTY TRANSACTIONS

(a) Transactions with China Energy Group, associates of China Energy Group, fellow subsidiaries and associates of the Group

The Group is controlled by China Energy Group and has significant transactions and relationships with China Energy Group, associates of China Energy Group and subsidiaries of China Energy Group ("fellow subsidiaries"). Associates refer to enterprises over which China Energy Group is able to exercise significant influence or control. The Group also has entered into transactions with its associates, over which the Group can exercise significant influence.

The Group had the following transactions with China Energy Group, associates of China Energy Group, fellow subsidiaries, and associates of the Group during both periods:

		Six months ended 30 June	
		2023	2022
	Notes	***RMB million***	*RMB million*
Interest income	(i)	**363**	85
Income from an entrusted loan	(ii)	**9**	9
Interest expense	(iii)	**369**	403
Purchases of ancillary materials and spare parts	(iv)	**485**	1,188
Ancillary and social services	(v)	**621**	364
Transportation service income	(vi)	**3,808**	3,549
Transportation service expense	(vii)	**872**	1,102
Sale of coal	(viii)	**46,421**	46,931
Purchase of coal	(ix)	**7,388**	3,790
Property leasing	(x)	**2**	23
Repairs and maintenance services expense	(xi)	**–**	39
Coal export agency expense	(xii)	**–**	3
Purchase of equipment and construction work	(xiii)	**414**	344
Sale of coal chemical product	(xiv)	**3,710**	3,877
Other income	(xv)	**797**	472
Net deposits placed with Finance Company	(xvi)	**15,835**	(176)
Granting of Loans from China Energy Group and fellow subsidiaries	(xvii)	**2,308**	4,569
Repayment of loans from China Energy Group and fellow subsidiaries	(xviii)	**6,885**	4,941
Bills receivables discounted from Finance Company	(xix)	**852**	2,118
The issuance of bills by Finance Company	(xx)	**715**	–

30 RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with China Energy Group, associates of China Energy Group, fellow subsidiaries and associates of the Group (Continued)

Notes:

(i) Interest income represents interest earned from deposits in fellow subsidiaries. The applicable interest rate is determined in accordance with the prevailing interest rates published by the PBOC.

(ii) Income from an entrusted loan represents interest earned from an entrusted loan to an associate of the Group. The applicable interest rate is determined in accordance with the prevailing interest rates published by the PBOC.

(iii) Interest expense represents interest incurred from loans from China Energy Group and fellow subsidiaries. The applicable interest rate is determined in accordance with the prevailing interest rates published by the PBOC.

(iv) Purchases of ancillary materials and spare parts represent purchase of materials and utility supplies related to the Group's operations from fellow subsidiaries and associates of China Energy Group.

(v) Ancillary and social services represent expenditures for social welfare and support services such as property management, water and electricity supply, and canteen expense paid to China Energy Group, fellow subsidiaries and associates of China Energy Group.

(vi) Transportation service income represents income earned from fellow subsidiaries in respect of coal transportation services.

(vii) Transportation service expense represents expenses paid to fellow subsidiaries in respect of coal transportation services.

(viii) Sale of coal represents income from sale of coal to fellow subsidiaries and associates of China Energy Group.

(ix) Purchase of coal represents coal purchased from associates of the Group, associates of China Energy Group and fellow subsidiaries.

(x) Property leasing expense represents rental paid or payable in respect of properties leased from fellow subsidiaries.

(xi) Repairs and maintenance services expense represents expense related to machinery repairs and maintenance services provided by associates of China Energy Group and fellow subsidiaries.

(xii) Coal export agency expense represents expense related to coal export agency services provided by a fellow subsidiary.

30 RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with China Energy Group, associates of China Energy Group, fellow subsidiaries and associates of the Group (Continued)

(xiii) Purchase of equipment and construction work represents expenditure related to equipment and construction service provided by fellow subsidiaries.

(xiv) Sale of coal chemical product represents income from sale of coal chemical product to fellow subsidiaries.

(xv) Other income includes agency income, repairs and maintenance service income, sales of ancillary materials and spare parts, management fee income, sales of water and electricity, financial service income, lease income, etc. earned from China Energy Group, associates of China Energy Group and fellow subsidiaries.

(xvi) Net deposits placed with Finance Company represents net deposits placed by the Group with Finance Company.

(xvii) Granting of loans from China Energy Group and fellow subsidiaries.

(xviii) Repayment of loans from China Energy Group and fellow subsidiaries.

(xix) Bills receivables discounted from Finance Company represents bill acceptance and discount services provided by Finance Company to the Group.

(xx) The issuance of bills by Finance Company refers to the issuance of acceptance bills by Finance Company to the Group.

The Directors are of the opinion that the above transactions with related parties were conducted in the ordinary course of business and in accordance with the agreements governing such transactions.

30 RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with China Energy Group, associates of China Energy Group, fellow subsidiaries and associates of the Group (Continued)

The Group entered into a number of agreements with China Energy Group, associates of China Energy Group, fellow subsidiaries, and associates of the Group. The terms of the principal agreements are summarised as follows:

(i) The Group has entered into a mutual supply agreement for the mutual provision of production supplies and ancillary services with associates of China Energy Group and fellow subsidiaries. Pursuant to the agreement, associates of China Energy Group and fellow subsidiaries provide the Group with the production supplies and services, ancillary production services including the use of the information network system and ancillary administrative services. On the other hand, the Group provides fellow subsidiaries with water supplies, rolling stock management, railway management, railway transportation and other related or similar production supplies or services and use of the information network system.

The products and services provided under the agreement, other than the sharing of use of the information network system which is free of charge, are provided in accordance with the following pricing policy:

- price prescribed by the state (including any price prescribed by any relevant local government), if applicable;
- where there is no state-prescribed price but where there is a state-guidance price, then the state-guidance price;
- where there is neither a state-prescribed price nor a state-guidance price, the market price; or
- where none of the above is applicable or where it is not practical to apply the above pricing policies in reality, the price to be agreed between the relevant parties shall be based on reasonable costs incurred in providing the goods or services plus a profit margin of 5% of such costs.

30 RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with China Energy Group, associates of China Energy Group, fellow subsidiaries and associates of the Group (Continued)

(ii) The Group has entered into coal supply agreements with associates of China Energy Group, fellow subsidiaries and associates of the Group. The coal supplied is charged at the prevailing market price.

(iii) The Group has entered into a financial services agreement with Finance Company. Pursuant to the agreement, Finance Company provides financial services to the Group. The interest rate for the deposits with Finance Company from the Group should not be lower than the lowest limit published by the PBOC for the same type of deposit. The interest rate for loans made by Finance Company to the Group should not be higher than the highest limit published by the PBOC for the same type of loan. The above interest rates should be determined by reference to the rate charged by normal commercial banks in the PRC for comparable deposits and loans on normal commercial terms. The fees charged by Finance Company for the provision of other financial services shall be determined according to the rates chargeable by the PBOC or the China Banking Regulatory Commission.

(iv) The Group has entered into a property leasing agreement with fellow subsidiaries of China Energy Group for leasing of certain properties to each other. No rent is payable by the Group before fellow subsidiaries obtains the relevant property ownership certificate. The rental charges are based on comparable market rates. If fellow subsidiaries of China Energy Group negotiate to sell a leased property to a third party, the Company has a pre-emptive right to purchase such property under terms no less favorable than other third party.

(v) The Group has entered into a land leasing agreement with fellow subsidiaries of China Energy Group. The annual rent is determined based on the local market rate. The Group is not allowed to sub-let the leased land.

(vi) The Group has entered into an agency agreement for the export of coal with a fellow subsidiary of China Energy Group. The fellow subsidiary is appointed as a non- exclusive export agent of the Group and is entitled to receive an agency fee based on the relevant market rates or lower rates. Currently, the rate is 0.7% of the free on board sales price of coal exported. When obtaining export agent conditions from a third party that are equal to or inferior to those of the China Energy Group, the Company shall give preference to the China Energy Group as the export agent of coal products.

30 RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with China Energy Group, associates of China Energy Group, fellow subsidiaries and associates of the Group (Continued)

(vii) The Group entered into an agency agreement for the sale of coal with fellow subsidiaries of China Energy Group. The Group is appointed as the exclusive sales agent of fellow subsidiaries of China Energy Group for thermal coal and non-exclusive sales agent for coking coal. The Group is entitled to receive an agency fee, which is based on its related costs incurred plus a profit margin of 5% for sales of coal outside the Inner Mongolia Autonomous Region. No agency fee is charged for sales of coal within the Inner Mongolia Autonomous Region.

(viii) The Group has entered into agreements with fellow subsidiaries of China Energy Group under which the Group has been granted the right to use certain trademarks. Fellow subsidiaries of China Energy Group bear its own cost for the registration of such trademarks during the term of the trademarks license agreement and expenses for enforcement against any infringement of the licensed trademarks by third parties.

(ix) The Group has entered into a factoring service agreement with Guoneng (Beijing) Commercial Factoring Co., Ltd ("Guoneng Factoring Company"). Pursuant to the agreement, Guoneng Factoring Company agreed to provide the Group with factoring services and factoring-related services. For the provision of factoring services by Guoneng Factoring Company to the Group, the financing cost shall not be higher than that determined by an independent third-party factoring company for providing the same kind of services to the Group, and it should be determined on normal commercial terms. When the financing fee determined by the independent third-party factoring company for providing the same kind of services is difficult to obtain, it shall not be higher than the financing fee calculated based on the Loan Prime Rate (LPR) of the PBOC for the same period. For the service fee charged from the provision of other relevant services by Guoneng Factoring Company to the Group, the service fee shall not be higher than that charged by an independent third-party factoring company for providing the same kind of services to the Group, and it should be determined on normal commercial terms. When the service fee charged by the independent third-party factoring company for providing the same kind of services is difficult to obtain, it shall be determined at the cost plus a reasonable profit margin (around 10%).

30 RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with China Energy Group, associates of China Energy Group, fellow subsidiaries and associates of the Group (Continued)

Amounts due from/to China Energy Group, associates of China Energy Group, fellow subsidiaries and associates of the Group:

	30 June 2023 ***RMB million***	31 December 2022 *RMB million*
Cash and time deposits at bank	**74,657**	58,845
Accounts and bills receivables	**3,118**	2,262
Prepaid expenses and other current assets	**1,799**	1,814
Other non-current assets	**89**	110
Total amounts due from China Energy Group, associates of China Energy Group, fellow subsidiaries and associates of the Group	**79,663**	63,031
Borrowings	**22,542**	27,134
Accounts payable	**2,321**	3,114
Accrued expenses and other payables	**36,356**	1,109
Contract liabilities	**1,267**	1,129
Total amounts due to China Energy Group, associate of China Energy Group, fellow subsidiaries and associates of the Group	**62,486**	32,486

30 RELATED PARTY TRANSACTIONS (Continued)

(b) Key management personnel emoluments

Key management personnel receive compensation in the form of fees, basic salaries, housing and other allowances, benefits in kind, discretionary bonuses and retirement scheme contributions.

Key management personnel compensation of the Group during the period is summarised as follows:

	Six months ended 30 June	
	2023	2022
	RMB million	*RMB million*
Short-term employee benefits	**10**	5

Total remuneration is included in "personnel expenses" as disclosed in Note 10.

(c) Contributions to post-employment benefit plans

The Group participates in various defined contribution post-employment benefit plans organised by municipal and provincial governments and a supplemental defined contribution pension plan approved by the government for its employees. Further details of the Group's post-employment benefit plans are disclosed in Note 31.

30 RELATED PARTY TRANSACTIONS (Continued)

(d) Transactions with other government-related entities in the PRC

The Company is ultimately controlled by the PRC government and the Group operates in an economic environment currently predominated by government-related entities.

Other than those transactions with China Energy Group, associates of China Energy Group, fellow subsidiaries and associates of the Group as disclosed above, the Group conducts business with other government-related entities which include but are not limited to the following:

- Power sales;
- Sales and purchases of coal;
- Transportation services;
- Construction work;
- Purchases of ancillary materials and spare parts;
- Ancillary and social services; and
- Financial services arrangements.

These transactions are conducted in the ordinary course of the Group's business on terms comparable to those with other entities that are not government-related. The Group has established its pricing policies in respect of sale of goods and provision of services, and approval process for purchases of products and services. Such policies and approval process apply to all counterparties regardless of whether the counterparty is government-related or not.

30 RELATED PARTY TRANSACTIONS (Continued)

(d) Transactions with other government-related entities in the PRC (Continued)

Having considered the potential for transactions to be impacted by related party relationships, the Group's buying, pricing strategy and approval process, and what information would be necessary for an understanding of the potential effect of the relationship on the financial statements, the Directors are of the opinion that the following transactions with other government-related entities require disclosure:

(i) Transactions with other government-related entities, including state-owned banks in the PRC

	Six months ended 30 June	
	2023	2022
	RMB million	*RMB million*
Coal revenue	**41,771**	40,122
Power revenue	**41,397**	34,603
Transportation costs	**5,036**	4,890
Interest income	**1,050**	1,399
Interest expenses (including amount capitalised)	**881**	894

(ii) Balances with other government-related entities, including state-owned banks in the PRC

	30 June 2023	31 December 2022
	RMB million	*RMB million*
Accounts and bills receivables	**7,234**	5,153
Prepaid expenses and other current assets	**2,367**	2,576
Cash and time deposits at banks	**109,060**	105,295
Restricted bank deposits	**8,123**	6,357
Borrowings	**22,682**	23,934
Accrued expenses and other payables	**2,351**	2,385
Contract liabilities	**189**	1,178

31 EMPLOYEE BENEFITS PLAN

The Group participates, in line with the regulations of the PRC, mainly in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans at 16% of the salaries, bonuses and certain allowances of the employees. In addition, as approved by the government, the Group makes contribution to a supplemental defined contribution pension plan for its employees. The fund is managed by a qualified fund manager. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above. The Group's contributions for the six months ended 30 June 2023 were RMB2,585 million (six months ended 30 June 2022: RMB2,162 million).

Section X Documents Available for Inspection

Documents available for inspection	The 2023 interim report with the signature of the person-in-charge of the Company The financial statements signed by the person-in-charge of the Company, Chief Financial Officer and person-in-charge of the accounting department and chopped with the official chop of the Company The original copy of the review report issued by the accounting firm The original copies of all documents and announcements of the Company publicly disclosed on the newspapers designated by the CSRC during the Reporting Period The 2023 interim report published on the websites of SSE and HKEx

Lv Zhiren, the person in charge of the Company

Approval date of the Board of Directors for submission: 25 August 2023