

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

THIRD QUARTERLY REPORT FOR THE YEAR 2023

Pursuant to the rules and regulations of the China Securities Regulatory Commission and the Shanghai Stock Exchange, China Shenhua Energy Company Limited is required to announce this quarterly report. This announcement is made pursuant to Rule 13.09(2) and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “HKEx”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) hereby presents the results of the Group for the nine months ended 30 September 2023 prepared in accordance with the International Financial Reporting Standards. Such results have not been audited or reviewed by the independent auditors.

IMPORTANT NOTICE:

- The Board and the supervisory committee of the Company together with the directors, supervisors and the senior management of the Company warrant that the contents of the quarterly report are authentic, accurate and complete and do not contain any misrepresentation, misleading statement or material omission, and shall jointly and severally accept legal liability.
- This report was approved at the 24th meeting of the fifth session of the Board of the Company.
- Lv Zhiren, person-in-charge of the Company, Song Jinggang, person-in-charge of the accounting function of the Company and Yu Yanling, person-in-charge of the accounting department of the Company, warrant the authenticity, accuracy and completeness of the financial information contained in the quarterly report.
- Whether the third quarterly financial statements have been audited: No

I. MAJOR FINANCIAL INDICATORS

(I) Major accounting data and financial indicators

Unit: RMB million

Item	The Reporting Period	The same period last year		Increase/decrease for the Reporting Period as compared to the same period last year After restatement %	From the beginning of the year to the end of the Reporting Period	The same period last year		Increase/decrease for the period from the beginning of the year to the end of the Reporting Period as compared to the same period last year After restatement %
		Before restatement	After restatement			Before restatement	After restatement	
Revenue	83,025	84,910	84,910	(2.2)	252,467	250,489	250,489	0.8
Profit for the period attributable to equity holders of the Company	15,640	20,298	20,301	(23.0)	52,501	62,773	62,794	(16.4)
Net cash generated from operating activities	/	/	/	/	74,720	91,090	91,090	(18.0)
Basic/diluted earnings per share (RMB/share)	0.787	1.022	1.022	(23.0)	2.642	3.159	3.160	(16.4)

	As at the end of the Reporting Period	As at the end of last year		Increase/ decrease as at the end of the Reporting Period as compared to the end of last year After restatement %
		Before restatement	After restatement	
Total assets	627,702	625,178	625,320	0.4
Equity attributable to equity holders of the Company	399,459	396,937	396,983	0.6

1. 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 2023 Interim Report published on the website of HKEx on 27 August 2023.

2. The year-on-year decrease in profit for the period attributable to equity holders of the Company from the beginning of the year to the end of the Reporting Period was mainly attributable to:

- (1) a year-on-year decrease in profit of coal segment affected by the decline in coal prices, increase in production cost and other factors;
- (2) a significant increase in profit of power segment affected by the decline of coal purchase price and the increase in the power output dispatch;
- (3) a year-on-year increase in income tax affected by the overpaid income tax in previous years offsetting against the current income tax during the same period last year.

(II) Difference in 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		
	January to September 2023	January to September 2022	After restatement	As at 30 September 2023	As at 31 December 2022	Before restatement
Under China Accounting Standards for Business Enterprises	48,269	59,152	59,131	396,850	393,900	393,854
Adjustments for:						
Simple production maintenance, safety production and other related expenditures	4,232	3,642	3,642	2,609	3,083	3,083
Under International Financial Reporting Standards	52,501	62,794	62,773	399,459	396,983	396,937

Explanation on differences in domestic and overseas accounting standards:

Pursuant to the relevant regulations of the related government 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 for the current period and separately recorded as a specific reserve in shareholders' equity. 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 when incurred and depreciated according to the relevant depreciation method. The effect on deferred tax arising from such difference is also reflected.

(III) Changes and the main reasons in major items of the consolidated financial statements

Unit: RMB million

No.	Items of consolidated statement of profit or loss and other comprehensive income	January to September 2023	January to September 2022 (restated)	Change %	Main reasons for changes
1	Revenue	252,467	250,489	0.8	Increase in sales volume of purchased coal and power output dispatch, resulting in increase in revenue
2	Cost of sales	(172,175)	(160,895)	7.0	Increase in relevant cost of purchased coal resulting from the increase in sales volume of purchased coal; year-on-year increase in unit cost and sales volume of self-produced coal; increase in coal procurement costs resulting from the increase in power output dispatch
3	Other gains and losses	(247)	320	(177.2)	Increase in losses on retirement of property, plant and equipment and others
4	Interest income	2,028	2,256	(10.1)	Decrease in interest income resulting from the decrease in average deposit balance
5	Share of results of associates	2,758	1,990	38.6	Increase in the Group's investment income from power and railway associates and Finance Company
6	Income tax expense	(13,560)	(10,474)	29.5	Certain coal subsidiaries of the Group settled and paid the income tax in the same period of last year, and the overpaid tax in previous years was offset against the current income tax

Unit: RMB million

No.	Items of consolidated statement of financial position	As at 30 September 2023	As at 31 December 2022	Change %	Main reasons for changes
1	Construction in progress	28,882	20,843	38.6	Continuing investment in power generation projects under construction
2	Exploration and evaluation assets	7,296	5,218	39.8	Increase in assets related to mining rights
3	Interests in associates	54,629	49,714	9.9	Completion of capital increase in Finance Company and recognition of share of results of associates
4	Inventories	14,697	12,096	21.5	Increase in coal inventories, spare tools and spare parts
5	Accounts and bills receivables	20,094	12,100	66.1	Increase in receivables from power sales and coal sales; increase in settlement on bills for sales of coal and electricity; and the relatively low base as at the end of last year
6	Financial assets at fair value through other comprehensive income	26	502	(94.8)	Recovery of bank acceptance bills that are planned to be discounted or endorsed upon maturity and decrease in relevant balance
7	Prepaid expenses and other current assets	18,078	15,849	14.1	Increase in prepaid coal payments, payment for equipment and others
8	Restricted bank deposits	8,109	6,357	27.6	Increase in the balance of the special account for the Group's mine geographical environment governance and restoration fund
9	Cash and cash equivalents	104,613	131,458	(20.4)	Effects of payment of final dividend for the year 2022, repayment of external loans and others
10	Short-term borrowings	5,154	12,630	(59.2)	The Group optimised the use of internal funds and increased repayment of short-term borrowings; repayment on maturity of long-term borrowings due within one year
11	Accounts and bills payables	32,004	38,972	(17.9)	Decrease in material payables, engineering and equipment payables
12	Accrued expenses and other payables	45,028	34,724	29.7	Increase in payroll incurred over progress; increases in repair expenses payable, stripping fees and others
13	Income tax payable	3,849	5,510	(30.1)	Settlement and payment of income tax by the Group
14	Contract liabilities	7,096	5,597	26.8	Increase in proceeds received in advance for the sales of coal by the Group
15	Long-term borrowings	30,638	38,438	(20.3)	The Group optimised the use of internal funds and increased repayment of borrowings
16	Long-term liabilities	13,706	10,613	29.1	Increase in payables of transfer proceeds associated with mining right

Unit: RMB million

No.	Items of consolidated statement of cash flows	January to September 2023	January to September 2022	Change %	Main reasons for changes
1	Net cash generated from operating activities	74,720	91,090	(18.0)	The Group's net cash generated from operating activities decreased as a result of factors such as the decline in revenue from sales of self-produced coal and the increase in production costs
2	Net cash used in investing activities	(28,481)	(21,998)	29.5	Increase in cash spending for the acquisition and construction of property, plant and equipment, intangible assets, exploration and evaluation assets and other non-current assets as the Group promoted the construction of projects under construction; increase in capital contribution in associates
3	Net cash used in financing activities	(73,309)	(57,245)	28.1	The Group strictly controlled the increase in external loans and actively reduced the balance of borrowings, resulting in an increase in net cash used in financing activities

II. SHAREHOLDER INFORMATION

Total number of shareholders of ordinary shares and shareholdings of the top ten shareholders:

Total number of shareholders of ordinary shares at the end of the Reporting Period (<i>accounts</i>)	142,259
Including: Holders of A shares (including China Energy) (<i>accounts</i>)	140,377
Registered holders of H shares (<i>accounts</i>)	1,882

Unit: shares

Shareholdings of top 10 shareholders

Name of shareholders	Nature of shareholder	Number of shares	Percentage %	Number of shares held subject to selling restrictions	Shares pledged, marked or frozen Status of shares	Number
China Energy Investment Corporation Limited	State-owned corporation	13,812,709,196	69.52	0	Nil	N/A
HKSCC NOMINEES LIMITED	Overseas corporation	3,368,862,445	16.96	0	Unknown	N/A
China Securities Finance Corporation Limited	Others	594,718,004	2.99	0	Nil	N/A
Hong Kong Securities Clearing Company Limited	Overseas corporation	200,451,916	1.01	0	Nil	N/A
Central Huijin Asset Management Ltd.	State-owned corporation	106,077,400	0.53	0	Nil	N/A
Guoxin Investment Co., Ltd.	State-owned corporation	96,454,445	0.49	0	Nil	N/A
China Life Insurance Company Limited – Dividend – Individual Dividend – 005L – FH002 Hu	Others	74,393,155	0.37	0	Nil	N/A
Industrial and Commercial Bank of China – Shanghai Index 50 Trading Open-end Index Securities Investment Fund	Others	31,554,264	0.16	0	Nil	N/A
National Social Security Fund Portfolio 101	Others	30,126,155	0.15	0	Nil	N/A
Huaxia Life Insurance Co., Ltd. – Own Fund	Others	24,862,310	0.13	0	Nil	N/A

Unit: shares

Shareholdings of top ten shareholders without selling restrictions

Name of shareholders	Number of shares without selling restrictions	Type and number of shares	
		Type of shares	Number
China Energy Investment Corporation Limited	13,812,709,196	RMB ordinary shares	13,812,709,196
HKSCC NOMINEES LIMITED	3,368,862,445	Overseas-listed foreign shares	3,368,862,445
China Securities Finance Corporation Limited	594,718,004	RMB ordinary shares	594,718,004
Hong Kong Securities Clearing Company Limited	200,451,916	RMB ordinary shares	200,451,916
Central Huijin Asset Management Ltd.	106,077,400	RMB ordinary shares	106,077,400
Guoxin Investment Co., Ltd.	96,454,445	RMB ordinary shares	96,454,445
China Life Insurance Company Limited – Dividend – Individual Dividend – 005L – FH002 Hu	74,393,155	RMB ordinary shares	74,393,155
Industrial and Commercial Bank of China – Shanghai Index 50 Trading Open-end Index Securities Investment Fund	31,554,264	RMB ordinary shares	31,554,264
National Social Security Fund Portfolio 101	30,126,155	RMB ordinary shares	30,126,155
Huaxia Life Insurance Co., Ltd. – Own Fund	24,862,310	RMB ordinary shares	24,862,310

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 for the information disclosed above, the Company is not aware of whether any related party relationship existing among the top 10 shareholders without selling restrictions and the top 10 shareholders, and whether they are parties acting in concert as defined in the Measures for the Administration of Acquisition of Listed Companies.

Details of top 10 shareholders and top 10 shareholders without selling restrictions participating in margin trading and securities lending and refinancing business

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.

III. OTHER REMINDERS

(I) Major operational data

Operational indicators	Unit	2023		2022		Change %	
		July to September	January to September	July to September	January to September	July to September	January to September
(I) Coal							
1. Commercial coal production	Million tonnes	81.3	242.0	77.8	235.4	4.5	2.8
2. Coal sales	Million tonnes	114.6	332.5	99.1	309.2	15.6	7.5
Of which: Self-produced coal	Million tonnes	83.4	242.7	77.2	237.2	8.0	2.3
Purchased coal	Million tonnes	31.2	89.8	21.9	72.0	42.5	24.7
(II) Transportation							
1. Transportation turnover of self-owned railways	Billion tonne km	76.7	227.1	72.5	217.7	5.8	4.3
2. Loading volume at Huanghua Port	Million tonnes	54.0	154.6	48.3	151.5	11.8	2.0
3. Loading volume at Tianjin Coal Dock	Million tonnes	10.6	33.2	12.0	32.3	(11.7)	2.8
4. Shipment volume	Million tonnes	37.7	109.9	37.3	103.1	1.1	6.6
5. Shipment turnover	Billion tonne nautical miles	40.0	118.8	37.3	101.7	7.2	16.8
(III) Power							
1. Gross power generation	Billion kWh	56.03	156.23	57.58	142.37	(2.7)	9.7
2. Total power output dispatch	Billion kWh	52.57	146.83	54.17	133.77	(3.0)	9.8
(IV) Coal chemical							
1. Sales of polyethylene	Thousand tonnes	87.8	269.1	84.8	268.5	3.5	0.2
2. Sales of polypropylene	Thousand tonnes	87.3	257.4	82.8	257.4	5.4	0.0

(II) Operation of the coal segment

1. Coal sales

(1) By contract pricing mechanisms

	January to September 2023			January to September 2022			Change	
	Sales volume <i>Million tonnes</i>	Proportion of total sales %	Price (exclusive of tax) <i>RMB/tonne</i>	Sales volume <i>Million tonnes</i>	Proportion of total sales %	Price (exclusive of tax) <i>RMB/tonne</i>	Sales volume %	Price (exclusive of tax) %
I. Sales through Trading Group	315.6	94.9	597	293.0	94.8	647	7.7	(7.7)
1. Annual long-term contracts	200.2	60.2	505	165.3	53.5	516	21.1	(2.1)
2. Monthly long-term contracts	79.4	23.9	818	99.5	32.2	820	(20.2)	(0.2)
3. Spot commodity	36.0	10.8	621	28.2	9.1	801	27.7	(22.5)
II. Direct sales by coal mine pits	16.9	5.1	328	16.2	5.2	318	4.3	3.1
Total sales volume/average price (exclusive of tax)	332.5	100.0	583	309.2	100.0	629	7.5	(7.3)

Note: Customers of coal products of the Group are involved in various industries, such as power, metallurgy and chemical industry.

(2) By sales regions

	January to September 2023			January to September 2022			Change	
	Sales volume <i>Million tonnes</i>	Proportion of total sales %	Price (exclusive of tax) <i>RMB/tonne</i>	Sales volume <i>Million tonnes</i>	Proportion of total sales %	Price (exclusive of tax) <i>RMB/tonne</i>	Sales volume %	Price (exclusive of tax) %
I. Domestic sales	326.2	98.1	579	305.5	98.8	624	6.8	(7.2)
(I) Self-produced coal and purchased coal	312.3	93.9	577	291.6	94.3	615	7.1	(6.2)
1. Direct arrival	147.1	44.2	448	137.1	44.3	470	7.3	(4.7)
2. Seaborne	165.2	49.7	692	154.5	50.0	744	6.9	(7.0)
(II) Sales of domestic trading coal	9.2	2.8	569	9.9	3.2	773	(7.1)	(26.4)
(III) Sales of imported coal	4.7	1.4	739	4.0	1.3	902	17.5	(18.1)
II. Export sales	0.0	0.0	/	0.4	0.1	1,160	(100.0)	/
III. Overseas sales	6.3	1.9	785	3.3	1.1	1,071	90.9	(26.7)
Total sales volume/average price (exclusive of tax)	332.5	100.0	583	309.2	100.0	629	7.5	(7.3)

2. Operating results (before elimination on consolidation)

		January to September 2023	January to September 2022	Change %	Main reasons for changes
Revenue	RMB million	200,135	199,801	0.2	
Cost of sales	RMB million	(147,000)	(136,681)	7.5	Increase in sales volume of self-produced coal and unit production cost; increase in relevant purchase cost resulting from the increase in sales volume of purchased coal
Gross profit	RMB million	53,135	63,120	(15.8)	
Gross profit margin	%	26.5	31.6	Decreased by 5.1 percentage points	
Profit before income tax	RMB million	48,631	59,320	(18.0)	

3. Gross profit from sales of coal products by coal source (before elimination on consolidation)

	January to September 2023				January to September 2022			
	Sales revenue <i>RMB million</i>	Cost of Sales <i>RMB million</i>	Gross profit <i>RMB million</i>	Gross profit margin %	Sales revenue <i>RMB million</i>	Cost of Sales <i>RMB million</i>	Gross profit <i>RMB million</i>	Gross profit margin %
Self-produced coal	132,656	(69,517)	63,139	47.6	139,545	(65,432)	74,113	53.1
Purchased coal	<u>61,125</u>	<u>(59,854)</u>	<u>1,271</u>	<u>2.1</u>	<u>55,078</u>	<u>(53,116)</u>	<u>1,962</u>	<u>3.6</u>
Total	<u>193,781</u>	<u>(129,371)</u>	<u>64,410</u>	<u>33.2</u>	<u>194,623</u>	<u>(118,548)</u>	<u>76,075</u>	<u>39.1</u>

Note: 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

	January to September 2023	January to September 2022	Change %	Main reasons for changes
Unit production cost of self-produced coal	172.0	155.4	10.7	
Raw materials, fuel and power	32.1	29.8	7.7	Increase in stripping ratio of certain open-pit mines and the relevant costs of stripping operation
Personnel expenses	52.1	40.4	29.0	Increase in policy- related social security contribution and accrued employee compensation based on progress
Repairs and maintenance	11.2	11.4	(1.8)	
Depreciation and amortisation	19.6	21.2	(7.5)	
Others	57.0	52.6	8.4	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, and mining engineering expenses, etc., accounting for approximately 66%; (2) auxiliary production expenses, accounting for approximately 20%; and (3) land requisition and surface subsidence compensation, environmental protection expenses, tax, etc., accounting for approximately 14%.

(III) Operation of the power segment

1. Power generation and power output dispatch

Location/ Type of power	Gross power generation (billion kWh)			Power output dispatch (billion kWh)			Average utilization hours (hours)			Price of electricity sold (RMB/MWh)		
	July to September 2023	July to September 2022	Change %	July to September 2023	July to September 2022	Change %	July to September 2023	July to September 2022	Change %	July to September 2023	July to September 2022	Change %
	Domestic	55.64	57.18	(2.7)	52.23	53.82	(3.0)	1,387	1,496	(7.3)	412	422
Coal-fired power	54.10	56.08	(3.5)	50.73	52.75	(3.8)	1,392	1,512	(7.9)	410	421	(2.6)
Gas-fired power	1.23	0.86	43.0	1.20	0.84	42.9	1,303	899	44.9	546	554	(1.4)
Hydropower	0.22	0.22	0.0	0.21	0.21	0.0	1,706	1,715	(0.5)	189	181	4.4
Photovoltaic power	0.09	0.02	350.0	0.09	0.02	350.0	459	485	(5.4)	329	462	(28.8)
Overseas	0.39	0.40	(2.5)	0.34	0.35	(2.9)	1,280	1,355	(5.5)	484	573	(15.5)
Coal-fired power	0.39	0.40	(2.5)	0.34	0.35	(2.9)	1,280	1,355	(5.5)	484	573	(15.5)
Total/Weighted average	56.03	57.58	(2.7)	52.57	54.17	(3.0)	1,386	1,495	(7.3)	413	423	(2.4)

Location/ Type of power	Gross power generation (billion kWh)			Power output dispatch (billion kWh)			Average utilization hours (hours)			Price of electricity sold (RMB/MWh)		
	January to September 2023	January to September 2022	Change %	January to September 2023	January to September 2022	Change %	January to September 2023	January to September 2022	Change %	January to September 2023	January to September 2022	Change %
	Domestic	155.08	141.20	9.8	145.83	132.75	9.9	3,865	3,695	4.6	415	416
Coal-fired power	151.59	137.90	9.9	142.42	129.53	10.0	3,901	3,717	5.0	413	414	(0.2)
Gas-fired power	2.85	2.77	2.9	2.78	2.70	3.0	3,004	2,911	3.2	560	563	(0.5)
Hydropower	0.50	0.50	0.0	0.49	0.49	0.0	3,962	3,982	(0.5)	227	224	1.3
Photovoltaic power	0.14	0.03	366.7	0.14	0.03	366.7	744	701	6.1	366	451	(18.8)
Overseas	1.15	1.17	(1.7)	1.00	1.02	(2.0)	3,829	3,912	(2.1)	498	541	(7.9)
Coal-fired power	1.15	1.17	(1.7)	1.00	1.02	(2.0)	3,829	3,912	(2.1)	498	541	(7.9)
Total/Weighted average	156.23	142.37	9.7	146.83	133.77	9.8	3,865	3,697	4.5	416	417	(0.2)

2. Installed capacity of power generating units

Power type	Total installed capacity as at 31 December 2022	Installed capacity increased during the period from January to September 2023	Total Installed capacity as at 30 September 2023
Coal-fired power	39,164	0	39,164
Gas-fired power	950	0	950
Hydropower	125	0	125
Photovoltaic power	62	217	279
Total	40,301	217	40,518

From January to September 2023, the Group newly increased a total of 217 MW of installed capacity of photovoltaic power generation for external commercial operation in Inner Mongolia, Guangdong, Hebei, Fujian and other places.

3. Operating results (before elimination on consolidation)

		January to September 2023	January to September 2022	Change %	Main reasons for changes
Revenue	RMB million	68,049	62,343	9.2	Increase in power output dispatch
Cost of sales	RMB million	(56,249)	(53,436)	5.3	Increase in power output dispatch; increase in coal purchase costs
Gross profit	RMB million	11,800	8,907	32.5	
Gross profit margin	%	17.3	14.3	Increased by 3.0 percentage points	
Profit before income tax	RMB million	10,071	7,499	34.3	

From January to September 2023, the Group's average cost of power output dispatch of the power business (including heat sales) was RMB356.0/MWh (for the same period in 2022: RMB373.1/MWh), representing a year-on-year decrease of 4.6%.

(IV) Major operation of transportation and coal chemical segments (before elimination on consolidation)

Unit: RMB million

	Railway			Port			Shipping			Coal chemical		
	January to September 2023	January to September 2022	Change %	January to September 2023	January to September 2022	Change %	January to September 2023	January to September 2022	Change %	January to September 2023	January to September 2022	Change %
Revenue	32,988	31,728	4.0	4,978	4,768	4.4	3,630	4,629	(21.6)	4,550	4,890	(7.0)
Cost of sales	(20,460)	(17,934)	14.1	(2,730)	(2,512)	8.7	(3,372)	(3,979)	(15.3)	(4,293)	(4,165)	3.1
Gross profit	12,528	13,794	(9.2)	2,248	2,256	(0.4)	258	650	(60.3)	257	725	(64.6)
Gross profit margin (%)	38.0	43.5	Decreased by 5.5 percentage points	45.2	47.3	Decreased by 2.1 percentage points	7.1	14.0	Decreased by 6.9 percentage points	5.6	14.8	Decreased by 9.2 percentage points
Profit before income tax	10,457	11,518	(9.2)	1,891	1,935	(2.3)	112	533	(79.0)	44	528	(91.7)

From January to September 2023, the year-on-year decrease in gross profit of the shipping segment was mainly due to the decrease in average shipping price; and the year-on-year decrease in gross profit of the coal chemical segment was mainly due to the decrease in sales price of polyolefin products.

(V) Progress of projects

1. The 150MW photovoltaic project of the surface dumping site of Shengli Energy has been fully connected to the grid for power generation. As at the end of the Reporting Period, the accumulated power generation was 44 million kWh.
2. The coal-to-olefins upgrading demonstration project of Baotou Coal Chemical has commenced, which will further promote the development of the coal-based new material industry of the Group and will be conducive to strengthening the Group's integrated operation model upon its completion of construction and putting into production.

(VI) Analysis of industry environment

In the first three quarters of 2023, China's national economy continued to recover and improve. Production and supply steadily increased, market demand continued to expand, employment and commodity prices stabilized on the whole, and the quality of development steadily increased. Favorable factors continued to accumulate. In the first three quarters, China's Gross Domestic Product (GDP) grew by 5.2% year-on-year, with a 1.3% quarter-on-quarter growth in the third quarter.

During the first three quarters, China's coal demand remained on an upward trajectory. Medium- and long-term contracts for thermal coal ensured a stable and orderly supply, resulting in relatively stable economic operations within the domestic coal industry. From January to September, the average 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 RMB715 per tonne, representing a decrease of RMB6 per tonne as compared with that of the same period last year. Economic recovery in the third quarter boosted coal demand, and coal production experienced minor fluctuations due to safety incidents in production areas, leading to high and volatile coal market prices.

From January to September, the industrial raw coal output above designated scale in China was 3.44 billion tonnes, representing a year-on-year increase of 3.0%, and imported 0.348 billion tonnes of coal, representing a year-on-year increase of 73.1%. The power generation by power plants above designated scale in China was 6,621.9 billion kWh, representing a year-on-year increase of 4.2%, of which coal-fired power generation recorded a year-on-year increase of 5.8%.

In the fourth quarter, China's economy continues to improve, and the coal economy is expected to remain generally stable. Factors such as hydroelectric output, extreme weather conditions, and coal safety production situations may have short-term impacts on coal supply and demand, potentially leading to supply tightness in certain periods and regions.

Note: The industry environment content is for reference only and does not constitute any investment advice. The information regarding industry environment was derived from sources such as the National Bureau of Statistics, China Coal Market Network, China Coal Resource Network and China Electricity Council, etc. The Company has used its best endeavours to ensure the accuracy and reliability of information, 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.

IV. THIRD QUARTERLY FINANCIAL STATEMENTS (PREPARED IN ACCORDANCE WITH IFRS)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the nine months ended 30 September

	2023	2022 (restated)
	<i>RMB million</i>	<i>RMB million</i>
	(unaudited)	(unaudited)
Revenue		
Goods and services	252,467	250,489
Cost of sales	(172,175)	(160,895)
	<hr/>	<hr/>
Gross profit	80,292	89,594
Selling expenses	(305)	(458)
General and administrative expenses	(6,891)	(6,765)
Research and development costs	(1,399)	(1,617)
Other gains and losses	(247)	320
Other income	896	753
Loss allowances, net of reversal	(9)	81
Other expenses	(175)	(189)
Interest income	2,028	2,256
Finance costs	(2,297)	(2,165)
Share of results of associates	2,758	1,990
	<hr/>	<hr/>
Profit before income tax	74,651	83,800
Income tax expense	(13,560)	(10,474)
	<hr/>	<hr/>
Profit for the period	61,091	73,326
	<hr/> <hr/>	<hr/> <hr/>

	2023 RMB million (unaudited)	2022 (restated) RMB million (unaudited)
Profit for the period	<u>61,091</u>	<u>73,326</u>
Other comprehensive income for the period		
<i>Item that will not be reclassified subsequently to profit or loss, net of income tax:</i>		
Fair value changes on investments in equity instruments at fair value through other comprehensive income	86	(14)
Share of other comprehensive income of associates	<u>160</u>	<u>326</u>
<i>Item that may be reclassified subsequently to profit or loss, net of income tax:</i>		
Exchange differences	297	637
Share of other comprehensive income of associates	<u>(6)</u>	<u>(6)</u>
Other comprehensive income for the period, net of income tax	<u>537</u>	<u>943</u>
Total comprehensive income for the period	<u>61,628</u>	<u>74,269</u>
Profit for the period attributable to:		
Equity holders of the Company	52,501	62,794
Non-controlling interests	<u>8,590</u>	<u>10,532</u>
	<u>61,091</u>	<u>73,326</u>
Total comprehensive income for the period attributable to:		
Equity holders of the Company	52,960	63,522
Non-controlling interests	<u>8,668</u>	<u>10,747</u>
	<u>61,628</u>	<u>74,269</u>
Earnings per share		
– Basic (RMB)	<u>2.642</u>	<u>3.160</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	As at 30 September 2023 <i>RMB million</i> (unaudited)	As at 31 December 2022 (restated) <i>RMB million</i> (unaudited)
Non-current assets		
Property, plant and equipment	272,660	274,103
Construction in progress	28,882	20,843
Exploration and evaluation assets	7,296	5,218
Intangible assets	4,268	4,059
Right-of-use assets	23,809	24,023
Interests in associates	54,629	49,714
Equity instruments at fair value through other comprehensive income	2,480	2,386
Other non-current assets	28,232	28,905
Deferred tax assets	4,845	5,019
	427,101	414,270
Current assets		
Inventories	14,697	12,096
Accounts and bills receivables	20,094	12,100
Financial assets at fair value through other comprehensive income	26	502
Prepaid expenses and other current assets	18,078	15,849
Restricted bank deposits	8,109	6,357
Time deposits with original maturity over three months	34,984	32,688
Cash and cash equivalents	104,613	131,458
	200,601	211,050

	As at 30 September 2023 <i>RMB million</i> (unaudited)	As at 31 December 2022 (restated) <i>RMB million</i> (unaudited)
Current liabilities		
Borrowings	5,154	12,630
Accounts and bills payables	32,004	38,972
Accrued expenses and other payables	45,028	34,724
Current portion of lease liabilities	237	297
Current portion of long-term liabilities	1,062	674
Income tax payable	3,849	5,510
Contract liabilities	7,096	5,597
	<hr/>	<hr/>
Total current liabilities	94,430	98,404
	<hr/>	<hr/>
Net current assets	106,171	112,646
	<hr/>	<hr/>
Total assets less current liabilities	533,272	526,916
	<hr/>	<hr/>
Non-current liabilities		
Borrowings	30,638	38,438
Bonds	2,979	3,453
Lease liabilities	1,328	1,445
Long-term liabilities	13,706	10,613
Accrued reclamation obligations	8,952	9,005
Deferred tax liabilities	1,244	1,166
Other non-current liabilities	1,161	–
	<hr/>	<hr/>
Total non-current liabilities	60,008	64,120
	<hr/>	<hr/>
Net assets	473,264	462,796
	<hr/> <hr/>	<hr/> <hr/>
Equity		
Share capital	19,869	19,869
Reserves	379,590	377,114
	<hr/>	<hr/>
Equity attributable to equity holders of the Company	399,459	396,983
Non-controlling interests	73,805	65,813
	<hr/>	<hr/>
Total equity	473,264	462,796
	<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 30 September

	2023	2022
	<i>RMB million</i>	<i>RMB million</i>
	(unaudited)	(unaudited)
Operating activities		
Cash generated from operations	89,689	105,517
Income taxes paid	(14,969)	(14,427)
	<hr/>	<hr/>
Net cash generated from operating activities	74,720	91,090
	<hr/>	<hr/>
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	(25,527)	(17,503)
Increase in right-of-use assets	(621)	(1,264)
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets	488	2,197
Investments in associates	(2,804)	(434)
Net cash increased from disposal of assets classified as held for sale	–	256
Dividend received from associates	593	1,062
Interest received	2,993	1,480
Increase in restricted bank deposits	(1,752)	(1,674)
Placing of time deposits with original maturity over three months	(36,267)	(13,621)
Maturity of time deposits with original maturity over three months	33,971	7,503
Repayment of investment from associates	445	–
	<hr/>	<hr/>
Net cash used in investing activities	(28,481)	(21,998)
	<hr/>	<hr/>
Financing activities		
Capital element of lease rentals paid	(155)	(136)
Interest element of lease rentals paid	(24)	(15)
Interest paid	(1,755)	(2,174)
Proceeds from borrowings	8,983	16,121
Repayments of borrowings	(24,389)	(20,025)
Redemption of bonds	(596)	–
Proceeds from bills discounted	56	785
Contributions from non-controlling shareholders	473	298
Distribution to non-controlling shareholders	(5,237)	(1,272)
Dividend paid to equity holders of the Company	(50,665)	(50,827)
	<hr/>	<hr/>
Net cash used in financing activities	(73,309)	(57,245)
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(27,070)	11,847
Cash and cash equivalents, at the beginning of the period	131,458	156,706
Effect of foreign exchange rate changes	225	555
	<hr/>	<hr/>
Cash and cash equivalents, at the end of the period	104,613	169,108
	<hr/> <hr/>	<hr/> <hr/>

V. DEFINITIONS

China Shenhua/the Company	China Shenhua Energy Company Limited
The Group	The Company and its controlled subsidiaries
China Energy	China Energy Investment Corporation Limited
Trading Group	China Energy Trading Group Limited
Finance Company	China Energy Finance Co., Ltd.
Shengli Energy	China Energy Beidian Shengli Energy Co., Ltd.
Baotou Coal Chemical	China Energy Baotou Coal Chemical Co., Ltd.
China Accounting Standards for Business Enterprises	the Accounting Standards for Business Enterprises, Application Guidance to Accounting Standards for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other related requirements issued by the Ministry of Finance of the People's Republic of China
International Financial Reporting Standards or IFRSs	International Financial Reporting Standards issued by the International Accounting Standards Board
The Reporting Period	July to September 2023

By order of the Board

China Shenhua Energy Company Limited

Song Jinggang

Chief Financial Officer and Secretary to the Board of Directors

Beijing, 27 October 2023

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