

Internet + Smart Coal



Company Profile	2
Highlight of Accounting Data and Financial Indicators	4
Chairman's Statement	6
Directors' Report	12
Overview of China Shenhua's Operating Results for the first half of 2015 and Assets Distribution Map	12
Board Discussion and Analysis on Operations during the Reporting Period	16
Board's Discussion and Analysis on Future Development of the Company	47
Plan for Profit Distribution or Issue by Conversion of Capital Reserve	53
Other Matters of Disclosure	53
Significant Events	54
Changes in Equity and Shareholders	64
Directors, Supervisors, Senior Management and Employees	68
Investor Relations	70
Review Report and Condensed Consolidated Financial Statements	71
Documents Available for Inspection	102
Signing Page for Opinions	103
Definitions	106



Important Notice

- I. The board of directors, 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 ninth meeting of the third session of the board of directors of the Company, all directors of the Company were present at the meeting.
- III. The interim financial statements in this interim report is unaudited. Deloitte Touche Tohmatsu has issued a report on the review of the interim financial statements for 2015 prepared under the International Financial Reporting Standards by the Company.
- IV. Zhang Yuzhuo, Chairman of the Company, Zhang Kehui, Chief Financial Officer, and Hao Jianxin, General Manager of the Financial Department of the Company, warrant the authenticity, accuracy and completeness of the financial statements contained in this interim report.
- V. Profit distribution plan or reserve funds capitalisation plan for the reporting period considered by the board of directors: not applicable
- VI. Disclaimer of forward-looking statements
There are certain 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. The actual outcome may differ materially from the forward-looking statements. 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. Are there any situations of non-operating appropriation of funds by controlling shareholder(s) and its related parties? No
- VIII. Are there any situations of violation of decision-making procedures for external guarantee provision? No

Company Profile

(1) 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	Zhang Yuzhuo
Authorised Representatives of the Company under the Hong Kong Listing Rules	Han Jianguo, Huang Qing

(2) Contacts and Contact information

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Fax	(8610) 5813 1804/1814	(8610) 5813 1804/1814
E-mail	1088@shenhua.cc	ir@shenhua.cc

	Board of Directors and Investor Relations Department of the Company	Hong Kong Office of the Company
Address	22 Andingmen Xibinhe Road, Dongcheng District, Beijing (Postal Code: 100011)	Room B, 60th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong
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(3) Brief Information on Particulars

Registered Address of the Company	22 Andingmen Xibinhe Road, Dongcheng District, Beijing
Postal Code of Registered Address of the Company	100011
Office Address of the Company	22 Andingmen Xibinhe Road, Dongcheng District, Beijing
Postal Code of Office Address of the Company	100011
Website of the Company	http://www.csec.com or http://www.shenhuachina.com
E-mail	ir@shenhua.cc
Reference Index of Changes during the Reporting Period	N/A

(4) Information Disclosure and Location for Document Inspection

Newspapers Designated by the Company for Information Disclosure	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily
Internet Websites Designated by CSRC for Publishing Interim Reports	http://www.sse.com.cn and http://www.hkex.com.hk
Location for Inspection of Interim Reports	Board of Directors & Investor Relations Department and Hong Kong Office of the Company
Reference Index of Changes during the Reporting Period	N/A

(5) Basic Information on Shares of the Company

Type of Shares	Listing Place	Abbreviation	Stock Code	Abbreviation before Changes
A Shares	Shanghai Stock Exchange	China Shenhua	601088	N/A
H Shares	Hong Kong Stock Exchange	China Shenhua	01088	N/A

(6) Registration during the Reporting Period

Date of Registration	2 February 2015
Place of Registration	Beijing Administration for Industry and Commerce
Registration Number of Corporate Business Licence	100000000039286
Tax Registration Number	Jing Shui Zheng Zi No. 110101710933024
Organisational Code	71093302-4
Reference Index of Changes during the Reporting Period	N/A

(7) Others

Auditor Employed by the Company (the PRC)	Name	Deloitte Touche Tohmatsu Certified Public Accountants LLP
	Address	8th Floor, Tower W2, The Towers, Oriental Plaza, 1 East Chang An Avenue, Beijing
	Signing Auditor	Xu Bin, Yu Chunhui
Auditor Employed by the Company (Hong Kong)	Name	Deloitte Touche Tohmatsu
	Address	35th Floor, One Pacific Place, 88 Queensway, Hong Kong
	Signing Auditor	N/A

		A Shares/the PRC	H Shares/Hong Kong
Legal Advisor	Name	King & Wood Mallesons	Herbert Smith Freehills
	Address	40th Floor, Tower A, Fortune Plaza, 7 Dongsanhuan Zhonglu, Chaoyang District, Beijing	23 Floor, Gloucester Tower, 15 Queen's Road Central, Hong Kong
Share Registrar and Transfer Office	Name	China Securities Depository and Clearing Corporation Limited Shanghai Branch	Computershare Hong Kong Investor Services Limited
	Address	36th Floor, China Insurance Building, 166 Lu Jia Zhu Dong Lu, Pudong New Area, Shanghai	Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Highlight of Accounting Data and Financial Indicators

Operations

Operational indicators	Unit	For the first half of 2015	For the first half of 2014	Change (%)
(I) Coal				
1. Commercial coal production	Million tonnes	139.4	155.0	(10.1)
2. Coal sales	Million tonnes	177.8	234.6	(24.2)
Of which: Export	Million tonnes	0.6	0.9	(33.3)
Import	Million tonnes	0.0	4.4	(100.0)
(II) Power generation				
1. Gross power generation	Billion kwh	100.42	106.52	(5.7)
2. Total power output dispatch	Billion kwh	93.62	99.38	(5.8)
(III) Coal chemical				
1. Sales of polyethylene	Thousand tonnes	163.2	152.5	7.0
2. Sales of polypropylene	Thousand tonnes	153.2	155.0	(1.2)
(IV) Transportation				
1. Turnover of self-owned railway	Billion tonne km	98.5	109.5	(10.0)
2. Seaborne coal	Million tonnes	97.9	119.5	(18.1)
Of which: At Huanghua Port	Million tonnes	51.4	67.8	(24.2)
At Shenhua Tianjin Coal Dock	Million tonnes	20.0	17.3	15.6
At Shenhua Zhuhai Coal Dock	Million tonnes	3.1	2.7	14.8
3. Shipping volume	Million tonnes	39.8	45.5	(12.5)
4. Shipment turnover	Billion tonne nautical miles	32.8	38.2	(14.1)

Financial Data

		For the first half of 2015	For the first half of 2014	Change (%)
Revenues	RMB million	87,783	129,197	(32.1)
Profit for the period	RMB million	17,605	27,653	(36.3)
Profit for the period attributable to equity holders of the Company	RMB million	13,068	22,775	(42.6)
Basic earnings per share	RMB per share	0.657	1.145	(42.6)
Net cash from operating activities	RMB million	30,911	32,081	(3.6)
Net cash from operating activities excluding Shenhua Finance Company	RMB million	21,336	30,422	(29.9)
		As at 30 June 2015	As at 31 December 2014	Change (%)
Total assets	RMB million	561,415	538,897	4.2
Total liabilities	RMB million	198,596	177,298	12.0
Total equity	RMB million	362,819	361,599	0.3
Equity attributable to equity holders of the Company	RMB million	295,678	297,244	(0.5)
Equity attributable to equity holders per share	RMB per share	14.87	14.94	(0.5)

Differences between Domestic and International Accounting Standards

Unit: RMB million

	Net profit for the period attributable to equity holders of the Company		Net assets attributable to equity holders of the Company	
	For the first half of 2015	For the first half of 2014	As at 30 June 2015	As at 31 December 2014
Under China Enterprise Accounting Standards	11,727	21,546	290,256	291,789
Adjustment: simple production maintenance, production safety and other related expenditures	1,341	1,229	5,422	5,455
Under International Financial Reporting Standards	13,068	22,775	295,678	297,244

Note: Pursuant to the relevant regulations of the related authorities in the PRC, provisions for simple production maintenance, production safety and other related expenditures made by the Group are recognised as expenses in profit or loss 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 on production maintenance and safety facilities 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.

Chairman's Statement



Zhang Yuzhuo
Chairman

Dear Shareholders,

On behalf of the board of directors, I am delighted to present the 2015 interim report of China Shenhua and to report to all shareholders on the Company's performance for the period.

During the first half of 2015, China's economy grew at a slower yet stable pace while structural adjustment was accelerating. Affected by insufficient market demand and oversupply, spot prices of coal continued to slide and the loss suffered by China's coal industry continued to widen. Facing such challenging market conditions, China Shenhua, focusing on its strategic goal of "building itself into a world first-class supplier of clean energy" and supported by a one-stop operation chain of production, transportation and sales, pushed forward the implementation of its clean energy development strategy with making conventional energies clean and green as its core task, successfully delivering sound business results.

During the reporting period, the Company placed extra emphasis on improving the standards of refined management, enhancing the research and forecast on market trends, stepping up marketing efforts in the coal and power segments, strengthening cost control, and improving operational coordination among different business segments, thereby effectively mitigating the impact of falling coal prices on the Company's operating results. For the first half of 2015, the Company's profit before tax was RMB22,160 million; profit for the period attributable to shareholders of the Company amounted to RMB13,068 million with a basic earnings per share of RMB0.657.

As at 30 June 2015, the total market capitalisation of China Shenhua reached US\$64.0 billion, ranking the first among all listed coal companies worldwide and the third among all listed integrated mining companies worldwide.

In the first half of 2015: structural adjustment, optimized operation and facilitation of the implementation of clean energy development strategy

Adjustment of business structure substantially enhanced risk resilience

Benefiting from the continual adjustment of capital expenditure in recent years, the Company has achieved sound results in adjusting its business structure, thereby further improving its risk resilience. Under the International Financial Reporting Standards, operating profits from the coal, power, transportation and coal chemical segments before elimination on consolidation improved from 45%, 28%, 24% and 3% in the first half of 2014 to 31%, 42%, 25% and 2%, respectively, in the first half of 2015. The stable profit contribution from the power segment partially mitigated the impact of oversupply in the coal market.

Focusing on value creation and enhancing its marketing efforts in the coal and power segments

Adhering to the principle of value creation, the Company adopted a flexible and multi-dimensional sales strategy with the most efficient seaborne coal sales as the focus, intensified its efforts to tap into new markets through promotion of clean coal so as to maintain its market share. In the first half of 2015, the Company recorded sales of commercial coal of 177.8 million tonnes, with seaborne coal sales amounting to 97.9 million tonnes, representing a rise of 4 percentage points in its proportion to total sales compared to the first half of 2014.

The Company intensified its marketing efforts in the power segment to increase its market share. Efforts had also been made to make full play of the power segment's capacity to consume self-produced coal and to maintain coal inventory at a stable level, thereby ensuring the stability of the integrated operation model. In the first half of 2015, gross power generation reached 100.42 billion kwh while total power output dispatch reached 93.62 billion kwh. The average utilisation hours of coal-fired generators reached 2,330 hours, surpassing the national average level by 172 hours.

Pushed forward the clean transformation of conventional energies

The Company strengthened its efforts in building digital mines and exploring greener and more efficient production methods, as well as enhancing the product structure of commercial coal and stepping up arrangements for the balanced production of “high quality, high efficiency” mines. Improvements had also been made in terms of coal quality control, as well as building the brand image of Shenhua clean coal and increasing the supply of clean coal in key regions including Hebei, Beijing and Tianjin.

The Company pushed forward the application and promotion of “ultra-low emission” technology for coal-fired generators. During the first half of the year, the additional and renovated capacity of “ultra-low emission” coal-fired generators amounted to 7,100 MW, with the accumulated installed capacity of “ultra-low emission” coal-fired generators amounting to 9,450 MW, representing 21% of the total installed capacity of the Company’s coal-fired power generators. The construction of China’s first environmental information publishing system for real-time data monitoring focusing on air pollutant emission from power generation enterprises had also been launched.

The Company completed the construction of green and efficient transportation channels, secured synergy of the integrated operation model of production, transportation and sales; carried out rational loading arrangement and strengthened port operation management, reducing the impact of volatile inventory level to the minimum. During the first half of 2015, the Company’s self-owned railway completed 98.5 billion tonne km of transportation turnover; seaborne coal volume of the Company’s self-owned ports reached 74.5 million tonnes; and the shipping segment’s freight volume amounted to 39.8 million tonnes.

The coal chemical segment further strengthened its production and equipment management, facilitated energy-saving and consumption-reducing measures and successfully maintained stable and sound operation. During the first half of 2015, sales volume of coal-to-olefins products reached 316,400 tonnes, substantially achieving a balance of production and sales.

Enhancement of safety management ensured safe development

The Company tightened up its control and rectification of potential safety hazards and comprehensively reinforced its risk prevention and control system. During the first half of 2015, the fatality rate per million tonnes of raw coal production was zero, maintaining the Company’s leading position in safe production of the coal industry worldwide.

Enforced cost reduction and efficiency enhancement measures in a comprehensive manner with steady improvement in operation quality

The Company stringently put its budget management measures into practice and focused on pushing forward the coupling of cost management with performance appraisal, achieving outstanding results in its cost control initiatives. During the first half of 2015, the Group's unit production cost of self-produced coal was RMB117.0/tonne, representing a year-on-year decrease of 8.0%. The unit cost of power output dispatch decreased by 9.6% year-on-year to RMB229.6/mwh.

The Company strived to enhance asset operation management. Making full play of its edge in international credit rating, the Company initiated bond issuance overseas in order to effectively reduce financing costs. The Company also enhanced its management of inventory and accounts receivable to ensure efficiency in asset allocation, as well as developed a mindset of "asset-light strategy" by placing extra emphasis on the management of return on net assets for its existing assets and exercising control on the scale and allocation of incremental assets when making investments.

Enhancement of project management to respond actively to energy reforms

The Company optimised its industrial resources allocation through various initiatives such as project construction, acquisition of equity interests and overseas investment, so as to cope with the demand from energy reforms.

The application for the exploration rights of Xinjie Mines and construction of Guojiawan Coal Mine was pushed forward in an orderly manner, thereby ensuring the continuous supply of high-end coal resources in first priority. The Phase II of Anqing Power Generation Project of Shenwan Energy Company and the Phase II of Fujian Hongshan Thermal Power Plant were put into operation, while projects including Jiujiang Coal and Power Integration Project and Shouguang Power Plant progressed smoothly, further optimising the regional deployment of power business. The construction of Huangda Railway advanced as scheduled, ensuring the transportation network fits in well with the industrial deployment of the Company. The Company also proactively pushed forward the acquisition of the equity interests in certain larger capacity clean coal-fired power generators from Shenhua Group and asset injection is expected to complete in the second half of 2015, further speeding up the progress in the clean development of coal and power businesses.

The operation of the PT.GH EMM Indonesia Project was running smoothly with stable operating revenue. The environmental assessment for the Watermark Coal Project in Australia was approved by the federal government of Australia; and local projects in Mongolia and Russia were under steady progress. The Company also stepped up efforts to push forward its internationalization progress and participated actively in the strategic layout of the country's "The Belt and Road Initiative".

In the second half of 2015: building itself into a world first-class supplier of clean energy by adhering to its strategic goal

In the second half of the year, as energy production and consumption revolution continue to progress, the structural adjustment and transformational development of the coal and power sectors will be on a faster track. China Shenhua will expedite the implementation of the clean energy development strategy, adhere to the concept of value creation, enhance arrangements and control costs to strive for achieving operational objectives. The following tasks will be key focuses:

- 1. To enhance arrangements for the integrated operation model of production, transportation and sales and improve the competitiveness of the coal-based energy segment.** Firstly, the Company will intensify its efforts to tap into new markets and boost its marketing efforts in the coal and power segments to promote sound operation of the integrated operation model. By continuing to develop new markets, the Company will safeguard the sale of seaborne coal and speed up the substitution by clean coal in key regions. Marketing efforts for electricity will also be strengthened and the Company will attempt to achieve higher utilisation hours of its power generators as compared to the average level of similar generators in the same region. Secondly, the Company will enhance its arrangements to boost the efficiency of the integrated operation model. Efforts will be made to improve coal production structure on an on-going basis by driving up the production volume of mines with high gross profit. The Company will also aim for higher production efficiency and effectiveness. Refined management of power plants will be strengthened while newly installed generators will be made ready for production to continuously consume Shenhua coal and maintain coal inventory at a stable level. The Company will have rational arrangements for transportation flow in place, enhance the deployment of its transportation capacity and explore the new model of cooperation between transportation and logistics businesses. The Company will strengthen operations management of the existing coal chemical equipment, tighten up cost control and ensure safe and sound operations.
- 2. To build on the foundation of safe production and push forward the progress of transformation and upgrading.** Firstly, the Company will attach the highest priority to safe production, continue to tighten up its control of material potential safety hazards and facilitate the launch of the risk prevention and control management system. Secondly, the Company will actively push forward the construction of a clean coal industrial chain. Technologies such as “digital mines” and “ultra-low emission” will be promoted and applied more extensively to propel the industry’s clean development. Thirdly, research and development in technologies for the clean mining, use and transformation of coal will be further stepped up by greater investments in research and development in order to speed up the transformation of technological advances for commercial uses so as to drive the transformational development of traditional industries with technological innovations.

3. To tighten up cost control and improve operational efficiency. Firstly, the Company will strive to reduce financial costs by a series of measures including a performance-linked appraisal mechanism, assignment of targets level by level, and monthly settlement to curtail non-production expenses in every aspect. Secondly, the Company will attempt to control the increase in inventories and strengthen the management of accounts and notes receivable to keep the Company's cash flows in a healthy status. Thirdly, investment management will be better executed by rationally controlling the investment scale, raising the quality of investment decision making and eliminating inefficient investments. Fourthly, the Company will better examine its existing assets and enhance its asset structure so as to explore the possible development of an asset-light strategy and to improve its asset quality and operational efficiency. Fifthly, various debt financing instruments will be fully utilized to reduce financing cost for enhancing the efficient use of capital.

4. To accelerate the construction of key projects and implement a well-planned strategic layout. Adhering to the principle of value creation, the Company will arrange capacity deployment in a rational manner, steadily pushing forward the construction of key projects including the Port and Power Integration Projects in Jiujiang and Beihai and Huangda Railway to enrich the Company's development potential. Overseas construction projects will be moved forward steadily to better map out the international development pathway.

Looking into the second half of 2015 and facing the market challenges, China Shenhua will expedite with strong determination the implementation of the clean energy development strategy and the initiatives for making conventional energies clean, with an aim to bring about a healthy and sustainable development as well as to create greater value for all investors.



Zhang Yuzhuo
Chairman

21 August 2015

Overview of China Shenhua's Operating Results for the first half of 2015

Table 1 Operation targets and status of completion

Item	Unit	Completed in the first half of 2015		Target for 2015	Percentage of completion (%)
		Value	Percentage		
Commercial coal production	million tonnes	139.4	155.0	273.60	51.0
Coal sales	million tonnes	177.8	234.6	404.25	44.0
Power output dispatch	billion kwh	93.62	99.38	212.70	44.0
Revenue	RMB 100 million	877.83	1,000.0	2,100	41.8
Cost of sales	RMB 100 million	593.91	726.9	1,563	38.0
Net selling, administrative and finance expenses	RMB 100 million	60.76	109.5	150	40.5

Table 2 Financial Indicators

Item	Unit	The first half of 2015		The first half of 2014	Change %
		Value	Percentage		
Revenue	RMB million	877,833	129,197	34,519	(32.1)
Profit before income tax	RMB million	22,160	1,145	34,519	(35.8)
Profit for the period attributable to equity holders of the Company	RMB million	13,068	2,275	1,145	(42.6)
Basic earnings per share	RMB/share	0.657	1.145	1.145	(42.6)
Return on net assets as at the end of the period	%	4.4	8.1	8.1	Decreased by 3.7 percentage points
Net cash generated from operating activities	RMB million	30,911	32,081	32,081	(3.6)
Net cash generated from operating activities excluding Shenhua Finance Company	RMB million	21,336	30,422	30,422	(29.9)

Table 3 Segment Results

Item	Coal		Power		Railway		Port		Shipping		Coal chemical		Unallocated items		Eliminations		Total	
	The first half of 2015	The first half of 2014	The first half of 2015	The first half of 2014	The first half of 2015	The first half of 2014	The first half of 2015	The first half of 2014	The first half of 2015	The first half of 2014	The first half of 2015	The first half of 2014	The first half of 2015	The first half of 2014	The first half of 2015	The first half of 2014	The first half of 2015	The first half of 2014
	RMB million																	
Revenue from external customers	48,862	85,888	33,417	36,855	1,659	1,566	82	152	320	769	2,967	3,430	476	537	-	-	87,783	129,197
Revenue from inter segment transactions	13,308	17,678	163	219	11,679	13,467	1,687	1,906	690	976	2	-	411	414	(27,940)	(34,660)	-	-
Sub-total of segment revenue	62,170	103,566	33,580	37,074	13,338	15,033	1,769	2,058	1,010	1,745	2,969	3,430	887	951	(27,940)	(34,660)	87,783	129,197
Segment cost of sales	(52,579)	(85,589)	(22,249)	(25,927)	(7,415)	(6,799)	(1,031)	(972)	(924)	(1,452)	(2,319)	(2,362)	(105)	(88)	27,231	34,088	(59,391)	(89,101)
Segment profit/(loss) from operations	7,472	16,164	9,889	10,030	5,265	7,746	567	841	35	244	563	980	468	407	(709)	(572)	23,550	35,840
Segment total assets	250,474	245,545	212,714	199,611	124,625	122,033	22,352	21,974	8,871	8,247	13,277	13,529	343,193	343,018	(414,091)	(415,060)	561,415	538,897
Segment total liabilities	(119,872)	(115,876)	(120,554)	(110,324)	(60,792)	(59,965)	(10,113)	(9,917)	(3,102)	(2,449)	(6,128)	(7,007)	(185,480)	(175,390)	307,445	303,630	(198,596)	(177,298)

Table 4 Business Data Master Table

Item	Unit	The first half of 2015		The first half of 2014	Change %
		Value	Percentage		
Commercial coal production	million tonnes	139.4	155.0	155.0	(10.1)
Coal sales	million tonnes	177.8	234.6	234.6	(24.2)
Of which: Export	million tonnes	0.6	0.9	0.9	(33.3)
Import	million tonnes	0.0	4.4	4.4	(100.0)
Gross power generation	billion kwh	100.42	106.52	106.52	(5.7)
Total power output dispatch	billion kwh	93.62	99.38	99.38	(5.8)
Polyethylene sales	thousand tonnes	163.2	152.5	152.5	7.0
Polypropylene sales	thousand tonnes	153.2	155.0	155.0	(1.2)
Transportation turnover of self-owned railway	billion tonne km	98.5	109.5	109.5	(10.0)
Seaborne coal	million tonnes	97.9	119.5	119.5	(18.1)
Shipping volume	million tonnes	39.8	45.5	45.5	(12.5)
Shipment turnover	billion tonne nm	32.8	38.2	38.2	(14.1)

Table 5 Breakdown of Commercial Coal Production

Item	The first half of 2015		The first half of 2014	Change %
	Value	Percentage		
Shandong Coal Group	79.0	84.8	84.8	(6.8)
Bulianta	13.8	14.3	14.3	(3.5)
Daliuta-Huojitu	17.0	18.0	18.0	(5.6)
Yujialiang	8.2	8.4	8.4	(2.4)
Shangwan	7.0	7.3	7.3	(4.1)
Halagou	7.4	7.5	7.5	(1.3)
Baode (Kangjiantan)	1.3	3.3	3.3	(60.6)
Shigetai	5.3	5.4	5.4	(1.9)
Wulanmulun	3.2	3.9	3.9	(17.9)
Bu'ertai	8.6	8.7	8.7	(1.1)
Liuta mine	2.6	2.0	2.0	30.0
Cuncaota No. 1 mine	1.5	2.0	2.0	(25.0)
Cuncaota No. 2 mine	2.7	2.8	2.8	(3.6)
Others	0.4	1.2	1.2	(66.7)
Zhunge'er Energy Company	14.2	14.5	14.5	(2.1)
Heidaigou Mine	14.2	14.5	14.5	(2.1)
Ha'erwusu Branch	14.6	15.5	15.5	(5.8)
Beidian Shengli Energy	6.7	8.6	8.6	(22.1)
Jinjie Energy	8.2	9.9	9.9	(17.2)
Shenbao Energy Company	11.8	13.9	13.9	(15.1)
Baotou Energy Company	2.9	6.4	6.4	(54.7)
Shuiquan Open-cut Mine	0.4	0.5	0.5	(20.0)
Adaohai Mine	0.1	0.4	0.4	(75.0)
Lijiahao Mine	2.4	3.2	3.2	(25.0)
Wanli No.1 Mine	0.0	2.3	2.3	(100.0)
Shendong Power Company	1.1	0.4	0.4	175.0
Huangyuchuan Mine	1.1	0.4	0.4	175.0
EMM Indonesia	0.9	1.0	1.0	(10.0)
Total production	139.4	155.0	155.0	(10.1)
By Regions				
Inner Mongolia	91.0	101.0	101.0	(9.9)
Shaaxi	46.2	49.7	49.7	(7.0)
Shanxi	1.3	3.3	3.3	(60.6)
Overseas	0.9	1.0	1.0	(10.0)

Table 6 Breakdown of Domestic Coal Sales

Item	Unit	The first half of 2015		The first half of 2014	Change %
		Value	Percentage		
Domestic sales	million tonnes	175.4	100.0	226.9	(22.7)
By region					
Northern China	94.7	54.0	119.0	(20.4)	
Eastern China	50.0	28.5	63.4	(21.1)	
Central China and Southern China	18.9	10.8	24.8	(23.8)	
Northeast China	9.1	5.2	12.2	(25.4)	
Others	2.7	1.5	7.5	(64.0)	
By usage					
Thermal coal	121.8	69.4	141.3	(13.8)	
Metallurgy	3.0	1.7	3.8	(21.1)	
Chemical (including coal slurry)	14.7	8.4	18.7	(21.4)	
Others (including those unknown final usage)	35.9	20.5	63.1	(43.1)	

Table 12 Breakdown of Coal Sales Price

Item	The first half of 2015		The first half of 2014		Change
	Sales volume	Percentage to total sales	Sales volume	Percentage to total sales	
	million tonnes	%	million tonnes	%	
I. Domestic sales	175.4	98.7	226.9	96.7	(22.7)
(i) Self-produced coal and purchased coal	168.0	94.5	313.3	26.6	88.0
1. Direct arrival	70.7	39.8	238.6	88.0	31.5
2. Seaborne	97.3	54.7	367.6	118.6	50.5
(ii) Sales of domestic trading coal	7.4	4.2	380.8	15.9	6.8
(iii) Sales of imported coal	0.0	0.0	-	4.4	1.9
II. Export sales	0.6	0.3	467.9	0.9	0.4
III. Overseas coal sales	1.8	1.0	251.7	6.8	2.9
(i) EMM Indonesia	0.8	0.4	81.2	1.0	0.4
(ii) Re-export trade	1.0	0.6	393.3	5.8	2.5
Total sales volume/weighted average price	177.8	100.0	316.0	234.6	100.0
Of which: Sales to external customers	138.4	77.8	316.8	189.5	80.8
Sales to internal coal segment	37.2	21.0	315.2	43.0	18.3
Sales to internal coal chemical segment	2.2	1.2	277.2	2.1	0.9

Table 7 Power Generation Business

Power plants	Regional grid	Location	Gross power generation 100 million kwh	Total power output dispatch 100 million kwh	Average utilisation hours	Standard coal consumption rate for power output dispatch g/kwh	Power tariff RMB/mwh	Total installed capacity as at 30 December 2014		Increase/ (decrease) in installed capacity for the first half of 2015 MW	Total installed capacity as at 30 June 2015		Equity installed capacity as at 30 June 2015 MW
								2014	2015		2015	2015	
Gangdong Power	North China Power Grid	Hebei	68.2	64.9	2,707	309	347	2,520	-	2,520	639		
Sanhe Power	North China Power Grid	Hebei	32.1	29.7	2,471	298	359	1,300	-	1,300	501		
Dingzhou Power	North China Power Grid	Hebei	67.4	62.1	2,673	323	340	2,520	-	2,520	1,021		
Fanshan Power	North China Power Grid	Tianjin	29.3	27.4	2,762	315	391	1,060	-	1,060	482		
Zhunge'er Power	North China Power Grid	Inner Mongolia	19.3	17.2	2,014	372	233	960	-	960	554		
Shendong Power	Northwest/Inner Mongolia/ Shaanxi Provincial Local Power Grid	Inner Mongolia	107.0	97.9	2,335	349	252	4,167	1,000	5,167	4,657		
Guohua Zhunge'er	North China Power Grid	Inner Mongolia	27.1	24.5	2,056	310	238	1,320	-	1,320	639		
Guohua Hulunbeier Power	Northeast Power Grid	Inner Mongolia	21.1	19.0	1,757	330	233	1,200	-	1,200	960		
Beijing Thermal	North China Power Grid	Beijing	5.6	4.8	1,612	169	412	400	(400)	-	-		
Suzhong Power	Northeast Power Grid	Laoning	65.5	61.3	1,819	311	332	3,600	-	3,600	1,800		
Zheneq Power	East China Power Grid	Zhejiang	108.0	102.4	2,454	303	387	4,400	-	4,400	2,640		
Taikang Power	East China Power Grid	Jiangsu	35.9	34.3	2,851	301	326	1,260	-	1,260	630		
Jinjie Energy	North China Power Grid	Shaanxi	81.8	75.3	3,410	327	295	2,400	-	2,400	1,680		
Shenmu Power	Northwest Power Grid	Shaanxi	5.1	4.5	2,295	379	329	220	-	220	112		
Taishan Power	South China Power Grid	Guangdong	105.5	98.9	2,109	312	415	5,000	-	5,000	4,000		
Huizhou Thermal	South China Power Grid	Guangdong	15.3	13.9	2,321	326	417	660	-	660	660		
Mengjin Power	Central China Power Grid	Henan	21.5	20.3	1,793	309	353	1,200	-	1,200	612		
Chenyajiang Power	East China Power Grid	Jiangsu	39.9	38.0	3,025	291	335	1,320	-	1,320	726		
Shenwan Energy	East China Power Grid	Anhui	66.6	63.1	2,474	321	355	2,600	2,000	4,600	2,346		
Shenhua Sichuan Energy	Sichuan Power Grid	Sichuan	19.4	17.6	1,537	333	435	1,260	-	1,260	604		
Fujian Energy	East China Power Grid	Fujian	42.8	40.6	1,716	327	345	1,240	2,000	3,240	1,501		
EMM Indonesia	PLN (Perusahaan Listrik Negara)	Indonesia	9.2	8.2	3,072	366	404	300	-	300	210		
Total for coal-fired power plants/weighted average			993.6	925.9	2,330	318	340	40,907	4,600	45,507	27,620		
Other power plants													
Zhuhai Wind	South China Power Grid	Guangdong	0.1	0.1	746	-	596	16	-	16	12		
Yuyao Power	East China Power Grid	Zhejiang	7.8	7.6	1,005	232	761</						



- 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)
 - 自有在建鐵路
Self-owned Railway (under construction)
 - 自有礦區
Self-owned mines



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
Baoshile Mines
- A5. 包頭礦區
Baotou Mines
- A6. 澳大利亞沃特馬克煤礦項目 (前期工作階段)
Watermark Coal Project in Australia (preliminary work in progress)
- A7. 新街台格爾勒查區 (探礦權申請中)
Xinjie Taigemiao Exploration Area (applying for exploration license)



電廠
Power

- B1. 滄東電力
Cangdong Power
- B2. 三河電力
Sanhe Power
- B3. 定州電力
Dingzhou Power
- B4. 盤山電力
Panshan Power
- B5. 准能電力
Zhunge'er Power
- B6. 神東電力
Shendong Power
- B7. 國華准格爾
Guohua Zhunge'er
- B8. 國華呼電
Guohua Hulubeier Power
- B9. 北京熱電
Beijing Thermal
- B10. 綏中電力
Suizhong Power
- B11. 浙能電力
Zheneng Power
- B12. 錦界能源
Jinjie Energy
- B13. 神木電力
Shenmu Power
- B14. 台山電力
Taishan Power
- B15. 惠州熱電
Huizhou Thermal
- B16. 孟津電力
Mengjin Power
- B17. 太倉電力
Taicang Power
- B18. 陳家港電力
Chenjia gang Power
- B19. 神皖能源
Shenwan Energy
- B20. 神華四川能源
Shenhu Sichuan Energy
- B21. 神華福建能源
Shenhu Fujian Energy
- B22. 印尼煤電
EMM Indonesia
- B23. 珠海風能
Zhuhai Wind
- B24. 余姚電力
Yuyao 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 (試運行)
Zhunchi Railway (trial operation)
- C9. 黃大鐵路 (在建)
Huangda Railway (under construction)
- C10. 塔韓鐵路
Tahan Railway
- C11. 阿莫鐵路 (在建)
Amo Railway (under construction)



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
- D4. 羅源灣項目 (籌備中)
Luoyuan Wan Project (under preparation)



航運
Shipping

- E1. 神華中海航運
Shenhu Zhonghai Shipping Company



煤化工
Coal Chemical

- F1. 包頭煤化工
Baotou Coal Chemical



註：於2015年8月21日之分佈圖，僅做示意。
Note: This map as at 21 August 2015 is for illustrative purpose only.

Directors' Report

Board Discussion and Analysis on Operations during the Reporting Period

Summary of Operations

		Target for 2015	Completed in the first half of 2015	Percentage of completion (%)	Completed in the first half of 2014	Change (%)
Commercial coal production	Million tonnes	273.60	139.4	51.0	155.0	(10.1)
Coal sales	Million tonnes	404.25	177.8	44.0	234.6	(24.2)
Total power output dispatch	Billion kwh	212.70	93.62	44.0	99.38	(5.8)
Revenue	RMB100 million	2,100	877.83	41.8	1,291.97	(32.1)
Cost of sales	RMB100 million	1,563	593.91	38.0	891.01	(33.3)
Net selling, general and administrative expenses and finance costs	RMB100 million	150	60.76	40.5	56.32	7.9

In the first half of 2015, by actively exploring new markets and stabilising existing markets externally, and enhancing the structure of the Company and stringently controlling costs internally, China Shenhua fully unleashed the advantages of integrated operation and effectively adapted to the evolving market. According to the IFRSs, in the first half of 2015, the Group recorded profit attributable to equity holders of the Company of RMB13,068 million (first half of 2014: RMB22,775 million), and basic earnings per share of RMB0.657/share (first half of 2014: RMB1.145/share), representing a year-on-year decrease of 42.6%.

Major financial indicators of the Group for the first half of 2015 are as follows:

		First half of 2015	First half of 2014	Change (%)
Return on total assets as at the end of the period	%	3.1	4.9	Decreased by 1.8 percentage points
Return on net assets as at the end of the period	%	4.4	8.1	Decreased by 3.7 percentage points
EBITDA	RMB million	34,521	46,149	(25.2)
		As at 30 June 2015	As at 31 December 2014	Change (%)
Net assets per share	RMB/Share	14.87	14.94	(0.5)
Liability to asset ratio	%	35.4	32.9	Increased by 2.5 percentage points
Total debt to total debt + total equity	%	22.4	20.9	Increased by 1.5 percentage points

Note: Please refer to the section headed "Definitions" of this report for the calculations of the above indicators.

▼ Analysis on principal business

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

Unit: RMB million

Item	First half of 2015	First half of 2014	Change (%)
Revenue	87,783	129,197	(32.1)
Cost of sales	(59,391)	(89,101)	(33.3)
Selling, general and administrative expenses	(4,447)	(4,010)	10.9
Other gains and losses	(434)	(256)	69.5
Interest income	410	293	39.9
Finance costs	(2,039)	(1,915)	6.5
Net cash inflow generated from operating activities	30,911	32,081	(3.6)
Of which: Net cash inflow generated from operating activities of Shenhua Finance Company ^{Note}	9,575	1,659	477.2
Net cash inflow generated from operating activities excluding the effect of Shenhua Finance Company	21,336	30,422	(29.9)
Net cash outflow from investing activities	(11,623)	(18,257)	(36.3)
Net cash (outflow)/inflow from financing activities	(3,653)	11,311	(132.3)

Note: As Shenhua Finance Company provides financial services including deposits and borrowings for entities other than the Group, the item represents the cash flows of deposits and borrowings and interest, fees and commission generated by this business.

(1) Revenue

The Group recorded revenue of RMB87,783 million in the first half of 2015 (first half of 2014: RMB129,197 million), representing a year-on-year decrease of 32.1%. The main reasons for such change are as follows:

- 1 the impact of factors such as demand from downstream industries and weather, resulting in a year-on-year decrease of 24.2% in the Group's sales of coal to 177.8 million tonnes (first half of 2014: 234.6 million tonnes); and the average sales price of commercial coal was RMB316.0 per tonne (first half of 2014: RMB368.4 per tonne), representing a year-on-year decrease of 14.2%;
- 2 being affected by factors such as increase of power generation by non-fossil fuels, the power output dispatch of the Group in the first half of 2015 was 93.62 billion kwh (first half of 2014: 99.38 billion kwh), representing a year-on-year decrease of 5.8%; average power tariff was RMB343.2/mwh (first half of 2014: RMB360.0/mwh), representing a year-on-year decrease of 4.7%;
- 3 a decrease in the volume of material trading business.

Please refer to the relevant contents in the latter part of this section for the analysis on the business operations of the Group in first half of 2015 by business and by region.

(2) Cost of sales

Unit: RMB million

Breakdown of cost items	Amount for the period	Percentage to cost of sales for the period (%)	Amount for the same period of the previous year	Percentage to cost of sales for the same period of the previous year (%)	Change in amount for the period over that of the same period of the previous year (%)
Coal purchased from third parties	9,673	16.3	26,324	29.5	(63.3)
Materials, fuel and power	7,130	12.0	9,007	10.1	(20.8)
Personnel expenses	5,272	8.9	5,054	5.7	4.3
Depreciation and amortisation	9,372	15.8	8,963	10.1	4.6
Repairs and maintenance	4,396	7.4	4,389	4.9	0.2
Transportation charges	6,064	10.2	7,864	8.8	(22.9)
Taxes and surcharges	3,061	5.2	1,869	2.1	63.8
Others	14,423	24.2	25,631	28.8	(43.7)
Total cost of sales	59,391	100.0	89,101	100.0	(33.3)

The cost of sales of the Group in the first half of 2015 amounted to RMB59,391 million (first half of 2014: RMB89,101 million), representing a year-on-year decrease of 33.3%, of which:

- (1) the cost of coal purchased from third parties decreased by 63.3% year-on-year to RMB9,673 million (first half of 2014: RMB26,324 million), which was mainly attributable to the decrease in the purchasing price of coal and the year-on-year decrease of the sales volume of the coal purchased from third parties;
- (2) the cost of materials, fuel and power amounted to RMB7,130 million (first half of 2014: RMB9,007 million), representing a year-on-year decrease of 20.8%, which was mainly attributable to the year-on-year decrease in the sales volume of coal and power output dispatch;
- (3) transportation charges decreased by 22.9% year-on-year to RMB6,064 million (first half of 2014: RMB7,864 million), which was primarily driven by the decrease in the transportation volume of commercial coal;
- (4) taxes and surcharges increased by 63.8% year-on-year to RMB3,061 million (first half of 2014: RMB1,869 million), which was mainly attributable to the fact that coal price adjustment fund and mineral resources compensation fee were accounted for by the Group as resource tax as a result of the resource tax reform. The relevant amounts were adjusted from "others" to "taxes and surcharges" for accounting.
- (5) other costs decreased by 43.7% year-on-year to RMB14,423 million (first half of 2014: RMB25,631 million), which was mainly attributable to the fall in volume in the material trading business.

(3) Selling, general and administrative expenses

The selling, general and administrative expenses of the Group in the first half of 2015 amounted to RMB4,447 million (first half of 2014: RMB4,010 million), representing a year-on-year increase of 10.9%, which was mainly attributable to the year-on-year increase of expensed research and development expenditure and the increase in depreciation and amortization resulting from the operation of the self-developed informatization system.

(4) Other gains and losses

Other losses of the Group in the first half of 2015 amounted to RMB434 million (first half of 2014: RMB256 million), representing a year-on-year increase of 69.5%, which was mainly attributable to the provisions for impairment loss of the power generation equipment and related machines owned by Beijing Thermal due to its closure.

As at the end of the reporting period, no provision for decrease in the price of coal inventory was made as the cost of the Group's coal inventory was lower than its net realizable value.

(5) Interest income

The interest income of the Group in the first half of 2015 amounted to RMB410 million (first half of 2014: RMB293 million), representing a year-on-year increase of 39.9%, which was mainly attributable to the increase in interest income from deposits and profit from loans made to external parties.

(6) Finance costs

The finance costs of the Group in the first half of 2015 amounted to RMB2,039 million (first half of 2014: RMB1,915 million), representing a year-on-year increase of 6.5%, which was mainly attributable to the increase in interest expense and net exchange loss for loans denominated in Japanese Yen.

(7) Net cash inflow generated from operating activities

The net cash inflow generated from operating activities of the Group in the first half of 2015 amounted to RMB30,911 million (first half of 2014: RMB32,081 million), representing a year-on-year decrease of 3.6%, of which net cash inflow generated from operating activities of Shenhua Finance Company amounted to RMB9,575 million (first half of 2014: RMB1,659 million). Net cash inflow generated from operating activities of the Group excluding the effect of Shenhua Finance Company amounted to RMB21,336 million (first half of 2014: RMB30,422 million), representing a year-on-year decrease of 29.9%, which was mainly attributable to the decrease in net cash inflow caused by year-on-year decrease in profits for the period.

(8) Net cash outflow from investing activities

The net cash outflow from investing activities of the Group in the first half of 2015 amounted to RMB11,623 million (first half of 2014: RMB18,257 million), representing a year-on-year decrease of 36.3%, which was mainly attributable to decrease in cash paid for acquisition and construction of long-term assets.

(9) Net cash outflow from financing activities

The net cash outflow from financing activities of the Group in the first half of 2015 amounted to RMB3,653 million (first half of 2014: net cash inflow of RMB11,311 million), representing a year-on-year decrease of 132.3%, which was mainly attributable to the smaller scale of debt financing year-on-year and the payment of final dividend of A Shares for 2014 during the reporting period.

(10) Research and development expenditure

Unit: RMB million

Expensed research and development expenditure in the period	131
Capitalised research and development expenditure in the period	129
Total research and development expenditure	260
Percentage of total research and development expenditure to revenue (%)	0.3

The total research and development expenditure of the Group in the first half of 2015 amounted to RMB260 million, which was mainly attributable to the technological research of the Group on areas such as further strengthening the clean use of coal as well as on green mining, heavy-loaded railways and ultra-low emission of coal-fired generators. The research and development expenditure is in line with the Group's strategic principle of promoting the development of clean energy, which allows the Group to enhance its core competitiveness and its ability to maintain sustainable growth.

2 Others

(1) Details on material changes in the composition of profit or source of profit of the Company

The major changes in the composition of profit of the Group during the reporting period are detailed as follows: the proportion of the profit from operations of the coal segment decreased substantially while that of the power segment increased substantially.

Based on the profit from operations of all business segments before elimination on consolidation under the International Financial Reporting Standards, the percentages of the profit from operations attributable to the coal, power, transportation and coal chemical segments of the Group changed to 31%, 42%, 25% and 2% respectively in the first half of 2015 from 45%, 28%, 24% and 3% in the first half of 2014.

(2) Analysis on the progress of financing and major asset restructuring matters of the Company

Name of Bonds	Date of Issue	Interest Rate	Offering Amount	Interest Payment	Value Date	Maturity Date	Status of Redemption
Third tranche of super short-term debentures for 2015	11 June 2015	3.4%	RMB5 billion	Principal is payable together with accrued interest upon maturity	12 June 2015	7 February 2016	Outstanding
Second tranche of super short-term debentures for 2015	10 February 2015	4.39%	RMB5 billion	Principal is payable together with accrued interest upon maturity	11 February 2015	8 November 2015	Outstanding
First tranche of super short-term debentures for 2015	6 January 2015	4.55%	RMB5 billion	Principal is payable together with accrued interest upon maturity	7 January 2015	4 October 2015	Outstanding
Second tranche of medium-term notes for 2014	16 September 2014	5.04%	RMB10 billion	Principal is payable upon maturity with accrued interest paid annually	18 September 2014	18 September 2017	Outstanding
First tranche of medium-term notes for 2014	19 August 2014	5.10%	RMB10 billion	Principal is payable upon maturity with accrued interest paid annually	21 August 2014	21 August 2017	Outstanding
Third tranche of super short-term debentures for 2014	16 June 2014	4.73%	RMB10 billion	Principal is payable together with accrued interest upon maturity	17 June 2014	14 March 2015	Redeemed
First tranche of medium-term notes for 2013	7 November 2013	5.49%	RMB5 billion	Principal is payable upon maturity with accrued interest paid annually	11 November 2013	11 November 2018	Outstanding

On 20 January 2015, China Shenhua Overseas Capital Company Limited, a wholly-owned subsidiary of Shenhua Hong Kong Limited, a wholly-owned subsidiary of the Company, completed the issuance of US dollar notes in the amount of US\$1.5 billion.

Such notes were offered to professional investors in accordance with Regulation S under the U.S. Securities Act and listed on The Hong Kong Stock Exchange. Net proceeds from this issuance of notes were approximately US\$1.48 billion, which would be mainly used for the repayment of loans of overseas subsidiaries, approved overseas projects and other uses in compliance with applicable rules.

(3) Elaboration on the Company's progress of operation plans

For the Company's progress of development strategies, please refer to the section headed "Chairman's Statement".

For the progress of operation plans in 2015, please refer to "Summary of Operations" in this section.

▼ Analysis on Operating Results by Business Segment, Product or Region

I. Operating Results of Principal Business by Business Segment and Product

1. Coal Segment

(1) Overview of production and operations

In the first half of 2015, the Company persevered in being market-oriented and timely optimised its mix of products to increase the proportion of coal products with high added value in order to achieve maximum efficiency. Research and development of technologies were emphasised to improve production efficiency and reduce operating costs. The Company implemented coal quality management measures, enhanced refined management and promoted the standard operation procedures for specific posts. Promotion of the “Digital Mine” projects has been carried out to build the Shenhua clean coal brand so as to further enhance the competitiveness of its coal products.

In the first half of 2015, commercial coal production of the Company amounted to 139.4 million tonnes (first half of 2014: 155.0 million tonnes), representing a year-on-year decrease of 10.1%. Commercial coal production of Shendong Mines (including Jinjie Mine) and Zhunge'er Mines amounted to 87.2 million tonnes and 28.8 million tonnes respectively, representing a year-on-year decline of 7.9% and 4.0%. Commercial coal production of Baorixile Mines, Shengli Mines and Baotou Mines reached 11.8 million tonnes, 6.7 million tonnes and 2.9 million tonnes respectively, representing a year-on-year decrease of 15.1%, 22.1% and 54.7%.

In the first half of 2015, the coal segment of the Group accomplished total footage of advancing tunnels of 302,000 meters, representing a year-on-year decrease of 5.3%. Specifically, Shendong Mines recorded total footage of advancing tunnels of 290,000 meters, representing a year-on-year decrease of 4.9%; and Baotou Mines recorded total footage of advancing tunnels of 12,000 meters, representing a year-on-year decrease of 14.3%.

(2) Coal sales

The Company adopted a market-oriented pricing strategy, timely adjusted product structure, actively explored new markets and new customers. Due to the influence of market demand and other factors, coal sales of the Company in the first half of the year amounted to 177.8 million tonnes (first half of 2014: 234.6 million tonnes), representing a year-on-year decrease of 24.2%. The weighted average sales price of coal was RMB316.0 per tonne (first half of 2014: RMB368.4 per tonne), representing a year-on-year decrease of 14.2%.

A By sales types

	First half of 2015			First half of 2014			Percentage Change	
	Sales volume	Proportion of total sales	Price	Sales volume	Proportion of total sales	Price	Sales volume	Price
	million tonnes	%	RMB/tonne	million tonnes	%	RMB/tonne	%	%
I. Domestic sales	175.4	98.7	316.1	226.9	96.7	361.0	(22.7)	(12.4)
(I) Self-produced coal and purchased coal	168.0	94.5	313.3	206.6	88.0	356.3	(18.7)	(12.1)
1. Direct arrival	70.7	39.8	238.6	88.0	37.5	259.1	(19.7)	(7.9)
2. Seaborne	97.3	54.7	367.6	118.6	50.5	428.5	(18.0)	(14.2)
(II) Sales of domestic trading coal	7.4	4.2	380.8	15.9	6.8	390.5	(53.5)	(2.5)
(III) Sales of imported coal	0.0	0.0	-	4.4	1.9	470.9	(100.0)	-
II. Export Sales	0.6	0.3	467.9	0.9	0.4	571.7	(33.3)	(18.2)
III. Overseas coal sales	1.8	1.0	251.7	6.8	2.9	586.7	(73.5)	(57.1)
(I) EMM Indonesia	0.8	0.4	81.2	1.0	0.4	122.8	(20.0)	(33.9)
(II) Re-export trade	1.0	0.6	393.3	5.8	2.5	665.9	(82.8)	(40.9)
Total sales volume/weighted average price	177.8	100.0	316.0	234.6	100.0	368.4	(24.2)	(14.2)

In the first half of 2015, domestic coal sales of the Company amounted to 175.4 million tonnes (first half of 2014: 226.9 million tonnes), representing a year-on-year decrease of 22.7% and accounting for 98.7% of the total coal sales. The decrease is mainly affected by factors such as demand from downstream industries and weather, as well as the downward adjustment of trading coal sales by the Company.

In the first half of 2015, the seaborne sales volume of self-produced coal and purchased coal in respect of the Company's domestic sales amounted to 97.3 million tonnes (first half of 2014: 118.6 million tonnes), representing a year-on-year decline of 18.0 % which was less than the decrease in the Company's domestic sales of coal for the same period.

In the first half of 2015, sales volume of the Company to the top five domestic coal customers was 15.2 million tonnes, representing 8.7 % of domestic sales, while the sales volume to our biggest customer was 4.3 million tonnes, representing 2.5% of domestic sales. The top five domestic coal customers were mainly fuel companies and power generation companies.

The coal sales business of each mine area of the Group is mainly coordinated by Shenhua Trading Group, with the majority of the coal products sold by the Company being thermal coal.

B By internal and external customers

	First half of 2015			First half of 2014			Change in price
	Sales volume	Percent-age of total sales	Price	Sales volume	Percent-age of total sales	Price	
	million tonnes	%	RMB/tonne	million tonnes	%	RMB/tonne	
Sales to external customers	138.4	77.8	316.8	189.5	80.8	375.9	(15.7)
Sales to internal power segment	37.2	21.0	315.2	43.0	18.3	339.0	(7.0)
Sales to internal coal chemical segment	2.2	1.2	277.2	2.1	0.9	296.0	(6.4)
Total coal sales volume/weighted average price	177.8	100.0	316.0	234.6	100.0	368.4	(14.2)

In the first half of 2015, the percentage of the Company's coal sales volume to external customers fell to 77.8% from 80.8% year-on-year. The Company adopted unified pricing policies in coal sales to internal power segment, coal chemical segment and external customers.

(3) Production safety

In the first half of 2015, the Company continued to strengthen safety supervision and inspection, made solid progress on the construction of the intrinsic safety system, carried out educational and precautionary activities on production safety and enhanced contingency plans for production safety accidents so as to consolidate the foundation of safety management. During the reporting period, the fatality rate per million tonnes of raw coal production of the Company was zero.

(4) Environmental protection

In the first half of 2015, the Company focused on the special tasks of implementing energy-saving and environmental protection, seriously managed the environmental issues and advanced the environmental protection and compliance work of construction projects. The Company's overall energy consumption for raw coal production was 2.34 kg of standard coal/tonne.

In order to implement the requirements on air pollution control in the Beijing-Tianjin-Hebei region, the Company and local authorities in areas such as Cangzhou City and Baoding City have entered into cooperation agreements on clean coal supply to increase the sales of Shenhua's clean coal.

(5) Progress of projects

At the end of the reporting period, the initial working face of the Guojiawan Mine was ready for joint trial operation. The application for the exploration rights of Xinjie Mines was in smooth progress.

(6) Coal resources

As at 30 June 2015, the Group had actual coal resources amounting to 24,513 million tonnes and recoverable coal reserve amounting to 15,866 million tonnes under the PRC Standard; and the Group's marketable coal reserve amounted to 8,282 million tonnes under the JORC Standard.

In the first half of 2015, the Company's exploration expenses (which were incurred before the conclusion of feasibility study and represented the expenses related to exploration and evaluation of coal resources) amounted to approximately RMB10 million (first half of 2014: RMB13 million), which was mainly included the relevant exploration expenses of Watermark Project in Australia.

In the first half of 2015, the Company's relevant capital expenditure of coal mine development and exploration amounted to approximately RMB1,363 million (first half of 2014: RMB2,588 million), which was mainly attributable to the development expenditure of Guojiawan Mines, Qinglongsi Mines and Taigemiao Mines, as well as the coal exploration expenditure of various mines including Shendong Mines and Shengli Mines.

Characteristics of the commercial coal produced by the Company's major mines are as follows:

No.	Mines	Major types of coal	Net calorific value (as received basis) of major commercial coal products (kcal/kg)	Sulphur content	Ash content (average)
1	Shendong Mines	Long flame coal/ non-caking coal	>5,400	≤0.5%	≈12.9%
2	Zhunge'er Mines	Long flame coal	>4,500	≤0.5%	≈27.5%
3	Shengli Mines	Lignite	>3,200	≤0.8%	≈18.4%
4	Baorixile Mines	Lignite	>3,600	≤0.8%	≈15.0%
5	Baotou Mines	Long flame coal/ non-caking coal	>4,500	≤0.8%	≈21.0%

Note: The above calorific value, sulphur content and ash content of major commercial coal products produced by each mine may be inconsistent with the characteristics of the commercial coal products produced by individual mines and those of the commercial coal products sold by the Company due to such factors as geological conditions, mining area, coal washing, selecting and processing, transportation loss and coal blending ratio.

(7) Analysis on operating results

The operating results of the coal segment of the Group before elimination on consolidation in the first half of 2015 are as follows:

		First half of 2015	First half of 2014	Change (%)	Main reasons for changes
Revenue	RMB million	62,170	103,566	(40.0)	Decrease in coal sales volume and sales prices
Cost of sales	RMB million	52,579	85,589	(38.6)	Decrease in cost of coal purchased from third parties and cost of coal transportation
Of which:					
1. Production cost of self-produced coal	RMB million	16,180	19,562	(17.3)	Decrease in sales volume of self-produced coal
2. Cost of coal purchased from third parties	RMB million	9,673	26,324	(63.3)	Decrease in sales volume and purchasing price of coal purchased from third parties
Gross profit margin	%	15.4	17.4	Decreased by 2.0 percentage points	
Profit from operations	RMB million	7,472	16,164	(53.8)	
Profit margin from operations	%	12.0	15.6	Decreased by 3.6 percentage points	

(8) Unit production cost of self-produced coal

In the first half of 2015, unit production cost of self-produced coal in the coal segment was RMB117.0/tonne (first half of 2014: RMB127.2/tonne), representing a year-on-year decrease of 8.0%. The main reasons for the above changes are as follows:

- 1 costs of raw materials, fuel and power amounted to RMB20.4/tonne (first half of 2014: RMB24.8/tonne), representing a year-on-year decrease of 17.7%. This decrease was mainly due to the decrease in footage of advancing tunnels and decrease in prices of fuel and electricity;
- 2 personnel expenses amounted to RMB17.1/tonne (first half of 2014: RMB14.2/tonne), representing a year-on-year increase of 20.4%. This increase was mainly due to the decrease in sales volume of coal;
- 3 maintenance fee amounted to RMB8.2/tonne (first half of 2014: RMB8.4/tonne), representing a year-on-year decrease of 2.4%;
- 4 depreciation and amortisation amounted to RMB21.1/tonne (first half of 2014: RMB19.3/tonne), representing a year-on-year increase of 9.3%, which was mainly due to the decrease in sales volume of coal;
- 5 other costs amounted to RMB50.2/tonne (first half of 2014: RMB60.5/tonne), representing a year-on-year decrease of 17.0%. The decrease was mainly due to the price adjustment fund and mineral resources compensation fee being accounted for in "taxes and surcharges" as resource tax as a result of the resource tax reform and decrease in mining engineering expenses and open-cut mine stripping expenses.

Other costs consist of the following three components: (1) expenses directly related to production, including coal washing, selecting and processing expenses and mining engineering expenses, accounting for 64%; (2) auxiliary production expenses, accounting for 12%; (3) land requisition and surface subsidence compensation, environmental protection expenses, fees levied by local government, etc., accounting for 24%.

Excluding the influence of resource tax reform, the unit production cost of self-produced coal of the Company increased by 1.5% year-on-year.

(9) Analysis on cost of coal purchased from third parties

The Company's coal purchased from third parties includes coal purchased from the surrounding areas of the self-owned mines and railways, domestic trading coal, imported and re-exported coal.

In the first half of 2015, costs of coal purchased from third parties amounted to RMB9,673 million (first half of 2014: RMB26,324 million), representing a year-on-year decrease of 63.3%, which was mainly due to the decrease in the sales volume and purchasing price of the coal purchased from third parties.

The sales volume of coal purchased from third parties was 39.5 million tonnes (first half of 2014: 80.8 million tonnes), representing a year-on-year decrease of 51.1%, and its proportion to total sales volume of coal of the Company decreased to 22.2% from 34.4% in the first half of 2014, of which the sales volume of domestic trading coal decreased by 8.5 million tonnes, or 53.5%; and the sales volume of imported coal decreased by 4.4 million tonnes, or 100.0%.

2. Power segment

Power plants	Regional grid	Location	Gross power generation	Total power output dispatch	Average utilisation hours	Standard coal consumption rate for power output dispatch	Power tariff	Total installed capacity as at 31 December 2014	Increase/ (decrease) in installed capacity for the first half of 2015	Total installed capacity as at 30 June 2015	Equity installed capacity as at 30 June 2015
			100 million kwh	100 million kwh	hours	g/kwh	RMB/mwh	MW	MW	MW	MW
Cangdong Power	North China Power Grid	Hebei	68.2	64.9	2,707	309	347	2,520	-	2,520	1,285
Sanhe Power	North China Power Grid	Hebei	32.1	29.7	2,471	298	359	1,300	-	1,300	501
Dingzhou Power	North China Power Grid	Hebei	67.4	62.1	2,673	323	340	2,520	-	2,520	1,021
Panshan Power	North China Power Grid	Tianjin	29.3	27.4	2,762	315	391	1,060	-	1,060	482
Zhunge'er Power	North China Power Grid	Inner Mongolia	19.3	17.2	2,014	372	233	960	-	960	554
Shendong Power	Northwest/North China/ Shaanxi Provincial Local Power Grid	Inner Mongolia	107.0	97.9	2,335	349	252	4,167	1,000	5,167	4,657
Guohua Zhunge'er	North China Power Grid	Inner Mongolia	27.1	24.5	2,056	310	238	1,320	-	1,320	639
Guohua Hulunbe'er Power	Northeast Power Grid	Inner Mongolia	21.1	19.0	1,757	330	233	1,200	-	1,200	960
Beijing Thermal	North China Power Grid	Beijing	5.6	4.8	1,612	169	412	400	(400)	-	-
Suizhong Power	Northeast Power Grid	Liaoning	65.5	61.3	1,819	311	332	3,600	-	3,600	1,800
Zheneng Power	East China Power Grid	Zhejiang	108.0	102.4	2,454	303	387	4,400	-	4,400	2,640
Taicang Power	East China Power Grid	Jiangsu	35.9	34.3	2,851	301	326	1,260	-	1,260	630
Jinjie Energy	North China Power Grid	Shaanxi	81.8	75.3	3,410	327	295	2,400	-	2,400	1,680
Shenmu Power	Northwest Power Grid	Shaanxi	5.1	4.5	2,295	379	329	220	-	220	112
Taishan Power	South China Power Grid	Guangdong	105.5	98.9	2,109	312	415	5,000	-	5,000	4,000
Huizhou Thermal	South China Power Grid	Guangdong	15.3	13.9	2,321	326	417	660	-	660	660
Mengjin Power	Central China Power Grid	Henan	21.5	20.3	1,793	309	353	1,200	-	1,200	612
Chenjiagang Power	East China Power Grid	Jiangsu	39.9	38.0	3,025	291	335	1,320	-	1,320	726
Shenwan Energy	East China Power Grid	Anhui	66.6	63.1	2,474	321	355	2,600	2,000	4,600	2,346
Shenhua Sichuan Energy	Sichuan Power Grid	Sichuan	19.4	17.6	1,537	333	435	1,260	-	1,260	604
Fujian Energy	East China Power Grid	Fujian	42.8	40.6	1,716	327	345	1,240	2,000	3,240	1,501
EMM Indonesia	PLN (Perusahaan Listrik Negara)	Indonesia	9.2	8.2	3,072	366	404	300	-	300	210
Total for coal-fired power plants/Weighted average			993.6	925.9	2,330	318	340	40,907	4,600	45,507	27,620
Other power plants											
Zhuhai Wind Energy	South China Power Grid	Guangdong	0.1	0.1	746	-	596	16	-	16	12
Yuyao Power	East China Power Grid	Zhejiang	7.8	7.6	1,005	232	761	780	-	780	624
Shenhua Sichuan Energy	Sichuan Provincial Local Power Grid	Sichuan	2.7	2.6	2,087	-	255	125	-	125	48

(1) Overview of production and operations

In the first half of 2015, confronting with negative factors such as slowdown in the growth of electricity demand, newly installed capacity of coal-fired generators increasing relatively faster and increase in power generated by non-fossil energy, the power segment actively carried out marketing efforts to maintain its steady operation. The segment achieved gross power generation of 100.42 billion kwh in the first half of 2015, representing a year-on-year decrease of 5.7%; and total power output dispatch of 93.62 billion kwh, representing a year-on-year decrease of 5.8%. The coal-fired generators operated with average utilisation hours of 2,330 hours for the first half of the year, 172 hours above the national average level of 2,158 hours¹. At the end of the reporting period, total installed capacity of the Group reached 46,428 MW, of which total installed capacity of the coal-fired generators was 45,507 MW.

In the first half of 2015, a total of 38.5 million tonnes of the Group's coal was consumed in the power segment, accounting for 89.5% of the 43.0 million tonnes of total thermal coal consumption of the power segment of the Group (first half of 2014: 88.2%).

(2) Environmental protection

The power segment strived to implement the clean energy development strategy of China Shenhua and vigorously advanced the "ultra-low emission" renovation of coal-fired power generators. In the first half of the year, the capacity of newly installed and renovated coal-fired generators with "ultra-low emission" technology amounted to 7,100 MW, pushing the total installed capacity of coal-fired generators with "ultra-low emission" to 9,450 MW, which accounts for 21% of the total installed capacity of all coal-fired power generators of the Company.

(3) Progress of projects

Phase II of Anqing Power Generation Project of Shenwan Energy Company (2×1,000 MW), Fujian Hongshan Thermal Power Plant (2×1,000 MW) and Generator No. 1 of the Wanzhou Port and Power Integration Project in Chongqing (1,000 MW) with a total capacity of 5,000 MW were put into operation. The projects regarding the generators of Qinghai Golmud Power Plant (2×660 MW), Shengli Power Plant (2×660 MW), Shendong Power Zhundong Wucaiwan Power Plant Phase II (2×660 MW) were approved. Jiujiang Coal and Power Integration Project and Shouguang Power Plant progressed smoothly.

¹ Source: China Electricity Council

(4) Analysis on operating results

In the first half of 2015, the power segment maintained stable profitability as average power tariff and fuel costs both decreased. The operating results of the power segment of the Group before elimination on consolidation are as follows:

		First half of 2015	First half of 2014	Change (%)	Main reasons for changes
Revenue	RMB million	33,580	37,074	(9.4)	Decrease in power output dispatch and average power tariff
Cost of sales	RMB million	22,249	25,927	(14.2)	Decrease in power output dispatch and unit fuel costs of power plants
Gross profit margin	%	33.7	30.1	Increased by 3.6 percentage points	
Profit from operations	RMB million	9,889	10,030	(1.4)	
Profit margin from operations	%	29.4	27.1	Increased by 2.3 percentage points	

The average power tariff of the Company in the first half of 2015 was RMB343.2/mwh (first half of 2014: RMB360.0/mwh), representing a year-on-year decrease of 4.7%; of which the average power tariff of the Company's thermal power plants was RMB340.0/mwh (first half of 2014: RMB355.7/mwh), representing a year-on-year decrease of 4.4%. The unit cost of power output dispatch was RMB229.6/mwh (first half of 2014: RMB253.9/mwh), representing a year-on-year decrease of 9.6%. The decrease was mainly due to the decrease of fuel costs of power plants.

3. Railway segment

(1) Overview of production and operations

In the first half of 2015, the railway segment strived to maximise transportation volume through optimising resources allocation and maintaining transportation in dynamic balance. The segment also controlled operational costs through various measures, including increasing the load per train car, enhancing internal resources sharing and controlling the maintenance cost.

In the first half of 2015, the transportation turnover of self-owned railways of the Group was 98.5 billion tonne km, representing a year-on-year decrease of 10.0%, which accounted for 83.8% of the total turnover, representing a slight increase compared to that of the same period last year.

(2) Progress of projects

The newly constructed Zhunchi Railway is expected to be put into trial operation in full scale in the second half of the year. The progress of the construction of Huangda Railway remains on track.

(3) Analysis on operating results

The operating results of the railway segment of the Group before elimination on consolidation in the first half of 2015 are as follows:

		First half of 2015	First half of 2014	Change (%)	Main reasons for changes
Revenue	RMB million	13,338	15,033	(11.3)	Decrease in turnover of railway transportation
Cost of sales	RMB million	7,415	6,799	9.1	Increase in maintenance cost year-on-year
Gross profit margin	%	44.4	54.8	Decreased by 10.4 percentage points	
Profit from operations	RMB million	5,265	7,746	(32.0)	
Profit margin from operations	%	39.5	51.5	Decreased by 12.0 percentage points	

In the first half of 2015, the revenue generated from the internal transportation services provided by the railway segment for the Group amounted to RMB11,679 million (first half of 2014: RMB13,467 million), representing a year-on-year decrease of 13.3% and accounting for 87.6% of the revenue of the railway segment (first half of 2014: 89.6%). Meanwhile, certain railway lines of the Group provided transportation services for third parties and generated transportation revenue.

In the first half of 2015, the unit transportation cost of the railway segment was RMB0.073/tonne km (first half of 2014: RMB0.059/tonne km), representing a year-on-year increase of 23.7%, mainly due to the increase in maintenance cost arising from intensified railway maintenance by the Company during the designated railway overhaul days in the first half of 2015, and a year-on-year decrease in turnover of railway transportation.

4. Port Segment

(1) Overview of production and operations

In the first half of 2015, the Company strengthened the management of port and yards operation to mitigate the impact brought by unfavorable factors such as fluctuation in demands and weather. The seaborne coal through the self-owned ports of the Company amounted to 74.5 million tonnes (first half of 2014: 87.8 million tonnes), representing a year-on-year decrease of 15.1%. Seaborne coal of Huanghua Port reached 51.4 million tonnes (first half of 2014: 67.8 million tonnes), representing a year-on-year decrease of 24.2%, which was mainly due to the shrinking demand for coal and the corresponding decrease in sales volume of the seaborne coal. Seaborne coal of Tianjin Coal Dock reached 20.0 million tonnes (first half of 2014: 17.3 million tonnes), representing a year-on-year increase of 15.6%. Seaborne coal of Zhuhai Coal Dock reached 3.1 million tonnes (first half of 2014: 2.7 million tonnes), representing a year-on-year increase of 14.8%. Seaborne coal volume of Shenhua Tianjin Coal Dock and Shenhua Zhuhai Coal Dock progressed according to the annual plan and saw a slight increase. The seaborne coal sales through the self-owned ports of the Company accounted for 76.1% of the total seaborne coal sales, representing an increase of 2.6 percentage points as compared to 73.5% of the same period of last year.

(2) Progress of projects

Phase II Project of Shenhua Tianjin Coal Dock progressed steadily. The construction of Guangxi Beihai Dock, with a designed annual throughput capacity of approximately 9 million tonnes, remains on track.

(3) Analysis on operating results

The operating results of the port segment of the Group before elimination on consolidation in the first half of 2015 are as follows:

		First half of 2015	First half of 2014	Change (%)	Main reasons for changes
Revenue	RMB million	1,769	2,058	(14.0)	Decrease in turnover of the ports
Cost of sales	RMB million	1,031	972	6.1	Increase in depreciation and amortisation cost arising from the transfer of part of the Phase IV Project of Huanghua Port to fixed asset
Gross profit margin	%	41.7	52.8	Decreased by 11.1 percentage points	
Profit from operations	RMB million	567	841	(32.6)	
Profit margins from operations	%	32.1	40.9	Decreased by 8.8 percentage points	

In the first half of 2015, the revenue generated from the internal transportation services provided by the port segment for the Group amounted to RMB1,687 million (first half of 2014: RMB1,906 million), representing a year-on-year decrease of 11.5% and accounting for 95.4% of the revenue of the port segment (first half of 2014: 92.6%). Cost of internal transportation services provided for the Group amounted to RMB951 million.

5. Shipping Segment

(1) Overview of production and operations

The shipping segment provided services to contribute to the integrated operation, and actively cooperated with sales initiatives to develop the “River-Sea Coordinated Transport”. In the first half of 2015, shipping volume amounted to 39.8 million tonnes, with shipment turnover amounting to 32.8 billion tonne nautical miles.

(2) Analysis on operating results

The operating results of the shipping segment of the Group before elimination on consolidation in the first half of 2015 are as follows:

		First half of 2015	First half of 2014	Change (%)	Main reasons for changes
Revenue	RMB million	1,010	1,745	(42.1)	Decrease in shipping volume
Cost of sales	RMB million	924	1,452	(36.4)	Decrease in shipping volume, fuel price and charter cost
Gross profit margin	%	8.5	16.8	Decreased by 8.3 percentage points	
Profit from operations	RMB million	35	244	(85.7)	
Profit margin from operations	%	3.5	14.0	Decreased by 10.5 percentage points	

In the first half of 2015, the unit transportation cost of the shipping segment was RMB0.028/tonne nautical mile (first half of 2014: RMB0.038/tonne nautical mile), representing a year-on-year decrease of 26.3%, mainly due to the decrease in fuel price and charter costs.

6. Coal Chemical Segment

(1) Overview of production and operations

In the first half of 2015, the coal chemical segment ensured the safe and stable operations of production equipment, and strived to reduce costs through actively engaging in diagnoses on benchmarking and attainment of benchmarks for energy and material consumption, introducing advanced equipment operation techniques, and establishing new measures including fixed budget for repair and maintenance. The total consumption of fuel coal and material coal of the Company's coal chemical segment amounted to 2.1 million tonnes (first half of 2014: 2.1 million tonnes), all being Shenhua coal.

In the first half of 2015, the sales of polyethylene products reached 163.2 thousand tonnes and that of polypropylene products 153.2 thousand tonnes.

	First half of 2015		First half of 2014		Change	
	Sales volume	Price	Sales volume	Price	Sales volume	Price
	Thousand tonnes	RMB/tonne	Thousand tonnes	RMB/tonne	%	%
Polyethylene	163.2	7,909.7	152.5	9,053.7	7.0	(12.6)
Polypropylene	153.2	7,178.6	155.0	8,766.5	(1.2)	(18.1)

(2) Analysis on operating results

The operating results of the coal chemical segment of the Group before elimination on consolidation in the first half of 2015 are as follows:

		First half of 2015	First half of 2014	Change (%)	Main reasons for changes
Revenue	RMB million	2,969	3,430	(13.4)	Decrease in sales price of polyethylene and polypropylene
Cost of sales	RMB million	2,319	2,362	(1.8)	A year-on-year decrease of maintenance cost resulted from reduced overhaul time of equipment
Gross profit margin	%	21.9	31.1	Decreased by 9.2 percentage points	
Profit from operations	RMB million	563	980	(42.6)	
Profit margin from operations	%	19.0	28.6	Decreased by 9.6 percentage points	

(3) Unit production cost for main products

	First half of 2015		First half of 2014		Change	
	Production volume	Unit production cost	Production volume	Unit production cost	Production volume	Unit production cost
	Thousand tonnes	RMB/tonne	Thousand tonnes	RMB/tonne	%	%
Polyethylene	161.2	5,568.9	145.8	5,891.2	10.6	(5.5)
Polypropylene	160.0	5,209.6	148.9	5,685.1	7.5	(8.4)

II. Principal business by region

Unit: RMB million

Region	Revenue	Year-on-year change (%)
Revenue from external customers from Mainland China	86,805	(30.4)
Revenue from external customers from other countries or regions	978	(78.4)

Explanation on principal business by region: The Group is principally engaged in the production and sales of coal and power, railway, port and shipping transportation as well as coal-based chemical processing businesses such as coal-to-olefins in Mainland China.

In the first half of 2015, the revenue from external customers from Mainland China reached RMB86.805 billion, accounting for 98.9% of the total revenue of the Group. Revenue from external customers from other countries or regions reached RMB978 million, representing a year-on-year decrease of 78.4%, mainly due to the decrease in sales volume and sales price of re-exported coal.

▼ Analysis on Assets and Liabilities

Unit: RMB million

Name of item	Amount at the end of the period	Percentage of total assets at the end of the period (%)	Amount at the end of the previous period	Percentage of total assets at the end of the previous period (%)	Change in amount between the two periods (%)	Main reasons for changes
Property, plant and equipment	301,892	53.8	281,514	52.2	7.2	Increase in fixed assets due to new investments in transportation and power segments
Construction in progress	57,429	10.2	78,924	14.6	(27.2)	Completed construction assets in transportation and power segments were put into use
Intangible assets	2,975	0.5	1,509	0.3	97.2	The self-built information system was put into use
Inventory	17,884	3.2	15,790	2.9	13.3	Increase in coal inventory
Accounts and bills receivable	34,867	6.2	29,914	5.6	16.6	Increase in coal sales accounts receivable and bank acceptance bills receivable of the coal segment
Time deposits with original maturity over three months	853	0.2	1,275	0.2	(33.1)	Time deposits matured
Cash and cash equivalents	51,585	9.2	35,956	6.7	43.5	Increase in deposits placed with Shenhua Finance Company, and increase in cash inflows from the debt financing of the Company
Borrowings	9,784	1.7	17,330	3.2	(43.5)	The Company issued bonds in place of short-term borrowings
Short-term debentures	14,987	2.7	9,994	1.9	50.0	Increase in the balance of super short-term financial debentures issued by the Company
Accrued expenses and other payables	56,501	10.1	40,354	7.5	40.0	As at the end of the reporting period, part of the final dividends for 2014 of the Company has not been distributed. The said dividends were distributed on 10 July.
Debentures payable	9,039	1.6	0	0.0	N/A	Increase in issuance of US dollar notes by the Group
Reserve	275,788	49.1	277,354	51.5	(0.6)	The amount of final dividends for 2014 distributed by the Company was higher than the profits for the period for the first half of 2015.

▼ Analysis on Core Competitiveness

The Company is principally engaged in the production and sales of coal and power, railway, port and shipping transportation, as well as coal-based chemical processing businesses such as coal-to-olefins. The Company has professional management teams, technical staff, facilities and land use rights, all of which are relevant to the businesses of the Company. The Company also possesses or is licensed to use the related patents free of charge.

The core competitiveness of the Company is manifested in: (1) an integrated operation model of the coal, power, railway, port, shipping and coal chemical segments based on in-depth cooperation, shared resources, synergy and low-cost operation; (2) an abundant pool of high-quality coal resources; (3) a management team with continued focus on the clean exploitation, transportation, conversion and utilisation of coal and cutting-edge operating principles; (4) advanced level of technology and innovation in coal exploitation, safe production, clean coal-fired power generation and heavy-loaded transportation with a leading position both in domestic and overseas markets; (5) pursuant to the Non-Competition Agreement entered into between the Company and its controlling shareholder, Shenhua Group Corporation, the Company plans to initiate the acquisition of 14 retained assets held by Shenhua Group and its subsidiaries by 30 June 2019.

During the reporting period, there had been no significant change in the Company's core competitiveness.

▼ Analysis on Investments

1. Analysis on overall external equity investments

The equity investments of the Company in the first half of 2015 amounted to RMB2,540 million, representing a decrease of RMB2,760 million or 52.1% from RMB5,300 million of the same period of last year. Equity investments mainly included capital increase in Shenhua Baotou Energy Co., Ltd., Railway Transportation Company, Shendong Power Company and Baotou Coal Chemical Company, etc.

For information on the principal business of major subsidiaries of the Company and the percentages of equity interest held by the Company, please refer to Note 5 "1. Details of Major Subsidiaries" to the interim financial statements of 2015 prepared by the Company in accordance with China Accounting Standards for Business Enterprises.

(1) Equity investment

Applicable Not Applicable

(2) Equities of other listed companies held by the Company

Applicable Not Applicable

(3) Equities of financial companies held by the Company

Applicable Not Applicable

2. Asset management on trust and investments in derivatives of non-financial companies

(1) Asset management on trust

Applicable Not Applicable

(2) Entrusted loans

Applicable Not Applicable

Unit: RMB million

Borrower	Balance of entrusted loans	Maturity	Interest rate	Use of loans	Secured or guaranteed	Overdue	Connected transaction	Loan extension	Involved in litigation	Whether it is proceeds raised	Connection	Expected income	Gain or loss from investment for the reporting period
Inner Mongolia Sanxin Railway Co., Ltd	37.4	1 year	6%	Working capital	No	Yes	No	No	No	No	Associated company	0	1.1
Inner Mongolia Yili Chemical Industry Co., Ltd.	626.6	10 years	6.15%	Repayment of bank loans	Secured	No	No	No	No	No	Associated company	57.8	18.3

Note: The entrusted loans of the Group to Inner Mongolia Sanxin Railway Co., Ltd. had matured in February 2015 but remained unpaid. The repayment period of such entrusted loans will be extended by mutual consent and negotiation is being carried out in respect of the related issues. As at the end of the reporting period, interest receivables of such entrusted loans amounted to RMB3.1 million. No provision for impairment has been made by the Group for such entrusted loans.

Explanation of entrusted loans: As at 30 June 2015, no entrusted loan with an amount exceeding 10% of the Group's latest audited net assets had been granted by the Group to any individual party. The Company did not use the proceeds raised to grant entrusted loans, nor was there entrusted loan that was involved in litigations. Under centralised capital management of the Group, the entrusted loans were provided to subsidiaries which were short of funds to meet operating and development needs. Such entrusted loans had been set off in the Company's consolidated financial statements.

(3) Other asset management and investments in derivatives

Applicable Not Applicable

The subject matter of the exchange rate swap transaction conducted by the Company is the loans denominated in Japanese Yen and the purpose of the said transaction is to hedge the risk exposure of the loans denominated in Japanese Yen, instead of procuring investment profits. The specific measures adopted are in line with the nature of risk-hedging with risk under control.

As at 30 June 2015, the balance of loans denominated in Japanese Yen with which the Company conducted risk-hedging amounted to RMB104.8 million, which was a proportion of loans denominated in Japanese Yen owed by the Company. During the reporting period, the loss on fair value changes from the above swap contracts amounted to RMB2 million. The swap transactions conducted by the Company were not involved in any litigation.

3. Use of Proceeds

(1) Overall introduction of use of proceeds

Applicable

Not Applicable

Unit: RMB million

Year of fund raising	Method of fund raising	Net amount of proceeds	Total amount of proceeds used in the reporting period	Cumulative total amount of proceeds used	Total amount of remaining unused proceeds	Usage and whereabouts of unused proceeds
2007	Initial offering	65,988	0	64,208	1,780	As approved at the 7th meeting of the third session of the board of directors of the Company, approximately RMB4.49 billion of idle proceeds were used to replenish the working capital on a temporary basis for 12 months from 28 April 2015 to 27 April 2016. After deducting the above amount, the balance of the designated account for proceeds was RMB4.99 million.
Total	/	65,988	0	64,208	1,780	/
Explanation for the overall use of proceeds			<p>The Company issued 1.8 billion A Shares at RMB36.99 per share in September 2007. The A Shares were listed on the Shanghai Stock Exchange on 9 October 2007, gathering proceeds amounting to RMB66,582 million. After deducting the issuance costs, the net proceeds raised amounted to RMB65,988 million.</p> <p>Upon the date of receiving the proceeds until 30 June 2015, an accumulated amount of RMB64.208 billion of proceeds had been used by the Company, of which an accumulated amount of RMB48.208 billion was used for investments. As at 30 June 2015, the balance of proceeds was RMB1.780 billion. Together with interest income, the balance of proceeds was RMB4.495 billion.</p> <p>The Company did not use the proceeds from January 2015 to June 2015.</p>			

(2) Particulars of the proceeds used in investment projects committed

✓ Applicable □ Not Applicable

Unit: RMB million

Name of project committed	Change of projects	Intended investment amount from proceeds	Amount invested from proceeds for the reporting period	Accumulated actual amount invested from proceeds	In line with planned progress	Progress of project	Return generated during the reporting period	In line with expected return	Explanation for the failure in meeting the planned progress and return	Reason for change and procedures of change of use of proceeds
Halagou Mine project	No	1,693	0	1,693	Yes	100%	368	Yes	N/A	
Bu'ertai mine construction project	No	3,448	0	3,448	Yes	100%	307	Yes	N/A	
Ha'erwusu open-cut mine project	No	5,386	0	5,386	Yes	100%	198	Yes	N/A	
Baoshen Railway TDCS Dispatching Command System	No	20	0	20	Yes	100%	N/A	N/A	N/A	
The second extension line of Baoshen Railway, from Shigetai to Ciyaoawan	No	46	0	46	Yes	100%	N/A	N/A	N/A	
The second extension line of Baoshen Railway, from Dongsheng to Shigetai	No	53	0	53	Yes	100%	N/A	N/A	N/A	
Purchase of locomotives	No	168	0	168	Yes	100%	N/A	N/A	N/A	
Yijing substation, treatment of pollution of power generation	No	36	0	36	Yes	100%	N/A	N/A	N/A	
Truck management information system	No	5	0	5	Yes	100%	N/A	N/A	N/A	
Shenshuo Railway infrared detection encryption works	No	3	0	3	Yes	100%	N/A	N/A	N/A	
Purchase of coal wagon C70	No	1,600	0	1,592	Yes	Completed	N/A	N/A	N/A	
Huanghua Port cargo dumper improvement works	Yes	0	0	0	N/A	N/A	N/A	N/A	N/A	The project was completed by using the self-owned funds of Huanghua Harbour Administration Company, and the use of the relevant proceeds has changed. The change of use was considered and approved at the 2012 annual general meeting of the Company.
Hebei Sanhe power plant phase II	Yes	0	0	0	N/A	N/A	N/A	N/A	N/A	The project was completed by way of debt financing; and the use of the corresponding proceeds has changed. The change of use was considered and approved at the 2012 annual general meeting of the Company.
Inner Mongolia Guohua Zhunge'er power plant expansion project	No	354	0	334	Yes	Completed	(25)	Yes	N/A	
Zhejiang Ninghai power plant phase II	No	1,058	0	919	Yes	Completed	1,618	Yes	N/A	
Shaanxi Jinjie coal and power integration project phase II	No	641	0	641	Yes	100%	682	Yes	N/A	
Hebei Huanghua power plant phase II	No	487	0	408	Yes	Completed	436	Yes	N/A	
Hebei Dingzhou power plant phase II	No	455	0	415	Yes	Completed	481	Yes	N/A	
Liaoning Suizhong power plant phase II	Yes	211	0	211	N/A	N/A	368	Yes	N/A	The project was completed by using a part of the proceeds and other sources of funds, and the subsequent use of the corresponding proceeds has changed. The change of use was considered and approved at the 2012 annual general meeting of the Company.
Chongqing Shenhua Wanzhou power plant	Yes	1,024	0	1,024	Yes	Completed	(13)	N/A	N/A	At the 2012 annual general meeting, the Company resolved to approve the appropriation of RMB1,024 million out of the proceeds from the issuance of A shares, which had not been used in the investment and renovation of coal, power and transportation systems as scheduled, to the construction of this project.
Supplementing working capital of the Company and for general business purposes	No	16,000	0	16,000	Yes	100%	N/A	N/A	N/A	
Acquisition of strategic assets	No	33,300	0	31,806	N/A	N/A	N/A	N/A	N/A	
Total	/	65,988	0	64,208	/	/	/	/	/	/
Explanation for the use of proceeds in investment projects committed	On 24 April 2015, the Resolution on the Provisional Use of Proceeds to Replenish the Working Capital was considered and passed at the 7th meeting of the third session of the board of directors of the Company. The Company used the RMB1.780 billion idle proceeds (including the balance of proceeds), together with interest income, amounting to approximately RMB4.49 billion in total for temporary replenishment of working capital for 12 months from 28 April 2015 to 27 April 2016 on the condition that the funding requirements of the projects committed and the normal progression of such projects would not be prejudiced. Due to lowered bidding cost, the balance of proceeds from the purchase of coal wagon C70 project amounted to RMB8.00 million; due to factors including savings from investment, the balance of proceeds from the Inner Mongolia Guohua Zhunge'er power plant expansion project amounted to RMB20.06 million; the balance of proceeds from the Zhejiang Ninghai power plant phase II project amounted to RMB139.39 million; the balance of proceeds from the Hebei Huanghua power plant phase II project amounted to RMB78.66 million; the balance of proceeds from the Hebei Dingzhou power plant phase II project amounted to RMB40.07 million.									

Note: "Intended investment amount from proceeds" represents the total investment amount after change.

(3) Particulars of change of use of proceeds in investment projects

✓ Applicable

 Not Applicable

Unit: RMB million

Total amount of proceeds involved in the change of investment projects			1,024							
Name of the project after change	Corresponding original project committed	Intended investment amount for changed project	Amount invested for the reporting period	Accumulated actual amount invested	In line with planned progress	Expected return of changed project	Return generated	Progress of project	In line with expected return	Explanation for the failure in meeting the planned progress and return
Chongqing Shenhua Wanzhou Power Plant	1. Huanghua Port cargo dumper improvement works; 2. Hebei Sanhe Power Plant Phase II; 3. Liaoning Suizhong Power Plant Phase II	1,024	0	1,024	Yes	N/A	N/A	Completed	N/A	N/A
Total	/	1,024	0	1,024	/	N/A	/	/	/	/

Explanation for particulars of the change of use of proceeds in investment projects: Investment projects with changed use of proceeds include Huanghua Port cargo dumper improvement works, Hebei Sanhe Power Plant Phase II and Liaoning Suizhong Power Plant Phase II. As the projects had been completed, the balance of the original proceeds raised for the investment projects could not be used. At the 2012 annual general meeting, the Company resolved to approve the appropriation of RMB1,024 million out of the proceeds from the issuance of A shares, which had not been used in “the investment and renovation of coal, power and transportation systems” as scheduled, to the construction project of Shenhua Wanzhou Power Plant in Chongqing.

4. Analysis on major subsidiaries and associated companies

(1) Major subsidiaries

No.	Company	As at 30 June 2015			First half of 2015
		Registered capital	Total assets	Net assets	Net profit
		RMB million	RMB million	RMB million	RMB million
1	Shuohuang Railway Development Co., Ltd.	5,880	35,931	26,881	2,354
2	Shenhua Shendong Coal Group Co., Ltd.	4,690	54,836	38,870	2,269
3	Shaanxi Guohua Jinjie Energy Co., Ltd.	2,278	9,743	7,839	1,157
4	Guangdong Guohua Yudean Taishan Power Co., Ltd.	4,670	14,230	9,194	1,052
5	Zhejiang Guohua Zheneng Power Generation Co., Ltd.	3,255	12,321	7,039	1,016
6	Shenhua Zhunge'er Energy Co., Ltd.	7,102	29,500	22,955	712
7	Hebei Guohua Dingzhou Power Generation Co., Ltd.	1,561	6,655	3,552	626
8	Hebei Guohua Cangdong Power Co., Ltd.	1,834	7,365	3,788	623
9	Shenhua Finance Co., Ltd.	5,000	50,695	7,250	460
10	Shenwan Energy Co., Ltd.	4,696	13,472	6,959	442

- Note: 1. The financial information of the major subsidiaries and associated companies disclosed in the above table was prepared in accordance with the Accounting Standards for Business Enterprises. "Net profit" refers to profit for the year attributable to the equity holders of the parent company. The data have not been audited or reviewed.
- Shuohuang Railway Company recorded revenue of RMB6,523 million and profit from operations of RMB2,985 million in the first half of 2015.
 - Shendong Coal Group Corporation recorded revenue of RMB19,480 million, profit from operations of RMB2,717 million and net profit of RMB2,269 million (first half of 2014: RMB7,124 million) in the first half of 2015, representing a year-on-year decrease of 68.1%, which was mainly attributable to the decrease in coal prices.
 - Dingzhou Power recorded revenue of RMB2,123 million, profit from operations of RMB836 million and net profit of RMB626 million (first half of 2014: RMB479 million) in the first half of 2015, representing a year-on-year increase of 30.7%, which was mainly attributable to lower procurement cost due to the decrease in coal prices.
 - Cangdong Power recorded revenue of RMB2,291 million, profit from operations of RMB831 million and net profit of RMB623 million (first half of 2014: RMB388 million) in the first half of 2015, representing a year-on-year increase of 60.6%, which was mainly attributable to lower procurement cost due to the decrease in coal prices.
 - Shenhua Finance Company recorded revenue of RMB1,022 million, profit from operations of RMB613 million and net profit of RMB460 million (first half of 2014: RMB336 million) in the first half of 2015, representing a year-on-year increase of 36.9%, which was mainly attributable to the significant decrease in asset impairment loss related to loans in this year.

(2) Shenhua Finance Company

As of the end of the reporting period, the Company directly and indirectly held 100% equity interest in Shenhua Finance Company.

During the reporting period, Shenhua Finance Company strictly implemented the following resolutions passed at the 12th meeting of the second session of the board of directors of China Shenhua which was held on 25 March 2011: (1) China Shenhua currently had no intention or plan to change the existing operation policies and strategies of Shenhua Finance Company; (2) the deposits placed by China Shenhua and its subsidiaries and branches with Shenhua Finance Company shall be used solely for the credit business of China Shenhua and its subsidiaries and branches, and would be deposited in the People's Bank of China and the five major commercial banks (namely, Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China, China Construction Bank and Bank of Communications), and shall not be invested in the public market/private equity market and real estate, etc.

5. Projects not involving proceeds

Applicable Not Applicable

Board's Discussion and Analysis on Future Development of the Company

▼ Competition Landscape and Development Trend in the Industry

1. Macroeconomic Conditions

Faced with the challenging and complex economic situations at home and abroad during the first half of the year, the Chinese government took a proactive approach to adapting to and leading the “new normal” with the focus on improving the quality and efficiency of economic growth. Growth rate was largely in line with expectations, showing signs of a slowly but steadily improving economy, while escalating efforts were put to implement structural reforms. In the first half of the year, China's gross domestic product (GDP) grew by 7.0% year-on-year, representing a decrease of 0.4 percentage point over the same period of last year. The consumer price index (CPI) soared 1.3% year-on-year, representing a decrease of 1 percentage point over the same period of last year.

Looking ahead to the second half of the year, the domestic and international economic situations are expected to remain intricate, and the Chinese government will continue to adhere to the keynote of “making progress while maintaining stability” to maintain stable economic development, striving to achieve the annual economic growth target of 7%. A stabilising and recovering macro economy will be conducive to maintaining stable demand for coal and other types of energy.

2. Market environment of the coal industry

(1) Thermal coal market in China

Review for the first half of 2015

Due to factors such as the slowdown in domestic macroeconomic growth, structural reform in the energy sector and overcapacity in the coal industry, oversupply remained unsolved in China's coal market in the first half of the year, resulting in a slump in coal prices. As at the end of June, the average price of the Bohai-Rim Thermal Coal Price Index (5,500 kcal/kg) fell to RMB418/tonne, down 20.4% from RMB525/tonne at the beginning of the year.

With the oversupply issue dampening the coal market, coal companies suffered massive losses while production was reduced or suspended at a number of coal mines in China. In the first half of 2015, national raw coal output decreased by 5.8% to 1.789 billion tonnes year-on-year. In particular, Shanxi recorded an output of 460 million tonnes, representing a year-on-year decrease of 4.4%; Inner Mongolia recorded an output of 460 million tonnes, representing a year-on-year decrease of 7.3%; and Shaanxi recorded an output of 210 million tonnes, representing a year-on-year decrease of 0.3%.

Coal imports continued to shrink due to factors such as the decline in domestic coal demand, imported coal prices becoming less attractive and the implementation of quality management policy in the coal industry. From January to June, China imported 99.87 million tonnes of coal, down 37.5% year-on-year.

Given the macroeconomic situation and the economic structure adjustment, main sectors in the downstream coal industry remained lacklustre and coal consumption continued to shrink. In the first half of the year, China's sales volume of coal amounted to 1.62 billion tonnes¹, representing a year-on-year decrease of 8.1%.

In the first half of 2015, coal transportation volume decreased significantly as the market demand remained sluggish. The total volume of coal transported by rail in China was 1.02 billion tonnes, representing a year-on-year decrease of 11.1%. Coal shipment volume through major ports in China amounted to 329 million tonnes, representing a year-on-year decrease of 3.2%.

Early in the second quarter, the de-stocking process accelerated while the coal inventory at major ports declined, owing to the overhaul of Daqin Railway and the seasonal factor of the upcoming summer peak period. Later in the second quarter, inventory index rebounded on the back of increased rainfall in southern China as compared to that of last year, heightened hydropower output and prolonged pressure on coal demand from the downstream industry. As at June 30, coal inventory at five major ports in northern China, namely Qinhuangdao Port, Tianjin Port, Huanghua Port, Qingdao Port and Rizhao Port, amounted to 17.11 million tonnes, representing an increase of 9.8% as compared to that recorded at the end of last year. Inventories held by coal companies in China amounted to 99.50 million tonnes, representing an increase of 14.9% as compared to that recorded early in the year while inventories held by major power plants amounted to 65.40 million tonnes, representing a decrease of 28.0% as compared to that recorded early in the year.

Prospects for the second half of 2015

The overcapacity issue in the coal industry persists. However, the weakening profitability of coal companies, the standardisation of production in the coal industry and the introduction of new policy to enhance coal quality management will probably trigger further reduction in output or suspension of production by some of the coal mines. Coal production volume of the year will see a larger year-on-year decrease compared to that of 2014.

Coal imports are expected to stay at a considerable level in the second half of the year, which is mainly attributed to the continuous demand for imported coal in the coastal areas in China and the competitive coal prices offered by Indonesia and other major exporters. However, considering the sluggish domestic coal demand, narrowed domestic and international coal price spreads and China's increasing focus on quality management of imported coal, coal imports in the second half of 2015 are expected to continue the trend of year-on-year decrease, while the total amount for the whole year will be significantly less than those for the previous year.

Coal demand is anticipated to increase in the second half of 2015 as the economy begins to stabilise and pick up slowly, with the peak for coal consumption for heating purposes during winter arriving soon. However, oversupply is expected to sustain in the domestic coal market in the second half of 2015 as the industry as a whole maintains abundant supply.

¹ Source: China Coal Transportation & Sale Society.

(2) Thermal coal market in the Asia Pacific region

Review for the first half of 2015

The international coal market continued to witness oversupply and coal prices encountered downward volatility due to sluggish global economic recovery, ongoing energy restructuring and lacklustre demand from conventional coal consuming countries in the first half of 2015. The spot price of Australian BJ thermal coal fell from US\$62.95/tonne as at the beginning of 2015 to US\$61.31/tonne as at the end of June. Due to the impact of the oversupply of coal, thermal coal spot price kept descending, leading to production cuts in certain coal companies in Australia.

During the first half of 2015, Australia exported a total of 190 million tonnes of coal, representing a year-on-year increase of 2.5%; Indonesia exported 164 million tonnes of coal, representing a year-on-year decrease of 17.0%; Russia exported 72.0 million tonnes of coal, representing a year-on-year decrease of 5.0%; and the United States exported 38 million tonnes of coal, representing a year-on-year decrease of 20.5%.

Major increments in coal consumption in the Asia Pacific region are concentrated in India. In the first half of 2015, India imported 124 million tonnes of thermal coal, representing a year-on-year increase of 38.3%. Japan and South Korea maintained a stable coal import in general, of which Japan imported 92 million tonnes of coal, representing a year-on-year decrease of 0.6%; while South Korea imported 68 million tonnes of coal, representing a year-on-year increase of 4.1%.

Prospects for the second half of 2015

Coal supply is expected to remain excessive in the Asia Pacific region in the second half of 2015, with Indonesia and Australia still dominating coal supply to the region. Upon the signing of the China-Australia Free Trade Agreement, Australia's gradual tariffs reduction to zero on coal exports from China will eventually push up coal exports. And the volume of exports from Russia, Mongolia and other countries will show a steady growth.

China and India will continue to be the major consumers of coal in the second half of 2015. India's coal imports are expected to maintain a relatively high growth due to tight supply in the domestic market and increasing coal demand for power generation. The uncertainties over the restart of nuclear power plants in Japan will effectively support the country's energy imports, and as a result coal imports are expected to increase. Coal consumption in South Korea as well as in other countries and regions will remain basically stable.

Hit by the slow global economic recovery and the gradual progress in the structural reforms in the energy sector, global coal demand is expected to demonstrate a downward trend in the second half of 2015. The oversupply in the international coal market is expected to persist in the short run; and the price of thermal coal will remain volatile at low levels.

3. Market environment of the power industry

Review for the first half of 2015

In the first half of 2015, power supply was generally sufficient to meet the demand in China, and the rate of growth in power consumption fell substantially year-on-year as a result of factors such as a declining macro economy (especially for industrial production), industrial restructuring and temperature. Society-wide power consumption was 2,662.4 billion kwh in total, representing a year-on-year growth of 1.3%, down 4.0 percentage points in growth rate year-on-year. The power consumption by the primary industry grew by 0.9% year-on-year; the power consumption by the secondary industry fell by 0.5% year-on-year; and the power consumption by the tertiary industry as well as by urban and rural residents saw a year-on-year growth of 8.1% and 4.8% respectively, further demonstrating the results of economic restructuring.

In the first half of 2015, thermal power generation and hydropower generation by power plants above a designated scale in China amounted to 2,087.9 billion kwh and 423.4 billion kwh respectively, down 3.2% and up 13.3% year-on-year, indicating that the thermal power market was further seized by increased hydropower output.

Due to factors such as the decelerated rate of growth in power demand, faster rate of growth in newly installed capacity of thermal power and increased power generation by non-fossil energy, the utilisation hours of thermal power equipment stood at 2,158 hours in the first half of 2015, representing a decrease of 217 hours year-on-year, while the utilisation hours of hydropower, nuclear power and wind power equipment increased year-on-year.

As at the end of June, the capacity of power generation equipment of nationwide power plants with a capacity of 6,000 kw or above reached 1.36 billion kw, representing a growth of 8.7% from the end of June in 2014, of which the installed capacity of thermal power was 935 million kw, representing a growth of 6.4%; the installed capacity of hydropower was 260 million kw, representing a growth of 5.7%; and the installed capacity of wind power and nuclear power increased by 26.8% and 24.5% respectively, both significantly higher than the rate of growth in total installed capacity and the installed capacity of thermal power on a nationwide basis. Power supplied by non-fossil energy continued to grow.

In the first half of 2015, the thermal power industry continued to step up renovation for energy conservation and environmental protection by aggressively pushing forward the development and utilisation of “ultra-low emission” technology for generators, thus having significantly improved the emission performance in major air pollutants and further accelerated the pace of clean development in the industry.

Prospects for the second half of 2015

In the second half of 2015, China's macro economy is expected to pick up while maintaining stability, which will help stabilise power demand. Moreover, driven by economic transformation, power consumption by the tertiary industry and for domestic use will continue to maintain rapid growth. Overall power consumption growth in China is expected to pick up in the second half of 2015 compared to that of the first half of 2015. However, as impacted by a number of factors such as the ongoing progress in the restructuring of industries and the control of total energy consumption, the annual growth rate will be lower than that of last year.

Nationwide power installed capacity will maintain stable growth with adequate power supply capacity in the second half of 2015. During the period of the Twelfth Five-year Plan, with the substantial increase in power generation investment in hydropower, nuclear power and wind power, thermal power demand will continue to be suppressed as the effects of alternative power generation by non-fossil energy begin to appear. It is expected that the number of utilisation hours of thermal power generators in the second half of the year will remain stable or rise slightly as compared with that in the first half of 2015.

Considering factors such as the economic growth, industrial restructuring, energy conservation and emission reduction in China, it is expected that power supply and demand on a nationwide basis will remain stable in general with a slight oversupply in the second half of 2015, while the power consumption structure will remain basically in line with that in the first half of 2015.

▼ Status of accomplishment of 2015 business targets

		Accomplishment in the first half of 2015	Target of 2015	Percentage of accomplishment (%)
Commercial coal production	million tonnes	139.4	273.60	51.0
Coal sales	million tonnes	177.8	404.25	44.0
Power output dispatch	billion kwh	93.62	212.70	44.0
Revenue	RMB billion	87.783	210.0	41.8
Operating costs	RMB billion	59.391	156.3	38.0
Net selling, general and administrative expenses and finance costs	RMB billion	6.076	15.0	40.5

Notes: The above business targets are subject to risks, uncertainties and assumptions. The actual outcome may differ materially from these statements. 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 investment risks.

▼ **Status of accomplishment of capital expenditures plans for 2015**

	Accomplishment in the first half of 2015	Plans for 2015	Percentage of accomplishment
	(RMB100 million)	(RMB100 million)	(%)
Coal segment	17.6	48.3	36.4
Power segment	73.5	147.7	49.8
Transportation segment	26.0	154.5	16.8
Of which: Railway	21.7	125.7	17.3
Port	3.5	18.9	18.5
Shipping	0.8	9.9	8.1
Coal chemical business	0.9	11.8	7.6
Others	0.2	6.7	3.0
Total	118.2	369.0	32.0

Total capital expenditures of the Company amounted to RMB11.82 billion in the first half of 2015, which were mainly used for power generation projects including the Guohua Shouguang Power Plant Project, Chongqing Wanzhou Port and Power Integration Project, Phase II of Anqing Power Generation Project of Shenwan Energy Company and Phase II of Hongshan Thermal Power Plant Project of Fujian Energy Company, as well as transportation projects including the newly constructed Zhunchi Railway Project, Bazhun Railway Project and Huangda Railway Project. During the second half of 2015, the Company will continue to make sure all its investment projects remain on track.

The current plans of the Company regarding capital expenditures in 2015 are subject to development of business plans, progress of investment projects, market conditions, outlook for future operation conditions and the obtaining of the requisite permissions and regulatory approvals. 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, part of the proceeds from the initial public offering and other debt and equity financing (if necessary).

Plan for Profit Distribution or Issue by Conversion of Capital Reserve

▼ Implementation or Adjustment of Profit Distribution Proposal during the Reporting Period

On 29 May 2015, the Company's Annual General Meeting of 2014 approved the distribution of a final dividend for the year 2014 of RMB0.74 per share (inclusive of tax), totaling approximately RMB14.718 billion (inclusive of tax), to all of the shareholders. The above final dividend for A Shares and H Shares had been distributed on 15 June 2015 and 10 July 2015 respectively. The distribution of final dividend was made in accordance with the resolution of the general meeting.

▼ Proposed Plan for Profit Distribution or Issue by Conversion of Capital Reserve during the Half Year

Whether to distribute or convert	No
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Other Matters of Disclosure

▼ Warning and description about the prediction of recording a loss in respect of accumulated net profit from the start of the year to the end of the next reporting period or a substantial change compared with that for the same period of last year

Applicable Not Applicable

According to the IFRSs, for the first half of 2015, the Group recorded profit for the period attributable to equity holders of the Company of RMB13,068 million, representing a year-on-year decrease of 42.6%.

Impacted by uncertainties such as demand for coal and thermal power consumption, the Group's profit for the period attributable to equity holders of the Company is likely to decrease by up to or more than 50% for the period from January 2015 to September 2015.

The above statements are subject to risks, uncertainties and assumptions. The actual outcome may differ materially from the above statements. 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 investment risks.

▼ Description about the "Non-standard Auditor's Report" of the Accounting Firm by the Board of Directors and the Supervisory Committee

Applicable Not Applicable

Significant Events

Material Litigation, Arbitration and Matters Normally Questioned by the Media

Applicable Not Applicable

Type of event and relevant description	Reference
On 10 June 2015, China Shenhua issued a clarification announcement, confirming that it was an untrue rumor that "Shenhua and China Coal have started merging".	China Shenhua "Clarification Announcement" dated 10 June 2015 (Lin 2015-044)

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 had no material litigation or claim against it which was pending, imminent or ongoing. The Group was the defendant of certain non-material litigations, and also a party to certain litigations arising from the ordinary course of business. The likely outcome of these contingent liabilities, litigations or other legal proceedings cannot be ascertained at present. However, the management of the Group believes that any possible legal liability which may arise from the aforesaid cases will not have material adverse impact on the financial position of the Group.

Insolvency or Restructuring Related Matters

Applicable Not Applicable

Assets Transactions and Corporate Mergers

Applicable Not Applicable

Equity Incentive Plan of the Company and its Impacts

Applicable Not Applicable

Material Connected Transactions

✓ Applicable Not Applicable

▼ Connected transactions in the ordinary course of business

Pursuant to the requirements under the Guidelines of Shanghai Stock Exchange on Connected Transactions of Listed Companies, the Audit Committee of the board of directors of the Company shall perform the duties of control and daily management of connected transactions of the listed company. The Company has a connected transaction working team under the direct leadership of the Chief Financial Officer, which is responsible for the management of connected transactions; and has established procedural rules capitalising on information technology tools, which properly delineate the responsibilities of the Company, its subsidiaries and branches in the management of connected transactions through the drafting of "Decision-making System for Connected Transactions", "Management Measures for Connected Transactions", and "Regulations regarding Application for and Reporting of Connected Transactions". Routine examinations, reporting systems and accountability systems have been formulated in the subsidiaries and branches of the Company.

(1) Adjustments to the transaction caps during the reporting period

During the reporting period, no adjustment was made to the transaction caps.

(2) Implementation of agreements during the reporting period

Set out below are the transaction caps and performance of the agreements of the major discloseable continuing connected transactions which were effective during the reporting period. For information including the purposes of entering into such agreements, transaction details and pricing principles, please refer to the 2014 Annual Report of the Company. In particular, the connected transactions regarding the provision of products and services by the Group to Shenhua Group amounted to RMB5,397 million during the reporting period, accounting for 6% of the Group's revenue during the reporting period.

	Execution basis	Provision of products and services by the Group to connected persons and other inflows			Purchase of products and services from connected persons by the Group and other outflows		
		Prevailing transaction cap	Transaction amount during the reporting period	Percentage of amount of similar transactions	Prevailing transaction cap	Transaction amount during the reporting period	Percentage of amount of similar transactions
		RMB million	RMB million	%	RMB million	RMB million	%
1.	Mutual Coal Supply Agreement between the Company and Shenhua Group	30,300	2,589	5.9	31,800	2,265	23.4
2.	Mutual Supply of Products and Services Agreement between the Company and Shenhua Group	19,200	2,808	-	12,400	1,528	-
	Including: (1) Products		2,634	7.4		613	0.3
	(2) Services		174	5.1		915	8.7
3.	Transportation Service Framework Agreement between the Company and Taiyuan Railway Bureau	-	-	-	12,400	2,857	47.1

Execution basis	Prevailing transaction cap	Trasaction amount during the reporting period
	RMB million	RMB million
Financial Services Agreement between the Company and Shenhua Group		
(1) annual total transaction amount of bill acceptance and discount services handled for Shenhua Group Corporation, the subsidiaries of Shenhua Group and the associates of Shenhua Group Corporation ("Shenhua Group and its associates")	26,000	0
(2) daily balance (including interests accrued thereon) of deposits placed by Shenhua Group and its associates	91,000	27,282
(3) daily balance of loans, consumption credit, buyer's credit and financial leasing (including interests accrued thereon) granted to Shenhua Group and its associates	58,500	16,594
(4) daily balance (including interests accrued thereon) of entrusted loans granted by Shenhua Group to the Group through Shenhua Finance Company	58,500	886
(5) annual total of agency fees, handling fees and other service charges charged by Shenhua Finance Company for providing Shenhua Group and its associates with financial services (including but not limited to consultancy, agency, settlement, transfer, investment, lease finance, letter of credit, online banking, and entrusted loan)	430	34

The above continuing connected transactions were settled in cash or bills and carried out in the ordinary course of business of the Company, and were in strict compliance with the procedures of review and approval by independent directors and independent shareholders as well as disclosure. The Company's business did not become reliant on its controlling shareholder as a result of those transactions.

▼ **Connected transactions regarding asset transactions and sales**

Applicable Not Applicable

▼ **Material/connected transactions regarding joint outbound investments**

Applicable Not Applicable

▼ Debts and liabilities due from or to connected parties

Applicable

Not Applicable

Unit: RMB million

Connected party	Connected relationship	Funds provided to connected parties			Funds provided by connected parties to the listed company		
		Opening balance	Amount incurred	Closing balance	Opening balance	Amount incurred	Closing balance
Shenhua Group Corporation and its subsidiaries	Holding company and its subsidiaries	0	0	0	2,173.85	(1,300.00)	873.85
Other connected parties	Other connected persons	700.28	0	700.28	0	0	0
Total		700.28	0	700.28	2,173.85	(1,300.00)	873.85
Amount of funds provided by the Company to the controlling shareholder and its subsidiaries during the reporting period		0					
Balance of funds provided by the Company to the controlling shareholder and its subsidiaries		0					
Reasons for debts and liabilities due from or to connected parties		The amount and balance of the above debts and liabilities only include other receivables, other payables, short-term loans, long-term loans due within one year, long-term loans, other non-current assets due within one year, other current assets and other non-current assets of a non-operational nature between the Group and connected parties					
Repayment of debts and liabilities due from or to connected parties		The above debts and liabilities due from or due to connected parties mainly represent entrusted loans provided by the Group to associated companies of subsidiaries of the Company, together with long-term and short-term loans borrowed by the Group from Shenhua Group Corporation and its subsidiaries. The Group performed its internal procedures in accordance with the relevant requirements. Currently the principal and interests of the above entrusted loans and loans are being repaid according to the normal repayment plan as scheduled.					
Undertakings related to debts and liabilities due from or to connected parties		N/A					
Impacts of debts and liabilities due from or to connected parties on the operating results and financial position of the Company		No provision for impairment has been made for the balance of the above debts and liabilities.					

Description and Performance of Material Contracts

▼ Trust, contract and lease

Applicable Not Applicable

▼ Guarantees

Applicable Not Applicable

Unit: RMB million

Guarantee provided by the Company to external parties (excluding its subsidiaries)													
Guarantor	Relationship between the guarantor and the listed company	Party guaranteed	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 the guarantee is expired	Amount of guarantee expired	Whether counter guarantee exists	Whether the guarantee is for the benefit of connected parties	Connected relationship
Shenbao Energy Company	Guarantor is a subsidiary of the Company	Hulunbeier Liangyi Railway Company Limited	112.29	30 August 2008	30 August 2008	29 August 2029	Joint and several liability guarantee	No	Yes	0.80	No	No	N/A
Total amount of guarantee provided during the reporting period (excluding guarantee for subsidiaries)													(0.80)
Total balance of guarantee at the end of the reporting period (A) (excluding guarantee for subsidiaries)													112.29
Guarantee provided by the Company for the benefit of its subsidiaries													
Total amount of guarantee provided for the benefit of subsidiaries during the reporting period													(28.88)
Total balance of guarantee provided for the benefit of subsidiaries at the end of the reporting period (B)													484.17
Total amount of guarantee provided by the Company (including guarantee for the benefit of its subsidiaries)													
Total amount of guarantee (A+B)													596.46
Percentage of total amount of guarantee to net assets of the Company (%)													0.28
Including:													
Amount of guarantee provided for the benefit of shareholders, de facto controller and their connected parties (C)													0
Amount of guarantee directly or indirectly provided for the benefit of parties with a gearing ratio in excess of 70% (D)													112.29
Portion of the total amount of guarantee in excess of 50% of net assets (E)													0
Aggregate amount of the above three amounts of guarantee (C+D+E)													112.29
Description of the potential joint and several repayment liability for outstanding guarantee													See the description below
Details of guarantee													See the description below

- Notes:
- Of the total guaranteed balance, the guaranteed balance provided by the Company's subsidiaries (of which the Company is a controlling shareholder) to external parties at the end of the reporting period refers to the guaranteed amount provided by such subsidiary to external parties multiplied by the Company's shareholding in such subsidiary;
 - Percentage of total amount of guarantee to net assets of the Company = Total amount of guarantee/Equity attributable to equity holders of the Company under Accounting Standards for Business Enterprises.

Details of material guarantees

At the end of the reporting period, the total balance of the amount of guarantee provided by the Company for the benefit of its controlled subsidiaries and that provided by the Company and its subsidiaries for the benefit of external parties amounted to RMB596.46 million, including:

- A. At the end of the reporting period, the guarantee provided by Shenbao Energy Company, a subsidiary owned as to 56.61% by the Company, for the benefit of external parties was as follows: prior to the acquisition of Shenbao Energy Company 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 Hulunbeier Liangyi Railway Company Limited”, in 2008, Shenbao Energy Company, as one of the guarantors, provided joint and several liability guarantee to Hulunbeier Liangyi Railway Company Limited (hereinafter referred to as the “Liangyi Railway Company”, owned as to 14.22% by Shenbao Energy Company) for the syndicated loans. The major liability guaranteed was the debts due to the lender with a maximum balance of RMB207.5 million from 2008 to 2027, regardless of whether the debt is due when the above period expires. The above syndicated loans will 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 Limited failed to pay the loan interest on time due to the deteriorated business operation, as resolved by the shareholders’ general meeting of Liangyi Railway Company Limited, additional capital was injected into Liangyi Railway Company Limited by its shareholders (including Shenbao Energy Company). Shenbao Energy Company has injected an accumulated amount of RMB11.82 million into Liangyi Railway Company Limited.

As at the end of the reporting period, Shenbao Energy Company repaid the principal on loans on behalf of Liangyi Railway Company Limited amounting to RMB3.26 million in aggregate on the basis of the shareholding proportion. Shenbao Energy Company already made full provision for impairment on its 14.22% equity interest in Liangyi Railway Company Limited and the repayment amount paid on its behalf. Together with other shareholders, Shenbao Energy Company will continue to call for improvement of business operation of Liangyi Railway Company Limited. As at 30 June 2015, Liangyi Railway Company Limited had a gearing ratio of 107%.

- B. At the end of the reporting period, the amount of guarantee provided by the Company for the benefit of its subsidiaries is detailed as follows: in 2008, China Development Bank (“CDB”) provided US\$350 million (hereinafter referred as “USD Loan”) direct loan to Coal Liquefaction and Chemical Company, a wholly-owned subsidiary of Shenhua Group, for a term from 26 August 2008 to 25 August 2018 for the Baotou coal-to-olefins project, with guarantee provided by Shenhua Group. Since Coal Liquefaction and Chemical Company established Baotou Coal Chemical Company by way of spin-off in 2013, the USD Loan was then taken up by Baotou Coal Chemical Company.

On 23 December 2013, the board of directors of the Company approved the acquisition of Baotou Coal Chemical Company by the Company and agreed that upon the completion of the acquisition, the Company would replace Shenhua Group in providing guarantee for the USD Loan for the benefit of Baotou Coal Chemical Company, subject to the consent of CDB. In 2014, the Company became the guarantor of the USD Loan.

As at 30 June 2015, the balance of the guarantee for the USD Loan was US\$79.20 million (equivalent to approximately RMB484.17 million), and the gearing ratio of Baotou Coal Chemical Company was 46%.

Performance of Commitments

Applicable

Not Applicable

Background of Commitment	Type of Commitment	Party Making the Commitment	Commitment	Time and Duration of Commitment	Any Time Limit for Commitment	Timely and Strict Performance of Commitment
Commitment in relation to initial public offering	Non-competition undertaking	Shenhua Group Corporation	The Company and Shenhua Group entered into a “Non-competition Agreement” on 24 May 2005. Pursuant to such agreement, Shenhua Group has committed not to compete with the Company in respect of the Company’s principal businesses whether inside or outside of the PRC, and granted the Company priority trading and pre-emptive right to acquire and be transferred from Shenhua Group any business opportunities and assets which may pose potential competition in the same sector.	24 May 2005, long-term	Yes. China Shenhua will initiate the acquisition of 14 asset items of Shenhua Group and its subsidiaries before 30 June 2019 (submitting the asset acquisition plan to the internal competent authorities of China Shenhua for approval).	Yes, the Company already initiated the acquisition of equity interest in certain holding power generation companies held by China Shenhua on 22 August 2014, and the acquisition is currently in orderly progress.

Appointment and Removal of Accounting Firms

Applicable Not Applicable

Explanations on the appointment and removal of accounting firms: Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu were re-appointed as the domestic and international auditors of the Company respectively for 2015 at the Company's 2014 annual general meeting held on 29 May 2015.

Sanctions and Rectifications Imposed on the Company, Directors, Supervisors, Senior Management Staff, Shareholders with 5% or More Shareholding and De Facto Controller and Offeror

Applicable Not Applicable

On 7 June 2015, the Company was notified by its controlling shareholder, Shenhua Group Corporation, that Hao Gui, a senior vice president of the Company, was being investigated by competent judicial authorities. Therefore, he was unable to properly perform his duties. As far as the board of directors of the Company is aware, the production and operation of the Company remain normal and unaffected.

Save for the information disclosed above, during the reporting period, none of the Company, its directors, supervisors, senior management staff and shareholders with 5% or more shareholding, according to the knowledge of the board of directors of the Company, was subject to any investigations by any competent authorities, mandatory measures taken by any judicial or discipline inspection departments, judicial authority proceedings (or charged for any criminal liabilities), examination and administrative sanctions imposed by CSRC, denial of entry to any stock market (identified as improper person), sanctions by other administrative authorities, or public censure by any stock exchange.

Convertible Bonds of the Company

Applicable Not Applicable

Corporate Governance

During the reporting period, the Company further improved its standards in corporate governance by establishing a standard and comprehensive corporate governance structure in strict compliance with the Companies Law, Securities Law and other laws and regulations as well as the domestic and foreign regulatory requirements.

During the reporting period, there is no material difference between the corporate governance of the Company and the relevant rules and requirements under the Companies Law and the CSRC. None of the Company, its directors, supervisors, and senior management was subject to any examination conducted by the CSRC, administrative sanctions by the CSRC, circulation of a notice of criticism by the CSRC, sanctions imposed by other administrative authorities, or censure by any stock exchange.

The board of directors is responsible for the corporate governance of the Company. The Company has adopted the corporate governance policies as set out in Appendix 14 of the Hong Kong Listing Rules, and established its own system of corporate governance. For the period ended 30 June 2015, the Company has been in full compliance with the principles and provisions and most of the recommended best practices as specified therein. For the terms of reference of the board of directors and its special committees in performing duties under the Corporate Governance Code, please refer to the Articles of Association, Rules of Procedure of Meetings of the Board of Directors and rules of procedure of its special committees, which have been published on the website of the stock exchanges where the Company is listed and on the Company's website.

The convening, voting, disclosure procedures and rules of procedure of meetings of the board of directors of the Company, and procedures for nomination and election of directors, are in compliance with regulatory requirements. The board of directors is the standing decision-making body of the Company. The Articles of Association sets out the duties of the chairman and the president in detail respectively.

The board of directors of the Company has formulated its board diversity policy with members coming from a variety of backgrounds, which guarantees the rationality and reasonableness of decisions made by the board of directors. Members of the board of directors are individuals from various domestic and overseas industries, including one female director. The number of non-executive directors accounts for half of the number of all directors. Each director's knowledge base and field of expertise are professional and complementary in the overall board structure.

The Company has appointed independent non-executive directors and established an Audit Committee in accordance with the Hong Kong Listing Rules. As at the end of the reporting period, the Audit Committee comprised Mr. Gong Huazhang (chairman of the Audit Committee, with professional qualifications and experience in accounting and other fields of financial management), Mr. Guo Peizhang and Mr. Chen Hongsheng. On 17 August 2015, the Audit Committee reviewed the Group's interim financial statements for the six months ended 30 June 2015 and approved the submission of the same to the board of directors for consideration and approval.

China Shenhua has an independent and complete business system as well as a market-oriented self-operation capability. The Company is independent from its controlling shareholder in terms of business, personnel, assets, organisation and finance. As a transitional measure to avoid competition, the Company was entrusted by Shenhua Group Corporation to provide daily operation management services for the existing assets and businesses of Shenhua Group upon the completion of relevant procedures. As at the end of the reporting period, the Company appointed six deputy general managers of Shenhua Group Corporation as the president and senior vice presidents of the Company.

While preserving its independent and complete business system and its market-oriented self-operation capability, the Company will further regulate related party transactions, reduce competition and strive to maximise the interest of the shareholders.

Other Material Matters

▼ **Analysis and explanation on the reasons and influence of the changes regarding accounting policies, accounting estimates and accounting methods by the board of directors**

Applicable ✓ Not Applicable

▼ **Analysis and explanation on the reasons and influence of corrections of material previous mistakes by the board of directors**

Applicable ✓ Not Applicable

Changes in Equity and Shareholders

Changes in Equity

▼ Changes in shares

During the reporting period, there were no changes in the total number of shares and equity structure. The Company did not issue any preference shares.

		As at 30 June 2015	
		Number	Percentage(%)
I.	Shares with selling restrictions	0	0.00
II.	Shares without selling restrictions	19,889,620,455	100.00
	1. RMB ordinary shares	16,491,037,955	82.91
	2. Overseas listed foreign shares	3,398,582,500	17.09
III.	Total number of shares	19,889,620,455	100.00

During the reporting period, the Company did not purchase, sell or redeem any of the Company's securities as defined under the listing rules.

During the reporting period, there were no changes in the total number of shares, equity structure and assets and liabilities structure of the Company as a result of bonus issue, conversion of capital reserve, share placing, issuance of new shares, non-public offering of shares, exercise of warrants, implementation of share options incentive plan, business combination, conversion of convertible bonds, reduction of share capital, listing of shares held by internal employees or otherwise.

▼ Changes in shares with selling restrictions

Applicable Not Applicable

Shareholders

▼ Total number of shareholders:

Total number of shareholders as at the end of the reporting period (accounts)	321,519
Of which: Registered holders of A shares (including Shenhua Group Corporation)	319,141
Registered holders of H shares	2,378

▼ **Shareholdings of top ten shareholders and top ten holders of tradable shares (or shares not subject to selling restrictions) as at the end of the reporting period**

Unit: Shares

Shareholdings of top ten shareholders							
Name of shareholder (full name)	Change during the reporting period	Number of shares held at the end of the reporting period	Percentage (%)	Number of shares subject to selling restrictions	Shares subject to pledge or lock-up		Nature of shareholders
					Status	Number	
Shenhua Group Corporation Limited	0	14,521,846,560	73.01	0	Nil	N/A	State
HKSCC NOMINEES LIMITED	153,279	3,390,286,809	17.05	0	Unknown	N/A	Overseas legal person
National Social Security Fund 503 Portfolio	16,880,000	16,880,000	0.08	0	Nil	N/A	State
Industrial & Commercial Bank of China –SSE Index 50 Trading Open-end Index Securities Investment Fund	-5,524,310	16,293,871	0.08	0	Nil	N/A	Others
National Social Security Fund 504 Portfolio	15,000,000	15,000,000	0.08	0	Nil	N/A	State
Industrial & Commercial Bank of China – Huashang Quantified Aggressive Dynamic Allocation Mixed Securities Investment Fund	11,577,874	11,577,874	0.06	0	Nil	N/A	Others
Bosera Value Growth Securities Investment Fund	-4,896,300	10,006,495	0.05	0	Nil	N/A	Others
Hong Kong Securities Clearing Company Limited	2,494,819	9,541,926	0.05	0	Nil	N/A	Overseas legal person
National Social Security Fund 414 Portfolio	9,500,000	9,500,000	0.05	0	Nil	N/A	State
CSOP Asset Management Limited – CSOP FTSE China A50 ETF	-7,782,272	9,288,956	0.05	0	Nil	N/A	Others

Shareholdings of top ten shareholders not subject to selling restrictions			
Name of shareholder (full name)	Number of tradable shares held not subject to selling restrictions	Type and number of shares	
		Type	Number
Shenhua Group Corporation Limited	14,521,846,560	RMB ordinary shares	14,521,846,560
HKSCC NOMINEES LIMITED	3,390,286,809	Overseas listed foreign shares	3,390,286,809
National Social Security Fund 503 Portfolio	16,880,000	RMB ordinary shares	16,880,000
Industrial & Commercial Bank of China – SSEIndex 50 Trading Open-end Index Securities Investment Fund	16,293,871	RMB ordinary shares	16,293,871
National Social Security Fund 504 Portfolio	15,000,000	RMB ordinary shares	15,000,000
Industrial & Commercial Bank of China – Huashang Quantified Aggressive Dynamic Allocation Mixed Securities Investment Fund	11,577,874	RMB ordinary shares	11,577,874
Bosera Value Growth Securities Investment Fund	10,006,495	RMB ordinary shares	10,006,495
Hong Kong Securities Clearing Company Limited	9,541,926	RMB ordinary shares	9,541,926
National Social Security Fund 414 Portfolio	9,500,000	RMB ordinary shares	9,500,000
CSOP Asset Management Limited – CSOP FTSE China A50 ETF	9,288,956	RMB ordinary shares	9,288,956
Statements on the connected relationships of shareholders and whether they are parties acting in concert	National Social Security Fund is the de facto controller of National Social Security Fund 503 Portfolio, National Social Security Fund 504 Portfolio, and National Social Security Fund 414 Portfolio; Industrial & Commercial Bank of China Limited is the custodian bank of Industrial & Commercial Bank of China –SSE Index 50 Trading Open-end Index Securities Investment Fund, and Industrial & Commercial Bank of China – Huashang Quantified Aggressive Dynamic Allocation Mixed Securities Investment Fund; HKSCC Nominees Limited and Hong Kong Securities Clearing Company Limited are both wholly-owned subsidiaries of Hong Kong Exchanges and Clearing Limited; save as the information disclosed above, the Company is not aware of whether any connected relationship existing among the top ten shareholders not subject to selling restrictions and the top ten shareholders, and whether they are parties acting in concert under the “Measures for the Administration of Acquisition of Listed Companies”.		

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.

On 8 July 2015, Shenhua Group Corporation increased its shareholding in the Company by acquiring 8,024,505 A shares through the securities trading system of Shanghai Stock Exchange, after which Shenhua Group Corporation holds 14,529,871,065 A shares of the Company, representing 73.05% of the total issued shares of the Company.

▼ Strategic investors or general legal persons becoming top ten shareholders after placing new shares

Applicable Not Applicable

▼ Interests and short positions in the shares of the Company held by substantial shareholders

As at 30 June 2015, the persons as disclosed in the table below had interests and/or short positions in the shares or underlying shares of the Company which are required to be recorded in the register of equity interests and/or short positions to be kept under 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/ Domestic shares	Nature of interest	Number of H shares/domestic shares held	Percentage of H shares/domestic shares over total issued H shares/ domestic shares respectively	Percentage of total share capital of the Company
						%	%
1	Shenhua Group Corporation Limited	Beneficial owner	Domestic shares	N/A	14,521,846,560	88.06	73.01
2	BlackRock, Inc.	Interest of corporation controlled by the substantial shareholder	H shares	Long position	315,826,845	9.29	1.59
				Short Position	10,003,500	0.29	0.05
3	JPMorgan Chase & Co.	Beneficial owner; Investment Manager; Trustee (except for bare trustee); custodian – corporation/approved lending agent)	H shares	Long position	271,153,612	7.97	1.36
				Short position	16,915,253	0.49	0.09
				Lending pool	135,062,200	3.97	0.68
4	GIC Private Limited	Investment Manager	H shares	Long position	186,747,067	5.49	0.94
5	Lazard Asset Management LLC	Investment Manager	H shares	Long position	174,371,649	5.13	0.88

Note: Information disclosed above is based on information available on the website of the Hong Kong Stock Exchange (www.hkex.com.hk).

As at 30 June 2015, 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.

Changes in controlling shareholder or de facto controller

Applicable Not Applicable

Directors, Supervisors, Senior Management and Employees

Changes in shareholding

▼ Changes in shareholding of incumbent directors, supervisors, and senior management and those outgoing during the reporting period

Applicable Not Applicable

During the reporting period, there were no changes in shareholding in the Company held by the directors, supervisors and senior management of the Company that were required to be disclosed pursuant to the “Rules on the Management of Shares Held by Directors, Supervisors and Senior Management of Listed Companies and the Changes Thereof” promulgated by the CSRC. As at the end of the reporting period, there were no directors, supervisors and senior management of the Company who held any shares of the Company.

After making enquiries, all the directors and supervisors have confirmed that they have fully complied with the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Hong Kong Listing Rules, which was adopted by the Company, for the six months ended 30 June 2015.

As at 30 June 2015, none of the directors, supervisors or senior management of the Company had any interest or short position in the shares or underlying shares of the Company or any of its associated corporations within the meaning of Part XV of the SFO (Chapter 571 of the laws of Hong Kong), as recorded in the register required to be kept under section 352 of the SFO or which was otherwise required to be notified by directors and supervisors to the Company and the Hong Kong Stock Exchange under the Model Code for Securities Transactions by Directors of Listed Issuers.

As at 30 June 2015, the Company did not grant any equity securities or warrants to its directors, supervisors and senior management or their respective spouses or children under the age of 18.

▼ Equity incentives granted to directors, supervisors and senior management during the reporting period

Applicable Not Applicable

Changes in Directors, Supervisors and Senior Management of the Company

Applicable Not Applicable

Name	Position	Change	Reasons for the Change
Xue Jilian	Senior vice president	Resigned	Reaching retirement age

On 10 March 2015, Mr. Xue Jilian resigned from the position of senior vice president of the Company upon reaching retirement age.

On 20 August 2015, Mr. Wang Xiaolin resigned as an executive director of the Company, a member of the Safety, Health and Environment Committee of the board of directors and a senior vice president due to adjustment of work arrangements.

On 21 August 2015, the 9th meeting of the third session of the Board resolved to dismiss Hao Gui from the position of senior vice president. The dismissal becomes effective immediately.

Employees

As at 30 June 2015, the Group had 91,886 employees in total. The total number of retired employees in respect of which the Company was responsible for bearing costs was 10,426. The composition of the employees was as follows:

1. By function

Function	As at 30 June 2015	As at 31 December 2014	Change in %
Operation and maintenance	60,776	61,599	(1.3)
Management and administration	13,512	13,252	2.0
Finance and accounting	1,525	1,562	(2.4)
R&D and technical support	10,029	10,083	(0.5)
Sales and marketing	2,231	2,282	(2.2)
Others	3,813	3,960	(3.7)
Total	91,886	92,738	(0.9)

2. By educational level

Educational level	As at 30 June 2015	As at 31 December 2014	Change in %
Postgraduate or above	2,804	2,887	(2.9)
University graduate	26,516	26,350	0.6
College graduate	24,138	24,577	(1.8)
Specialised secondary school graduate	14,476	14,715	(1.6)
Technical school graduate, high school graduate or below	23,952	24,209	(1.1)
Total	91,886	92,738	(0.9)

Investor Relations

In the first half of 2015, China Shenhua communicated extensively and openly with investors and analysts via multiple channels such as result presentations and roadshows. The number of participants in the Company's communication with analysts and fund managers exceeded 300, with more than 100 through roadshows, more than 100 through investment forums and more than 100 through company visits and telephone conferences.

Strengthening investor relations under the guidance of the “Clean Energy Strategy”

Against the background of declining coal prices and substantial decrease in profit of the coal industry, China Shenhua highlights the effective operation and value creation of the “Clean Energy Strategy” upon its implementation, in order to enhance the strategic choices and development directions of the Company during its transformation.

China Shenhua based itself on the new vision and new strategy, and formulated the areas of investment value in the Company with a highlight in the clean energy development philosophy, which changed the conventional views of investors on the Company, and underlined the development prospect brought by the new strategy and the new projects.

Through timely follow-ups, analyses and researches on the progress and performance of specific projects of the Company on clean energy, the Company compiled presentation materials which satisfied the needs of the capital market, and timely passed the recent highlights in the clean energy projects of the Company to the market. Through the comprehensive formulation of the areas of investment value in China Shenhua, the image of China Shenhua as a premier large blue-chip company has been strengthened continuously, facilitating investors to understand the investment value of China Shenhua and instilling in the capital market stable investment confidence on China Shenhua.

Enhancing investor relations services

In the first half of 2015, the Company's investor relations services became more active, more meticulous, and more diversified. Faced with pressure from both the industry and the capital market, the Company took initiatives in understanding the demand of our investors, enhanced the promotion of investor relations, and held a reverse roadshow and an online investor exchange forum for the first quarter. On the premise of rigorously complying with relevant regulatory rules, the Company compiled professional Q&A materials based on its information disclosure announcements, and answered investors' enquiries systematically to achieve meticulous services. Meanwhile, with pessimistic investor sentiment in the first half of this year, the Company enhanced communications with investors via telephone and emails to get into active contact with investors and answer their enquiries carefully, which improved the confidence of investors, especially individual investors in the Company.

Deloitte.

德勤

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 condensed consolidated financial statements of China Shenhua Energy Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 72 to 101, which comprise the condensed consolidated statement of financial position as at 30 June 2015 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, 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 these condensed consolidated financial statements consists of making inquiries, 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

21 August 2015

Consolidated Financial Statements

Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income

for the six months ended 30 June 2015

	NOTES	Six months ended 30 June	
		2015 RMB million (Unaudited)	2014 RMB million (Unaudited)
Revenue	4	87,783	129,197
Cost of sales	5	(59,391)	(89,101)
Gross profit		28,392	40,096
Selling, general and administrative expenses		(4,447)	(4,010)
Other gains and losses		(434)	(256)
Other income		348	315
Other expenses		(199)	(142)
Interest income		410	293
Finance costs	6	(2,039)	(1,915)
Share of results of associates		129	138
Profit before income tax		22,160	34,519
Income tax expense	7	(4,555)	(6,866)
Profit for the period	8	17,605	27,653
Other comprehensive income for the period, net of income tax, that may be subsequently reclassified to profit or loss:			
Exchange differences		82	277
Total comprehensive income for the period		17,687	27,930
Profit for the period attributable to:			
Equity holders of the Company		13,068	22,775
Non-controlling interests		4,537	4,878
		17,605	27,653
Total comprehensive income for the period attributable to:			
Equity holders of the Company		13,152	23,050
Non-controlling interests		4,535	4,880
		17,687	27,930
Earnings per share (RMB)			
– Basic	10	0.657	1.145

Condensed Consolidated Statement of Financial Position

at 30 June 2015

	NOTES	At 30 June 2015 RMB million (Unaudited)	At 31 December 2014 RMB million (Audited)
Non-current assets			
Property, plant and equipment	11	301,892	281,514
Construction in progress	11	57,429	78,924
Exploration and evaluation assets		2,112	2,212
Intangible assets		2,975	1,509
Interest in associates		4,925	5,016
Available-for-sale investments		1,795	1,795
Other non-current assets	12	32,137	32,423
Lease prepayments	13	15,207	14,825
Deferred tax assets		2,353	2,042
Total non-current assets		420,825	420,260
Current assets			
Inventories	14	17,884	15,790
Accounts and bills receivable	15	34,867	29,914
Prepaid expenses and other current assets	16	26,827	29,431
Restricted bank deposits		8,574	6,271
Time deposits with original maturity over three months		853	1,275
Cash and cash equivalents	17	51,585	35,956
Total current assets		140,590	118,637
Current liabilities			
Borrowings	18	9,784	17,330
Short-term debenture	19	14,987	9,994
Accounts and bills payable	20	33,663	38,286
Accrued expenses and other payables	21	56,501	40,354
Current portion of long-term payables	22	230	280
Income tax payable		1,774	2,617
Total current liabilities		116,939	108,861
Net current assets		23,651	9,776
Total assets less current liabilities		444,476	430,036

Condensed Consolidated Statement of Financial Position (continued)

at 30 June 2015

	NOTES	At 30 June 2015 RMB million (Unaudited)	At 31 December 2014 RMB million (Audited)
Non-current liabilities			
Borrowings	18	43,034	38,726
Medium-term notes		24,941	24,933
Bonds payable	23	9,039	-
Long-term payables	22	1,519	1,546
Accrued reclamation obligations	24	2,161	2,102
Deferred tax liabilities		963	1,130
Total non-current liabilities		81,657	68,437
Net assets			
		362,819	361,599
Equity			
Share capital	25	19,890	19,890
Reserves		275,788	277,354
Equity attributable to equity holders of the Company		295,678	297,244
Non-controlling interests		67,141	64,355
Total equity		362,819	361,599

These condensed consolidated financial statements on page 72 to 101 were approved and authorised for issue by the Board of Directors on 21 August 2015, and signed on its behalf by:

Zhang Yuzhuo
Chairman

Han Jianguo
Director and President

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2015

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Attributable to equity holders of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Exchange reserve	Statutory reserves	Other reserves	Retained earnings			
	RMB million (Note 25)	RMB million (note (i))	RMB million (note (ii))	RMB million	RMB million (note (iii))	RMB million	RMB million (note (iv))	RMB million	RMB million	RMB million
At 1 January 2014	19,890	85,001	3,612	(52)	15,031	(11,290)	164,711	276,903	57,739	334,642
Profit for the period	-	-	-	-	-	-	22,775	22,775	4,878	27,653
Other comprehensive income for the period	-	-	-	275	-	-	-	275	2	277
Total comprehensive income for the period	-	-	-	275	-	-	22,775	23,050	4,880	27,930
Dividend declared (Note 9)	-	-	-	-	-	-	(18,100)	(18,100)	-	(18,100)
Appropriation of maintenance and production funds (note (iii))	-	-	-	-	3,158	-	(3,158)	-	-	-
Utilisation of maintenance and production funds (note (iii))	-	-	-	-	(1,814)	-	1,814	-	-	-
Capital contributions from non-controlling shareholders	-	-	-	-	-	-	-	-	400	400
Distributions to non-controlling shareholders	-	-	-	-	-	-	-	-	(1,073)	(1,073)
Other	-	-	-	-	-	53	-	53	(7)	46
At 30 June 2014 (Unaudited)	19,890	85,001	3,612	223	16,375	(11,237)	168,042	281,906	61,939	343,845

Condensed Consolidated Statement of Changes in Equity (continued)

for the six months ended 30 June 2015

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Attributable to equity holders of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Exchange reserve	Statutory reserves	Other reserves	Retained earnings			
	RMB million (Note 25)	RMB million (note (i))	RMB million (note (ii))	RMB million	RMB million (note (iii))	RMB million	RMB million (note (iv))	RMB million	RMB million	RMB million
At 1 January 2015	19,890	85,001	3,612	(353)	16,071	(11,237)	184,260	297,244	64,355	361,599
Profit for the period	-	-	-	-	-	-	13,068	13,068	4,537	17,605
Other comprehensive income for the period	-	-	-	84	-	-	-	84	(2)	82
Total comprehensive income for the period	-	-	-	84	-	-	13,068	13,152	4,535	17,687
Dividend declared (Note 9)	-	-	-	-	-	-	(14,718)	(14,718)	-	(14,718)
Appropriation of maintenance and production funds (note (iii))	-	-	-	-	2,733	-	(2,733)	-	-	-
Utilisation of maintenance and production funds (note (iii))	-	-	-	-	(1,359)	-	1,359	-	-	-
Capital contributions from non-controlling shareholders	-	-	-	-	-	-	-	-	296	296
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	(4)	(4)
Distributions to non-controlling shareholders	-	-	-	-	-	-	-	-	(2,041)	(2,041)
At 30 June 2015 (Unaudited)	19,890	85,001	3,612	(269)	17,445	(11,237)	181,236	295,678	67,141	362,819

Condensed Consolidated Statement of Changes in Equity (continued)

for the six months ended 30 June 2015

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 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 of the Company. The transfer to statutory surplus 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 production and maintenance funds

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

General reserve

Pursuant to relevant regulations issued by the Ministry of Finance of the PRC, the Group's subsidiary, Shenhua Finance Co., Ltd., is required to set aside a general reserve by the end of the financial year through appropriation of profit after tax as determined in accordance with China Accounting Standards at a certain ratio of the ending balance of gross risk-bearing assets to cover potential losses against such assets.

The directors of the Company (the "Directors") have not proposed any appropriation to the general reserve for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

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 have not proposed any appropriation to the discretionary surplus reserve for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

- (iv) Retained earnings

Included in the retained earnings of the Group were the surplus reserve of its domestic subsidiaries amounted to RMB15,635 million (31 December 2014: RMB15,635 million) as at 30 June 2015.

Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2015

	Six months ended 30 June	
	2015 RMB million (Unaudited)	2014 <i>RMB million</i> <i>(Unaudited)</i>
OPERATING ACTIVITIES		
Profit before income tax	22,160	34,519
Adjustments for:		
Depreciation and amortisation (Note 8)	10,861	10,146
Other gains and losses (Note 8)	434	256
Interest income	(410)	(293)
Share of results of associates	(129)	(138)
Interest expense	1,819	1,789
Fair value loss (gain) on derivative financial instruments and trading debt securities	1	(26)
Exchange loss, net	210	152
Operating cash flows before movements in working capital	34,946	46,405
Increase in inventories	(2,094)	(730)
Increase in accounts and bills receivable	(4,953)	(7,554)
Decrease (increase) in prepaid expenses and other assets	2,023	(3,759)
(Decrease) increase in accounts and bills payable	(4,623)	405
Increase in accrued expenses and other payables	11,488	4,020
Cash generated from operations	36,787	38,787
Income taxes paid	(5,876)	(6,706)
NET CASH FROM OPERATING ACTIVITIES	30,911	32,081
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment, intangible assets, exploration and evaluation assets, and additions to construction in progress	(10,690)	(17,882)
Increase in lease prepayments	(2)	(233)
Proceeds from disposal of property, plant and equipment, intangible assets and lease prepayments	23	25
Proceeds from disposal of an associate	2	–
Investments in associates	(28)	(8)
Dividend received from associates	234	308
Interest received	191	249
Interest received on trading debt securities	128	62
Proceeds from trading debt securities	400	146
Net increase in restricted bank deposits	(2,303)	(754)
Increase in time deposits with original maturity over three months	(154)	(576)
Maturity of time deposits with original maturity over three months	576	428
Repayment of entrusted loans	–	15
Entrusted loans to a third party	–	(37)
NET CASH USED IN INVESTING ACTIVITIES	(11,623)	(18,257)

Condensed Consolidated Statement of Cash Flows (continued)

for the six months ended 30 June 2015

	Six months ended 30 June	
	2015 RMB million (Unaudited)	2014 RMB million (Unaudited)
FINANCING ACTIVITIES		
Interest paid	(2,118)	(2,190)
Proceeds from borrowings	10,909	30,699
Repayments of borrowings	(14,077)	(25,944)
Net proceeds from short-term debentures	14,985	19,945
Payments of short-term debentures	(10,000)	(10,000)
Net proceeds from issuance of bonds	9,049	–
Contributions from non-controlling shareholders	296	400
Contributions from equity holders of the Company	700	53
Distributions to non-controlling shareholders	(1,190)	(1,652)
Dividend paid to shareholders	(12,203)	–
Acquisition of non-controlling interests	(4)	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(3,653)	11,311
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,635	25,135
Cash and cash equivalents at 1 January	35,956	38,332
Effect of foreign exchange rate changes	(6)	2
CASH AND CASH EQUIVALENTS AT 30 JUNE	51,585	63,469

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2015

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 coal chemical product; and (ii) the generation and sale of power in the People's Republic of China (the "PRC"). The Group operates coal mines as well as an integrated railway network and seaports that are primarily used to transport the Group's coal. The primary customers of the Group's coal sales include power plants and metallurgical producers in the PRC. The Group also operates power plants in the PRC, which are engaged in the generation and sale of coal-based power to provincial/regional electric grid companies.

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 assets and liabilities related to the operations and businesses that were transferred to the Company were revalued by China Enterprise Appraisal Co., Ltd., independent valuers 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 Dollar ("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 are 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 are listed on the Shanghai Stock Exchange.

2. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board ("IASB") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Notes to the Condensed Consolidated Financial Statements (continued)

for the six months ended 30 June 2015

3. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

In the current interim period, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards ("IFRSs") issued by IASB:

Amendments to IAS 19	<i>Defined Benefit Plans: Employee Contributions</i>
Amendments to IFRSs	<i>Annual Improvements to IFRSs 2010-2012 Cycle</i>
Amendments to IFRSs	<i>Annual Improvements to IFRSs 2011-2013 Cycle</i>

The application of the above amendments to IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

4. Revenue

The Group is principally engaged in the production and sale of coal and coal chemical products, generation and sale of power and the provision of transportation services in the PRC.

	Six months ended 30 June	
	2015	2014
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Coal revenue	43,856	71,230
Power revenue	32,726	36,334
Transportation revenue	1,936	2,330
Coal chemical revenue	2,710	3,181
	81,228	113,075
Other revenue	6,555	16,122
	87,783	129,197

Notes to the Condensed Consolidated Financial Statements (continued)

for the six months ended 30 June 2015

5. Cost of Sales

	Six months ended 30 June	
	2015	2014
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Coal purchased	9,673	26,324
Materials, fuel and power	7,130	9,007
Personnel expenses	5,272	5,054
Depreciation and amortisation	9,372	8,963
Repairs and maintenance	4,396	4,389
Transportation charges	6,064	7,864
Taxes and surcharges	3,061	1,869
Others	14,423	25,631
	59,391	89,101

6. Finance Costs

	Six months ended 30 June	
	2015	2014
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Interest on borrowings	2,743	2,548
Less: amount capitalised	(1,002)	(855)
	1,741	1,693
Unwinding of discount	78	96
Exchange loss, net	219	152
Fair value changes on financial instruments	1	(26)
	2,039	1,915

Notes to the Condensed Consolidated Financial Statements (continued)

for the six months ended 30 June 2015

7. Income Tax Expense

	<i>Six months ended 30 June</i>	
	2015 RMB million (Unaudited)	2014 <i>RMB million</i> <i>(Unaudited)</i>
Provision for PRC income tax	5,033	7,245
Deferred tax	(478)	(379)
	4,555	6,866

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 PRC group entities is 25% (six months ended 30 June 2014: 25%) except for certain group entities which are entitled to a concessionary tax rate as disclosed below.

In accordance with the relevant documents issued by the state and local tax bureau of the PRC in 2011 and 2012, certain of the Group's branches and subsidiaries operating in the western developing region of the PRC are entitled to a preferential tax rate of 15% to 2020.

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

	<i>Six months ended 30 June</i>	
	2015 %	2014 %
Australia	30.0	30.0
Indonesia	25.0	25.0
Russia	20.0	20.0
Hong Kong	16.5	16.5

No provision for income tax was made for these overseas subsidiaries as there were no assessable profits during the current and prior periods.

Notes to the Condensed Consolidated Financial Statements (continued)

for the six months ended 30 June 2015

8. Profit for the Period

	<i>Six months ended 30 June</i>	
	2015	2014
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Personnel expenses, including	8,945	8,467
– contributions to retirement plans	1,315	1,172
Depreciation of property, plant and equipment	10,196	9,592
Amortisation of intangible assets, included in cost of sales	127	107
Amortisation of lease prepayments, included in cost of sales	192	193
Amortisation of other non-current assets	346	254
Depreciation and amortisation	10,861	10,146
Other gains and losses, represent		
– losses on disposal of property, plant and equipment	39	10
– impairment in respect of properties and equipment	406	131
– (reversal of) impairment of loans receivable	(19)	106
– impairment of accounts and other receivables	8	7
– write down of inventories	–	2
	434	256
Carrying amount of inventories sold	40,408	59,769
Operating lease in respect of properties and equipment	139	182
Exchange loss, net	219	152

9. Dividends

A final dividend of RMB0.74 per share totalling RMB14,718 million in respect of the year ended 31 December 2014 (six months ended 30 June 2014: RMB0.91 per share totalling RMB18,100 million in respect of the year ended 31 December 2013) was approved at the annual general meeting held on 5 June 2015 and was all paid by July 2015.

The directors of the Company have determined that no dividend will be paid in respect of the current interim period.

Notes to the Condensed Consolidated Financial Statements (continued)

for the six months ended 30 June 2015

10. Earnings Per Share

The calculation of basic earnings per share for the six months ended 30 June 2015 was based on the profit attributable to equity holders of the Company of RMB13,068 million (six months ended 30 June 2014: RMB22,775 million) and the number of shares in issue during the six months ended 30 June 2015 of 19,890 million (six months ended 30 June 2014: 19,890 million) shares.

No diluted earnings per share is presented as there were no potential ordinary shares outstanding during both periods.

11. Property, Plant and Equipment and Construction In Progress

During the six months ended 30 June 2015, the additions of property, plant and equipment (excluding transferred from construction in progress) and construction in progress were amounting to RMB716 million (six months ended 30 June 2014: RMB2,762 million) and RMB11,252 million (six months ended 30 June 2014: RMB12,443 million), respectively.

The Group is in the process of applying for the title certificates of certain of its properties with an aggregate carrying amount of RMB7,379 million as at 30 June 2015 (31 December 2014: RMB7,208 million). The Directors are of the opinion that the Group is entitled to lawfully and validly occupy or use the above mentioned properties.

As of 30 June 2015, the Group is in the process of obtaining requisite permits for certain of its power plants, coal mines and railway 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.

Impairment loss of RMB 406 million was recognised by the Group during the six months ended 30 June 2015 (six months ended 30 June 2014: RMB131 million).

As of 30 June 2015, the Group has bank loans to be secured by the Group's assets with carrying amount of RMB966 million (31 December 2014: RMB1,066 million).

Notes to the Condensed Consolidated Financial Statements (continued)

for the six months ended 30 June 2015

12. Other Non-Current Assets

	At 30 June 2015 RMB million (Unaudited)	<i>At 31 December 2014 RMB million (Audited)</i>
Prepayments in connection with construction work, equipment purchases and others	9,268	9,742
Prepayment for mining projects	8,000	8,000
Long-term receivable	2,500	2,500
Loans to Shenhua Group and fellow subsidiaries	7,616	7,312
Long-term entrusted loans to an associate of the Group	627	627
Goodwill	962	962
Others	3,164	3,280
	32,137	32,423

13. Lease Prepayments

Lease prepayments represent amounts paid to the PRC's government authorities for land use rights held by the Group. The Group is in the process of applying certain land use rights certificates with an aggregate carrying amount of RMB1,678 million as at 30 June 2015 (31 December 2014: RMB1,477 million). The Directors are of the opinion that the Group is entitled to lawfully and validly occupy or use the above mentioned lands.

14. Inventories

	At 30 June 2015 RMB million (Unaudited)	<i>At 31 December 2014 RMB million (Audited)</i>
Coal	5,489	4,246
Materials and supplies	10,687	9,817
Others (note)	1,708	1,727
	17,884	15,790

Note: Others mainly represent properties held for sale and properties under development.

Notes to the Condensed Consolidated Financial Statements (continued)

for the six months ended 30 June 2015

15. Accounts and Bills Receivable

	At 30 June 2015 RMB million (Unaudited)	<i>At 31 December 2014 RMB million (Audited)</i>
Accounts receivable		
Shenhua Group and fellow subsidiaries	2,594	2,627
Associates	361	328
Third parties	22,182	20,845
	25,137	23,800
Less: allowance for doubtful debts	(41)	(54)
	25,096	23,746
Bills receivable	9,771	6,168
	34,867	29,914

Bills receivable were issued by PRC banks and are expiring within six months.

The Group allows an average credit period up to 45 days to its customers with established trading history, otherwise sales on cash terms are required.

The following is an analysis of accounts and bills receivable by age, net of allowance for doubtful debts, presented based on invoice date, which approximated revenue recognition date.

	At 30 June 2015 RMB million (Unaudited)	<i>At 31 December 2014 RMB million (Audited)</i>
Less than one year	34,467	29,591
One to two years	343	267
Two to three years	52	55
More than three years	5	1
	34,867	29,914

Notes to the Condensed Consolidated Financial Statements (continued)

for the six months ended 30 June 2015

16. Prepaid Expenses and Other Current Assets

	At 30 June 2015 RMB million (Unaudited)	<i>At 31 December 2014 RMB million (Audited)</i>
Fair value of derivative financial instruments	28	43
Trading debt securities	–	399
Prepaid expenses and deposits	8,470	9,566
Loans and advances to Shenhua Group and fellow subsidiaries	8,874	10,074
Amounts due from associates	149	92
Advances to staff	10	1
Other receivables	9,296	9,256
	26,827	29,431

17. 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 on hand, cash at banks and time deposits with original maturity within three months.

18. Borrowings

An analysis of the Group's current borrowings and non-current borrowings are as follows:

	At 30 June 2015 RMB million (Unaudited)	<i>At 31 December 2014 RMB million (Audited)</i>
Current borrowings:		
Short-term banks and other borrowings	5,220	12,246
Current portion of long-term bank borrowings	4,564	5,084
	9,784	17,330
Non-current borrowings:		
Long-term bank borrowings, less current portion	43,034	38,726
	52,818	56,056
Secured	7,511	9,430
Unsecured	45,307	46,626
	52,818	56,056
The exposure of the long-term borrowings and the contractual maturity dates:		
Within one year	4,564	5,084
More than one year, but not exceeding two years	4,509	5,682
More than two years, but not exceeding five years	10,120	9,889
More than five years	28,405	23,155
	47,598	43,810

Notes to the Condensed Consolidated Financial Statements (continued)

for the six months ended 30 June 2015

19. Short-Term Debenture

During the six months ended 30 June 2015, the Group issued unsecured short-term debentures amounting to RMB15,000 million (six months ended 30 June 2014: RMB20,000 million), bearing annual interest rate ranging from 3.40% to 4.73%. The short-term debentures are for the purpose of working capital financing, which are repayable by February 2016, and are classified as current liabilities.

20. Accounts and Bills Payable

	At 30 June 2015 RMB million (Unaudited)	<i>At 31 December 2014 RMB million (Audited)</i>
Accounts payable		
Shenhua Group, an associate of Shenhua Group and fellow subsidiaries	1,708	2,166
Associates	457	357
Third parties	28,715	31,376
	30,880	33,899
Bills payable	2,783	4,387
	33,663	38,286

The following is an aging analysis of accounts and bills payable, presented based on the invoice date.

	At 30 June 2015 RMB million (Unaudited)	<i>At 31 December 2014 RMB million (Audited)</i>
Less than one year	28,316	29,613
One to two years	3,689	7,171
Two to three years	964	932
More than three years	694	570
	33,663	38,286

21. Accrued Expenses and Other Payables

	At 30 June 2015 RMB million (Unaudited)	<i>At 31 December 2014 RMB million (Audited)</i>
Accrued staff wages and welfare benefits	3,713	3,252
Accrued interest payable	1,359	779
Taxes payable other than income tax	3,510	3,623
Dividends payable	4,867	1,501
Receipts in advances	4,893	4,386
Deposits from Shenhua Group and fellow subsidiaries	27,282	19,062
Other accrued expenses and payables	10,877	7,751
	56,501	40,354

Notes to the Condensed Consolidated Financial Statements (continued)

for the six months ended 30 June 2015

22. Long-Term Payables

Long-term payables mainly represent payables for acquisition of mining rights which are to be settled over the period of production or under fixed payment schedules set out in the contracts on an annual basis. The annual payment is determined by fixed rates on a per tonne basis with reference to the annual production volume of the acquired mines or annual fixed amounts stipulated in the acquisition agreements.

23. Bonds Payable

During the six months ended 30 June 2015, the Group issued unsecured bonds denominated in United States Dollars ("USD") with net proceeds amounting to RMB9,049 million (six months ended 30 June 2014: Nil), bearing annual interest rate ranging from 2.50% to 3.88%. The bonds are for the purpose of repaying overseas loans, financing approved overseas projects and other lawful uses, which are repayable from 2018 to 2025, and are classified as non-current liabilities.

24. 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 2015 are adequate and appropriate.

25. Share Capital

	At 30 June 2015 RMB million (Unaudited)	<i>At 31 December 2014 RMB million (Audited)</i>
Registered, issued and fully paid:		
16,491,037,955 domestic listed A shares of RMB1.00 each	16,491	16,491
3,398,582,500 H shares of RMB1.00 each	3,399	3,399
	19,890	19,890

The Company was incorporated on 8 November 2004 with a registered share capital of 15,000,000,000 domestic state-owned ordinary shares with a par value of RMB1.00 each. Such shares were issued to Shenhua Group in consideration for the assets and liabilities transferred from Shenhua Group.

In 2005, the Company issued 3,089,620,455 H shares with a par value of RMB1.00 each, at a price of HKD7.50 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.

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.

Pursuant to CaiQi 2009 No.94 "Policy regarding transfer of certain state-owned shares to Social Security Fund in domestic securities market" and Pronouncement of 2009 No.63 "Notice of implementation of transfer of state-owned shares in domestic securities market" issued by the relevant government authorities on 19 June 2009, 180,000,000 A shares of the Company previously held by Shenhua Group have been transferred to the National Council for Social Security Fund.

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

Notes to the Condensed Consolidated Financial Statements (continued)

for the six months ended 30 June 2015

26. Commitments and Contingent Liabilities

(a) Capital commitments

As at 30 June 2015, the Group had capital commitments for land and buildings, equipment and investments as follows:

	At 30 June 2015 RMB million (Unaudited)	<i>At 31 December 2014 RMB million (Audited)</i>
Contracted for but not provided		
– Land and buildings	14,084	29,800
– Machinery and others	15,165	25,145
	29,249	54,945
Authorised but not contracted for		
– Land and buildings	97,313	142,720
– Machinery and others	38,468	54,951
	135,781	197,671
	165,030	252,616

(b) Operating lease commitments – the Group as lessee

As at 30 June 2015, the Group had commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	At 30 June 2015 RMB million (Unaudited)	<i>At 31 December 2014 RMB million (Audited)</i>
Within one year	43	40
After one year but within five years	17	25
After five years	–	9
	60	74

Notes to the Condensed Consolidated Financial Statements (continued)

for the six months ended 30 June 2015

26. Commitments and Contingent Liabilities (continued)

(c) Financial guarantees issued

At 30 June 2015, the Group had issued certain guarantees in respect of certain banking facilities granted to an entity which the Group held less than 20% equity interest and an associate of the Group. The maximum amount guaranteed are RMB198million (31 December 2014: RMB200 million).

(d) 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.

(e) 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.

Notes to the Condensed Consolidated Financial Statements (continued)

for the six months ended 30 June 2015

27. Fair Value Measurement of Financial Instruments

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

As of 30 June 2015, the Group has trading debt securities and cross currency interest rate swaps (all classified as held for trading financial instruments) measured at fair value of nil (31 December 2014: RMB399 million) and RMB28 million (31 December 2014: RMB43 million), respectively.

The Level 1 fair value of trading debt securities is measured at quoted bid prices in the relevant active market.

The Level 2 fair value of the cross currency interest rate swaps is measured using discounted cash flow method where the future cash flows are estimated based on forward foreign currency and interest rates from observable yield curves at the end of the reporting period and contracted exchange rate and interest rate, discounted at a rate that reflects the credit risk of various relevant counterparties.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values:

	At 30 June 2015		<i>At 31 December 2014</i>	
	Carrying amount RMB million (Unaudited)	Fair value RMB million (Unaudited)	<i>Carrying amount RMB million (Audited)</i>	<i>Fair value RMB million (Audited)</i>
Financial liabilities:				
Fixed rate bank loans	10,398	11,321	11,814	12,386
Fixed rate medium-term notes	24,941	25,618	24,933	25,290
Bonds payable	9,039	9,134	–	–

The fair values of fixed rate bank loans and medium-term notes above in the Level 2 categories is measured using discounted cash flow method where the future cash flows are estimated based on the contract and discounted at a rate that reflects the credit risk of various relevant counter parties.

The fair value of bonds is included in the level 1 category, which has been derived from the quoted prices (unadjusted) in an active market.

Notes to the Condensed Consolidated Financial Statements (continued)

for the six months ended 30 June 2015

28. Related Party Transactions

(a) Transactions with Shenhua Group, an associate of Shenhua Group, fellow subsidiaries and associates of the Group

The Group had the following transactions with Shenhua Group, an associate of Shenhua Group, fellow subsidiaries and associates of the Group that were carried out in the normal course of business:

		Six months ended 30 June	
		2015 RMB million (Unaudited)	2014 RMB million (Unaudited)
Interest income	(i)	430	516
Income from entrusted loans	(ii)	18	21
Interest expense	(iii)	134	213
Purchases of ancillary materials and spare parts	(iv)	604	1,073
Mining service income	(v)	55	365
Ancillary and social services	(vi)	125	182
Transportation service income	(vii)	119	193
Transportation service expense	(viii)	74	13
Sale of coal	(ix)	2,589	2,676
Purchase of coal	(x)	2,265	4,510
Property leasing	(xi)	26	-
Repairs and maintenance services expense	(xii)	-	-
Coal export agency expense	(xiii)	2	4
Purchase of equipment and construction work	(xiv)	725	464
Sale of coal chemical product	(xv)	1,571	940
Other income	(xvi)	1,063	1,971
Granting of loans	(xvii)	3,751	8,577
Repayment of loans	(xviii)	4,610	6,645
Granting of entrusted loan	(xix)	-	-
Repayment of entrusted loan	(xx)	-	15
Receipt of deposits by Shenhua Finance	(xxi)	8,220	3,072
Loans from Shenhua Group	(xxii)	700	-
Repayment of loans from Shenhua Group	(xxiii)	2,000	4,112

- (i) Interest income represents interest earned from loans to Shenhua Group and fellow subsidiaries and is included in "revenue-other revenue" of the Group (Note 5). The applicable interest rate is determined in accordance with the prevailing borrowing rates published by the People's Bank of China (the "PBOC").
- (ii) Income from entrusted loans represents interest earned from entrusted loans to an associate of the Group. The applicable interest rate is determined in accordance with the prevailing bank interest rates published by the PBOC.
- (iii) Interest expense represents interest incurred from deposits placed by Shenhua Group and fellow subsidiaries and is included in "cost of sales-others" of the Group (Note 6). 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 an associate of the Group.

Notes to the Condensed Consolidated Financial Statements (continued)

for the six months ended 30 June 2015

28. Related Party Transactions (continued)

(a) Transactions with Shenhua Group, an associate of Shenhua Group, fellow subsidiaries and associates of the Group (continued)

- (v) Mining service income represents income earned from coal mining services to Shenhua Group.
- (vi) 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 fellow subsidiaries and associates of the Group.
- (vii) Transportation service income represents income earned from an associate of Shenhua Group, fellow subsidiaries and associates of the Group in respect of coal transportation services.
- (viii) Transportation service expense represents expense related to coal transportation service provided by a fellow subsidiary and associates of the Group.
- (ix) Sale of coal represents income from sale of coal to fellow subsidiaries.
- (x) Purchase of coal represents coal purchased from an associate of Shenhua Group and fellow subsidiaries and an associate of the Group.
- (xi) Property leasing represents rental paid or payable in respect of properties leased from fellow subsidiaries.
- (xii) Repairs and maintenance services expense represents expense related to machinery repairs and maintenance services provided by fellow subsidiaries and an associate of the Group.
- (xiii) Coal export agency expense represents expense related to coal export agency services provided by a fellow subsidiary.
- (xiv) Purchase of equipment and construction work represents expenditure related to equipment and construction service provided by fellow subsidiaries and an associate of the Group.
- (xv) Sale of coal chemical product represents income from sale of coal chemical product to a fellow subsidiary.
- (xvi) 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, etc.
- (xvii) Granting of loans represents loans granted by Shenhua Finance to fellow subsidiaries.
- (xviii) Repayment of loans represents loans repaid by fellow subsidiaries to Shenhua Finance.
- (xix) Granting of entrusted loan represents an entrusted loan granted to an associate of the Group.
- (xx) Repayment of entrusted loan represents an entrusted loan repaid by an associate of the Group.
- (xxi) Receipt of deposits by Shenhua Finance represents net deposits received by Shenhua Finance from Shenhua Group and fellow subsidiaries.
- (xxii) Representing loans obtained by the Group from Shenhua Group.
- (xxiii) Representing repayment of loans from Shenhua Group.

Notes to the Condensed Consolidated Financial Statements (continued)

for the six months ended 30 June 2015

28. Related Party Transactions (continued)

(a) Transactions with Shenhua Group, an associate of Shenhua Group, fellow subsidiaries and associates of the Group (continued)

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.

The amounts due from/to Shenhua Group, an associate of Shenhua Group, fellow subsidiaries and associates of the Group are as follows:

	At 30 June 2015 RMB million	31 December 2014 RMB million
Accounts and bills receivable	2,955	2,955
Prepaid expenses and other current assets	9,023	10,565
Other non-current assets	8,271	8,023
Total amounts due from Shenhua Group, an associate of Shenhua Group, fellow subsidiaries and associates of the Group	20,249	21,543
Borrowings	874	2,174
Accounts payable	2,165	2,523
Accrued expenses and other payables	28,413	20,068
Total amounts due to Shenhua Group, an associate of Shenhua Group and fellow subsidiaries, and associates of the Group	31,452	24,765

(b) Compensation of key management personnel

The remuneration of Directors and other members of key management personnel during the period was as follows:

	Six months ended 30 June	
	2015 RMB million (Unaudited)	2014 RMB million (Unaudited)
Short-term employee benefits	3	5
Post-employment benefits	-	1
	3	6

The above remuneration is included in "personnel expenses" as disclosed in Note 8.

(c) Contributions to post-employment benefit plans

The Group participates in various defined contribution post-employment benefit plans organised by municipal and provincial governments for its employees. Further details of the Group's post-employment benefit plans are disclosed in Note 29.

Notes to the Condensed Consolidated Financial Statements (continued)

for the six months ended 30 June 2015

28. 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 entities controlled, jointly controlled or significantly influenced by the PRC government ("government-related-entities").

Other than those transactions with Shenhua Group, an associate of Shenhua 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 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 counter-parties regardless of whether the counterparty is government-related or not.

Having considered the potential impact of the Group's pricing strategy and approval process on the transaction with the government-related-entities, the Directors are of the opinion that the disclosure of the following information are required:

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

	Six months ended 30 June	
	2015	2014
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Coal revenue	29,809	41,786
Power revenue	32,298	35,581
Transportation costs	5,069	5,603
Interest income	291	231
Interest expenses	1,486	1,576

Notes to the Condensed Consolidated Financial Statements (continued)

for the six months ended 30 June 2015

28. Related Party Transactions (continued)

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

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

	At 30 June 2015 RMB million (Unaudited)	<i>At 31 December 2014 RMB million (Audited)</i>
Accounts and bills receivable	17,857	17,439
Prepaid expenses and other current assets	2,050	1,878
Cash and time deposits at banks	52,428	37,217
Restricted bank deposits	8,574	6,271
Borrowings	51,444	53,882
Accrued expenses and other payables	4,661	4,534

29. Employee Benefits Plan

As stipulated by the regulations of the PRC, the Group participates 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 20% of the salaries, bonuses and certain allowances of the employees. A member of the plan is entitled to a pension equal to a fixed proportion of the salary prevailing at the member's retirement date. 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 2015 were RMB1,315 million (six months ended 30 June 2014: RMB1,172 million).

30. 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 most senior executive management 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 produces coal from surface and underground mines, and the sale of coal to external customers and the power segment. The Group sells its coal under long-term coal supply contracts and at spot market. The long-term coal supply contracts typically allow the parties to make annual price adjustments.
- (2) Power operations – which uses coal, sourced from the coal segment and purchased from external suppliers, to generate electric power for sale to external power grid companies and to the coal segment. 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 tariff rate as agreed upon with the respective power grid companies which are generally lower than the tariff rates for planned power output.

Notes to the Condensed Consolidated Financial Statements (continued)

for the six months ended 30 June 2015

30. Segment and Other Information (continued)

- (3) Railway operations – which provides railway transportation services to the coal segment and external customers. The rates of freight charges billed to the coal segment and external customers are consistent and do not exceed the maximum amounts approved by the relevant government authorities.
- (4) Port operations – which provides loading, transportation and storage services to the coal 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 provides shipment transportation services to the power segment, the coal segment and external customers. The rates of freight charges billed to the power segment, the coal segment and external customers are consistent.
- (6) Coal chemical operations – which use coal from the coal segment to first produce methanol and further process into polyethylene and polypropylene, together with other by-products, for sale.

(a) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment based on profit before income tax ("reportable segment profit"). Segment profit represents the profit earned by each segment without allocation of head office and corporate items. Inter-segment sales are 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 most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2015 and 2014 is set out below.

	Six months ended 30 June													
	Coal		Power		Railway		Port		Shipping		Coal chemical		Segment total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
	million	million	million	million	million	million	million	million	million	million	million	million	million	million
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from external customers	48,862	85,888	33,417	36,855	1,659	1,566	82	152	320	769	2,967	3,430	87,307	128,660
Inter-segment revenue	13,308	17,678	163	219	11,679	13,467	1,687	1,906	690	976	2	-	27,529	34,246
Reportable segment revenue	62,170	103,566	33,580	37,074	13,338	15,033	1,769	2,058	1,010	1,745	2,969	3,430	114,836	162,906
Profit before income tax	7,032	15,936	9,349	9,400	5,365	7,567	349	627	(13)	282	421	853	22,503	34,665
Including:														
Interest expenses	618	357	757	344	142	100	237	737	52	9	136	125	1,942	1,672
Depreciation and amortisation	3,894	3,675	3,968	3,819	1,866	1,704	459	400	140	107	448	395	10,775	10,100
Share of results of associates	(4)	29	106	108	-	-	2	7	-	-	-	-	104	144

Notes to the Condensed Consolidated Financial Statements (continued)

for the six months ended 30 June 2015

30. Segment and Other Information (continued)

(b) Reconciliations of reportable segment revenue, profit before income tax and other items of profit or loss for the six months ended 30 June 2015 and 2014

	Six months ended 30 June									
	Share of results of associates		Depreciation and amortisation		Interest expenses		Profit before income tax		Revenue	
	2015 RMB million (Unaudited)	2014 RMB million (Unaudited)								
Reportable segment amounts	104	144	10,775	10,100	1,942	1,672	22,503	34,665	114,836	162,906
Elimination of inter-segment amounts	-	-	-	-	(1,360)	(1,124)	(318)	(148)	(27,529)	(34,246)
Unallocated head office and corporate items	25	(6)	86	46	1,237	1,241	(25)	2	476	537
Consolidated	129	138	10,861	10,146	1,819	1,789	22,160	34,519	87,783	129,197

(c) Other information

Certain other information of the Group's reportable segments for the six months ended 30 June 2015 and 2014 is set out below:

	Six months ended 30 June																	
	Coal		Power		Railway		Port		Shipping		Coal chemical		Unallocated items		Eliminations		Total	
	2015 RMB million (Unaudited)	2014 RMB million (Unaudited)																
Coal purchased	9,673	26,324	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,673	26,324
Cost of coal production	18,555	20,684	-	-	-	-	-	-	-	-	-	-	-	-	(946)	(5,685)	17,609	14,999
Cost of coal transportation	18,434	22,041	-	-	6,331	5,805	978	883	606	613	-	-	-	-	(21,523)	(22,424)	4,826	6,918
Power cost	-	-	21,860	25,573	-	-	-	-	-	-	-	-	-	-	(4,554)	(5,765)	17,306	19,808
Cost of coal chemical production	-	-	-	-	-	-	-	-	-	-	2,063	2,116	-	-	(208)	(214)	1,855	1,902
Others	5,917	16,540	389	354	1,084	994	53	89	318	839	256	246	105	88	-	-	8,122	19,150
Total cost of sales	52,579	85,589	22,249	25,927	7,415	6,799	1,031	972	924	1,452	2,319	2,362	105	88	(27,231)	(34,088)	59,391	89,101
Segment operating profit (note (i))	7,472	16,164	9,889	10,030	5,265	7,746	567	841	35	244	563	980	468	407	(709)	(572)	23,550	35,840
Additions to non-current assets (note (iii))	1,763	2,945	7,356	6,891	2,171	4,596	351	489	76	556	86	102	21	376	-	-	11,824	15,955

Notes to the Condensed Consolidated Financial Statements (continued)

for the six months ended 30 June 2015

30. Segment and Other Information (continued)

(c) Other information (continued)

	Coal		Power		Railway		Port		Shipping		Coal chemical		Unallocated items		Eliminations		Total		
	December		December		December		December		December		December		December		December		December		
	June 30	31	June 30	31	June 30	31	June 30	31	June 30	31	June 30	31	June 30	31	June 30	31	June 30	31	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
	million	million	million	million	million	million	million	million	million	million	million	million	million	million	million	million	million	million	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	
Total assets (note (iii))	250,474	245,545	212,714	199,611	124,625	122,033	22,352	21,974	8,871	8,247	13,277	13,529	343,193	343,018	(414,091)	(415,060)	561,415	538,897	
Total liabilities (note (iii))	(119,872)	(115,876)	(120,554)	(110,324)	(60,792)	(59,965)	(10,113)	(9,917)	(3,102)	(2,449)	(6,128)	(7,007)	(185,480)	(175,390)	307,445	303,630	(198,596)	(177,298)	

Notes:

- (i) Segment operating profit represents the revenue less cost of sales, selling, general and administrative expenses, and impairment losses on current and non-current assets, net.
- (ii) Non-current assets exclude financial instruments and deferred tax assets.
- (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.

Documents Available for Inspection

1. The interim report for the year 2015 signed by the Chairman
2. The financial statements signed and sealed by the Chairman, the Chief Financial Officer, and the General Manager of the Financial Department
3. The original copy of the review report sealed by the accounting firm and signed and sealed by the certified public accountants
4. The original copies of all documents and announcements of the Company publicly disclosed in the newspapers designated by the CSRC during the reporting period
5. The interim report for the year 2015 published on the Shanghai Stock Exchange and the Hong Kong Stock Exchange

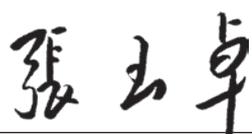
Zhang Yuzhuo, Chairman

Approved by the board of directors for submission on: 21 August 2015

Signing Page for Opinions

Pursuant to Article 68 of the Securities Law of the People's Republic of China and Article 11 of the Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No.3 – The Contents and Formats of Interim Report (Revised Edition 2014), having fully understood and reviewed the 2015 Interim Report of the Company, the board of directors and all directors are of the opinion that information disclosed in the 2015 Interim Report is true, accurate and complete. We hereby guarantee that the information stated in this report does not contain any false representation, misleading statement or material omission, and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the content thereof.

Signature of all directors of the Company:



(Zhang Yuzhuo)



(Ling Wen)



(Han Jianguo)



(Fan Hsu Lai Tai)



(Gong Huazhang)



(Guo Peizhang)



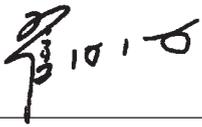
(Chen Hongsheng)

China Shenhua Energy Company Limited

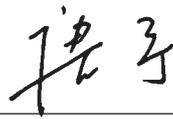
21 August 2015

Pursuant to Article 68 of the Securities Law of the People's Republic of China and Article 11 of the Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No.3 – The Contents and Formats of Interim Report (Revised Edition 2014), having fully understood and reviewed the 2015 Interim Report of the Company, the supervisory committee and all supervisors are of the opinion that information disclosed in the 2015 Interim Report is true, accurate and complete. We hereby guarantee that the information stated in this report does not contain any false representation, misleading statement or material omission, and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the content thereof.

Signature of all supervisors of the Company:



(Zhai Richeng)



(Tang Ning)



(Shen Lin)

China Shenhua Energy Company Limited

21 August 2015

Pursuant to Article 68 of the Securities Law of the People's Republic of China and Article 11 of the Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No.3 – The Contents and Formats of Interim Report (Revised Edition 2014), having fully understood and reviewed the 2015 Interim Report of the Company, the senior management members are of the opinion that information disclosed in the 2015 Interim Report is true, accurate and complete. We hereby guarantee that the information stated in this report does not contain any false representation, misleading statement or material omission, and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the content thereof.

Signature of senior management members of the Company:



(Han Jianguo)



(Li Dong)



(Wang Pingang)



(Wang Jinli)



(Huang Qing)



(Zhang Kehui)

China Shenhua Energy Company Limited

21 August 2015

Definitions

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

Definitions for commonly used terms

Shenhua Group Corporation	Shenhua Group Corporation Limited
Shenhua Group	Shenhua Group Corporation Limited and its controlling subsidiaries
China Shenhua/the Company	China Shenhua Energy Company Limited
The Group	The Company and its controlling subsidiaries
Subsidiaries and Branches	Controlling subsidiaries and branches of the Company
Shendong Coal Group Corporation	Shenhua Shendong Coal Group Co., Ltd.
Shendong Coal Group	Shenhua Shendong Coal Group Co., Ltd. and its subsidiaries
Shendong Coal Branch	Shendong Coal Branch of the Company
Guohua Power Branch	Guohua Power Branch of the Company
Guohua Power Company	Beijing Guohua Power Company Limited
Shenhua Guoneng Group	Shenhua Guoneng Group Co., Ltd.
Shendong Power Company	Shenhua Shendong Power Co., Ltd.
Coal Liquefaction and Chemical Company	China Shenhua Coal Liquefaction and Chemical Co., Ltd.
Zhunge'er Energy Company	Shenhua Zhunge'er Energy Co., Ltd.
Ha'erwusu Branch	Ha'erwusu Coal Branch of the Company
Zhunge'er Company	Shenhua Zhunge'er Co., Ltd.
Zhunchi Railway	Shenhua Zhunchi Railway Company Limited
Shuohuang Railway Company	Shuohuang Railway Development Co., Ltd.
Shenhua Trading Group	Shenhua Trading Group Limited
Shenshuo Railway Branch	Shenshuo Railway Branch of the Company
Huanghua Harbour Administration Company	Shenhua Huanghua Harbour Administration Co., Ltd.
Baoshen Railway Group	Shenhua Baoshen Railway Group Co., Ltd.
Baoshen Railway Company	Shenhua Baoshen Railway Co., Ltd.
Xinzhun Railway Company	Shenhua Xinzhun Railway Co., Ltd.
Baotou Coal Chemical Company	Shenhua Baotou Coal Chemical Co., Ltd.
Shenbao Energy Company	Shenhua Baorixile Energy Co., Ltd.

Rolling Stock Branch	Rolling Stock Branch of the Company
Beidian Shengli Energy	Shenhua Beidian Shengli Energy Co., Ltd.
Shengli Energy Branch	Shengli Energy Branch of the Company
Tianjin Coal Dock	Shenhua Tianjin Coal Dock Co., Ltd.
Zhuhai Coal Dock	Shenhua Yudean Zhuhai Port Coal Dock Co., Ltd.
Overseas Company	China Shenhua Overseas Development & Investment Co., Ltd.
Yu Shen Energy Company	Yulin Shenhua Energy Co., Ltd.
Xinjie Energy Company	Shenhua Xinjie Energy Co., Ltd.
Shipping Company	Shenhua Zhonghai Shipping Co., Ltd.
Ganquan Railway Company	Shenhua Ganquan Railway Co., Ltd.
Shenwan Energy Company	Shenwan Energy Company Limited
Fujian Energy Company	Shenhua Fujian Energy Co., Ltd.
Shenhua Sichuan Energy Company	Shenhua Sichuan Energy Company Limited
Logistics Group	Shenhua Logistics Group Corporation Limited
Shenhua Finance Company	Shenhua Finance Co., Ltd.
Shenhua HK Company	Shenhua Hong Kong Limited
Geological Exploration Company	Shenhua Geological Exploration Co., Ltd.
Information Company	Shenhua Hollysys Information Technology Co., Ltd.
Australia Pty	Shenhua Australia Holdings Pty Limited
Watermark	Shenhua Watermark Coal Pty Limited
Indonesia Company/EMM Indonesia	PT.GH EMM INDONESIA
Beijing Thermal	Shenhua Guohua International Power Company Limited Beijing Thermal Power Branch
Panshan Power	Tianjin Guohua Panshan Power Generation Co., Ltd.
Sanhe Power	Sanhe Power Co., Ltd.
Guohua Zhunge'er	Inner Mongolia Guohua Zhunge'er Power Generation Co., Ltd.
Zhunge'er Power	Power-generating division controlled and operated by Zhunge'er Energy Company
Zheneng Power	Zhejiang Guohua Zheneng Power Generation Co., Ltd.
Shenmu Power	CLP Guohua Shenmu Power Co., Ltd.
Taishan Power	Guangdong Guohua Yudean Taishan Power Co., Ltd.
Cangdong Power	Hebei Guohua Cangdong Power Co., Ltd.
Suizhong Power	Suizhong Power Co., Ltd.
Jinjie Energy	Shaanxi Guohua Jinjie Energy Co., Ltd.
Dingzhou Power	Hebei Guohua Dingzhou Power Generation Co., Ltd.
Guohua Hulunbeier Power	Inner Mongolia Guohua Hulunbeier Power Generation Co., Ltd.
Taicang Power	Guohua Taicang Power Generation Co., Ltd.

Mengjin Power	Shenhua Guohua Mengjin Power Generation Co., Ltd.
Yuyao Power	Zhejiang Guohua Yuyao Gas-fired Power Co., Ltd.
Jiujiang Power	Shenhua Guohua Jiujiang Power Co., Ltd.
Zhuhai Wind Energy	Zhuhai Guohua Huidafeng Wind Energy Development Co., Ltd.
Huizhou Thermal	Guohua Huizhou Thermal Power Branch of the Company
JORC	Australasian Code for Reporting of Mineral Resources and Ore Reserves which sets out the standards, recommendation and guidelines for public reporting in Australasia of exploration results, mineral resources and ore reserves, a widely accepted code worldwide for reserve reporting purpose
Shanghai Stock Exchange	Shanghai Stock Exchange
Hong Kong Stock Exchange or Stock Exchange	The Stock Exchange of Hong Kong Limited
Shanghai Listing Rules	Rules Governing the Listing of Stocks on Shanghai Stock Exchange
Hong Kong Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
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 Committee
Articles of Association	Articles of Association of China Shenhua Energy Company Limited
RMB	Renminbi, unless otherwise specified
EBITDA	[Net profit + finance expense + income tax expense + depreciation and amortisation – investment gain]. EBITDA is not yet an item acknowledged by the Accounting Standards for Business Enterprises and is for investors' reference only.
Total debt to total debt + total equity	[Long-term interest bearing debts + short-term interest bearing debts (including bills payable)]/[Long-term interest bearing debts + short-term interest bearing debts (including bills payable) + total shareholders' equity]
Shanghai-Hong Kong Stock Connect	A mutual access mechanism between Shanghai and Hong Kong stock markets under which Shanghai Stock Exchange and Hong Kong Stock Exchange allow investors from Shanghai and Hong Kong to trade eligible shares listed on the other's market through local securities firms (or brokers) and is comprised of Shanghai Stock Connect and Hong Kong Stock Connect.