中国神华
CHINA SHENHUA

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

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

(Stock Code: 01088)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

FINANCIAL HIGHLIGHTS

- Revenue of the Group in the first half of 2019 was RMB116,365 million, representing a decrease of RMB11,015 million or 8.6% over the same period of 2018.
- Profit for the period attributable to equity holders of the Company was RMB24,240 million, representing a decrease of RMB280 million or 1.1% over the same period of 2018.
- Earnings per share for the period was RMB1.219.
- EBITDA in the first half of 2019 was RMB47,622 million, representing a decrease of RMB4,659 million or 8.9% over the same period of 2018.

The Board of China Shenhua Energy Company Limited (the "Company") hereby presents the interim results of the Company and its subsidiaries (the "Group" or "China Shenhua") for the six months ended 30 June 2019 and reports our performance for the period.

I. INTERIM FINANCIAL INFORMATION

Financial information extracted from the unaudited condensed consolidated financial statements for the six months ended 30 June 2019 prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting":

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2019 – unaudited
(Expressed in Renminbi ("RMB"))

		Six months ended 30 June	
	Note	**2019**	2018
			(Note)
		RMB million	*RMB million*
Revenue			
Goods and services	4	**116,365**	127,380
Cost of sales	5	**(76,732)**	(82,642)
Gross profit		**39,633**	44,738
Selling expenses		**(328)**	(312)
General and administrative expenses		**(3,788)**	(4,274)
Research and development costs		**(128)**	(186)
Other gains and losses		**1,867**	(4)
Other income		**362**	247
Loss allowances		**232**	(9)
Other expenses		**(160)**	(187)
Interest income		**645**	476
Finance costs		**(1,594)**	(2,271)
Share of results of associates		**192**	274
Profit before income tax		**36,933**	38,492
Income tax expense	6	**(7,937)**	(8,605)
Profit for the period	7	**28,996**	29,887

	Six months ended 30 June	
	2019	2018
		(Note)
	RMB million	*RMB million*
Profit for the period	**28,996**	29,887
Other comprehensive income for the period		
Items that will not be reclassified to profit or loss, net of income tax:		
Remeasurement of defined benefit obligations	**37**	(24)
Fair value changes on investments in equity instruments at fair value through other comprehensive income	**–**	65
Share of other comprehensive income of associates	**2**	–
Items that may be reclassified subsequently to profit or loss, net of income tax:		
Exchange differences	**6**	(7)
Share of other comprehensive income of associates	**(19)**	9
Fair value changes on investments in debt instruments at fair value through other comprehensive income	**9**	–
Other comprehensive income for the period, net of income tax	**35**	43
Total comprehensive income for the period	**29,031**	29,930

	Note	Six months ended 30 June	
		2019	2018
			(Note)
		RMB million	*RMB million*
Profit for the period attributable to:			
Equity holders of the Company		**24,240**	24,520
Non-controlling interests		**4,756**	5,367
		28,996	29,887
Total comprehensive income for the period attributable to:			
Equity holders of the Company		**24,273**	24,551
Non-controlling interests		**4,758**	5,379
		29,031	29,930
Earnings per share			
Basic *(RMB)*	8	**1.219**	1.233

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 3.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2019 – unaudited
(Expressed in RMB)

	Note	**30 June 2019**	31 December 2018 *(Note)*
		RMB million	*RMB million*
Non-current assets			
Property, plant and equipment		**251,349**	257,349
Construction in progress		**39,968**	36,585
Exploration and evaluation assets		**951**	951
Intangible assets		**3,500**	3,623
Right-of-use assets	3(b)	**17,280**	––
Interests in associates	9	**39,734**	10,047
Equity instruments at fair value through other comprehensive income		**811**	811
Other non-current assets		**30,338**	29,456
Lease prepayments		**––**	16,425
Deferred tax assets		**3,233**	3,083
Total non-current assets		**387,164**	358,330
Current assets			
Inventories		**12,951**	9,967
Accounts and bills receivables	10	**13,379**	13,055
Prepaid expenses and other current assets		**25,282**	54,702
Restricted bank deposits		**6,483**	8,607
Time deposits with original maturity over three months		**1,762**	1,735
Cash and cash equivalents		**120,082**	61,863
Assets classified as held for sale		**–**	83,367
Total current assets		**179,939**	233,296

	Note	**30 June 2019**	31 December 2018
			(Note)
		RMB million	*RMB million*
Current liabilities			
Borrowings		**4,527**	5,772
Accounts and bills payables	11	**22,490**	26,884
Accrued expenses and other payables		**71,122**	52,737
Current portion of bonds		**3,433**	–
Current portion of lease liabilities		**163**	—
Current portion of long-term liabilities		**382**	457
Income tax payable		**3,074**	4,213
Contract liabilities		**5,661**	3,404
Liabilities associated with assets classified as held for sale		**–**	29,914
Total current liabilities		**110,852**	123,381
Net current assets		**69,087**	109,915
Total assets less current liabilities		**456,251**	468,245
Non-current liabilities			
Borrowings		**40,386**	46,765
Bonds		**3,407**	6,823
Long-term liabilities		**2,381**	2,092
Accrued reclamation obligations		**3,272**	3,191
Deferred tax liabilities		**537**	537
Lease liabilities		**715**	—
Total non-current liabilities		**50,698**	59,408
Net assets		**405,553**	408,837

	30 June 2019	31 December 2018 (Note)
	RMB million	*RMB million*
Equity		
Share capital	**19,890**	19,890
Reserves	**318,497**	311,803
Equity attributable to equity holders of the Company	**338,387**	331,693
Non-controlling interests	**67,166**	77,144
Total equity	**405,553**	408,837

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 3.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2019 – unaudited
(Expressed in RMB)

	Equity attributable to equity holders of the Company									
	Share capital *RMB million*	Share premium *RMB million*	Capital reserve *RMB million*	Exchange reserve *RMB million*	Statutory reserves *RMB million*	Other reserves *RMB million*	Retained earnings *RMB million*	Total *RMB million*	Non-controlling interests *RMB million*	Total equity *RMB million*
At 1 January 2019 *(Note)*	19,890	85,001	3,612	11	26,540	(14,867)	211,506	331,693	77,144	408,837
Profit for the period	–	–	–	–	–	–	24,240	24,240	4,756	28,996
Other comprehensive income for the period	–	–	–	6	–	27	–	33	2	35
Total comprehensive income for the period	–	–	–	6	–	27	24,240	24,273	4,758	29,031
Dividend declared *(Note 12)*	–	–	–	–	–	–	(17,503)	(17,503)	–	(17,503)
Appropriation of maintenance and production funds	–	–	–	–	2,052	–	(2,052)	–	–	–
Utilisation of maintenance and production funds	–	–	–	–	(1,725)	–	1,725	–	–	–
Contributions from non-controlling shareholders	–	–	–	–	–	–	–	–	340	340
Distributions to non-controlling shareholders	–	–	–	–	–	–	–	–	(218)	(218)
Disposal of subsidiaries	–	–	–	–	–	–	–	–	(14,885)	(14,885)
Others	–	–	–	–	–	–	(76)	(76)	27	(49)
At 30 June 2019	19,890	85,001	3,612	17	26,867	(14,840)	217,840	338,387	67,166	405,553

	Equity attributable to equity holders of the Company									
	Share capital *RMB million*	Share premium *RMB million*	Capital reserve *RMB million*	Exchange reserve *RMB million*	Statutory reserves *RMB million*	Other reserves *RMB million*	Retained earnings *RMB million*	Total *RMB million*	Non-controlling interests *RMB million*	Total equity *RMB million*
At 31 December 2017	19,890	85,001	3,612	(65)	24,493	(14,214)	186,824	305,541	73,564	379,105
Adjustment at the date of initial application of IFRS 9	–	–	–	–	–	(692)	692	–	–	–
At 1 January 2018	19,890	85,001	3,612	(65)	24,493	(14,906)	187,516	305,541	73,564	379,105
Profit for the period	–	–	–	–	–	–	24,520	24,520	5,367	29,887
Other comprehensive income for the period	–	–	–	(19)	–	50	–	31	12	43
Total comprehensive income for the period	–	–	–	(19)	–	50	24,520	24,551	5,379	29,930
Dividend declared *(Note 12)*	–	–	–	–	–	–	(18,100)	(18,100)	–	(18,100)
Appropriation of maintenance and production funds	–	–	–	–	2,692	–	(2,692)	–	–	–
Utilisation of maintenance and production funds	–	–	–	–	(952)	–	952	–	–	–
Contributions from non-controlling shareholders	–	–	–	–	–	–	–	–	80	80
Distributions to non-controlling shareholders	–	–	–	–	–	–	–	–	(386)	(386)
Others	–	–	–	–	–	22	–	22	–	22
At 30 June 2018	19,890	85,001	3,612	(84)	26,233	(14,834)	192,196	312,014	78,637	390,651

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 3.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2019 – unaudited
(Expressed in RMB)

	Six months ended 30 June	
	2019	2018
		(Note)
	RMB million	*RMB million*
Operating activities		
Profit before income tax	**36,933**	38,492
Adjustments for:		
Depreciation and amortisation	**9,932**	12,268
Other gains and losses	**(1,867)**	4
Loss allowances	**(232)**	9
Interest income	**(645)**	(476)
Share of results of associates	**(192)**	(274)
Interest expense	**1,522**	2,135
Exchange loss, net	**72**	136
Operating cash flows before movements in working capital	**45,523**	52,294
Increase in inventories	**(2,944)**	(3,278)
Decrease/(increase) in accounts and bills receivable	**778**	(390)
Decrease/(increase) in prepaid expenses and other receivables	**7,963**	(1,840)
Decrease in accounts and bills payable	**(2,991)**	(4,000)
(Decrease)/increase in accrued expenses and other payables	**(320)**	165
Increase in contract liabilities	**2,257**	–
Cash generated from operations	**50,266**	42,951
Income tax paid	**(9,223)**	(11,014)
Net cash generated from operating activities	**41,043**	31,937

	Six months ended 30 June	
	2019	2018
		(Note)
	RMB million	*RMB million*
Investing activities		
Acquisition of property, plant and equipment, intangible assets, exploration and evaluation assets, additions to the construction in progress and other non-current assets	**(7,611)**	(7,480)
Increase in lease prepayments	**(194)**	(40)
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets	**127**	309
Disposal of equity instruments at fair value through other comprehensive income	**–**	2
Proceeds from disposal of derivative financial instruments	**–**	106
Investments in associates	**(1,460)**	(39)
Cash and cash equivalent disposed of to establish Beijing GD Power Co., Ltd. (the "Beijing GD")	**(1,510)**	–
Repayments of net cash received from Shenhua Contributed Entities during the transition period	**(1,562)**	–
Dividend received from associates	**104**	51
Interest received	**1,026**	385
Decrease/(increase) in restricted bank deposits	**2,124**	(1,125)
Placing of time deposits with original maturity over three months	**(82)**	(971)
Maturity of time deposits with original maturity over three months	**55**	369
Disposal of financial assets	**25,986**	–
Collection of entrusted loans	**9,465**	–
Net cash generated from/(used in) from investing activities	**26,468**	(8,433)

	Six months ended 30 June	
	2019	2018
		(Note)
	RMB million	*RMB million*
Financing activities		
Capital element of lease rentals paid	**(75)**	–
Interest element of lease rentals paid	**(22)**	–
Interest paid	**(1,761)**	(2,380)
Proceeds from borrowings	**2,177**	13,438
Repayments of borrowings	**(9,869)**	(6,759)
Repayments of bonds	**–**	(3,208)
Contributions from non-controlling shareholders	**340**	80
Distributions to non-controlling shareholders	**(574)**	(2,798)
Proceeds from bills discounted	**470**	29
Net cash used in financing activities	**(9,314)**	(1,598)
Net increase in cash and cash equivalents	**58,197**	21,906
Cash and cash equivalents, at the beginning of the period	**61,863**	71,872
Effect of foreign exchange rate changes	**22**	(17)
Cash and cash equivalents, at the end of the period	**120,082**	93,761

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 3.

NOTES

For the six months ended 30 June 2019

1. PRINCIPAL ACTIVITIES

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

2. BASIS OF PREPARATION

This interim financial report have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (IAS) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (IASB). It was authorised for issue on 23 August 2019.

The interim financial report have been prepared in accordance with the same accounting policies adopted in the 2018 annual consolidated financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 annual consolidated financial statements. Details of any changes in accounting policies are set out in Note 3.

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

This interim financial report contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2018 annual consolidated financial statements. The consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRSs.

The financial information relating to the financial year ended 31 December 2018 that is included in the interim financial report as comparative information does not constitute the Group's annual consolidated financial statements for that financial year but is derived from those financial statements. The annual consolidated financial statements for the year ended 31 December 2018 are available from the Company's registered office. The auditor has expressed an unqualified opinion on those financial statements in the report dated 22 March 2019.

3. CHANGES IN ACCOUNTING POLICIES

The IASB has issued a new IFRS, IFRS 16, *Leases*, and a number of amendments to IFRSs that are first effective for the current accounting period of the Group.

Except for IFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial information. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

IFRS 16, Leases

IFRS 16 replaces IAS 17, *Leases*, and the related interpretations, IFRIC 4, *Determining whether an arrangement contains a lease*, SIC 15, *Operating leases – incentives*, and SIC 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from IAS 17 substantially unchanged.

The Group has initially applied IFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and there was no impact on the opening balance of equity at 1 January 2019 upon the initial application of IFRS 16. Comparative information has not been restated and continues to be reported under IAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) Changes in the accounting policies

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in IFRS 16 only to contracts that were entered into or changed on after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under IAS 17 continue to be accounted for as leases under IFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting

IFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by IAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under IAS 17, other than those short-term leases and leases of low-value assets. As far as the Group is concerned, these newly capitalised leases are mainly relating to plant, machinery and equipment.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) Transitional impact

At the date of transition to IFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 4.67%.

To ease the transition to IFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of IFRS 16:

(i) the Group elected not to apply the requirements of IFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of IFRS 16, i.e. where the lease term ends on or before 31 December 2019;

(ii) when measuring the lease liabilities at the date of initial application of IFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	1 January 2019 *RMB million*
Operating lease commitments at 31 December 2018	**3,792**
Less: commitments relating to leases exempt from capitalisation:	
– short-term leases and other leases with remaining lease term ending on or before 31 December 2019	**(129)**
– leases with variables payments that do not depend on an index or rate	**(2,600)**
	1,063
Less: total future interest expenses	**(136)**
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and total lease liabilities recognised at 1 January 2019	**927**

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 December 2018.

The Group presents right-of-use assets and lease liabilities separately in the consolidated statement of financial position.

The following table summarises the impacts of the adoption of IFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 December 2018	**Impact on initial application of IFRS 16**	**Carrying amount at 1 January 2019**
	RMB million	*RMB million*	*RMB million*
Line items in the consolidated statement of financial position impacted by the adoption of IFRS 16:			
Right-of-use assets	–	17,352	17,352
Lease prepayments	16,425	(16,425)	–
Lease liabilities(current)	–	162	162
Lease liabilities(non-current)	–	765	765

The analysis of the net book value of the Group's right-of-use assets by class of underlying asset at the end of the reporting period and at the date of transition to IFRS 16 is as follows:

	At 30 June 2019	At 1 January 2019
	RMB million	*RMB million*
Included in "right-of-use assets":		
Land use rights, carried at depreciated cost	**16,407**	16,425
Leased land and buildings	**59**	41
Leased plant, machinery and equipment	**812**	883
Leased other properties	**2**	3
	17,280	17,352

(c) Lease liabilities

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting period and at the date of transition to IFRS 16 are as follows:

	At 30 June 2019		At 1 January 2019	
	Present value of the minimum lease payments	**Total minimum lease payments**	Present value of the minimum lease payments	Total minimum lease payments
	RMB million	***RMB million***	*RMB million*	*RMB million*
Within 1 year	**163**	**212**	162	201
After 1 year but within 2 years	**163**	**184**	156	187
After 2 years but within 5 years	**387**	**427**	401	456
After 5 years	**165**	**171**	208	219
	715	**782**	765	862
	878	**994**	927	1,063
Less: total future interest expenses		**(116)**		(136)
Present value of lease liabilities		**878**		927

4. REVENUE FROM GOODS AND SERVICES

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

Segments	For the six months ended 30 June															
	Coal		Power		Railway		Port		Shipping		Coal chemical		Others		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	RMB million	*RMB million*	***RMB million***	*RMB million*	***RMB million***	*RMB million*	***RMB million***	*RMB million*	***RMB million***	*RMB million*	***RMB million***	*RMB million*	***RMB million***	*RMB million*	***RMB million***	*RMB million*
Types of goods or service																
Sales of goods																
Coal	**80,068**	77,490	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**80,068**	77,490
Power	**–**	–	**25,727**	40,114	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**25,727**	40,114
Coal chemical products	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**2,806**	2,775	**–**	–	**2,806**	2,775
Others	**1,928**	1,879	**451**	500	**–**	–	**–**	–	**–**	–	**278**	257	**–**	–	**2,657**	2,636
	81,996	79,369	**26,178**	40,614	**–**	–	**–**	–	**–**	–	**3,084**	3,032	**–**	–	**111,258**	123,015
Transportation and other services																
Railway	**–**	–	**–**	–	**2,844**	2,451	**–**	–	**–**	–	**–**	–	**–**	–	**2,844**	2,451
Port	**–**	–	**–**	–	**–**	–	**280**	311	**–**	–	**–**	–	**–**	–	**280**	311
Shipping	**–**	–	**–**	–	**–**	–	**–**	–	**835**	438	**–**	–	**–**	–	**835**	438
Others	**–**	–	**–**	–	**473**	351	**29**	55	**–**	–	**–**	–	**646**	759	**1,148**	1,165
	–	–	**–**	–	**3,317**	2,802	**309**	366	**835**	438	**–**	–	**646**	759	**5,107**	4,365
Total	**81,996**	79,369	**26,178**	40,614	**3,317**	2,802	**309**	366	**835**	438	**3,084**	3,032	**646**	759	**116,365**	127,380
Geographical markets																
Domestic markets	**80,895**	78,190	**25,825**	40,246	**3,317**	2,802	**309**	366	**835**	438	**3,084**	3,032	**646**	759	**114,911**	125,833
Overseas markets	**1,101**	1,179	**353**	368	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**1,454**	1,547
	81,996	79,369	**26,178**	40,614	**3,317**	2,802	**309**	366	**835**	438	**3,084**	3,032	**646**	759	**116,365**	127,380
Timing of revenue recognition																
A point in time	**81,996**	79,369	**26,178**	40,614	**3,317**	2,802	**309**	366	**835**	438	**3,084**	3,032	**–**	–	**115,719**	126,621
Over time	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**646**	759	**646**	759
Total	**81,996**	79,369	**26,178**	40,614	**3,317**	2,802	**309**	366	**835**	438	**3,084**	3,032	**646**	759	**116,365**	127,380

5 COST OF SALES

	Six months ended 30 June	
	2019	2018
	RMB million	*RMB million*
Coal purchased	**24,073**	27,863
Materials, fuel and power	**10,565**	10,701
Personnel expenses	**6,487**	6,593
Depreciation and amortisation	**8,733**	10,761
Repairs and maintenance	**4,842**	4,912
Transportation charges	**7,552**	7,453
Taxes and surcharges	**5,024**	4,940
Other operating costs	**9,456**	9,419
	76,732	82,642

6 INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	RMB million	*RMB million*
Current tax, mainly PRC enterprise income tax	**7,103**	7,362
Under provision in respect of prior year	**984**	1,110
Deferred tax	**(150)**	133
	7,937	8,605

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 2018: 25%) except for Group's overseas subsidiaries and branches as well as subsidiaries operating in the western developing region of the PRC which are entitled to a preferential tax rate of 15% from 2011 to 2020.

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

	Six months ended 30 June	
	2019	2018
	%	*%*
Australia	**30.0**	30.0
Indonesia	**25.0**	25.0
United States	**21.0**	21.0
Russia	**20.0**	20.0
Hong Kong	**8.25/16.5***	16.5

During the six months ended 30 June 2019 and 2018, there was no significant assessable profit and provision for income tax for the overseas subsidiaries.

* The two-tiered profits tax rates regime is applicable from the year of assessment 2018/19 onwards. The profits tax rate for the first Hong Kong Dollars ("HK$") 2,000,000 of profits of corporations will be lowered to 8.25%, and profits above that amount will continue to be subject to the tax rate of 16.5%.

7 PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2019	2018 *(Note)*
	RMB million	*RMB million*
Personnel expenses, including	**11,861**	12,406
– contributions to defined contribution plans	**1,572**	1,501
Depreciation of property, plant and equipment	**8,933**	11,358
Depreciation of right-of-use assets	**303**	–
Amortisation of intangible assets, included in cost of sales	**189**	196
Amortisation of lease prepayments, included in cost of sales	**–**	243
Amortisation of other non-current assets	**507**	471
Depreciation and amortisation	**9,932**	12,268
Loss allowances		
– loans receivable	**(173)**	29
– Trade receivable	**(59)**	(20)
	(232)	9
Other (gains) and losses, represent		
– (gains)/losses on disposal of property, plant and equipment, intangible assets and non-current assets	**(110)**	9
– gains on disposal of wealth management products	**(409)**	–
– gains on disposal of subsidiaries and interest in an associate	**(1,234)**	–
– losses on disposal of derivative financial instruments	**–**	6
– net gain arising on financial assets measured at FVTPL	**(110)**	(7)
– net gain arising on financial liabilities measured at FVTPL	**–**	(4)
– write down of inventories	**(4)**	–
	(1,867)	4
Carrying amount of inventories sold	**57,683**	64,241
Operating lease expenses in respect of properties and equipment	**106**	176
Exchange loss, net	**72**	136

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 3.

8 EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2019 was based on the profit attributable to ordinary equity holders of the Company of RMB24,240 million (six months ended 30 June 2018: RMB24,520 million) and the number of shares in issue during the six months ended 30 June 2019 of 19,890 million shares (six months ended 30 June 2018: 19,890 million shares).

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

9 INTERESTS IN ASSOCIATES

	30 June 2019	**31 December 2018**
	RMB million	*RMB million*
Unlisted shares, at cost	37,889	8,170
Share of post-acquisition profits and other comprehensive income, net of dividend received	1,845	1,877
	39,734	10,047

Name of associate	**Proportion of ownership interest and voting power held by the Group**		**Principal activities**
	30 June 2019	31 December 2018	
	%	*%*	
Mengxi – Huazhong Railway Co., Ltd. *(Note(i))*	**10**	10	Provision of transportation service
Shendong Tianlong Group Co., Ltd.	**20**	20	Coal production and sale
Sichuan Guang'an Power Co., Ltd.	**20**	20	Generation and sale of electricity
Guohua (Hebei) Renewables Co., Ltd.	**25**	25	Generation and sale of electricity
Tianjin Yuanhua Shipping Co., Ltd.	**44**	44	Provision of transportation service
Inner Mongolia Yili Chemical Industry Co., Ltd.	**25**	25	Production and sale of chemicals
Beijing GD *(Note(ii))*	**43**	–	Generation and sale of electricity

Notes:

(i) The Group is able to exercise significant influence over Mengxi – Huazhong Railway Co., Ltd. because it has the power to appoint one out of eleven directors of that company under the Articles of Association of that company.

(ii) Pursuant to the Agreement the Company and GD Power entered into on 1 March 2018, the Company proposed to contribute the Shenhua Contributed Entities into Beijing GD. On 31 January 2019, the transfer of Shenhua Contributed Entities to Beijing GD was completed, subsequent to which Shenhua Contributed Entities are no longer subsidiaries of the Group, and the Company recognises the 42.53% of equity interests in Beijing GD as investment in associates.

10 ACCOUNTS AND BILLS RECEIVABLES

	30 June 2019	31 December 2018
	RMB million	*RMB million*
Accounts receivable		
– China Energy Group and fellow subsidiaries	**3,324**	2,447
– Associates	**609**	218
– Third parties	**7,478**	6,951
	11,411	9,616
Less: allowance for credit losses	**(1,056)**	(1,128)
	10,355	8,488
Bills receivable		
– China Energy Group and fellow subsidiaries	**106**	120
– Associates	**4**	70
– Third parties	**2,914**	4,377
	3,024	4,567
	13,379	13,055

As at 30 June 2019 and 31 December 2018, accounts and bills receivables from contracts with customers amounted to RMB14,435 million and RMB14,183 million, respectively.

Bills receivable were mainly issued by PRC banks and are expiring within one year. As at 30 June 2019, bills receivable with carrying amount of RMB16 million (31 December 2018: RMB100 million) were pledged to secure bills payable.

The following is an analysis of accounts receivable by age, net of allowance for credit losses, presented based on the date of delivery of goods or services which approximated the revenue recognition date:

	30 June 2019 *RMB million*	31 December 2018 *RMB million*
Less than one year	**8,202**	5,772
One to two years	**819**	846
Two to three years	**773**	1,326
More than three years	**561**	544
	10,355	8,488

11 ACCOUNTS AND BILLS PAYABLES

	30 June 2019 *RMB million*	31 December 2018 *RMB million*
Accounts payable		
– China Energy Group, an associate of China Energy Group and fellow subsidiaries	**1,049**	1,912
– Associates	**336**	269
– Third parties	**20,214**	23,398
	21,599	25,579
Bills payable	**891**	1,305
	22,490	26,884

As at 30 June 2019, certain bills payable were secured by bills receivables held by the Group (see Note 10).

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

	30 June 2019	31 December 2018
	RMB million	*RMB million*
Less than one year	**13,812**	17,689
One to two years	**4,295**	5,367
Two to three years	**673**	881
More than three years	**3,710**	2,947
	22,490	26,884

12 DIVIDENDS

During the current interim period, a final dividend in respect of the year ended 31 December 2018 of RMB0.88 per ordinary share totaling RMB17,503 million (six months ended 30 June 2018: RMB0.91 per ordinary share totaling RMB18,100 million in respect of the year ended 31 December 2017) was approved at the annual general meeting held on 21 June 2019 and paid in full by August 2019.

The Directors have determined that no dividend will be paid in respect of the current interim period (six months ended 30 June 2018: Nil).

II. CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am delighted to present the interim report of China Shenhua for the first half of 2019 and the results during the period.

In the first half of 2019, led by the Thought on Socialism with Chinese Characteristics in a New Era proposed by Xi Jinping, the Chinese government adhered to the general tones of seeking improvement in stability, continued to intensify the supply-side structural reform, and further promoted reforms and opening-up policies, so as to maintain the stable development and steady advancement for the national economy with reasonable range of major macroeconomic indicators. The demand and supply in the national energy market was still generally loose and the national coal market was balanced in general with a year-on-year decrease recorded for thermal power generation.

Facing a complicated and challenging economic environment, especially with the relatively low demand in coal market and insufficient sources of coal and the integrated operation being below expectation, China Shenhua thoroughly carried out the principles proposed at the Central Economic Work Conference and adhered to new development concepts to implement the new strategies for energy safety, i.e. "four revolutions and one cooperation", intensified the supply-side structural reform, fought in the 100-day battle for production and operation, and guaranteed a stable supply of coal. In terms of major operating indicators, we accomplished more than half of the tasks by spending less than half of the time. The business operation maintained stable development and the Company further optimised its structure, improved its quality and efficiency, and achieved high-quality development. In the first half of 2019, the Company recorded profit for the period attributable to equity holders of the Company of RMB24,240 million and basic earnings per share of RMB1.219, representing a year-on-year decrease of 1.1%.

As at 30 June 2019, the total market capitalisation of China Shenhua reached USD56 billion.

IN THE FIRST HALF OF 2019: GAVE FULL PLAY TO ITS ADVANTAGE OF INTEGRATION TO MAINTAIN STABLE RESULTS

Adhering to and Integrating Political Leadership into Core Businesses

The Company adhered to the practices introduced by the Thought on Socialism with Chinese Characteristics for a New Era proposed by Xi Jinping as well as the spirit of the 19th CPC National Congress, strengthened political building with distinctive targets, and promoted the in-depth integration of party building and core businesses. The Company improved the quality and business capacity of employees through comprehensively launching the themed education of "remaining true to our original aspiration and keeping our mission firmly in mind", carrying out practical activities with a theme of "standardising daily manner, reinforcing improvement, practicing the original aspiration, and aiming for pioneer", and holding "locomotive pacesetter" labour competitions which encouraged employees to make achievements in their positions in the new era.

Giving Full Play to Synergies and Making Further Success

The Company continued to develop its core coal business, deepen industrial synergies, and give play to its advantage of integration, with major indicators of production and operation maintaining at a high level.

Regarding **coal segment**, affected by land acquisition and regional safety rectification, production was organized scientifically, which resulted in the relatively stable output of commercial coal. The output of commercial coal amounted to 145.4 million tonnes during the first half of the year, representing a year-on-year decrease of 0.3%. The Company made great efforts in developing coal resource organisation, optimised product structure and actively explored the market. In the first half of the year, the sales volume of coal amounted to 217.1 million tonnes, of which the sales volume of seaborne coal amounted to 129.5 million tonnes, maintaining at the same level as compared to the same period of last year.

Regarding **transportation segment**, the Company strengthened transportation connection and information sharing to improve transportation efficiency. In the first half of the year, the Company commenced operation of 526 long-route trains, with the operation of 1,000 long-route trains in total. The number of "quasi-liner shipping" vessels increased to 54 from 51 in 2018. In the first half of the year, the Company completed 142.9 billion tonne km of turnover volume of self-owned railway, representing a year-on-year increase of 3.1%; and 44.7 billion tonne nm of shipping volume, representing a year-on-year decrease of 0.9%. The transportation volume of non-coal railway amounted to 7.9 million tonnes, representing a year-on-year increase of 31.0%. The Company supported the construction of railway special lines for industrial and mining enterprises and within logistics park areas to connect with the railways of the Group, aiming to serve the local economy along the railways. The turnover of railway transportation services provided to external customers amounted to 15.9 billion tonne km, representing a year-on-year growth of 8.9%, which generated revenue of RMB3,317 million, representing a year-on-year increase of 18.4%.

Regarding **power segment**, the Company continued to improve the reliability management of equipment and strengthen its marketing measures to increase the volume of power generation. In the first half of the year, the gross power generation reached 79.90 billion kWh while the total power output dispatch reached 74.96 billion kWh. The average utilisation hours[1] of coal-fired generating units were 2,216 hours, surpassing the national average utilisation hours of coal-fired generating equipment by 89 hours. 28 generating units won the National Thermal Power Efficiency Competition (全國火電能效對標競賽), and three generating units won the Best Award of Coal Consumption for Power Supply.

Regarding **coal chemical segment**, the Company continued to strengthen production organisation and process management to improve product quality and reduce consumption in the system in an efficient manner. The Company had been implementing safe production for 3,202 consecutive days since the commencement of commercial operation to 30 June 2019. The sales volume of coal-to-olefins products reached 357.1 thousand tonnes in the first half of the year, representing a year-on-year increase of 7.6%.

1 The national average utilisation hours of coal-fired generating equipment in the first half of 2019 were 2,127 hours.

Paying Attention to Innovation and Focusing on High-quality Development

The Company put more efforts in technological innovation and strengthened the development of key technologies. The first pure water hydraulic support in the world was adopted in Jinjie Mine to solve the problem of environmental discharge of hydraulic oil in an innovative way. Shuohuang Railway was the first heavy haul railway in China to apply the moving block system technology. The "coal-fired power plant flue gas intelligent and environmental protection platform based on big data" was valuated by third parties as world-leading level and the "150,000 tonnes/year level whole-flow demonstration project of capture and storage of carbon dioxide" made breakthroughs in the research and development on core technologies such as the new type of low energy absorbent. In the first half of the year, the Company was granted 302 patents, including 81 invention patents.

The Company reinforced refined management and improved its capability to prevent and mitigate risks. The Company actively carried out the national policy of "tax cut and fee reduction", intensified centralised financial management and commenced capital operation with a safe approach. It also strived to promote the approval on coal mine projects and procedures for production lands, guaranteeing legal and compliant production and construction. With optimised structure adjustment, the replacement plan of production capacity of 10.90 million tonnes/year of three mines including open-pit mine in Shengli No.1 has been approved. The infrastructure, production and operation of overseas projects of the Company maintained steady.

Fulfilling Social Responsibility under Safe Development

By organising the activity named "year of implementation of safety and environmental protection responsibility", the Company improved its mechanism of safety and environmental protection responsibility. In the first half of the year, the fatality rate per million tonne of raw coal output was nil, maintaining its leading position in the industry. As the Company safeguarded the bottom line of ecological protection, focused on land reclamation and afforestation in open-pit coal mines, ensured the works on standardized discharge and legal disposal of pollutants, there was no issue that resulted in significant impact on ecological environmental protection. The Company insisted on adopting various ways to achieve targeted poverty alleviation with funds of RMB29.94 million for poverty alleviation, which allowed three poverty counties to cast off poverty.

IN THE SECOND HALF OF 2019: LAYING EQUAL EMPHASIS ON PRODUCTION AND OPERATION AND CORPORATE GOVERNANCE, MAKING NEW PROGRESS IN HIGH-QUALITY DEVELOPMENT

Macroeconomic development is currently exposed to new risks and challenges with increasing downward pressure on domestic economy. However, the Chinese government continues to uphold the underlying principle of pursuing progress while ensuring stability, give priority to supply-side structural reform, strive to implement new development concepts and facilitate high-quality development, advance the process of reform and opening-up, and properly carry out various tasks including stabilising growth, promoting reform, adjusting structure, improving people's livelihood, preventing risks and maintaining stability, which will support the stable demand of energy including coal and power.

In the second half of the year, being exposed to the challenges along with uncertainties including increasingly stringent safety and environmental inspection and progress in land acquisition for open-pit coal mines, China Shenhua will give priority to properly carry out coal production, further optimise the organisation of integrated operation, practically implement refined management, in an effort to play a leading and demonstration role in building a world-class energy enterprise. Priorities will be given to the followings:

Adhering to and Strengthening Party Building

We will thoroughly learn and implement the Thought on Socialism with Chinese Characteristics for a New Era proposed by Xi Jinping, make solid progress in the themed education of "remaining true to our original aspiration and keeping our mission firmly in mind", and strengthen the establishment of "three basics", namely, basic organisation, basic team and basic system of the Party; we will launch celebration activities for "the 70th anniversary of the founding of the People's Republic of China", and further carry out the action of making contributions on the position by promoting "formation of socialism by construction"; we will properly implement various measures to comprehensively strengthen Party self-discipline, improve the effect of corporate governance and build a harmonious enterprise.

Keeping Improving the Quality of Corporate Development

By adhering to the principles of taking root in the real economy, giving prominence to main businesses, refining specialty, and increasing synergy, we will facilitate the enhancement in quality and efficiency of the industry chain, and improve the core competitiveness of the Company. Aiming at developing into a global industry leader, we will accelerate the construction of intelligent and green mines, implement smart production, properly carry out work on the continuity of resources and land acquisition for open-pit coal mines, and stabilise coal supply. We will optimise network layout, expand development space, and improve concentrated transportation capacity of railways and dispersed transportation capacity of ports. We will further develop external transportation market, and build a safe, smart, efficient and green modern transportation hub. We will reinforce marketing planning for the power segment, optimise increment, refine inventory, reduce overcapacity, and build the "Green Power Plant" brand. We will further improve the value chain of coal chemical industry and materialise differentiated, refined and high-end development, in order to ensure safe, stable, long-term and optimised operation at full capacity and improve comprehensive benefits.

Maintaining Production Safety and Sound Operation

We will adhere to the production safety policy of "safety first, prevention-oriented and comprehensive treatment" and the ecological civilisation construction policy of "prioritising conservation and protection and focusing on natural restoration", and maintain the bottom line of preventing material risks. We will properly encourage key enterprises to control pollution and reduce emissions, in order to complete the standardized discharge and treatment of over 20 tonnes of coal-fired boilers by 2019. We will consolidate the control over the security of funds. We will strive to control the increase in the unit production cost of self-produced coal, and reduce controllable costs of power generation and transportation business. We will advance the process of the construction of major projects including Huangda Railway, expansion renovation of 300 million tonnes capacity of Shenshuo Railway, and 70,000-tonne two-way channel of Huanghua Port, actively participate in the construction of the "Belt and Road" and maintain sustainable development.

Making Efforts to Improve Independent Innovation Capability

Based on the present situation and focusing on main businesses, we will refine and specialise in technology innovation. We will establish and improve a collaborative system for scientific research highlighting openness, sharing and cooperation, an achievement transformation system highly integrating production, learning, scientific research and practical application, and a scientific research team system for talent introduction, cultivation and incentive, in order to create new growth drivers and new advantages for future competition. We will actively promote the R&D on major technologies including domestic high-end equipment including 300-tonne mining dump truck, transmodality technology and equipment assembly and lead the intelligent upgrading of energy industry.

In the second half of 2019, China Shenhua will effectively answer the great call of "formation of socialism by construction" put forward by Xi Jinping, further implement new strategies for energy security, and prepare for the development strategies under the "14th Five-year Plan" in advance, facilitate the safe, efficient and sustainable development of all businesses of the Company, and develop the quality of establishing a world-class enterprise, in order to create greater values for investors!

III. DISCUSSION AND ANALYSIS ON OPERATION RESULTS

In the first half of the year, the Group actively responded to market changes by putting adequate resources in marketing externally and strengthening synergic organisation internally with refined management and focused efforts in quality improvement and remained stable growth in results.

The Group recorded a revenue of RMB116,365 million in the first half of 2019 (the first half of 2018: RMB127,380 million), achieving 52.6% of the business target for 2019, representing a year-on-year decrease of 8.6%; a profit for the period of RMB28,996 million (the first half of 2018: RMB29,887 million), representing a year-on-year decrease of 3.0%; a profit for the period attributable to equity holders of the Company of RMB24,240 million (the first half of 2018: RMB24,520 million); and basic earnings per share of RMB1.219/share (the first half of 2018: RMB1.233/share), representing a year-on-year decrease of 1.1%.

Major financial indicators of the Group for the first half of 2019 are as follows:

	Unit	**The first half of 2019**	The first half of 2018	Change
Return on total assets as at the end of the period	%	**5.1**	5.0	Increased by 0.1 percentage point
Return on net assets as at the end of the period	%	**7.2**	7.9	Decreased by 0.7 percentage point
EBITDA	RMB million	**47,622**	52,281	Decreased by 8.9%

	Unit	**As at 30 June 2019**	As at 31 December 2018	Change
Equity of shareholders per share	RMB/ share	**17.01**	16.68	Increased by 2.0%
Asset liability ratio	%	**28.5**	30.9	Decreased by 2.4 percentage points
Total debt to total equity ratio	%	**11.5**	12.9	Decreased by 1.4 percentage points

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

IV. MAJOR OPERATION RESULTS DURING THE REPORTING PERIOD

(I) Analysis on principal business

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

As approved at the first extraordinary general meeting of 2018, a joint venture company (the "Joint Venture Company") was established with the equities and assets (the "Subject Assets") of the relevant coal-fired power generation companies separately contributed by the Company and GD Power. The transaction was completed on 31 January 2019.

Since the Completion Date, the assets and liabilities of the power plants in relation to the Subject Assets contributed by the Company and profit or loss subsequent to 31 January 2019 are no longer consolidated to the consolidated financial statement of the Company. The Company increased the long-term equity investment in its Joint Venture Company and conducted subsequent measurement under the equity method. At the end of each accounting period, the Company's share of the operating results of the Joint Venture Company recognised in proportion to its shareholding was recorded in the share of results of associates for the current period.

Unit: RMB million

Item	**The first half of 2019**	The first half of 2018	Change *(%)*
Revenue	**116,365**	127,380	(8.6)
Cost of sales	**(76,732)**	(82,642)	(7.2)
General and administrative expenses	**(3,788)**	(4,274)	(11.4)
Other gains and losses	**1,867**	(4)	(46,775.0)
Other income	**362**	247	46.6
Loss allowances	**232**	(9)	(2,677.8)
Interest income	**645**	476	35.5
Finance costs	**(1,594)**	(2,271)	(29.8)
Share of results of associates	**192**	274	(29.9)
Income tax expense	**(7,937)**	(8,605)	(7.8)
Net cash generated from operating activities	**41,043**	31,937	28.5
Of which: Net cash generated from/(used in) operating activities of Shenhua Finance Company[Note]	**6,840**	(3,111)	(319.9)
Net cash generated from operating activities excluding the effect of Shenhua Finance Company	**34,203**	35,048	(2.4)
Net cash generated from / (used in) investing activities	**26,468**	(8,433)	(413.9)
Net cash used in financing activities	**(9,314)**	(1,598)	482.9

Note: Except for the provision of services to the Group internally, as Shenhua Finance Company provides financial services including deposits and loans for entities other than the Group, the item represents the cash flows of deposits and loans and interest, fees and commission generated from this business.

(1) Explanations on the reasons for the changes in revenue

The revenue of the Group in the first half of 2019 recorded a year-on-year decrease. The main reasons for such change are:

① The power output dispatch and revenue of the Subject Assets contributed by the Company in establishing the Joint Venture Company are no longer consolidated to the consolidated financial statement of the Company since 1 February 2019. In the first half of the year, the power output dispatch of the Group was 74.96 billion kWh (the first half of 2018: 125.38 billion kWh), representing a year-on-year decrease of 40.2%.

② Influenced by factors such as land acquisition and regional safety rectification and insufficient source of purchased coal, the Group recorded sales of coal to 217.1 million tonnes for the first half of the year (the first half of 2018: 225.3 million tonnes), representing a year-on-year decrease of 3.6%; the average sales price of coal was RMB420 per tonne (exclusive of tax) (the first half of 2018: RMB432 per tonne), representing a year-on-year decrease of 2.8%;

Major operating indicators	Unit	**The first half of 2019**	The first half of 2018	Change %
(I) Coal				
1. Commercial coal production	Million tonnes	**145.4**	145.8	(0.3)
2. Coal sales	Million tonnes	**217.1**	225.3	(3.6)
Of which: Self-produced coal	Million tonnes	**142.1**	145.5	(2.3)
Purchased coal	Million tonnes	**75.0**	79.8	(6.0)
(II) Transportation				
1. Turnover of self-owned railway	Billion tonne km	**142.9**	138.6	3.1
2. Seaborne coal	Million tonnes	**129.5**	129.5	0.0
Of which: Via Huanghua Port	Million tonnes	**91.7**	92.0	(0.3)
Via Shenhua Tianjin Coal Dock	Million tonnes	**21.1**	22.7	(7.0)
3. Shipping volume	Million tonnes	**54.8**	51.6	6.2
4. Shipment turnover	Billion tonne nautical miles	**44.7**	45.1	(0.9)

Major operating indicators	Unit	**The first half of 2019**	The first half of 2018	Change %
(III) Power generation				
1. Gross power generation	Billion kWh	**79.90**	133.59	(40.2)
2. Total power output dispatch	Billion kWh	**74.96**	125.38	(40.2)
(IV) Coal chemical				
1. Sales of polyethylene	Thousand tonnes	**186.5**	171.6	8.7
2. Sales of polypropylene	Thousand tonnes	**170.6**	160.3	6.4

Note: According to the comparative basis, the power generation and power output dispatch of the Group in the first half of 2018 were 78.89 billion kWh and 73.94 billion kWh, respectively.

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

Unit: RMB million

Breakdown of cost of sales	**Amount for the period**	**Percentage to cost of operation for the period %**	Amount for the same period of the previous year	Percentage to cost of operation for the same period of the previous year %	Change in amount for the period over that of the same period of the previous year %
Cost of coal purchased	**24,073**	**31.4**	27,863	33.7	(13.6)
Materials, fuel and power	**10,565**	**13.8**	10,701	13.0	(1.3)
Personnel expenses	**6,487**	**8.5**	6,593	8.0	(1.6)
Depreciation and amortisation	**8,733**	**11.4**	10,761	13.0	(18.8)
Repairs and maintenance	**4,842**	**6.3**	4,912	5.9	(1.4)
Transportation charges	**7,552**	**9.8**	7,453	9.0	1.3
Tax and surcharge	**5,024**	**6.5**	4,940	6.0	1.7
Other operating cost	**9,456**	**12.3**	9,419	11.4	0.4
Total cost of sales	**76,732**	**100.0**	82,642	100.0	(7.2)

The cost of sales of the Group in the first half of 2019 represented a year-on-year decrease, of which:

① The year-on-year decrease in the cost of coal purchased was mainly attributable to the decrease in sales volume of coal purchased and unit purchase cost;

② The year-on-year decrease in the depreciation and amortisation was mainly attributable to the decrease in the depreciation and amortisation cost of the power segment upon the completion of the Subject Assets of the Joint Venture Company, and some of the coal production equipment of the Group were fully depreciated but are still in safe use.

(3) *Other items of profit and loss statement*

① The year-on-year decrease in general and administrative expenses was mainly attributable to the personnel reduction, resulting in the decrease in labour cost.

② The year-on-year increase in other gains and losses was mainly because the Company recognised relevant investment income on the Completion Date of the Subject Assets of the Joint Venture Company, and recognised income upon redemption on maturity of wealth management products.

③ The year-on-year increase in other income was mainly attributable to the increase in government grants received for input tax credit since 1 April 2019, and the income from the disposal of fixed assets of Zhuhai wind power project that has been shut down.

④ The loss allowances of the Group in the first half of 2019 was mainly attributable to a significant decrease in the balances of loans granted by Shenhua Finance Company as at the end of the reporting period, reversing part of the allowance for doubtful debts.

⑤ The year-on-year increase in interest income was mainly attributable to the increase in interest income caused by the increase in average deposit balance.

⑥ The year-on-year decrease in finance costs was mainly attributable to the decrease in the interest expenses due to the decrease in new borrowings.

⑦ The decrease in share of results of associates was mainly attributable to the decrease in income from associates of the coal segment. The Company recognised its share of the operating results of the Joint Venture Company from 1 February to 30 June 2019 in proportion to its shareholding, which amounted to RMB176 million.

⑧ Representing a year-on-year decrease of 7.8% in the first half of 2019 and the average rate of income tax was 21.5% (the first half of 2018: 22.4%), representing a decrease of 0.9 percentage point, which was mainly attributable to the increase in percentage of profits for the reporting period in the railway segment entitled to higher preferential tax rates.

(4) Items of cash flow statement

The Group formulated capital management policies that aimed to achieve maximised interests for the shareholders and maintained a sound capital structure as well as reduced the costs of capital under the premise of safeguarding the operation on an on-going basis. In accordance with the policy of the Company, the capital was invested in infrastructure, mergers and acquisition and other projects.

① Net cash generated from operating activities: representing a year-on-year increase of 28.5% in the first half of 2019, of which, net cash generated from operating activities of Shenhua Finance Company was RMB6,840 million (the first half of 2018: RMB3,111 million used in operating activities), representing a year-on-year change of 319.9%, which was mainly attributable to the increase in loans and advances to customers recovered by Shenhua Finance Company during the reporting period. Excluding the effect of Shenhua Finance Company, net cash generated from operating activities of the Group represented a year-on-year decrease of 2.4%, which was mainly attributable to the decrease in cash flows due to decreased income.

② Net cash generated from (used in) investing activities: RMB26,468 million of net cash generated from investing activities in the first half of 2019 (the first half of 2018: RMB8,433 million used in investing activities), representing a year-on-year change of 413.9%, which was mainly attributable to recovery of certain bank wealth management products upon expiry.

③ Net cash used in financing activities: representing a year-on-year increase of 482.9% in the first half of 2019, which was mainly attributable to the significant decrease in new borrowings during the reporting period as compared to the same period of last year, and the increase in the amount of debt repayment compared to the same period of last year.

(5) Research and development expenditure

Expensed research and development expenditure in the period *(RMB million)*	128
Capitalised research and development expenditure in the period *(RMB million)*	55
Total research and development expenditure *(RMB million)*	183
Ratio of capitalised research and development expenditure *(%)*	30.1
Percentage of total research and development expenditure to revenue *(%)*	0.2
Number of research and development personnel in the Company *(number of person)*	2,815
The ratio of research and development personnel to the total number of persons in the Company *(%)*	3.8

Note: "Research and development expenditure" in the above table represents the sum of expensed research and development expenditure and capitalised research and development expenditure, which are not the items in the consolidated statement of profit or loss and other comprehensive income.

In the first half of 2019, the investment in research and development of the Group represented a year-on-year decrease of 56.0% (the first half of 2018: RMB416 million). In the first half of 2019, the Group's investment in research and development was mainly used for research on the application of heavy haul railways, comprehensive utilisation of pulverised fuel ash, key technologies for production safety of coal mines, and research and demonstration engineering of a set of 8.8-meter height fully-mechanised smart mining equipment.

2. Details on material changes in the composition of profit or source of profit of the Company business

The major changes in the composition of profit of the Group during the reporting period: the proportions of the profit from operations of the coal segment and power segment decreased while that of the transportation segment increased. Based on the profit from operations of all business segments before elimination on consolidation under the International Financial Reporting Standards the percentages of profits from operations of coal, transportation, power, and coal chemical segments of the Group changed from 58%, 27%, 14% and 1% in the first half of 2018, to 55%, 31%, 13% and 1% in the first half of 2019 respectively. The changes in the proportion of the profit from operations of each of business segments were mainly attributable to: (1) the decrease in the sales volume and sales price of coal; (2) the continuous growth of coal and non-coal transportation services provided by the railway segment to external customers of the Group; (3) power output dispatch of power generation segment decreased compared to the same period of the previous year, which was affected by the establishment of the Joint Venture Company.

(II) Explanation on the material changes in profit incurred from non-principal business

Other gains in the first half of 2019 were RMB1,867 million (losses in the first half of 2018 were RMB4 million). Other gains for the reporting period include: (1) the Company recognised relevant gains of RMB1,121 million on the Completion Date of the Subject Assets of the Joint Venture Company; and (2) the Group recognised gains of RMB409 million upon redemption on maturity of a portion of the wealth management products during the reporting period.

(III) Analysis on Assets and Liabilities

1. Assets and Liabilities

Unit: RMB million

Name of items	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 of the amount at the end of the period compared to the end of the previous period %	Main reasons for changes
Right-of-use assets	**17,280**	**3.0**	N/A	N/A	N/A	Lease right-of-use assets recognised due to application of new lease standard of the Group
Interests in associates	**39,734**	**7.0**	10,047	1.7	295.5	Investment in the Joint Venture Company recognised by the Company
Lease prepayments	**0**	**0.0**	16,425	2.8	(100.0)	Lease prepayments were reclassified to right-of-use assets due to application of new lease standard of the Group
Inventories	**12,951**	**2.3**	9,967	1.7	29.9	Increase of coal inventories, ancillary materials and spare parts

Unit: RMB million

Name of items	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 of the amount at the end of the period compared to the end of the previous period %	Main reasons for changes
Prepaid expenses and other current assets	**25,282**	**4.5**	54,702	9.2	(53.8)	Decrease of balance of loans and advances granted by Shenhua Finance Company
Restricted bank deposits	**6,483**	**1.1**	8,607	1.5	(24.7)	Decrease of deposit reserves of Shenhua Finance Company
Cash and cash equivalents	**120,082**	**21.2**	61,863	10.5	94.1	Maturity of part of the wealth management products and borrowings granted by Shenhua Finance Company
Held for sale assets	**0**	**0.0**	83,367	14.1	(100.0)	Completion of the Subject Assets of the Joint Venture Company
Short-term borrowings	**4,527**	**0.8**	5,772	1.0	(21.6)	Repayment of certain short-term borrowings upon expiry
Accounts and notes payable	**22,490**	**4.0**	26,884	4.5	(16.3)	Decrease of balances of payables for power and transportation businesses

Unit: RMB million

Name of items	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 of the amount at the end of the period compared to the end of the previous period	Main reasons for changes
		%		%	%	
Accrued expenses and other payables	**71,122**	**12.5**	52,737	8.9	34.9	As at the end of the reporting period, final dividends of 2018 have not been distributed
Bonds due within 1 year	**3,433**	**0.6**	0	0.0	N/A	Maturity of some USD bonds will be due within 1 year
Income tax payable	**3,074**	**0.5**	4,213	0.7	(27.0)	Settlement of income tax as at the end of the reporting period
Contract liabilities	**5,661**	**1.0**	3,404	0.6	66.3	Increase of prepayment for coal business
Liabilities associated with held for sale assets	**0**	**0.0**	29,914	5.1	(100.0)	Completion of liabilities associated with the Subject Assets of the Joint Venture Company
Long-term borrowings	**40,386**	**7.1**	46,765	7.9	(13.6)	Repayment of certain long-term borrowings upon expiry
Bonds	**3,407**	**0.6**	6,823	1.2	(50.1)	USD bonds due within 1 year reclassified to current liability due within 1 year

Unit: RMB million

Name of items	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 of the amount at the end of the period compared to the end of the previous period %	Main reasons for changes
Lease liability	**715**	**0.1**	N/A	N/A	N/A	Lease liability recognised due to application of new lease standard of the Group
Non-controlling interests	**67,166**	**11.8**	77,144	13.0	(12.9)	Decrease of non-controlling interests of the power segment

2. *Restrictions on main assets as at the end of the reporting period*

The Group is free from seizure and detention of main assets. As at the end of the reporting period, restricted asset balance of the Group was RMB8,368 million. (1) Monetary funds was RMB6,483 million, mainly comprising statutory deposit reserve deposited in the People's Bank of China by Shenhua Finance Company of RMB4,785 million; (2) other restricted assets mainly consisted of bills payable, fixed assets and intangible assets of mortgage guarantee for issuing bills payable and receiving bank loans.

(IV) Operation results by business segment

1. Coal segment

(1) Production and operations

The majority of the coal products produced and sold by the Group were thermal coal. In the first half of 2019, the Group made efforts to overcome the effect of land acquisition and regional safety rectification and optimised production arrangements. As a result, its commercial coal output achieved 145.4 million tonnes (the first half of 2018: 145.8 million tonnes), achieving 50.1% of the business target for 2019, representing a year-on-year decrease of 0.3%. The total footage of advancing tunnels at underground mines was 211 thousand meters (the first half of 2018: 176 thousand meters), representing a year-on-year increase of 19.9%. Specifically, Shendong Mines recorded footage of advancing tunnels of 199 thousand meters. The set of surface with high roof support at Shendong Mines with a height of 8.8 meters has been safely and stably operated for 16 months, completing the steady production of the ultra-mining height surface. In the first half of this year, the Ha'erwusu Open-pit Mine realised the output of commercial coal of 6.6 million tonnes, representing a year-on-year increase of 3.8 million tonnes.

In the first half of 2019, the Group's coal 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 RMB11 million (the first half of 2018: RMB10 million), which was mainly attributable to the relevant expenses of Watermark Coal Project in Australia. The Company's relevant capital expenditure of mining development and exploration amounted to approximately RMB469 million (the first half of 2018: RMB741 million), which was mainly attributable to the expenditure related to payment of land premium, coal mining and purchase of fixed assets by Baorixile, Shendong, Shengli and other mines.

The Group has independently operated railway collection and distribution channels. These channels are centralised and distributed in the rim of self-owned core mines, and can transport coal in the core mines. Please see "Railway segment" in this section for details of operation of self-owned railways of the Group.

(2) Sales of coal

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

Thus, the sales volume of coal of the Group amounted to 217.1 million tonnes in the first half of the year (the first half of 2018: 225.3 million tonnes), achieving 50.8% of the business target for 2019, representing a year-on-year decrease of 3.6%, among which the domestic sales volume of coal amounted to 214.5 million tonnes (the first half of 2018: 222.5 million tonnes), representing a year-on-year decrease of 3.6%; the sales volume of seaborne coal amounted to 129.5 million tonnes (the first half of 2018: 129.5 million tonnes), remaining the same as to that of the previous year; the sales volume of purchased coal amounted to 75.0 million tonnes (the first half of 2018: 79.8 million tonnes), representing a year-on-year decrease of 6.0%, accounting for 34.5% of the total sales volume of coal (the first half of 2018: 35.4%).

The Company adopted unified pricing policies in the sales of coal, which led to an average sales price of coal amounting to RMB420 per tonne (exclusive of tax) (the first half of 2018: RMB432 per tonne), representing a year-on-year decrease of 2.8%.

The Company continued to execute the three-year (2019–2021) long-term contracts, laying a good foundation for the Company to improve medium and long-term production and investment planning.

In the first half of 2019, the sales volume of the Group to the top five domestic customers of coal was 74.1 million tonnes, which accounted for 34.5% of the domestic sales volume. In particular, the sales volume to China Energy Group, the largest customer, was 60.8 million tonnes, which accounted for 28.3% of the domestic sales volume. The top five domestic customers of coal were primarily power and coal trading companies.

① By contract pricing mechanisms

The first half of 2019	**Sales volume**	**Proportion of total sales**	**Price (exclusive of tax)**
	Million tonnes	*%*	*RMB/tonne*
I. Annual long-term contracts	108.2	49.8	368
II. Monthly long-term contracts	84.9	39.1	485
III. Spot commodity	24.0	11.1	424
Total sales volume/average price (exclusive of tax)	217.1	100.0	420

Note: Sales prices of coal of the Group in this report are all exclusive of tax.

② By internal and external customers

	The first half of 2019			The first half of 2018			Change in price (exclusive of tax)
	Sales volume	**Proportion of total sales**	**Price (exclusive of tax)**	Sales volume	Proportion of total sales	Price (exclusive of tax)	
	Million tonnes	**%**	**RMB/ tonne**	*Million tonnes*	*%*	*RMB/ tonne*	*%*
Sales to external customers	**188.0**	**86.6**	**427**	178.1	79.1	443	(3.6)
Sales to internal power segment	**26.7**	**12.3**	**377**	45.1	20.0	392	(3.8)
Sales to internal coal chemical segment	**2.4**	**1.1**	**361**	2.1	0.9	357	1.1
Total sales volume/average price	**217.1**	**100.0**	**420**	225.3	100.0	432	(2.8)

Note: In January 2019, the transaction of establishing the Joint Venture Company was completed. Customers of power plant involved in the contributed asset of the Company have changed to external customers from internal customer, resulting in the increase in the percentage of sales to external customers and the decrease in the percentage of sales to internal power segment during the reporting period.

③ By sales regions

	The first half of 2019			The first half of 2018			Change	
	Sales volume	**Proportion of total sales**	**Price (exclusive of tax)**	Sales volume	Proportion of total sales	Price (exclusive of tax)	Sales volume	Price (exclusive of tax)
	Million tonnes	*%*	*RMB/ tonne*	*Million tonnes*	*%*	*RMB/ tonne*	*%*	*%*
I. Domestic sales	**214.5**	**98.8**	**419**	222.5	98.8	431	(3.6)	(2.8)
(I) Self-produced coal and purchased coal	**210.0**	**96.7**	**420**	210.4	93.4	431	(0.2)	(2.6)
1. Direct arrival	**81.5**	**37.5**	**321**	81.9	36.4	315	(0.5)	1.9
2. Seaborne	**128.5**	**59.2**	**483**	128.5	57.0	505	0.0	(4.4)
(II) Sales of domestic trading coal	**3.5**	**1.6**	**320**	11.3	5.0	444	(69.0)	(27.9)
(III) Sales of imported coal	**1.0**	**0.5**	**451**	0.8	0.4	404	25.0	11.6
II. Export sales	**1.0**	**0.5**	**631**	1.0	0.4	485	0.0	30.1
III. Overseas coal sales	**1.6**	**0.7**	**462**	1.8	0.8	519	(11.1)	(11.0)
Total sales volume/average price (exclusive of tax)	**217.1**	**100.0**	**420**	225.3	100.0	432	(3.6)	(2.8)

(3) Production safety

In the first half of 2019, the Group improved safety management, strengthened responsibility performance and regulatory assessment, promoted the deeply integration of safety risk pre-control system and standardised production safety, conducted specialised safety inspection with a focus on key potential issues, carried out major disaster prevention, strengthened the reconstruction of the working environment to meet the standards and constantly reinforced our emergency response and rescue ability. The Group also organised the Safe Production Month activities with a theme of "Preventing Risks, Eliminating Hazards and Containing Accidents", strengthening the process control of external construction contracting team. There was no major or more serious safety accident occurred. In the first half of the year, the fatality rate per million tonne of raw coal production mines of the Group was zero, enabling the Company to maintain its internationally leading position.

(4) Environmental protection

In the first half of 2019, the Group continued to push forward clean coal mining and strengthened the environmental protection control in the whole process of production to mitigate the impact of coal production on the environment to the largest extent. We implemented relevant laws and regulations, focused on the treatment and construction, as well as the equipment operation maintenance and management of mine water and domestic sewage, promoted standardising of coal-fired boilers discharge and enclosed coal yard engineering, strengthened the comprehensive utilisation of coal gangue, and continued to promote green mine construction projects. There was no major or more serious environmental safety incident occurred in the first half of the year.

As of 30 June 2019, balance of the "accrued reclamation obligations" of the Group amounted to RMB3.283 billion, serving as strong financial guarantee for ecological construction.

(5) Coal resources

As at 30 June 2019, under the PRC Standard, the Group had coal resources amounting to 30.13 billion tonnes, representing a decrease of 170 million tonnes as compared with that of the end of 2018; and recoverable coal reserve amounting to 14.78 billion tonnes, representing a decrease of 170 million tonnes as compared with that of the end of 2018. The Group's marketable coal reserve amounted to 8.12 billion tonnes under the JORC Standard, representing a decrease of 140 million tonnes as compared with that of the end of 2018.

Unit:'00 million tonnes

Mines	**Coal resources (under the PRC Standard)**	**Recoverable coal reserve (under the PRC Standard)**	**Marketable coal reserve (under the JORC Standard)**
Shendong Mines	159.0	91.1	46.8
Zhunge'er Mines	38.8	31.0	20.4
Shengli Mines	20.2	13.7	2.1
Baorixile Mines	13.8	11.7	11.9
Baotou Mines	0.5	0.3	0.0
Xinjie Mines (under exploration rights permit to Taigemiao North Area)	64.2	–	–
Watermark Mines (under exploration rights permit)	4.8	–	–
Total	301.3	147.8	81.2

Note: As at 30 June 2019, the marketable coal reserve at Baotou Mines are 3.248 million tonnes under the JORC Standard.

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

Mines	**Major types of coal**	**Calorific value of major commercial coal products** *kcal/kg*	**Sulphur content** *average, %*	**Ash content** *average, %*
Shendong Mines	Long flame coal/noncaking coal	Approximately 5,480	0.2–0.9	5–25
Zhunge'er Mines	Long flame coal	Approximately 4,720	0.4–0.7	16–26
Shengli Mines	Lognite	Approximately 2,970	0.5–0.8	20–25
Baorixile Mines	Lognite	Approximately 3,660	0.2–0.3	12–16
Baotou Mines	Long flame coal/noncaking coal	Approximately 4,230	0.4–0.8	10–20

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 mine and those of the commercial coal products sold by the Company due to geological conditions and production process.

(6) Operation results

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

		The first half of 2019	The first half of 2018	Change %	Main reasons for changes
Revenue	RMB million	**93,638**	99,979	(6.3)	Decrease in sales volume and price of coal
Cost of sales	RMB million	**72,205**	74,624	(3.2)	Decrease in purchased coal volume and price
Gross profit margin	%	**22.9**	25.4	Decreased by 2.5 percentage points	
Profit from operations	RMB million	**19,211**	23,250	(17.4)	Decrease in revenue and increase in unit production cost of self-produced coal and increase in general and administrative expenses of coal segment
Profit margin from operations	%	**20.5**	23.3	Decreased by 2.8 percentage points	

② The gross profit of the coal of the Group before elimination on consolidation

	The first half of 2019				The first half of 2018			
	Revenue	**Costs**	**Gross profit**	**Gross profit margin**	Revenue	Costs	Gross profit	Gross profit margin
	RMB million	*RMB million*	*RMB million*	*%*	*RMB million*	*RMB million*	*RMB million*	*%*
Domestic	**89,812**	**65,728**	**24,084**	**26.8**	95,964	67,906	28,058	29.2
Export and overseas	**1,341**	**1,044**	**297**	**22.1**	1,405	1,200	205	14.6
Total	**91,153**	**66,772**	**24,381**	**26.7**	97,369	69,106	28,263	29.0

③ Unit production cost of self-produced coal

Unit: RMB/tonne

	The first half of 2019	The first half of 2018	Change %	Main reasons for changes
Materials, fuel and power	**25.0**	22.0	13.6	Enhancing earthwork stripping in open-pit mines such as Ha'erwusu open-pit mine, and increase in electricity price in coal mines production in Inner Mongolia
Personnel expenses	**22.4**	19.8	13.1	Wages rise in part of production units
Repairs and maintenance	**8.5**	7.8	9.0	Collective repair and maintenance of production equipment in open-pit mines
Depreciation and amortisation	**18.4**	20.1	(8.5)	Sufficient provision for depreciation of part of production equipment
Other costs	**46.0**	40.3	14.1	Year-on-year increase in external stripping fee, production safety investment and land requisition compensation
Unit production cost of self-produced coal	**120.3**	110.0	9.4	

Other costs consist of the following three components: (1) expenses directly related to production, including expenses for coal washing, selecting and processing expenses, and mining engineering expenses, etc., accounting for 56%; (2) auxiliary production expenses, accounting for 24%; (3) land requisition and surface subsidence compensation, environmental protection expenses, tax, etc., accounting for 20%.

④ Cost of coal purchased from third parties

The coal purchased from third parties by the Company 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 2019, cost of coal purchased from third parties was RMB24,073 million (the first half of 2018: RMB27,863 million), representing a year-on-year decrease of 13.6%, which was mainly due to a year-on-year decrease in the sales volume of purchased coal and unit purchase cost of the Group.

2. Power segment

(1) Production and operations

In the first half of 2019, the Group took advantage of the technology upgrade and refined management as objectives to operate stock assets, strengthen marketing and equipment reliability and proactively involve itself in power marketing trades. Power generation in the first half of this year amounted to 79.90 billion kWh (the first half of 2018: 133.59 billion kWh), representing a year-on-year decrease of 40.2%; and total power output dispatch of 74.96 billion kWh (the first half of 2018: 125.38 billion kWh), achieving 52.4% of the business target for 2019, representing a year-on-year decrease of 40.2%.

(2) Power output dispatch and power tariffs

Power type/ Location	Gross power generation (billion kWh)			Total power output dispatch (billion kWh)			Power tariff (RMB/mWh)		
	The first half of 2019	The first half of 2018	Change %	**The first half of 2019**	The first half of 2018	Change %	**The first half of 2019**	The first half of 2018	Change %
(I) Coal-fired power	**77.39**	**130.81**	**(40.8)**	**72.51**	**122.67**	**(40.9)**	**323**	**307**	**5.2**
Hebei	**13.71**	15.92	(13.9)	**12.90**	14.93	(13.6)	**317**	318	(0.3)
Shaanxi	**13.40**	12.57	6.6	**12.35**	11.49	7.5	**274**	265	3.4
Guangdong	**9.43**	14.46	(34.8)	**8.74**	13.62	(35.8)	**399**	348	14.7
Fujian	**6.26**	6.31	(0.8)	**5.99**	6.02	(0.5)	**347**	336	3.3
Inner Mongolia	**5.29**	10.72	(50.7)	**4.84**	9.65	(49.8)	**226**	219	3.2
Shandong	**4.67**	4.72	(1.1)	**4.45**	4.50	(1.1)	**344**	330	4.2
Jiangxi	**4.18**	0.21	1,890.5	**3.99**	0.20	1,895.0	**363**	317	14.5
Anhui	**2.96**	11.48	(74.2)	**2.83**	10.97	(74.2)	**307**	302	1.7
Chongqing	**2.89**	2.79	3.6	**2.76**	2.67	3.4	**354**	343	3.2
Henan	**2.40**	2.07	15.9	**2.26**	1.95	15.9	**306**	292	4.8
Sichuan	**2.27**	1.77	28.2	**2.07**	1.62	27.8	**375**	371	1.1
Zhejiang	**2.26**	15.13	(85.1)	**2.14**	14.37	(85.1)	**353**	352	0.3
Jiangsu	**2.24**	11.20	(80.0)	**2.15**	10.70	(79.9)	**307**	313	(1.9)
Liaoning	**1.31**	8.51	(84.6)	**1.23**	7.98	(84.6)	**307**	298	3.0
Ningxia	**1.13**	4.29	(73.7)	**1.06**	3.98	(73.4)	**224**	224	0.0
Guangxi	**0.92**	0.94	(2.1)	**0.87**	0.88	(1.1)	**349**	355	(1.7)
Indonesia (overseas)	**0.70**	0.79	(11.4)	**0.60**	0.69	(13.0)	**548**	532	3.0
Xinjiang	**0.66**	2.73	(75.8)	**0.61**	2.51	(75.7)	**197**	185	6.5
Tianjin	**0.55**	2.54	(78.3)	**0.52**	2.38	(78.2)	**326**	365	(10.7)
Shanxi	**0.16**	1.66	(90.4)	**0.15**	1.56	(90.4)	**260**	265	(1.9)
(II) Gas-fired power	**2.22**	**2.50**	**(11.2)**	**2.17**	**2.43**	**(10.7)**	**576**	**567**	**1.6**
Beijing	**1.97**	1.75	12.6	**1.93**	1.70	13.5	**568**	623	(8.8)
Zhejiang	**0.25**	0.75	(66.7)	**0.24**	0.73	(67.1)	**638**	438	45.7
(III) Hydropower	**0.29**	**0.28**	**3.6**	**0.28**	**0.28**	**0.0**	**251**	**243**	**3.3**
Sichuan	**0.29**	0.28	3.6	**0.28**	0.28	0.0	**251**	243	3.3
Total	**79.90**	**133.59**	**(40.2)**	**74.96**	**125.38**	**(40.2)**	**330**	**312**	**5.8**

(3) Installed capacity

At the end of the reporting period, the total installed capacity of power generation of the Group reached 31,029 MW. Among which, the total installed capacity of the coal-fired power generators is 29,954 MW, which was 96.5% of the total installed capacity of the Group.

Unit: MW

Power type	Gross installed capacity as at 31 December 2018	Installed capacity increased/ (decreased) during the reporting period	**Gross installed capacity as at 30 June 2019**
Coal-fired power	59,994	(30,040)	**29,954**
Gas-fired power	1,730	(780)	**950**
Hydropower	125	0	**125**
Total	61,849	(30,820)	**31,029**

In the first half of the year, the changes in the installed capacity of power generators of the Group is as follows, among which total capacity of 30,530 MW of No.1 to No.17 represent installation involved the equity and assets of the coal-fired companies to establish a Joint Venture Company by the Company and GD Power:

No.	Company/power plant	Location of power generators	Increase/ (decrease) in installed capacity (MW)
1	Shenhua Guohua International Power Company Limited	Tianjin, Hebei, Liaoning, Inner Mongolia	(7,470)
2	Inner Mongolia Guohua Hulunbei'er Power Generation Co., Ltd.	Inner Mongolia	(1,200)
3	Shangwan Thermal Power Plant of Shendong Power	Inner Mongolia	(300)
4	Salaqi Power Plant of Shendong Power	Inner Mongolia	(600)
5	Shenhua Guohua (Zhoushan) Power Generation Co., Ltd.	Zhejiang	(910)
6	Zhejiang Guohua Yuyao Gas-fired Power Co., Ltd.	Zhejiang	(780)
7	Zhejiang Guohua Zheneng Power Generation Co., Ltd.	Zhejiang	(4,520)
8	Jiangsu Guohua Chenjiagang Power Co., Ltd.	Jiangsu	(1,320)
9	Guohua Taicang Power Co., Ltd.	Jiangsu	(1,260)
10	Guohua Xuzhou Power Generation Co., Ltd.	Jiangsu	(2,000)
11	Shenhua Guohua Ningdong Power Generation Co., Ltd.	Ningxia	(1,320)
12	Ningxia Guohua Ningdong Power Generation Co., Ltd.	Ningxia	(660)
13	Baode Shendong Power Generation Co., Ltd.	Shanxi	(270)
14	Shenhua Shendong Power Shanxi Hequ Power Generation Co., Ltd.	Shanxi	(700)
15	Xinjiang Midong Thermal Power Plant of Shenhua Shendong Power Co., Ltd.	Xinjiang	(600)

No.	Company/power plant	Location of power generators	Increase/ (decrease) in installed capacity (MW)
16	Shenhua Shendong Power Xinjiang Zhundong Wucaiwan Power Generation Co., Ltd.	Xinjiang	(700)
17	Shenwan Energy Company Limited	Auhui	(5,920)
18	Gangue Power Plant of Shenhua Zhunge'er Energy Co., Ltd.	Inner Mongolia	(300)
19	Fujian Jinjiang Thermal Power Co., Ltd.	Fujian	10
Total			**(30,820)**

(4) *Utilisation rate of power generation equipment*

In the first half of 2019, average utilisation hours of coal-fired generators of the Group reached 2,216 hours, representing a decrease of 148 hours as compared to 2,364 hours of the same period of last year, which was 89 hours higher than the average utilisation hours of 2,127 hours[1] for coal-fired generators nationwide. As at the end of the reporting period, the installed capacity of circulating fluidised bed generating units of the Group reached 3,354 MW, which was 11.2% of the installed capacity of the coal-fired generating units of the Group.

	Average utilisation hours *Hour*			Power consumption ratio of power plant *%*		
Power type	**The first half of 2019**	The first half of 2018	Change %	**The first half of 2019**	The first half of 2018	Change %
Coal-fired power	**2,216**	2,364	(6.3)	**5.62**	5.54	Increased by 0.08 percentage point
Gas-fired power	**2,059**	1,442	42.8	**1.65**	1.89	Decreased by 0.24 percentage point
Hydropower	**2,343**	2,257	3.8	**0.31**	0.34	Decreased by 0.03 percentage point
Weighted average	**2,212**	2,336	(5.3)	**5.49**	5.46	Increased by 0.03 percentage point

[1] Data source: China Electricity Council

(5) Environmental protection

As of the end of the reporting period, the ultra-low-emission renovation of conventional coal-fired generators has been completed. The percentage of installed capacity of ultra-low-emission coal-fired generators continued to maintain its leading position in the industry.

The average standard coal consumption for power sold of coal-fired power generators of the Group for the first half of the year was 309 g/kWh, representing an increase of 1 g/kWh as compared with 308 g/kWh of the same period last year.

(6) Market Transaction of Power

In the first half of 2019, the volume of power in market-based transactions of the Group was 20.51 billion kWh, representing 27.4% of the total volume of power.

(7) Operation results of the power sales business

The Group currently owns three power sales companies located in Shandong, Jiangsu and Guangdong, respectively, which are principally engaged in agent procurement of power demanded by customers and the provision of the incremental distribution grid business and comprehensive energy services. In the first half of 2019, the power output dispatch from non-self-owned power plants of the Group was approximately 5.8 billion kWh.

(8) Capitalised expenses

In the first half of 2019, the completed capital expenditure of the power segment of the Group was RMB2,660 million, primarily used in the construction of power generation projects including Guohua Indonesia Jawa-7 Coal Power Project (2×1,050MW), Phase I of Shengli Energy Branch (2×660MW), and Phase III of Jinjie Coal and Power Integration Project (2×660MW).

(9) Operation results

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

		The first half of 2019	The first half of 2018	Change %	Main reasons for changes
Revenue	RMB million	**26,221**	40,768	(35.7)	During the reporting period, the transaction of establishing the Joint Venture Company was completed and the relevant revenue and cost of contributed asset are not consolidated to the Group
Cost of sales	RMB million	**20,562**	33,970	(39.5)	
Gross profit margin	%	**21.6**	16.7	Increased by 4.9 percentage points	Increase in average power tariffs
Profit from operations	RMB million	**4,672**	5,393	(13.4)	
Profit margin from operations	%	**17.8**	13.2	Increased by 4.6 percentage points	

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

Unit: RMB million

	Revenue from sale of power			Cost of sale of power				
Power type	**The first half of 2019**	The first half of 2018	Change	**The first half of 2019**	**Percentage to total costs of power output dispatch of the first half of 2019**	The first half of 2018	Percentage to total costs of power output dispatch of the first half of 2018	Change in the first half of 2019 over the first half of 2018
			%		%		%	%
Coal-fired power	**24,439**	38,811	(37.0)	**18,860**	**93.7**	31,883	95.9	(40.8)
Gas-fired power	**1,249**	1,378	(9.4)	**1,222**	**6.1**	1,341	4.0	(8.9)
Hydropower	**72**	67	7.5	**36**	**0.2**	34	0.1	5.9
Wind power	**0**	0	/	**2**	**0.0**	3	0.0	(33.3)
Total	**25,760**	40,256	(36.0)	**20,120**	**100.0**	33,261	100.0	(39.5)

The Group's cost of sale of power mainly comprised such costs as raw materials, fuel and power, personnel expenses, repairs and maintenance, depreciation and amortisation and other cost. The unit cost of power output dispatch of the Group in the first half of 2019 was RMB268.4/mWh (the first half of 2018: RMB265.3/mWh), representing a year-on-year increase of 1.2%.

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

	The first half of 2019		The first half of 2018		Change in
	Costs	**Percentage**	Costs	Percentage	costs
	RMB million	*%*	*RMB million*	*%*	*%*
Raw material, fuel and power	**13,820**	**73.3**	23,858	74.8	(42.1)
Personnel expenses	**955**	**5.1**	1,626	5.1	(41.3)
Repairs and maintenance	**701**	**3.7**	1,061	3.3	(33.9)
Depreciation and amortisation	**2,773**	**14.7**	4,513	14.2	(38.6)
Others	**611**	**3.2**	825	2.6	(25.9)
Total cost of power output dispatch of coal-fired power plant	**18,860**	**100.0**	31,883	100.0	(40.8)

The power segment consumed a total of 30.0 million tonnes of the China Shenhua's coal, accounting for 88.2% of the 34.0 million tonnes of the thermal coal consumption of the power segment of the Group in the first half of 2019 (the first half of 2018: 92.0%).

3. *Railway segment*

(1) Production and operations

In the first half of 2019, we constantly optimised our transportation organisation, effectively secured coal transportation, proactively implemented macroscopic logistic strategy under the railway segment, and supported the construction of railway special lines for industrial and mining enterprises and within logistics park areas to connect with the self-owned railways, endeavored to foster the non-coal transportation. Therefore, volume of transportation business hit a record high for the same period. Transportation turnover of self-owned railways reached 142.9 billion tonne km (the first half of 2018: 138.6 billion tonne km), representing a year-on-year increase of 3.1%.

The transportation volume recorded under the railway segment for external customers of the Group experienced a continuous growth in terms of coal and non-coal transportation services, which cover nearly 30 kinds of goods such as iron ore, manganese ore, sandstone and polypropylene. In the first half of the year, the turnover of providing railway transportation services to external customers amounted to 15.9 billion tonne km (the first half of 2018: 14.6 billion tonne km), representing a year-on-year increase of 8.9%; the revenue generated from providing transportation services for external customers amounted to RMB3,317 million (the first half of 2018: RMB2,802 million), representing a year-on-year increase of 18.4%.

(2) Progress of projects

During the reporting period, the construction work of Huangda Railway continued to move forward, and endeavored to put into operation at the end of June 2020. 300 million-tonne production capacity expansion and renovation project of Shenshuo Railway was stably under construction, involving the renovation of 12 stations across the whole line, which promoted the collective transportation capability of upper stream coal.

(3) Operation results

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

		The first half of 2019	The first half of 2018	Change %	Main reasons for changes
Revenue	RMB million	**20,174**	19,141	5.4	Increase in transportation volume of railways
Cost of sales	RMB million	**10,043**	9,630	4.3	Increase in external transportation fees and provision of transportation services to third-party customers

		The first half of 2019	The first half of 2018	Change %	Main reasons for changes
Gross profit margin	%	**50.2**	49.7	Increased by 0.5 percentage point	
Profit from operations	RMB million	**9,608**	9,029	6.4	
Profit margin from operations	%	**47.6**	47.2	Increased by 0.4 percentage point	

In the first half of 2019, revenue generated from internal transportation services provided by the railway segment for the Group amounted to RMB16,857 million (the first half of 2018: RMB16,339 million), representing a year-on-year increase of 3.2%, accounting for 83.6% of the revenue of the railway segment (the first half of 2018: 85.4%).

In the first half of 2019, the unit transportation cost in the railway segment was RMB0.064/tonne km (the first half of 2018: RMB0.065/tonne km), representing a year-on-year decrease of 1.5%.

4. *Port segment*

(1) Production and operations

In the first half of 2019, the port segment strengthened technological innovation, green development and equipment guarantee standard, explored production potential, coordinated the scheduling and transportation of upstream and downstream logistics, improved the working efficiency, and ensured integrated and stable operation. The seaborne coal sales through self-owned ports accounted for 87.1% of the total volume of seaborne coal (the first half of 2018: 88.6%). The seaborne coal sales via Huanghua Port was 91.7 million tonnes (the first half of 2018: 92.0 million tonnes), representing a year-on-year decrease of 0.3%. The seaborne coal sales via Shenhua Tianjin Coal Dock was 21.1 million tonnes (the first half of 2018: 22.7 million tonnes), representing a year-on-year decrease of 7.0%.

(2) Environmental protection

The Group focused on two long-existing problems of dust pollution and coal-containing sewage treatment, actively advanced the construction of green ecological ports, applied several environmental self-developed innovative projects such as automatic sprinkling project of pile feeders and belt wash device, and innovatively built an ecological water system to ensure the stable control of the environmental protection work.

(3) Operation results

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

		The first half of 2019	The first half of 2018	Change %	Main reasons for changes
Revenue	RMB million	**2,952**	2,982	(1.0)	Reduction of services to third parties
Cost of sales	RMB million	**1,471**	1,413	4.1	Increase in maintenance costs caused by the aging of certain equipment in Huanghua Port; and increase in environmental protection tax
Gross profit margin	%	**50.2**	52.6	Decreased by 2.4 percentage points	
Profit from operations	RMB million	**1,349**	1,443	(6.5)	
Profit margin from operations	%	**45.7**	48.4	Decreased by 2.7 percentage points	

The revenue generated from the internal transportation services provided by the port segment to the Group amounted to RMB2,643 million for the first half of 2019 (the first half of 2018: RMB2,616 million), representing a year-on-year increase of 1.0% and accounting for 89.5% (the first half of 2018: 87.7%) of the revenue of the port segment.

5. Shipping segment

(1) Production and operations

The shipping segment actively coordinated with coal sales activities to contribute to the integrated operation, coordinated the arrangement of capacity, improved its operating, deployment and management capacity, increased the operation number of "quasi-liner shipping", expanded external development of high-profile customer base while a continuing increase was recorded in business volume.

In the first half of 2019, shipping volume amounted to 54.8 million tonnes (the first half of 2018: 51.6 million tonnes), representing a year-on-year increase of 6.2%, while shipment turnover amounted to 44.7 billion tonne nautical miles (the first half of 2018: 45.1 billion tonne nautical miles), representing a year-on-year decrease of 0.9%.

(2) Operation results

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

		The first half of 2019	The first half of 2018	Change %	Main reasons for changes
Revenue	RMB million	**1,588**	2,034	(21.9)	Decrease in shipping prices
Cost of sales	RMB million	**1,420**	1,526	(6.9)	Decrease in costs for shipping by chartering
Gross profit margin	%	**10.6**	25.0	Decreased by 14.4 percentage points	

		The first half of 2019	The first half of 2018	Change	Main reasons for changes
				%	
Profit from operations	RMB million	**94**	451	(79.2)	
Profit margin from operations	%	**5.9**	22.2	Decreased by 16.3 percentage points	

In the first half of 2019, the unit transportation cost of the shipping segment was RMB0.032/tonne nautical mile (the first half of 2018: RMB0.034/tonne nautical mile), representing a year-on-year decrease of 5.9%, primarily due to the decrease in costs for shipping by chartering.

6. *Coal chemical segment*

(1) Production and operations

The coal chemical segment of the Group comprises the coal-to-olefins project (phase I) of Baotou Coal Chemical. Its main products consist of polyethylene (with production capacity of approximately 300,000 tonnes/year) and polypropylene (with production capacity of approximately 300,000 tonnes/year) and minor by-products including industrial sulfur, mixed C5, industrial propane, mixed C4, industrial methanol, etc.. The methanol-to-olefins (MTO) equipment of the coal-to-olefins project was the first large-scale MTO equipment in China.

The sales of polyethylene and polypropylene products of the Group in the first half of 2019 is as follows:

	The first half of 2019		The first half of 2018		Change	
	Sales volume	**Price**	Sales volume	Price	Sales volume	Price
	Thousand tonnes	*RMB/tonne*	*Thousand tonnes*	*RMB/tonne*	*%*	*%*
Polyethylene	**186.5**	**6,634**	171.6	7,509	8.7	(11.7)
Polypropylene	**170.6**	**6,879**	160.3	6,997	6.4	(1.7)

(2) Project development

The Baotou coal-to-olefins upgrading demonstrative project (phase II) has obtained approval from Development and Reform Commission of Inner Mongolia Autonomous Region. The project's soil and water conservation plan report was approved by the Water Resources Department of Inner Mongolia Autonomous Region, and the environmental assessment report has been submitted to the Ministry of Ecology and Environment for preliminary review. The date of commencement has not been determined.

(3) Operation results

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

		The first half of 2019	The first half of 2018	Change %	Main reasons for changes
Revenue	RMB million	**3,084**	3,032	1.7	Increase in sales volume of olefins products
Cost of sales	RMB million	**2,653**	2,607	1.8	
Gross profit margin	%	**14.0**	14.0	0.0	
Profit from operations	RMB million	**356**	342	4.1	
Profit margin from operations	%	**11.5**	11.3	Increased by 0.2 percentage point	

(4) Unit production cost of main products

	The first half of 2019		The first half of 2018		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	**180.2**	**5,665**	170.6	6,096	5.6	(7.1)
Polypropylene	**165.5**	**5,593**	159.1	5,926	4.0	(5.6)

All the coals consumed by the coal chemical segment were the China Shenhua's coals. The coals consumed in the first half of 2019 were 2.4 million tonnes, representing an increase of 14.3% as compared with 2.1 million tonnes for the same period last year.

(V) Regional operation analysis

Unit: RMB million

	The first half of 2019	The first half of 2018	Change *%*
Revenue from external transactions in domestic markets	**114,911**	125,834	(8.7)
Revenue from external transactions in overseas markets	**1,454**	1,546	(6.0)
Total	**116,365**	127,380	(8.6)

Note: Revenue from external transactions was classified based on the locations where the services were provided or the products were purchased.

The Group is mainly engaged in the production and sales of coal and power, railway, port and shipping transportation as well as coal-to-olefins businesses in the PRC. In the first half of 2019, the revenue from external transactions in domestic markets was RMB114,911 million, accounting for 98.8% of the Group's revenue. Affected by decrease of power sales volume and domestic coal sales volume, revenue from external transactions in domestic markets decreased by 8.7% year-on-year.

In the first half of 2019, the Group proactively responded to the promotion of the "Belt and Road Initiative" of the state by putting more efforts in international exploration. The operation of Guohua Indonesia Sumsel Coal Power Project (Phase I) (2 x 150MW) was running safely and steadily. The construction of Indonesia Guohua Jawa-7 Coal Power Project (2 x 1,050MW) has been proceeding smoothly and it is estimated that a unit will be put into production and power generation. Indonesia Sumsel No. 1 Project will be prepared to commence during the year. The shale gas project in Pennsylvania of the United States has produced gas volume of approximately 153 million m^3 attributable to the proportionate interest of China Shenhua with obvious benefit. The Watermark Open-pit Coal Mine Project in Australia continued to develop its preliminary work. Other overseas projects are commencing under the principle of stability and prudence.

(VI) Analysis on investments

1. Overall analysis of external equity investments

The equity investments of the Company in the first half of 2019 amounted to RMB30,659 million (the first half of 2018: RMB2,285 million), representing a year-on-year increase of 1,241.8%, which mainly included recognised costs of long-term equity investment in the Joint Venture Company of RMB27,213 million.

2. Material investment in equity interest

A Joint Venture Company was established with the equities and assets of the relevant coal-fired power generation companies separately contributed by the Company and GD Power. For transaction details, please refer to Section VI in this report.

3. Material investment in non-equity interest

☐ Applicable ✓ Not applicable

4. *Financial assets at fair value*

As at the end of the reporting period, the financial assets at fair value through profit or loss of the Group were banks' wealth management products due within one year of the Company, and the derivative financial instruments of Shenhua Finance Lease Company to hedge against the U.S. dollar-denominated liabilities. As at 30 June 2019, the fair value of derivative financial instruments amounted to RMB17 million.

As at the end of the reporting period, the financial assets at fair value through other comprehensive revenue of the Group were the non-tradable equity investments amounting to RMB811 million held by the Group that have no significant impact on the investee and RMB1,461 million of interbank certificates of deposit held by Shenhua Finance Company.

Details regarding the amounts of and changes in the financial assets at fair value of the Group in the first half of 2019 are as follows:

Unit: RMB million

Name of items	**Opening balance at the beginning of the period**	**Closing balance at the end of the period**	**Change for the current period**	**Change of profit for the current period**
Banks' wealth management products	30,000	5,098	(24,902)	507
Derivative financial assets	5	17	12	12
Interbank certificates of deposit	2,447	1,461	(986)	3
Other investments in equity instruments	811	811	0	0
Total	**33,263**	**7,387**	**(25,876)**	**522**

(VII) Disposal of material assets and equity interest

☐ Applicable ✓ Not applicable

The Group had no material acquisition or disposal in relation to subsidiaries, associates or joint ventures during the reporting period.

(VIII) Analysis on major holding and associated companies

1. Major subsidiaries

Unit: RMB million

No.	Company	Registered capital	Total assets	Net assets	Net profit attributable to the equity holders of the parent company		
		As at 30 June 2019			The first half of 2019	The first half of 2018	Change %
1	Shendong Coal	**4,989**	**37,622**	**32,500**	**7,615**	8,291	(8.2)
2	Shuohuang Railway	**5,880**	**46,566**	**36,321**	**3,985**	3,820	4.3
3	Jinjie Energy	**2,278**	**12,442**	**10,746**	**1,726**	1,624	6.3
4	Zhunge'er Energy	**7,102**	**40,509**	**32,382**	**1,480**	1,469	0.7
5	Trading Group	**1,889**	**28,318**	**10,767**	**1,466**	1,658	(11.6)
6	Baotou Energy	**2,633**	**6,959**	**6,048**	**811**	797	1.8
7	Huanghua Harbour Administration	**6,790**	**15,253**	**10,696**	**722**	785	(8.0)
8	Shenhua Finance Company	**5,000**	**145,030**	**7,722**	**606**	461	31.5
9	Shenbao Energy	**1,169**	**8,278**	**5,431**	**533**	742	(28.2)
10	Railway Transportation	**5,003**	**24,214**	**9,076**	**496**	555	(10.6)

Notes: 1. The financial information of the major subsidiaries disclosed in the above table (before assessment and unadjusted before consolidation) was prepared in accordance with the Accounting Standards for Business Enterprises. The data has not been audited or reviewed.

2. Shendong Coal recorded a revenue of RMB28,820 million and a profit from operations of RMB9,019 million in the first half of 2019.

3. Shuohuang Railway recorded a revenue of RMB9,820 million and a profit from operations of RMB5,325 million in the first half of the year.

2. Disposal of subsidiaries

The Subject Assets contributed to establish the Joint Venture Company by the Group was completed on 31 January 2019. From the Completion Date, the Joint Venture Company assumes the corresponding rights and the liabilities of the Subject Assets. For the range of Subject Assets, please refer to the H-shares announcement of the Company dated 1 March 2018 and the A-shares announcement of the Company dated 2 March 2018.

Under this circumstance, both of the power generation and power output dispatch of the Group in the first half of 2019 represented a year-on-year decrease of 40.2%. The Company recognised relevant gains of RMB1,121 million on Completion Date; and recognised share of equity income from the Joint Venture Company from February to June 2019 of RMB176 million.

3. Shenhua Finance Company

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

No.	Name of Shareholder	Percentage of equity interest held %
1	China Shenhua Energy Company Limited	81.43
2	Shuohuang Railway Development Co., Ltd.	7.14
3	Shenhua Zhunge'er Energy Co., Ltd.	7.14
4	Shenhua Baoshen Railway Co., Ltd.	4.29
Total		100.00

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 China Shenhua 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 would 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 would not be invested in the public market/private equity market and real estate, etc.

For the unaudited balance sheet and income statement of Shenhua Finance Company for the first half of 2019, please refer to the H-shares announcement of the Company dated 17 July 2019 and the A-shares announcement of the Company dated 18 July 2019.

(IX) Structured Entities Controlled by the Company

☐ Applicable ✓ Not applicable

V. DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY[1]

(I) Competition and Development Trend in the Industry

1. Macro economy

In the first half of 2019, China's economy continued to operate within a reasonable range and moved forward steadily with progress. In the first half of the year, the Gross Domestic Product (GDP) was recorded a year-on-year increase of 6.3%. The Consumer Price Index (CPI) was recorded a year-on-year increase of 2.2%. The Producer Price Index for Industrial Products (PPI) was recorded a year-on-year increase of 0.3%.

In the second half of the year, still encountering the domestic and overseas complicated and tough economic climate, the PRC government will adhere to the general principle of making progress while ensuring stability. With the key target of promoting the supply-side structural reform, the PRC government will, in accordance with the requirements of quality development, deepen reform and opening up, fully mobilize the initiative in all aspects, and promote the stable and sound development of economy.

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2. *Market environment of the coal industry*

(1) Thermal coal market in the PRC

Review of the first half of 2019

In the first half of 2019, demand and supply for coal in China basically maintained balanced, while coal price fluctuated. As of 30 June, the price index of Bohai Bay thermal coal (5,500 kcal) was RMB578/tonne, increasing by RMB9/tonne compared with the beginning of the year (RMB569/tonne). In the first half of 2019, the average value of Bohai Bay thermal coal (5,500 kcal) price index was RMB576/tonne, basically remaining stable on a year-on-year basis (first half of 2018:RMB573/tonne).

	January to June 2019	Change %
Raw coal output *(million tonnes)*	**1,760**	2.6
Coal import *(million tonnes)*	**154**	5.8
Coal transportation by railway *(million tonnes)*	**1,200**	2.6

From the perspective of supply, cutting overcapacity of coal industry has effectively moved into new stages of cutting overcapacity in a structured manner and systematic capacity optimization, and the encouraging policy with regard to the release of quality capacity continued, evidenced by over 130 million tonnes of capacity newly approved by the State in the first half of the year. Meanwhile, with the progressive development of institutionalized, standardized and normalized safety and environmental protection inspection, production of raw coals remained relatively stable, with a national raw coal output of 1,760 million tonnes, representing a year-on-year increase of 2.6%. 154 million tonnes of coals were imported in the first half of the year, representing a year-on-year increase of 5.8%.

From the perspective of demand, in the context of pressure on both domestic and overseas demand, growth of total power consumption of the society greatly slowed down. Growth of national coal consumption slowed down, in particular, decrease in coal consumption in coastal area. As of 30 June 2019, total inventory of coal from six major power generation groups in coastal area amounted to 17.89 million tonnes, representing an increase of 20.8% as compared with that as at 30 June 2018.

Prospects for the second half of the year

From the perspective of supply, domestic policy will continue to promote the release of quality capacity, but environmental protection and safety related factors will still affect the growth of coal output to a certain extent.

From the perspective of demand, first, recovery of investment in infrastructure still requires a period of time; growth of investment in manufacture industry and private investment still remains at a low level; pulling effect of economic fundamentals on coal demand shows a decreasing trend; second, hydropower output is expected to be better than that in the previous year. It is expected that in the second half of the year, growth of coal consumption will remain at low levels.

Subject to the above supply and demand situation and macro policy, coal price will remain relatively stable but show an overall trend featuring narrow fluctuation and unclear peak and off seasons.

(2) *Thermal coal market in the Asia Pacific region*

Review of the first half of 2019

In the first half of the year, global coal demand increase was still attributable to Asia Pacific region, while coal demand in Southeast Asia and South Asia regions continued to increase. However, overall growth of coal demand slowed down due to decelerated growth of demand in China and decrease in import volume by Japan and South Korea.

Supply in global coal market recovered slightly and Indonesia, Australia and Russia remained as the major export countries of thermal coal.

As of 30 June, the spot price of Newcastle NEWC thermal coal amounted to USD68.61 per tonne, representing a decrease of 31.9% as compared to the start of the year (USD100.76 per tonne), and a year-on-year decrease of 41.5% (USD117.26 per tonne).

Prospects for the second half of the year

In the second half of the year, due to inadequate drivers to the growth of coal demand in China, Japan and South Korea, coal demand in Asia Pacific region is expected to extend the decelerated growth observed in the first half of the year. It will be hard to achieve significant rise in coal price due to relatively adequate coal supply.

3. *Market environment of the power industry*

Review of the first half of 2019

In the first half of the year, nationwide demand and supply of power was generally loose. Total power consumption of the society throughout the state amounted to 3,398 billion kWh, representing a year-on-year increase of 5.0%, and a decrease of 4.4 percentage points in terms of growth rate as compared with that in the same period of the previous year, which was mainly attributable to: first, decelerated growth of industrial production; the second industrial power consumption of 2,309.1 billion kWh, representing a year-on-year increase of 3.1%, and a year-on-year decrease of 4.5 percentage points in terms of growth rate; second, high base effect for the same period of the previous year. The third industrial and urban and rural household power consumption remained as main drivers to the growth of power demand, and year-on-year increases of 9.4% and 9.6% were recorded, respectively. By geographical region, total power consumption of the society recorded positive growth in all provinces throughout the state except for Qinghai, Gansu and Shanghai.

In the first half of the year, power generation volume of power plants with above national scale amounted to 3,367.3 billion kWh, representing a year-on-year increase of 3.3%; among which, hydropower output amounted to 513.8 billion kWh, representing a year-on-year increase of 11.8%, and utilisation hours increased by 169 hours to 1,674 hours as compared with that in the same period of the previous year. In the first half of the year, thermal power output amounted to 2,448.7 billion kWh, representing a year-on-year increase of merely 0.2%, and utilisation hours represented a year-on-year decrease of 60 hours to 2,066 hours (among which, utilisation hours of coal-fired power represented a year-on-year decrease of 57 hours to 2,127 hours); nuclear power output amounted to 160 billion kWh, representing a year-on-year increase of 23.1%.

Installed capacity of solar power, nuclear power and wind power maintained a double-digit growth, while installed capacity of thermal power and hydropower recorded a slight growth. An overall surplus power supply capacity was recorded. In the first half of the year, new production capacity of power supply (in operation) amounted to 40.74 million kW, including 1.82 million kW of hydropower, 16.93 million of thermal power (including 9.84 million kW of coal-fired power), 1.25 million kW of nuclear power, 9.09 million kW of wind power, and 11.64 million kW of solar power.

Prospects for the second half of the year

Looking forward in the second half of the year, the economy will remain within a reasonable range despite under downward pressure to a certain extent. Driven by the measures taken by the State, including effectively replacing by electric energy, boosting consumption and reducing tax and fees, and considering the high and low bases in the first and second half of 2018, respectively, power consumption in the second half of the year is expected to recover from that in the first half of the year. Power supply and demand situation will transform from loose supply in the first half of the year to overall balanced supply and demand.

(II) Status of Accomplishment of 2019 Business Targets

Project	Unit	Targets of 2019	**Accomplishment in the first half of 2019**	Percentage of accomplishment %
Commercial coal	100 million tonnes	2.9	**1.454**	50.1
Coal sales	100 million tonnes	4.27	**2.171**	50.8
Power output dispatch	100 million kWh	1,431	**749.6**	52.4
Cost of sales	RMB100 million	2,212	**1,163.65**	52.6
Cost of operation	RMB100 million	1,441	**767.32**	53.2
Selling, general and administrative expenses (including research and development) and net finance costs	RMB100 million	135	**51.93**	38.5
Amount of change in unit production cost of the self-produced coal	/	Year-on-year increase not exceeding 5%	**Year-on-year increase by 9.4%**	/

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

(III) Completion of Capital Expenditures Plans for 2019

Unit: RMB100 million

	Plans for 2019	**Accomplishment in the first half of 2019**
1. Coal segment	60.7	**19.2**
2. Power segment	91.2	**26.6**
3. Transportation segments	107.8	**26.2**
Including: Railway	95.5	**25.9**
Port	11.4	**0.3**
Shipping	0.9	**0.0**
4. Coal chemical segment	11.6	**0.2**
Total	271.3	**72.2**

In the first half of 2019, total amount of capital expenditure of the Group was RMB7.22 billion, primarily used for construction of power projects such as the Guohua Indonesia Jawa-7 Coal Power Project (2×1,050MW), Phase I Project of Shengli Energy Branch (2×660MW), and Phase III of Jinjie Coal and Power Integration Project (2×660MW); the construction of Huangda Railway, purchase of motors and expansion of railway capacity projects; coal mining equipment purchase and coal preparation plant expansion.

The capital expenditure plans of the Group in 2019 are subject to the development of business plans (including potential acquisitions), progress of capital projects, market conditions, outlook for future operation environment and the obtaining of the requisite permissions and approval documents. Unless required by laws, the Company shall not assume any responsibilities for updating the data of its capital expenditure plans. The Company intends to finance its capital expenditures by cash generated from operating activities, short-term and long-term borrowings, and other debt and equity financing.

VI. OTHER DISCLOSURES

(I) Caution and explanation as to the possibility of anticipated accumulated net profits being losses from the beginning of the year to the end of next reporting period or significant changes over the same period of the preceding year

☐ Applicable ✓ Not applicable

(II) Potential risks

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

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

The Company encountered major risks primarily include: volatility risk of macro economy, risk of market competition, risk of policy change in the industry, risk of increase in cost, risk of environmental protection, risk of production safety in mines, risk of integrated operation, risk of overseas operation and risk of natural disaster.

In 2019, China will continue to promote the supply-side structural reform, and actively promote the optimisation of industrial structure in the coal industry. The environmental restriction requires control of coal consumption, while structural adjustment in the industry will reduce energy consumption. With speedy advancement of the structural reform in power industry, planned power output will be gradually liberalised and the competition in power generation market will be unceasingly intensified. The state has sped up the interprovincial construction of coal transporting railways, proactively promoted railway or waterborne transport as the replacement of road transport.

The Group will further conduct researches on the development trend of relevant industries, optimise industry structure, implement clean energy strategies and continue to improve development quality. (1) In terms of marketing and sales, the Group will adhere to the decisive role of market in resources allocation, arrange sales in balance in accordance with the relevant national policies, optimise coal product structures and increase sale share of high value-added special coal; comprehensively enhance the quality and efficiency of power business development and strengthen marketisation of power. (2)In terms of environmental protection, the Group will step up on the construction of risk prevention system, improve the ecological environmental protection system, and strictly implement the responsibility system; guarantee the capital contribution, proactively promote energy conservation and environmental protection renovation, strengthen air pollution prevention, water pollution prevention and control and ecological restoration, and create a brand with clean coal, green transportation and ultra-low emission of coal power. (3) In terms of international operation, the Group will actively respond to the "Belt and Road Initiative" of the country and continuously expand the external cooperation. The Group will strengthen analysis and research on information before making decision on investment in overseas projects, and conduct resource evaluation and overseas project assessment to ensure economic feasibility, while nurturing and introducing multi-skilled talents to provide strong support to "go global". (4) In response to the risk of natural disaster, the Group will further enhance warning for substantial natural disasters, optimise climate change risk assessment, formulate emergency plan, equip with necessary resources, and conduct relevant emergency drills, so as to minimise the impact of natural disasters.

VII. SIGNIFICANT EVENTS

PURCHASE, SALE OR REDEMPTION OF SECURITIES OF THE COMPANY

For the six months ended 30 June 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities (as provided under the Hong Kong Listing Rules).

CORPORATE GOVERNANCE

During the six months ended 30 June 2019, the Company has adopted the corporate governance polices as set out in Appendix 14 of the Hong Kong Listing Rules, the Company and all directors have been in full compliance with all the principles and code provisions and most of the recommended best practices as specified therein.

SECURITIES TRANSACTIONS OF DIRECTORS AND SUPERVISORS

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

The Company has made specific enquiries, and all directors and supervisors have confirmed that they had fully complied with the Model Code for the six months ended 30 June 2019.

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

Other than their own service contracts, none of directors or supervisors had any actual personal interest, directly or indirectly, in any material contracts made by the Company or any of its subsidiaries in the first half of 2019.

AUDIT COMMITTEE

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 Ms. Zhong Yingjie, Christina (chairwoman of the Audit Committee, with professional qualifications and experience in finance-related fields such as accounting), Dr. Tam Wai Chu, Maria and Dr. Jiang Bo. The principal duties of the Audit Committee include: overseeing and evaluating the work of the external auditor; providing guidance on the internal audit; reviewing the financial reports of the Company and issuing opinions; evaluating the effectiveness of the risk management and internal control; coordinating the communication of the management, internal audit department and the relevant departments with the external auditor; other matters authorized by the board of directors of the Company or required under the relevant laws and regulations.

During the reporting period, the Audit Committee performed its duties in strict compliance with the Rules of Procedures of the Audit Committee of the Board of Directors and the Work Procedures of the Audit Committee of the Board of Directors of China Shenhua. On 19 August 2019, the Audit Committee reviewed the Group's interim financial statements for the six months ended 30 June 2019 and approved the submission of the same to the board of directors for consideration and approval.

VIII. DEFINITIONS

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

China Shenhua/the Company	China Shenhua Energy Company Limited
The Group	The Company and its subsidiaries
China Energy/Shenhua Group Corporation	China Energy Investment Corporation Limited (國家能源投資集團有限責任公司), the new name of Shenhua Group Corporation Limited (神華集團有限責任公司)
China Energy Group/Shenhua Group	China Energy and its subsidiaries (excluding the Group)
China Guodian	China Guodian Group Co., Ltd. (中國國電集團有限公司)
Guodian Group	China Guodian and its subsidiaries
GD Power	GD Power Development Co., Ltd.
Shendong Coal	Shenhua Shendong Coal Group Co., Ltd.
Shendong Power	Shenhua Shendong Power Co., Ltd.
Zhunge’er Energy	Shenhua Zhunge’er Energy Co., Ltd.
Shuohuang Railway	Shuohuang Railway Development Co., Ltd.
Railway Transportation	Shenhua Railway Transportation Co., Ltd.
Trading Group	Shenhua Trading Group Limited
Huanghua Harbour Administration	Shenhua Huanghua Harbour Administration Co., Ltd.
Baoshen Railway	Shenhua Baoshen Railway Group Co., Ltd.
Baotou Energy	Shenhua Baotou Energy Co., Ltd.

Baotou Coal Chemical	Shenhua Baotou Coal Chemical Co., Ltd.
Shenbao Energy	Shenhua Baorixile Energy Co., Ltd.
Tianjin Coal Dock	Shenhua Tianjin Coal Port Dock Co., Ltd.
Zhuhai Coal Dock	Shenhua Yudean Zhuhai Port Coal Dock Co., Ltd.
Sichuan Energy	Shenhua Sichuan Energy Co., Ltd.
Shenwan Energy	Shenwan Energy Company Limited
Fujian Energy	Shenhua Fujian Energy Co., Ltd.
Shenhua Finance Company	Shenhua Finance Co., Ltd.
EMM Indonesia	PT.GH EMM INDONESIA
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	The power generation segment controlled and operated by Zhunge'er Power
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 Hulunbei'er Power	Inner Mongolia Guohua Hulunbei'er 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
Ningdong Power	Ningxia Guohua Ningdong Power Generation Co., Ltd.
Xuzhou Power	Guohua Xuzhou Power Generation Company Limited
Zhoushan Power	Shenhua Guohua (Zhoushan) Power Generation Co., Ltd.
Beijing Gas-fired Power	Shenhua Guohua (Beijing) Gas-fired Power Co., Ltd.
Shouguang Power	Shenhua Guohua Shouguang Power Generation Company Limited
Liuzhou Power	Shenhua Guohua Guangtou (Liuzhou) Power Generation Co., Ltd.
Guohua Ningdong	Shenhua Ningxia Guohua Ningdong Power Generation Co., Ltd.

Wanzhou Port Power	Shenhua Shendong Power Chongqing Wanzhou Port and Power Co., Ltd.
Fuping Thermal Power	Fuping Thermal Power Plant of Shenhua Shendong Power Co., Ltd.
Shenhua Finance Lease Company	Shenhua (Tianjin) Finance Lease Co., Ltd.
Jawa Company	Shenhua Guohua (Indonesia) Jawa Power Generation Co., Ltd.
JORC	Australasian Code for Reporting of Mineral Resources and Ore Reserves
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 Hong Kong Stock Exchange
China Accounting Standards for Business Enterprises	The latest Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China and the related application guidance, interpretations and other related requirements
International Financial Reporting Standards	International Financial Reporting Standards issued by the International Accounting Standards Committee
Articles of Association	Articles of Association of China Shenhua Energy Company Limited
EBITDA	Profit for the period + net finance cost + income tax + depreciation and amortisation – share of results of associates

Total debt to total equity ratio	[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 equity]
RMB	Renminbi unless otherwise specified

By order of the Board
China Shenhua Energy Company Limited
Huang Qing
Secretary to the Board of Directors

Beijing, 23 August 2019

As at the date of this announcement, the Board comprises the following: Mr. Wang Xiangxi, Dr. Li Dong, Mr. Gao Song and Mr. Mi Shuhua as executive directors, Mr. Zhao Jibin as non-executive director, and Dr. Tam Wai Chu, Maria, Dr. Peng Suping, Dr. Jiang Bo and Ms. Zhong Yingjie, Christina as independent non-executive directors.