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

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

**(Stock Code: 01088)**

## **THIRD QUARTERLY REPORT FOR THE YEAR 2019**

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

The board of directors of the Company (the “**Board**”) hereby presents the results of the Group for the nine months ended 30 September 2019 prepared in accordance with the International Financial Reporting Standards (“**IFRSs**”). Such results have not been audited or reviewed by the independent auditors.

### **1. IMPORTANT NOTICE**

- 1.1 The Board and the supervisory committee of the Company together with the directors, supervisors and the senior management of the Company warrant that the contents of the quarterly report are authentic, accurate and complete and do not contain any misrepresentation, misleading statement or material omission, and shall jointly and severally accept legal liability.
- 1.2 This report was considered and approved at the 23rd meeting of the fourth session of the Board of the Company. All directors of the Company have attended the meeting.

- 1.3 Wang Xiangxi, Chairman of the Board of the Company, Xu Shancheng, Chief Financial Officer of the Company and Ban Jun, person-in-charge of the accounting department of the Company, warrant the authenticity, accuracy and completeness of the financial statements contained in this report.
- 1.4 The financial statements of this report are prepared in accordance with IFRSs, but have not been audited or reviewed. Please refer to section 2.2 of this report for the major differences between the financial statements prepared under the Accounting Standards for Business Enterprises of PRC and those prepared under the IFRSs.

## 2. COMPANY PROFILE

### 2.1 Key financial indicators prepared under the IFRSs

	<b>January to September 2019</b>	January to September 2018	Percentage change %
Revenue ( <i>RMB million</i> )	<b>177,849</b>	194,084	(8.4)
Profit before income tax ( <i>RMB million</i> )	<b>54,237</b>	58,249	(6.9)
Profit for the period ( <i>RMB million</i> )	<b>43,153</b>	45,572	(5.3)
Profit for the period attributable to equity holders of the Company ( <i>RMB million</i> )	<b>36,250</b>	37,207	(2.6)
Basic earnings per share ( <i>RMB/share</i> )	<b>1.823</b>	1.871	(2.6)
Net cash generated from operating activities ( <i>RMB million</i> )	<b>56,757</b>	67,822	(16.3)
Net cash per share generated from operating activities ( <i>RMB/share</i> )	<b>2.85</b>	3.41	(16.3)
Net cash generated from operating activities excluding the effect of Shenhua Finance Company ( <i>RMB million</i> )	<b>53,527</b>	58,233	(8.1)
Net cash per share generated from operating activities excluding the effect of Shenhua Finance Company ( <i>RMB/share</i> )	<b>2.69</b>	2.93	(8.1)

	As at 30 September 2019	As at 31 December 2018	Percentage change %
Total assets ( <i>RMB million</i> )	<b>564,882</b>	591,626	(4.5)
Total liabilities ( <i>RMB million</i> )	<b>146,119</b>	182,789	(20.1)
Total equity ( <i>RMB million</i> )	<b>418,763</b>	408,837	2.4
Equity attributable to equity holders of the Company ( <i>RMB million</i> )	<b>350,523</b>	331,693	5.7
Shareholders' equity per share ( <i>RMB/share</i> )	<b>17.62</b>	16.68	5.7

## 2.2 Major differences of financial statements prepared under different accounting standards

*Unit: RMB million*

	Net profit attributable to equity holders of the Company		Net assets attributable to equity holders of the Company	
	January to September 2019	January to September 2018	As at 30 September 2019	As at 31 December 2018
Under China Accounting Standards for Business Enterprises	<b>37,088</b>	35,278	<b>346,911</b>	327,763
Adjustment:				
Simple production maintenance, production safety and other related expenditures	<b>(838)</b>	1,929	<b>3,612</b>	3,930
Under International Financial Reporting Standards	<b>36,250</b>	37,207	<b>350,523</b>	331,693

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

## 2.3 Major operational data

Operational indicators	Unit	2019		2018		Percentage change (%)	
		July to September	January to September	July to September	January to September	July to September	January to September
<b>(I) Coal</b>							
1. Commercial coal production	Million tonnes	<b>68.7</b>	<b>214.1</b>	74.2	220.0	(7.4)	(2.7)
2. Coal sales	Million tonnes	<b>114.6</b>	<b>331.7</b>	114.7	340.0	(0.1)	(2.4)
<b>(II) Transportation</b>							
1. Turnover of self-owned railway	Billion tonne km	<b>71.8</b>	<b>214.7</b>	72.8	211.4	(1.4)	1.6
2. Seaborne coal	Million tonnes	<b>69.9</b>	<b>199.4</b>	69.6	199.1	0.4	0.2
Of which: Via Huanghua Port	Million tonnes	<b>48.5</b>	<b>140.2</b>	50.7	142.7	(4.3)	(1.8)
Via Shenhua Tianjin Coal Dock	Million tonnes	<b>12.3</b>	<b>33.4</b>	11.1	33.8	10.8	(1.2)
3. Shipment volume	Million tonnes	<b>28.7</b>	<b>83.5</b>	26.5	78.1	8.3	6.9
4. Shipment turnover	Billion tonne nautical miles	<b>23.1</b>	<b>67.8</b>	22.5	67.6	2.7	0.3
<b>(III) Power generation</b>							
1. Gross power generation	Billion kWh	<b>36.75</b>	<b>116.65</b>	80.07	213.66	(54.1)	(45.4)
2. Total power output dispatch	Billion kWh	<b>34.38</b>	<b>109.34</b>	75.06	200.44	(54.2)	(45.5)
<b>(IV) Coal chemical</b>							
1. Sales of polyethylene	Thousand tonnes	<b>74.7</b>	<b>261.2</b>	67.8	239.4	10.2	9.1
2. Sales of polypropylene	Thousand tonnes	<b>70.7</b>	<b>241.3</b>	60.7	221.0	16.5	9.2

*Note:* According to the comparative basis, from July to September 2018, the total power generation and power output dispatch amounted to 42.08 billion kWh and 39.40 billion kWh, respectively; from January to September 2018, the total power generation and power output dispatch amounted to 120.97 billion kWh and 113.34 billion kWh, respectively.

## 2.4 Total number of shareholders and shareholding of top ten shareholders and top ten holders of tradable shares (or shares not subject to selling restrictions) at the end of the reporting period

Total number of shareholders	164,571
Including: Holders of A shares (including China Energy)	162,430
Registered holders of H shares	2,141

*Unit: shares*

### Shareholding of top ten shareholders

Name of shareholder (in full)	Number of shares held at the end of the period	Percentage %	Number of shares held subject to selling restrictions	Shares pledged or frozen Status of shares	Number	Nature of shareholder
China Energy Investment Corporation Limited	13,812,709,196	69.45	0	Nil	N/A	State-owned
HKSCC NOMINEES LIMITED	3,390,277,222	17.05	0	Unknown	N/A	Overseas corporation
China Securities Finance Corporation Limited	594,718,049	2.99	0	Nil	N/A	Others
Beijing Chengtong Financial Control Investment Co., Ltd.	282,361,828	1.42	0	Nil	N/A	State-owned
China Merchants Bank Co.,Ltd. – Boser CSI State-Owned Enterprises Innovation-driven Index ETF Securities Investment Fund	160,204,700	0.81	0	Nil	N/A	Others
Bank of China Limited – Harvest CSI State-Owned Enterprises Innovation-driven Index ETF Securities Investment Fund	124,981,900	0.63	0	Nil	N/A	Others
Central Huijin Asset Management Limited	110,027,300	0.55	0	Nil	N/A	State-owned
Industrial and Commercial Bank of China Limited – GF CSI State-Owned Enterprises Innovation-driven Index ETF Securities Investment Fund	105,341,801	0.53	0	Nil	N/A	Others
Hong Kong Securities Clearing Company Limited	80,825,235	0.41	0	Nil	N/A	Overseas corporation
China Construction Bank Corporation – Fullgoal CSI State-Owned Enterprises Innovation-driven Index ETF Securities Investment Fund	36,766,700	0.18	0	Nil	N/A	Others

## Shareholdings of top ten shareholders without selling restrictions

Name of shareholders	Number of shares without selling restrictions	Type and number of shares	
		Type	Number
China Energy Investment Corporation Limited	13,812,709,196	RMB ordinary shares	13,812,709,196
HKSCC NOMINEES LIMITED	3,390,277,222	Overseas-listed foreign shares	3,390,277,222
China Securities Finance Corporation Limited	594,718,049	RMB ordinary shares	594,718,049
Beijing Chengtong Financial Control Investment Co., Ltd.	282,361,828	RMB ordinary shares	282,361,828
China Merchants Bank Co.,Ltd. – Bosera CSI State-Owned Enterprises Innovation-driven Index ETF Securities Investment Fund	160,204,700	RMB ordinary shares	160,204,700
Bank of China Limited – Harvest CSI State-Owned Enterprises Innovation-driven Index ETF Securities Investment Fund	124,981,900	RMB ordinary shares	124,981,900
Central Huijin Asset Management Limited	110,027,300	RMB ordinary shares	110,027,300
Industrial and Commercial Bank of China Limited – GF CSI State-Owned Enterprises Innovation-driven Index ETF Securities Investment Fund	105,341,801	RMB ordinary shares	105,341,801
Hong Kong Securities Clearing Company Limited	80,825,235	RMB ordinary shares	80,825,235
China Construction Bank Corporation – Fullgoal CSI State-Owned Enterprises Innovation-driven Index ETF Securities Investment Fund	36,766,700	RMB ordinary shares	36,766,700

Statements on the connected relationships among the above shareholders and whether they are parties acting in concert

HKSCC NOMINEES LIMITED and Hong Kong Securities Clearing Company Limited are wholly-owned subsidiaries of Hong Kong Exchanges and Clearing Limited. Save for the information disclosed above, the Company is not aware of whether any connected relationship existing among the top ten shareholders not subject to selling restrictions and the top ten shareholders, and whether they are parties acting in concert under the “Measures for the Administration of Acquisition of Listed Companies”.

Details of holders of preference shares whose voting rights have been restored and their relevant shareholding

N/A

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

**2.5 Total number of holders of preference shares, and shareholdings of the top ten holders of preference shares and top ten holders of preference shares not subject to selling restrictions as at the end of the reporting period**

Applicable       Not applicable

**3. SIGNIFICANT EVENTS**

**3.1 Change in the scope of consolidated financial statements**

The transaction relating to the joint venture company jointly established by the Company and GD Power with their respective equities and assets held in relevant coal-fired power generation companies (the “**Subject Assets**”) has been 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.

**3.2 Material changes in major items of accounting statements of the Company and the underlying reasons**

From January to September 2019, revenue of the Group under the IFRSs was RMB177,849 million (for the corresponding period in 2018: RMB194,084 million), representing a year-on-year decrease of 8.4%. Profit before income tax was RMB54,237 million (for the corresponding period in 2018: RMB58,249 million), representing a year-on-year decrease of 6.9%. Profit for the period attributable to equity holders of the Company was RMB36,250 million (for the corresponding period in 2018: RMB37,207 million), representing a year-on-year decrease of 2.6%. As at 30 September 2019, the asset liability ratio of the Group was 25.9% (as at 31 December 2018: 30.9%), representing a decrease of 5.0 percentage points as compared to the end of last year.

Changes in major accounting items of the consolidated financial statements and explanations are set out below:

*Unit: RMB million*

No.	Items of consolidated statement of profit or loss and other comprehensive income	January to September 2019	January to September 2018	Percentage Change %	Major reasons for changes
1	Revenue	177,849	194,084	(8.4)	Since the Completion Date, revenue relating to the Subject Assets has no longer been consolidated into the consolidated financial statements of the Company.
2	Cost of sales	(118,553)	(126,293)	(6.1)	Decrease in sales volume of coal purchased and unit purchase cost, and decrease in depreciation and amortization cost of power segment.
3	General and administrative expenses	(5,784)	(6,485)	(10.8)	Decrease in labour expense as a result of decrease in the number of personnel.
4	Other gains and losses	1,933	35	5,422.9	The Company recognised relevant returns on investment on the Completion Date of the Subject Assets of the Joint Venture Company, and recognised gains on redemption of wealth management products of the Company upon expiry.
5	Loss allowances	140	299	(53.2)	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.

*Unit: RMB million*

No.	Items of consolidated statement of profit or loss and other comprehensive income	January to September 2019	January to September 2018	Percentage Change %	Major reasons for changes
6	Finance costs	(2,094)	(3,492)	(40.0)	Decrease in the interest expenses due to the decrease in new borrowings.
7	Share of results of associates	490	348	40.8	The Company recognised the share of result of the Joint Venture Company after the completion of the transaction in relation to the Joint Venture Company.
8	Income tax expense	(11,084)	(12,677)	(12.6)	Average income tax rate for the first three quarters of 2019 was 20.4% (for the corresponding period in 2018: 21.8%), representing a decrease of 1.4 percentage points, which is mainly due to the increase in percentage of profits in railway segment, which is entitled to more preferential tax rates.

*Unit: RMB million*

No.	Items of consolidated statement of financial position	As at 30 September 2019	As at 31 December 2018	Percentage change %	Major reasons for changes
1	Construction in progress	<b>42,472</b>	36,585	16.1	Additional contribution in power and railway infrastructure construction project
2	Right-of-use assets	<b>17,580</b>	N/A	N/A	Lease right-of-use assets recognised due to application of new lease standard of the Group
3	Interests in associates	<b>40,086</b>	10,047	299.0	Investment in the Joint Venture Company recognised by the Company
4	Other non-current assets	<b>33,228</b>	29,456	12.8	Increase of long-term loans granted by Shenhua Finance Company
5	Lease prepayments	N/A	16,425	(100.0)	Reclassification of the item into right-of-use assets due to application of new lease standard of the Group
6	Inventories	<b>13,209</b>	9,967	32.5	Increase in inventories of coal, ancillary materials and spare parts
7	Cash and cash equivalents	<b>85,607</b>	61,863	38.4	Cash generated from operating activities
8	Assets classified as held for sale	<b>0</b>	83,367	(100.0)	Completion of the Subject Assets of the Joint Venture Company
9	Short-term borrowings	<b>3,988</b>	5,772	(30.9)	Repayment of certain short-term borrowings upon expiry
10	Accounts and bills payable	<b>22,189</b>	26,884	(17.5)	Decrease of balances of payables for power and transportation businesses

*Unit: RMB million*

No.	Items of consolidated statement of financial position	As at 30 September 2019	As at 31 December 2018	Percentage change %	Major reasons for changes
11	Current portion of bonds	<b>3,534</b>	0	N/A	Maturity of some USD bonds will be due within 1 year
12	Income tax payable	<b>3,325</b>	4,213	(21.1)	Settlement of income tax during the reporting period
13	Contract liabilities	<b>6,504</b>	3,404	91.1	Increase of prepayment for coal business
14	Liabilities associated with assets classified as held for sale	<b>0</b>	29,914	(100.0)	Completion of liabilities associated with the Subject Assets of the Joint Venture Company
15	Long-term borrowings	<b>39,798</b>	46,765	(14.9)	Repayment of certain long-term borrowings upon expiry
16	Bonds	<b>3,507</b>	6,823	(48.6)	USD bonds due within 1 year reclassified to current portion of bonds
17	Lease liabilities	<b>666</b>	N/A	N/A	Lease liability recognised due to application of new lease standard of the Group

*Unit: RMB million*

No.	Items of the consolidated statement of cash flows	<b>January to September 2019</b>	January to September 2018	Percentage change %	Major reasons for changes
1	Net cash generated from operating activities	<b>56,757</b>	67,822	(16.3)	Decrease in cash inflows due to decrease in income; and decrease in deposits placed with Shenhua Finance Company
	Including: Net cash generated from operating activities of Shenhua Finance Company <sup>note</sup>	<b>3,230</b>	9,589	(66.3)	
	Net cash generated from operating activities excluding the effect of Shenhua Finance Company	<b>53,527</b>	58,233	(8.1)	
2	Net cash used in investing activities	<b>(3,787)</b>	(13,897)	(72.7)	Recovery of certain bank wealth management products of the Group upon expiry
3	Net cash used in financing activities	<b>(29,265)</b>	(21,165)	38.3	Decrease in new borrowings during the reporting period as compared with the same period of last year

*Note:* Except for services within the Group, Shenhua Finance Company provides financial services, including deposits and loans, to other entities apart from the Group. This item represents the cash flow of deposits and loans, interests, fees and commission generated from financial services.

### 3.3 Analysis on key operational indicators of the coal segment

#### 3.3.1 Coal sales

##### (1) By contract pricing mechanisms

	July to September 2019			January to September 2019		
	Sales volume <i>Million tonnes</i>	Proportion of total sales %	Price (exclusive of tax) <i>RMB/ tonne</i>	Sales volume <i>Million tonnes</i>	Proportion of total sales %	Price (exclusive of tax) <i>RMB/ tonne</i>
I. Annual long-term contracts	53.0	46.2	404	161.2	48.6	380
II. Monthly long-term contracts	46.2	40.4	482	131.1	39.5	484
III. Spot commodity	15.4	13.4	418	39.4	11.9	421
<b>Total sales volume/average price (exclusive of tax)</b>	<b>114.6</b>	<b>100.0</b>	<b>437</b>	<b>331.7</b>	<b>100.0</b>	<b>426</b>

*Note:* Sales prices of coal in this report are all exclusive of tax. Similarly hereinafter.

(2) *By sales regions*

	July to September 2019			July to September 2018			Change	
	Sales volume <i>Million tonnes</i>	Proportion of total sales	Price (exclusive of tax) <i>RMB/ tonne</i>	Sales volume <i>Million tonnes</i>	Proportion of total sales	Price (exclusive of tax) <i>RMB/ tonne</i>	Sales volume <i>Million tonnes</i>	Price (exclusive of tax) <i>RMB/ tonne</i>
		%	%		%	%		
<b>I. Domestic sales</b>	<b>112.8</b>	<b>98.5</b>	<b>437</b>	114.0	99.5	427	(1.1)	2.3
(I) Self-produced coal and purchased coal	108.8	95.1	438	109.6	95.6	428	(0.7)	2.3
1. Direct arrival	39.3	34.4	342	40.5	35.3	319	(3.0)	7.2
2. Seaborne	69.5	60.7	492	69.1	60.3	491	0.6	0.2
(II) Sales of domestic trading coal	2.7	2.3	396	2.7	2.5	384	0.0	3.1
(III) Sales of imported coal	1.3	1.1	427	1.7	1.4	461	(23.5)	(7.4)
<b>II. Export sales</b>	<b>0.4</b>	<b>0.3</b>	<b>642</b>	0.5	0.4	606	(20.0)	5.9
<b>III. Overseas coal sales</b>	<b>1.4</b>	<b>1.2</b>	<b>422</b>	0.2	0.1	520	600.0	(18.8)
<b>Total sales volume/average price (exclusive of tax)</b>	<b>114.6</b>	<b>100.0</b>	<b>437</b>	114.7	100.0	428	(0.1)	2.1

	January to September 2019			January to September 2018			Change	
	Sales volume <i>Million tonnes</i>	Proportion of total sales	Price (exclusive of tax) <i>RMB/ tonne</i>	Sales volume <i>Million tonnes</i>	Proportion of total sales	Price (exclusive of tax) <i>RMB/ tonne</i>	Sales volume <i>Million tonnes</i>	Price (exclusive of tax) <i>RMB/ tonne</i>
		%	%		%	%		
<b>I. Domestic sales</b>	<b>327.3</b>	<b>98.7</b>	<b>425</b>	336.5	99.0	430	(2.7)	(1.2)
(I) Self-produced coal and purchased coal	318.8	96.1	426	320.0	94.1	430	(0.4)	(0.9)
1. Direct arrival	120.8	36.4	328	122.4	36.0	316	(1.3)	3.8
2. Seaborne	198.0	59.7	486	197.6	58.1	500	0.2	(2.8)
(II) Sales of domestic trading coal	6.2	1.9	353	14.0	4.2	431	(55.7)	(18.1)
(III) Sales of imported coal	2.3	0.7	437	2.5	0.7	443	(8.0)	(1.4)
<b>II. Export sales</b>	<b>1.4</b>	<b>0.4</b>	<b>634</b>	1.5	0.4	531	(6.7)	19.4
<b>III. Overseas coal sales</b>	<b>3.0</b>	<b>0.9</b>	<b>443</b>	2.0	0.6	518	50.0	(14.5)
<b>Total sales volume/average price (exclusive of tax)</b>	<b>331.7</b>	<b>100.0</b>	<b>426</b>	340.0	100.0	431	(2.4)	(1.2)

### 3.3.2 Operating Results (before elimination on consolidation)

		January to September 2019	January to September 2018	Percentage change %	Major reasons for changes
Revenue	<i>RMB million</i>	<b>145,469</b>	150,703	(3.5)	Decrease in sales volume and average price of coal
Cost of sales	<i>RMB million</i>	<b>113,252</b>	113,427	(0.2)	Decrease in the volume of purchased coal and purchase price
Gross profit	<i>RMB million</i>	<b>32,217</b>	37,276	(13.6)	
Gross profit margin	%	<b>22.1</b>	24.7	Decreased by 2.6 percentage points	

### 3.3.3 Unit Production Cost of Self-Produced Coal

Unit: RMB/tonne

	January to September 2019	January to September 2018	Percentage change %	Major reasons for changes
<b>Unit production cost of self-produced coal</b>	<b>123.0</b>	109.4	12.4	
Materials, fuel and power	<b>25.9</b>	21.0	23.3	Enhancing earthwork stripping in open-pit mines such as Ha'erwusu open-pit mine, an increase in electricity price in coal mines production in Inner Mongolia, and decrease in output of <u>Shengli open-pit mine with low unit production cost</u>
Personnel expenses	<b>22.9</b>	19.1	19.9	Wages rise in part of production units
Repairs and maintenance	<b>8.9</b>	7.5	18.7	Collective repair and maintenance of production equipment in open-pit mines
Depreciation and amortization	<b>17.4</b>	19.1	(8.9)	Sufficient provision for depreciation of part of production equipment
Other costs	<b>47.9</b>	42.7	12.2	Increase in production cost for maintenance, safety investments, outsourcing fee for stripping and relocation compensation, etc.

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 approximately 61%; (2) auxiliary production expenses, accounting for approximately 23%; (3) land requisition and surface subsidence compensation, environmental protection expenses, tax, and local charges, etc., accounting for approximately 16%.

### 3.4 Operation of the power segment

#### (1) Power generation and power output dispatch

Location/ Type of power	Gross power generation		Power output dispatch		Average utilization hours		Power tariff	
	<i>billion kWh</i>		<i>billion kWh</i>		<i>hours</i>		<i>RMB/mWh</i>	
	July to September 2019	July to September 2018						
<b>Domestic</b>	<b>36.29</b>	79.64	<b>33.97</b>	74.68	<b>1,181</b>	1,367	<b>336</b>	319
Coal-fired power	<b>35.03</b>	77.70	<b>32.74</b>	72.78	<b>1,181</b>	1,378	<b>330</b>	314
Gas-fired power	<b>1.03</b>	1.71	<b>1.00</b>	1.68	<b>1,080</b>	994	<b>581</b>	528
Hydropower	<b>0.23</b>	0.23	<b>0.23</b>	0.22	<b>1,810</b>	1,814	<b>188</b>	189
<b>Overseas</b>	<b>0.46</b>	0.43	<b>0.41</b>	0.38	<b>1,546</b>	1,429	<b>502</b>	483
Coal-fired power	<b>0.46</b>	0.43	<b>0.41</b>	0.38	<b>1,546</b>	1,429	<b>502</b>	483
<b>Total/Weighted average</b>	<b>36.75</b>	80.07	<b>34.38</b>	75.06	<b>1,185</b>	1,368	<b>338</b>	320

Location/ Type of power	Gross power generation		Power output dispatch		Average utilization hours		Power tariff	
	<i>billion kWh</i>		<i>billion kWh</i>		<i>hours</i>		<i>RMB/mWh</i>	
	January to September 2019	January to September 2018						
<b>Domestic</b>	<b>115.49</b>	212.44	<b>108.33</b>	199.37	<b>3,385</b>	3,648	<b>331</b>	314
Coal-fired power	<b>111.72</b>	207.72	<b>104.65</b>	194.76	<b>3,390</b>	3,684	<b>324</b>	309
Gas-fired power	<b>3.25</b>	4.21	<b>3.17</b>	4.11	<b>3,136</b>	2,436	<b>577</b>	551
Hydropower	<b>0.52</b>	0.51	<b>0.51</b>	0.50	<b>4,140</b>	4,071	<b>225</b>	219
<b>Overseas</b>	<b>1.16</b>	1.22	<b>1.01</b>	1.07	<b>3,872</b>	4,068	<b>527</b>	493
Coal-fired power	<b>1.16</b>	1.22	<b>1.01</b>	1.07	<b>3,872</b>	4,068	<b>527</b>	493
<b>Total/Weighted average</b>	<b>116.65</b>	213.66	<b>109.34</b>	200.44	<b>3,389</b>	3,528	<b>333</b>	315

## (2) Installed Power Generators

Unit: MW

Power Type	Total installed capacity as at 31 December 2018	Installed capacity increased/ (decreased) from January to September 2019	Total Installed capacity as at 30 September 2019
Coal-fired power	59,994	(30,040)	29,954
Gas-fired power	1,730	(780)	950
Hydropower	125	0	125
<b>Total</b>	<b>61,849</b>	<b>(30,820)</b>	<b>31,029</b>

Decrease in installed capacity of generator units of the Group is mainly due to the fact that a total of 30,530 MW generator units involved in the equity and assets of coal-fired power generation companies contributed by the Company are no longer consolidated into the statistic scope of the Group as a result of the completion of the transaction relating to the Joint Venture Company jointly established by the Company and GD Power (for details, please refer to the 2019 Interim Report of the Company).

## (3) Operating Results (before elimination on consolidation)

		January to September 2019	January to September 2018	Percentage change %	Major reasons for changes
Revenue	<i>RMB million</i>	38,303	65,278	(41.3)	Upon completion of the transaction relating to the establishment of the Joint Venture Company on 31 January 2019, revenue and costs relating to the assets contributed by the Company are no longer consolidated into the Group.
Cost of sales	<i>RMB million</i>	29,988	53,666	(44.1)	
Gross profit	<i>RMB million</i>	8,315	11,612	(28.4)	
Gross profit margin	%	21.7	17.8	Increased by 3.9 percentage points	

From January to September 2019, the Group's average cost of power output dispatch of the power business was RMB268.0/mWh (for the same period in 2018: RMB262.5/mWh), representing a year-on-year increase of 2.1%.

### 3.5 Major operation of transportation segment and coal chemical segment

*Unit: RMB million*

	Railway			Port			Shipping			Coal chemical		
	January to	January to	Percentage	January to	January to	Percentage	January to	January to	Percentage	January to	January to	Percentage
	September	September	change	September	September	change	September	September	change	September	September	change
	2019	2018	%	2019	2018	%	2019	2018	%	2019	2018	%
Revenue	30,211	29,191	3.5	4,441	4,579	(3.0)	2,418	3,037	(20.4)	4,347	4,296	1.2
Cost of sales	15,418	14,838	3.9	2,243	2,242	0.0	2,143	2,342	(8.5)	3,809	3,705	2.8
Gross profit	14,793	14,353	3.1	2,198	2,337	(5.9)	275	695	(60.4)	538	591	(9.0)
Gross profit margin (%)	49.0	49.2	Decreased by 0.2 percentage point	49.5	51.0	Decreased by 1.5 percentage points	11.4	22.9	Decreased by 11.5 percentage points	12.4	13.8	Decreased by 1.4 percentage points

*Note:* From January to September 2019, decrease in revenue of shipping segment is mainly due to significant decrease in shipping freight; decrease in cost of sales is mainly due to decrease in charter costs.

### 3.6 Industry environment

In the first three quarters of 2019, the operation of macro-economy of China maintained stable development and the economic structure was continuously optimised; the Gross Domestic Product (GDP) grew at a rate of 6.2%. the Producer Price Index for Industrial Products (PPI) remained the same as to that of the previous year.

From January to September, the supply and demand in domestic coal market were generally balanced and the coal price fluctuated within a reasonable interval. Coal prices showed slightly downward fluctuations in the early third quarter affected by an increase in contribution of hydropower and a high level of coal inventory of power plants; the demand for coal from coastal regions increased in September, with a stable and slight recovery in coal prices. As of the end of September, the price index of Bohai Bay thermal coal (5,500 kcal) was RMB578/tonne, increasing by RMB8/tonne compared with that at the beginning of the year. In the first three quarters of 2019, the average price index was RMB577/tonne, representing a year-on-year slight increase of 1%.

From January to September, total raw coal production in the PRC was 2.74 billion tonnes, representing a year-on-year increase of 4.5%, of which raw coal production in the third quarter recorded a year-on-year increase of 8.9%. The accumulative coal import amounted to 0.251 billion tonnes, representing a year-on-year increase of 9.5%. Thermal power generation by power plants above a designated scale in China amounted to 3,802.0 billion kWh, representing a year-on-year increase of 0.5%. The average utilisation hours of thermal power equipment represented an decrease of 101 hours as compared with the corresponding period of last year.

It is expected that the supply and demand of the coal market will be in balance in the fourth quarter. Coal price may fluctuate due to factors such as winter peak.

*Note:* This section is for reference only and does not constitute any investment advice. The information in this section was derived from sources such as the National Bureau of Statistics, China Coal Market Network, China Coal Resource Network and China Electricity Council, etc. The Company has used its best endeavours to ensure the accuracy and reliability of information in this section, but does not assume any liability or provide any form of guarantee for the accuracy, completeness or validity of all or part of its content. If there is any error or omission, the Company does not assume any liability.

### 3.7 Completion of business plans

Particulars on completion of business plans of the Group for 2019 as at the end of September are set out below:

Items	Unit	Target for 2019	Completion from January to September 2019	Completion rate %
Commercial coal production	100 million tonnes	2.9	<b>2.141</b>	73.8
Coal sales	100 million tonnes	4.27	<b>3.317</b>	77.7
Total power output dispatch	100 million kWh	1,431	<b>1,093.4</b>	76.4
Revenue	RMB100 million	2,212	<b>1,778.49</b>	80.4
Cost of sales	RMB100 million	1,441	<b>1,185.53</b>	82.3
Selling, general and administrative expenses (including R&D expenses) and net finance costs	RMB100 million	135	<b>78.79</b>	58.4
Change in unit production cost / of self-produced coal		Year-on-year increase not exceeding 5%	<b>Year-on-year increase by 12.4%</b>	/

Subject to various factors such as progress of land acquisition for quarry, execution of certificates for production and changes in geological conditions for mining in coal mines, commercial coal output of the Group from January to September 2019 reached 73.8% of the annual plan. Currently, the Group actively adopts measures to promote relevant works.

However, investors are reminded to be aware that the 2019 annual commercial coal output may be lower than that of the annual plan subject to objective uncertainties.

The Group recorded a significant year-on-year increase in unit production cost of self-produced coal from January to September 2019. Subject to the season, safety and environmental protection inspection and other factors in the fourth quarter, investors are reminded to be aware that unit production cost of self-produced coal of 2019 is expected to fluctuate on a year-on-year increase of approximately 13%.

**3.8 Progress of significant events and the impact thereof as well as the analysis and explanations for the solutions**

Applicable      ✓ Not applicable

**3.9 Commitments that have yet to be fulfilled within the stated time frame during the reporting period**

Applicable      ✓ Not applicable

**3.10 Warnings and explanations with regard to forecast of a probable loss in respect of the accumulated net profits from the beginning of the year to the end of the next reporting period or any significant changes as compared to the corresponding period of last year**

Applicable      ✓ Not applicable

**3.11 Definition**

China Shenhua/the Company	China Shenhua Energy Company Limited
The Group	the Company and its subsidiaries
China Energy	China Energy Investment Corporation Limited
GD Power	GD Power Development Co., Ltd.
Joint Venture Company	the joint venture company jointly established by the Company and GD Power with their respective equity interests and assets held in relevant coal-fired power generation companies
Shenhua Finance Company	Shenhua Finance Co., Ltd.

China Accounting Standards for Business Enterprises	the Accounting Standards for Business Enterprises, Application Guidance to Accounting Standards for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other related requirements issued by the Ministry of Finance of the People's Republic of China
International Financial Reporting Standards or IFRSs	International Financial Reporting Standards issued by the International Accounting Standards Committee

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

Beijing, 28 October 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, Ms. Zhong Yingjie, Christina as independent non-executive directors.*

## APPENDIX

### PREPARED UNDER IFRSs

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

*For the nine months ended 30 September*

	<b>2019</b>	2018
	<b><i>RMB million</i></b>	<i>RMB million</i>
	<b>(unaudited)</b>	(unaudited)
Revenue		
Goods and services	<b>177,849</b>	194,084
Cost of sales	<b>(118,553)</b>	(126,293)
Gross profit	<b>59,296</b>	67,791
Selling expenses	<b>(470)</b>	(490)
General and administrative expenses	<b>(5,784)</b>	(6,485)
Research and development expenses	<b>(259)</b>	(235)
Other gains and losses	<b>1,933</b>	35
Other income	<b>456</b>	469
Loss allowances	<b>140</b>	299
Other expenses	<b>(199)</b>	(787)
Interest income	<b>728</b>	796
Finance costs	<b>(2,094)</b>	(3,492)
Share of results of associates	<b>490</b>	348
<b>Profit before income tax</b>	<b>54,237</b>	58,249
Income tax expense	<b>(11,084)</b>	(12,677)
<b>Profit for the period</b>	<b>43,153</b>	45,572

	<b>2019</b>	2018
	<b><i>RMB million</i></b>	<i>RMB million</i>
	<b>(unaudited)</b>	(unaudited)
<b>Other comprehensive income for the period</b>		
<i>Item that will not be reclassified to profit or loss, net of income tax</i>		
Remeasurement of defined benefit obligations	<b>37</b>	(24)
Fair value changes on investments in equity instruments at fair value through other comprehensive income	<b>0</b>	75
Share of other comprehensive income of associates	<b>4</b>	0
<i>Item that may be reclassified subsequently to profit or loss, net of income tax</i>		
Exchange differences	<b>114</b>	174
Share of other comprehensive income of associates	<b>(2)</b>	9
Fair value changes on investments in debt instruments at fair value through other comprehensive income	<b>36</b>	0
	_____	_____
<b>Other comprehensive income for the period, net of income tax</b>	<b>189</b>	234
	_____	_____
<b>Total comprehensive income for the period</b>	<b>43,342</b>	45,806
	<b>=====</b>	<b>=====</b>

	<b>2019</b>	2018
	<b><i>RMB million</i></b>	<i>RMB million</i>
	<b>(unaudited)</b>	(unaudited)
<b>Profit for the period attributable to:</b>		
Equity holders of the Company	<b>36,250</b>	37,207
Non-controlling interests	<b>6,903</b>	8,365
	<u><b>43,153</b></u>	<u>45,572</u>
<b>Total comprehensive income for the period attributable to:</b>		
Equity holders of the Company	<b>36,408</b>	37,394
Non-controlling interests	<b>6,934</b>	8,412
	<u><b>43,342</b></u>	<u>45,806</u>
<b>Earnings per share</b>		
– Basic ( <i>RMB</i> )	<u><b>1.823</b></u>	<u>1.871</u>

**PREPARED UNDER IFRSs****CONSOLIDATED STATEMENT OF FINANCIAL POSITION***As at 30 September 2019*

	As at 30 September 2019 <i>RMB million</i> (unaudited)	As at 31 December 2018 <i>RMB million</i> (audited)
<b>Non-current assets</b>		
Property, plant and equipment	246,833	257,349
Construction in progress	42,472	36,585
Exploration and evaluation assets	950	951
Intangible assets	3,467	3,623
Right-of-use assets	17,580	N/A
Interest in associates	40,086	10,047
Equity instruments at fair value through other comprehensive income	842	811
Other non-current assets	33,228	29,456
Lease prepayments	N/A	16,425
Deferred tax assets	3,206	3,083
<b>Total non-current assets</b>	<b>388,664</b>	<b>358,330</b>
<b>Current assets</b>		
Inventories	13,209	9,967
Accounts and bills receivables	12,991	13,055
Prepaid expenses and other current assets	54,110	54,702
Restricted bank deposits	8,563	8,607
Time deposits with original maturity over three months	1,738	1,735
Cash and cash equivalents	85,607	61,863
Assets classified as held for sale	0	83,367
<b>Total current assets</b>	<b>176,218</b>	<b>233,296</b>

	<b>As at 30 September 2019 RMB million (unaudited)</b>	<b>As at 31 December 2018 RMB million (audited)</b>
<b>Current liabilities</b>		
Borrowings	<b>3,988</b>	5,772
Accounts and bills payable	<b>22,189</b>	26,884
Accrued expenses and other payables	<b>56,073</b>	52,737
Current portion of bonds	<b>3,534</b>	0
Current portion of lease liabilities	<b>156</b>	N/A
Current portion of long-term liabilities	<b>371</b>	457
Income tax payable	<b>3,325</b>	4,213
Contract liabilities	<b>6,504</b>	3,404
Liabilities associated with assets classified as held for sale	<b>0</b>	29,914
	<hr/>	<hr/>
<b>Total current liabilities</b>	<b>96,140</b>	123,381
	<hr/>	<hr/>
<b>Net current assets</b>	<b>80,078</b>	109,915
	<hr/>	<hr/>
<b>Total assets less current liabilities</b>	<b>468,742</b>	468,245
	<hr/>	<hr/>
<b>Non-current liabilities</b>		
Borrowings	<b>39,798</b>	46,765
Bonds	<b>3,507</b>	6,823
Long-term liabilities	<b>2,150</b>	2,092
Accrued reclamation obligations	<b>3,321</b>	3,191
Deferred tax liabilities	<b>537</b>	537
Lease liabilities	<b>666</b>	N/A
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b>49,979</b>	59,408
	<hr/>	<hr/>
<b>Net assets</b>	<b>418,763</b>	408,837
	<hr/> <hr/>	<hr/> <hr/>

	<b>As at 30 September 2019 RMB million (unaudited)</b>	As at 31 December 2018 RMB million (audited)
<b>Equity</b>		
Share capital	<b>19,890</b>	19,890
Reserves	<b>330,633</b>	311,803
	<hr/>	<hr/>
Equity attributable to equity holders of the Company	<b>350,523</b>	331,693
Non-controlling interests	<b>68,240</b>	77,144
	<hr/>	<hr/>
<b>Total equity</b>	<b>418,763</b>	408,837
	<hr/> <hr/>	<hr/> <hr/>

**PREPARED UNDER IFRSs****CONSOLIDATED STATEMENT OF CASH FLOWS***For the nine months ended 30 September*

	<b>2019</b>	2018
	<b><i>RMB million</i></b>	<i>RMB million</i>
	<b>(unaudited)</b>	(unaudited)
<b>Operating activities</b>		
Cash generated from operations	<b>68,852</b>	83,087
Income taxes paid	<b>(12,095)</b>	(15,265)
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	<b>56,757</b>	67,822
<b>Investing activities</b>		
Acquisition of property, plant and equipment, intangible assets, exploration and evaluation assets, additions to construction in progress and other non-current assets	<b>(10,233)</b>	(13,089)
Increase in lease prepayments	<b>(768)</b>	(40)
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets	<b>548</b>	463
Disposal of equity instruments at fair value through other comprehensive income	<b>0</b>	2
Proceeds from disposal of derivative financial instruments	<b>0</b>	106
Investments in associates	<b>(1,497)</b>	(704)
Cash and cash equivalent disposed of to establish Beijing GD Power Co., Ltd.	<b>(1,510)</b>	0
Repayments of net cash received from Shenhua Contributed Entities during the transition period	<b>(1,562)</b>	0
Dividend received from associates	<b>158</b>	51
Interest received	<b>1,216</b>	712
Decrease/(increase) in restricted bank deposits	<b>44</b>	(818)
Placing of time deposits with original maturity over three months	<b>(680)</b>	(2,213)

	<b>2019</b>	2018
	<b><i>RMB million</i></b>	<i>RMB million</i>
	<b>(unaudited)</b>	(unaudited)
Maturity of time deposits with original maturity over three months	<b>677</b>	1,633
Disposal of financial assets	<b>31,473</b>	0
Investment in bank wealth management products	<b>(31,087)</b>	0
Investments in other equity instruments	<b>(31)</b>	0
Collection of entrusted loans	<b>9,465</b>	0
<b>Net cash used in investing activities</b>	<b>(3,787)</b>	(13,897)
<b>Financing activities</b>		
Capital element of lease rentals paid	<b>(132)</b>	0
Interest element of lease rentals paid	<b>(22)</b>	0
Interest paid	<b>(2,435)</b>	(3,188)
Proceeds from borrowings	<b>2,770</b>	31,562
Repayments of borrowings	<b>(11,707)</b>	(23,439)
Repayments of bonds	<b>0</b>	(3,208)
Contributions from non-controlling shareholders	<b>340</b>	189
Distribution to non-controlling shareholders	<b>(1,051)</b>	(4,800)
Distribution to shareholders of the Company	<b>(17,498)</b>	(18,310)
Proceeds from bills discounted	<b>470</b>	29
<b>Net cash used in financing activities</b>	<b>(29,265)</b>	(21,165)
<b>Net increase in cash and cash equivalents</b>	<b>23,705</b>	32,760
Cash and cash equivalents as at the beginning of the period	<b>61,863</b>	71,872
Effect of foreign exchange rate changes	<b>39</b>	71
<b>Cash and cash equivalents as at the end of the period</b>	<b>85,607</b>	104,703