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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)

**CHINA SHENHUA ENERGY COMPANY LIMITED
FIRST QUARTERLY REPORT FOR THE YEAR 2021**

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 the 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 (the “**Board**”) of the Company hereby presents the results of the Group for the three months ended 31 March 2021 prepared in accordance with the 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 7th meeting of the fifth session of the Board.
- 1.3 Wang Xiangxi, chairman 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 quarterly report.
- 1.4 The financial statements in this report are prepared in accordance with IFRSs, but have not been audited. Please refer to section 2.2 of this report for the major differences between the financial statements prepared under IFRSs and those prepared under the China Accounting Standards for Business Enterprises.

2. COMPANY PROFILE

2.1 Major financial data

	January to March 2021	January to March 2020	Percentage change %
Revenue (<i>RMB million</i>)	67,608	51,077	32.4
Profit before income tax (<i>RMB million</i>)	18,069	15,082	19.8
Profit for the period (<i>RMB million</i>)	14,461	12,093	19.6
Profit attributable to equity holders of the Company for the period (<i>RMB million</i>)	11,864	9,980	18.9
Basic earnings per share (<i>RMB/share</i>)	0.597	0.502	18.9
Net cash generated from operating activities (<i>RMB million</i>)	19,614	29,984	(34.6)
Net cash per share generated from operating activities (<i>RMB/share</i>)	0.99	1.51	(34.4)
Net cash generated from operating activities excluding the effect of Finance Company (<i>RMB million</i>)	19,614	15,473	26.8
Net cash per share generated from operating activities excluding the effect of Finance Company (<i>RMB/share</i>)	0.99	0.78	26.9
	31 March 2021	31 December 2020	Percentage Change %
Total assets (<i>RMB million</i>)	588,494	562,904	4.5
Total liabilities (<i>RMB million</i>)	144,439	133,317	8.3
Total equity (<i>RMB million</i>)	444,055	429,587	3.4
Equity attributable to equity holders of the Company (<i>RMB million</i>)	375,975	364,203	3.2
Shareholders' equity per share (<i>RMB/share</i>)	18.92	18.33	3.2

2.2 Major differences of financial statements prepared under different accounting standards

Unit: RMB million

Item	Net profit attributable to equity holders of the Company		Net assets attributable to equity holders of the Company	
	January to March 2021	January to March 2020	31 March 2021	31 December 2020
Under China Accounting Standards for Business Enterprises	11,611	9,807	372,178	360,189
Adjustment:				
Simple production maintenance, production safety and other related expenditures	253	173	3,797	4,014
Under IFRSs	11,864	9,980	375,975	364,203

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. Under China Accounting Standards for Business Enterprises, such expenditures are recognised as expenses in profit or loss and separately recorded as a specific reserve in shareholders' equity. On utilisation of the specific reserve as fixed assets within the stipulated scope, the full amount of accumulated depreciation is recognised at the same time when the cost of the relevant assets is recorded. Under International Financial Reporting Standards, these expenses 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	January to March 2021	January to March 2020	Percentage change %
(I) Coal				
1. Commercial coal production	Million tonnes	78.0	74.4	4.8
2. Coal sales	Million tonnes	115.4	98.4	17.3
(II) Transportation				
1. Turnover of self-owned railway	Billion tonne km	73.8	65.4	12.8
2. Loading volume at Huanghua Port	Million tonnes	55.1	44.8	23.0
3. Loading volume at Shenhua Tianjin Coal Dock	Million tonnes	10.9	10.8	0.9
4. Shipment volume	Million tonnes	30.2	22.9	31.9
5. Shipment turnover	Billion tonne nm	25.3	18.3	38.3
(III) Power generation				
1. Gross power generation	Billion kWh	37.18	27.46	35.4
2. Total power output dispatch	Billion kWh	34.88	25.71	35.7
(IV) Coal chemical				
1. Sales of polyethylene	Thousand tonnes	94.8	89.0	6.5
2. Sales of polypropylene	Thousand tonnes	89.7	80.9	10.9

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

Unit: shares

Total number of shareholders (<i>accounts</i>)	195,266
Including: Holders of A shares (including China Energy)	193,235
Registered holders of H shares	2,031

Name of shareholder (in full)	Shareholding of top ten shareholders			Shares pledged or frozen	Status of shares	Nature of shareholder
	Number of shares held at the end of the period	Percentage %	Number of shares held subject to selling restrictions			
China Energy Investment Corporation Limited	13,812,709,196	69.52	0	Nil	N/A	State-owned corporation
HKSCC NOMINEES LIMITED	3,369,277,435	16.96	0	Unknown	N/A	Overseas corporation
China Securities Finance Corporation Limited	594,718,004	2.99	0	Nil	N/A	Others
Hong Kong Securities Clearing Company Limited	165,218,447	0.83	0	Nil	N/A	Overseas corporation
Central Huijin Asset Management Ltd.	110,027,300	0.55	0	Nil	N/A	State-owned corporation
Shanghai Pudong Development Bank Co Ltd – Guangfa High-end Manufacturing Stock-type Securities Investment Funds (上海浦東發展銀行股份有限公司—廣發高端製造股票型發起式證券投資基金)	82,115,411	0.41	0	Nil	N/A	Others
Industrial Bank Co., Ltd. – AIFMC New Vision Flexible Allocation and Regularly Open Hybrid Initiating Securities Investment Fund (興業銀行股份有限公司—興全新視野靈活配置定期開放混合型發起式證券投資基金)	67,636,276	0.34	0	Nil	N/A	Others
Industrial Bank Co., Ltd. – Guangfa Xingcheng Mixed Securities Investment Funds (興業銀行股份有限公司—廣發興誠混合型證券投資基金)	27,383,486	0.14	0	Nil	N/A	Others

Name of shareholder (in full)	Shareholding of top ten shareholders			Shares pledged or frozen	Status of shares	Nature of shareholder
	Number of shares held at the end of the period	Percentage %	Number of shares held subject to selling restrictions			
Zhuhai Ruifeng Huibang Asset Management Co., Ltd. – Ruifeng Huibang No.3 Privately Offered Fund (珠海市瑞豐匯邦資產管理有限公司—瑞豐匯邦三號私募證券投資基金)	22,233,848	0.11	0	Nil	N/A	Others
Industrial and Commercial Bank of China Limited – Guangfa Shuangqing Upgrade Mixed Securities Investment Funds (中國工商銀行股份有限公司—廣發雙擎升級混合型證券投資基金)	20,999,945	0.11	0	Nil	N/A	Others

Shareholdings of top ten shareholders without selling restrictions

Name of shareholder	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	3,369,277,435	Overseas-listed foreign shares	3,369,277,435
China Securities Finance Corporation Limited	594,718,004	RMB ordinary shares	594,718,004
Hong Kong Securities Clearing Company Limited	165,218,447	RMB ordinary shares	165,218,447
Central Huijin Asset Management Ltd.	110,027,300	RMB ordinary shares	110,027,300
Shanghai Pudong Development Bank Co., Ltd. – Guangfa High-end Manufacturing Stock-type Securities Investment Funds (上海浦東發展銀行股份有限公司—廣發高端製造股票型發起式證券投資基金)	82,115,411	RMB ordinary shares	82,115,411
Industrial Bank Co., Ltd. – AIFMC New Vision Flexible Allocation and Regularly Open Hybrid Initiating Securities Investment Fund (興業銀行股份有限公司—興全新視野靈活配置定期開放混合型發起式證券投資基金)	67,636,276	RMB ordinary shares	67,636,276
Industrial Bank Co., Ltd. – Guangfa Xingcheng Mixed Securities Investment Funds (興業銀行股份有限公司—廣發興誠混合型證券投資基金)	27,383,486	RMB ordinary shares	27,383,486

Shareholdings of top ten shareholders without selling restrictions

Name of shareholder	Number of shares		Type and number of shares	
	without selling restrictions		Type	Number
Zhuhai Ruifeng Huibang Asset Management Co., Ltd. – Ruifeng Huibang No.3 Privately Offered Fund (珠海市瑞豐匯邦資產管理有限公司–瑞豐匯邦三號私募證券投資基金)	22,233,848		RMB ordinary shares	22,233,848
Industrial and Commercial Bank of China Limited – Guangfa Shuangqing Upgrade Mixed Securities Investment Funds (中國工商銀行股份有限公司–廣發雙擎升級混合型證券投資基金)	20,999,945		RMB ordinary shares	20,999,945
Details regarding the connected relationships among the above shareholders or whether they are parties acting in concert	Both of HKSCC NOMINEES LIMITED and Hong Kong Securities Clearing Company Limited are wholly-owned subsidiaries of Hong Kong Exchanges and Clearing Limited. The trustee bank of Industrial Bank Co., Ltd. – AIFMC New Vision Flexible Allocation and Regularly Open Hybrid Initiating Securities Investment Fund and Industrial Bank Co., Ltd. – Guangfa Xingcheng Mixed Securities Investment Funds is Industrial Bank Co., Ltd.. Saved as disclosed above, the Company is not aware of any connected relationships between the top ten shareholders without selling restrictions and the top ten shareholders, and whether they are parties acting in concert as defined in the Measures for Administration of Acquisition of Listed Companies.			
Details regarding the holders of preference shares with voting rights restored and the number of shares held	N/A			

Note: H Shares held by HKSCC NOMINEES LIMITED are held on behalf of a number of its clients. and 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 consolidation scope of financial statements

Shenhua Shendong Power Co., Ltd., a subsidiary of the Company, transferred 100% equity of China Energy Shaanxi Fuping Thermal Power Co., Ltd. (“**Fuping Thermal Power**”) to China Energy Guoyuan Power Co., Ltd.. The equity transfer was completed on 7 January 2021, and Fuping Thermal Power was no longer included in the scope of the consolidated financial statements of the Company.

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

From January to March 2021, the revenue of the Group under the IFRSs was RMB67,608 million (for the corresponding period in 2020: RMB51,077 million), representing a year-on-year increase of 32.4%. Profit before income tax was RMB18,069 million (for the corresponding period in 2020: RMB15,082 million), representing a year-on-year increase of 19.8%. The profit attributable to equity holders of the Company for the period was RMB11,864 million (for the corresponding period in 2020: RMB9,980 million), representing a year-on-year increase of 18.9%.

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

Unit: RMB million

No.	Items of consolidated statement of profit or loss and other comprehensive income	January to March 2021	January to March 2020	Percentage Change %	Major reasons for changes
1	Revenue	67,608	51,077	32.4	Year-on-year increase in major business volume such as coal sales volume and power output dispatch; increase in average selling price of coal
2	Cost of sales	(48,435)	(34,511)	40.3	Year-on-year increase in major business volume such as coal sales volume and power output dispatch; increase in the proportion of sales and purchase price of purchased coal

Unit: RMB million

No.	Items of consolidated statement of profit or loss and other comprehensive income	January to March 2021	January to March 2020	Percentage Change %	Major reasons for changes
3	Research and development costs	(144)	(91)	58.2	Increase in the R&D expenditure of smart mine projects of the Group
4	Other gains and losses	42	470	(91.1)	The interest income generated from the recovery of certain bank wealth management products of the Company upon expiry in the same period last year, and the income generated from the interbank deposit certificates of Finance Company
5	Loss allowances, net of reversal	4	98	(95.9)	Reversal of allowance for loan losses from Finance Company for the same period last year
6	Other expenses	(78)	(8)	875.0	The year-on-year increase in inventory scrap losses and donation expenses
7	Interest income	561	388	44.6	The deconsolidation of Finance Company's financial statements, and the interest income generated by the deposits of the Group in the Finance Company is no longer offset
8	Finance costs	(566)	(957)	(40.9)	Year-on-year decrease in average loan balance and loan interest rate
9	Share of results of associates	766	304	152.0	Year-on-year increase in the Company's investment income in Beijing Guodian, Finance Company and other associates
10	Income tax expense	(3,608)	(2,989)	20.7	Increase in profit before tax during the reporting period

Unit: RMB million

No.	Items of consolidated statement of financial position	As at 31 March 2021	As at 31 December 2020	Percentage change %	Major reasons for changes
1	Inventories	16,471	12,750	29.2	Increase in coal inventory
2	Accounts and bills receivables	14,419	11,759	22.6	The intensified efforts of the Group on collection of accounts receivables and a relatively low base of account receivables at the end of the previous year, and the increase in receivables for coal sales and receivables for electricity sales during the reporting period
3	Prepaid expenses and other current assets	21,938	17,480	25.5	Increase in prepayments for coal and material purchases; prepayment of resource taxes by part of coal companies of the Group
4	Cash and cash equivalents	129,099	112,880	14.4	Increase in net cash generated from operating activities
5	Assets classified as held for sale	8	2,783	(99.7)	The completion of equity transfer of Fuping Thermal Power
6	Short-term borrowings	6,707	8,847	(24.2)	Repayments of certain short-term borrowings upon maturity
7	Accrued expenses and other payables	26,748	18,949	41.2	Increase in accrued expenses for certain subsidiaries
8	Income tax payable	4,577	6,313	(27.5)	The provision of corporate income tax at the rate of 25% by certain branches and subsidiaries at the end of 2020 that have been entitled to 15% of the preferential income tax rate of western development; the payment of such tax by relevant branches and subsidiaries during the reporting period
9	Contract liabilities	7,112	5,256	35.3	Increase in advance coal payments due to the increase in coal sales

Unit: RMB million

No.	Items of consolidated statement of financial position	As at 31 March 2021	As at 31 December 2020	Percentage change %	Major reasons for changes
10	Liabilities associated with assets classified as held for sale	0	217	(100.0)	The completion of equity transfer of Fuping Thermal Power
11	Long-term liabilities	5,944	2,661	123.4	The recognition of long-term payables for mining rights after reassessment of the mining rights of certain mines

Unit: RMB million

No.	Items of the consolidated statement of cash flows	January to March 2021	January to March 2020	Percentage change %	Major reasons for changes
1	Net cash generated from operating activities	19,614	29,984	(34.6)	After excluding the impact of Finance Company's financial statement in the same period last year, the net cash generated from operating activities increased year on year, mainly due to the increase in cash inflow resulting from the growth of operating profits
	Of which: Net cash Generated from operating activities of Finance Company ^{Note}	/	14,511	/	
	Net cash generated From operating Activities excluding the effect of Finance Company	19,614	15,473	26.8	

No.	Items of the consolidated statement of cash flows	January to March 2021	January to March 2020	Percentage change %	Major reasons for changes
2	Net cash generated from investing activities	838	14,779	(94.3)	The recovery of certain bank wealth management products of the Group upon expiry in the same period last year
3	Net cash used in financing activities	(2,067)	(5,625)	(63.3)	The decrease in debt repayment during the reporting period as compared with the same period of last year

Note: From January to August 2020, except for services within the Group, 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 commissions generated from this business. On 1 September 2020, the capital increase transaction of the Finance Company was completed and the direct and indirect shareholding ratio of the Company in the Finance Company fell to 40%, and the Finance Company was no longer included in the scope of the consolidated statements of the Company.

3.3 Operation of the coal segment

3.3.1 Coal sales

(1) By contract pricing mechanisms

	January to March 2021			January to March 2020			Changes	
	Sales volume	Proportion of total sales	Price (exclusive of tax)	Sales volume	Proportion of total sales	Price (exclusive of tax)	Sales	Price
	<i>Million tonnes</i>	<i>%</i>	<i>RMB/tonne</i>	<i>Million tonnes</i>	<i>%</i>	<i>RMB/tonne</i>	<i>%</i>	<i>%</i>
I. Sales through Guoneng Sales Group Limited	110.1	95.4	487	94.9	96.4	416	16.0	17.1
1. Annual long-term contracts	49.1	42.5	402	40.4	41.0	398	21.5	1.0
2. Monthly long-term contracts	47.4	41.1	575	41.9	42.6	425	13.1	35.3
3. Spot commodity	13.6	11.8	484	12.6	12.8	446	7.9	8.5
II. Direct sales in coal mines	5.3	4.6	234	3.5	3.6	199	51.4	17.6
Total sales volume/average Price (exclusive of tax)	115.4	100.0	475	98.4	100.0	409	17.3	16.1

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

From January to March 2021, the average price of coal sold by the Group based on the annual long-term contracts increased slightly year on year, which was mainly due to the decrease in the average calorific value of this part of coal as compared with the same period of last year.

(2) *By sales regions*

	January to March 2021			January to March 2020			Change	
	Sales volume <i>Million tonnes</i>	Proportion of total sales %	Price (exclusive of tax) <i>RMB/tonne</i>	Sales volume <i>Million tonnes</i>	Proportion of total sales %	Price (exclusive of tax) <i>RMB/tonne</i>	Sales volume %	Price (exclusive of tax) %
I. Domestic sales	113.9	98.7	476	98.1	99.7	408	16.1	16.7
(I) Self-produced coal and purchased coal	109.8	95.2	477	97.4	99.0	408	12.7	16.9
1. Direct arrival	48.8	42.3	365	40.1	40.8	326	21.7	12.0
2. Seaborne	61.0	52.9	568	57.3	58.2	466	6.5	21.9
(II) Sales of domestic trading coal	2.2	1.9	517	0.6	0.6	352	266.7	46.9
(III) Sales of imported coal	1.9	1.6	347	0.1	0.1	410	1,800.0	(15.4)
II. Export sales	0.1	0.1	713	0.3	0.3	588	(66.7)	21.3
III. Overseas sales	1.4	1.2	386	0.0	0.0	0	/	/
Total sales volume/average price (exclusive of tax)	115.4	100.0	475	98.4	100.0	409	17.3	16.1

3.3.2 Operating results (before elimination on consolidation)

		January to March 2021	January to March 2020	Percentage change %	Major reasons for changes
Revenue	RMB million	56,323	41,069	37.1	Increase in sales volume and average selling price of coal
Cost of sales	RMB million	(45,499)	(32,010)	42.1	Increase in sales volume of coal; increase in the proportion of sales and purchase price of purchased coal
Gross profit	RMB million	10,824	9,059	19.5	
Gross profit margin	%	19.2	22.1	Decreased by 2.9 percentage points	

3.3.3 Unit production cost of self-produced coal

Unit: RMB/tonne

		January to March 2021	January to March 2020	Percentage change %	Major reasons for changes
Unit production cost of self-produced coal		124.7	124.1	0.5	
Raw materials, fuel and power		24.8	23.6	5.1	With the implementation of linkage policy between coal price and electricity price in west Inner Mongolia Region, the increase in electricity price of the Group's relevant coal enterprises under the influence of coal price increase during the reporting period
Personnel expenses		21.0	21.3	(1.4)	
Repairs and maintenance		10.4	9.3	11.8	Increase in repair costs for part of open-pit mines
Depreciation and amortisation		18.7	18.9	(1.1)	
Other costs		49.8	51.0	(2.4)	

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 approximately 55%; ② auxiliary production expenses, accounting for approximately 26%; ③ land requisition and surface subsidence compensation, environmental protection expenses, and tax, accounting for approximately 19%.

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 utilisation hours		Power tariff	
	<i>billion kWh</i>		<i>billion kWh</i>		<i>hours</i>		<i>RMB/mWh</i>	
	January to March 2021	January to March 2020	January to March 2021	January to March 2020	January to March 2021	January to March 2020	January to March 2021	January to March 2020
Domestic	36.73	27.08	34.48	25.38	1,174	884	336	341
Coal-fired power	35.47	26.03	33.26	24.37	1,174	881	328	332
Gas-fired power	1.17	0.97	1.15	0.94	1,230	1,018	575	573
Hydropower	0.09	0.08	0.07	0.07	729	609	370	301
Overseas	0.45	0.38	0.40	0.33	1,522	1,269	451	576
Coal-fired power	0.45	0.38	0.40	0.33	1,522	1,269	451	576
Total/Weighted average	37.18	27.46	34.88	25.71	1,178	888	338	344

(2) Installed power generators

Unit: MW

Power type	Installed capacity		Total installed capacity as at 31 March 2021
	Total installed capacity as at 31 December 2020	increased/(decreased) for the reporting period	
Coal-fired power	31,204	(700)	30,504
Gas-fired power	950	–	950
Hydropower	125	–	125
Total	32,279	(700)	31,579

During the reporting period, the equity transfer of Fuping Thermal Power was completed, and the coal-fired installed power generators of the Group was reduced by 700MW.

(3) Operating results (before elimination on consolidation)

		January to March 2021	January to March 2020	Percentage change %	Major reasons for changes
Revenue	RMB million	13,457	9,588	40.4	Increase in power output dispatch
Cost of sales	RMB million	(11,264)	(7,635)	47.5	Increase in power output dispatch and coal price leads to an increase in coal costs
Gross profit	RMB million	2,193	1,953	12.3	
Gross profit margin	%	16.3	20.4	Decreased by 4.1 percentage points	

From January to March 2021, the Group's unit cost of power output dispatch of the power business was RMB 305.5/mWh (for the corresponding period in 2020: RMB289.9/mWh), representing a year-on-year increase of 5.4%.

3.5 Major operation of transportation and coal chemical segments

Unit: RMB million

	Railway			Port			Shipping			Coal chemical		
	January to March 2021	January to March 2020	Percentage Change %	January to March 2021	January to March 2020	Percentage Change %	January to March 2021	January to March 2020	Percentage Change %	January to March 2021	January to March 2020	Percentage Change %
Revenue	9,873	8,921	10.7	1,631	1,404	16.2	1,244	623	99.7	1,595	1,152	38.5
Cost of sales	(4,805)	(4,309)	11.5	(838)	(719)	16.6	(972)	(551)	76.4	(1,229)	(1,173)	4.8
Gross profit	5,068	4,612	9.9	793	685	15.8	272	72	277.8	366	(21)	(1,842.9)
			Decreased by 0.4 percentage point			Decreased by 0.2 percentage point			Increased by 10.3 percentage points			Increased by 24.7 percentage points
Gross profit margin (%)	51.3	51.7		48.6	48.8		21.9	11.6		22.9	(1.8)	

In the first quarter of 2021, the year-on-year increase in the gross profit of shipping segment was mainly attributable to the year-on-year increase in shipping turnover and shipping rates. The year-on-year increase in the gross profit of coal chemical segment was mainly attributable to the year-on-year increase in sales volume and sales price of olefin products.

3.6 Analysis of industry environment

In the first quarter of 2021, under the strong leadership of the Party Central Committee with Comrade Xi Jinping at the core, China actively responded to the challenges brought by COVID-19 in winter and spring and the uncertainty of the external environment, consolidated and expanded the results of pandemic prevention and control and economic and social development, scientifically and accurately implemented macroeconomic policies, stably strengthened the economic operation, made progress while maintaining stability, expanded production demand, and improved the market vitality, the employment and prices remained stable, livelihood protection was strong, and the national economy continued to recover steadily. In the first quarter, the gross domestic product (GDP) increased by 18.3% year on-year, and increased by 0.6% from the fourth quarter of 2020; consumer prices index across the country remained flat year-on-year.

In the first quarter, the domestic coal market was generally stable. The raw coal production in the PRC was 970 million tonnes, representing a year-on-year increase of 16.0%. The accumulative coal import amounted to 68.458 million tonnes, representing a year-on-year decrease of 28.5%. Thermal power generation by power plants above a designated scale in the PRC increased by 19.0% as compared with the corresponding period of last year, of which thermal power generation increased by 21.1% year on year. Affected by factors such as changes in electricity consumption around the Spring Festival and safety and environmental inspection for coal production areas, coal prices showed periodic fluctuations. The price index of Bohai Bay thermal coal (5,500 kcal) was RMB585/tonne at the end of March, keeping flat as compared with the beginning of the year; the average value of the price index for the first quarter was RMB595/tonne, representing a year-on-year increase of RMB40/tonne.

In the second quarter, the fully recovery of industrial demand, summer peaks, railway line maintenance and other factors shall further contribute to coal prices. It is expected that the national coal market will maintain an overall balance throughout the year, but the coal supply pattern of loose total volume and tight structure will exist at the same time.

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

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

Applicable ✓ Not applicable

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

Applicable ✓ Not applicable

3.9 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

3.10 Others

Yang Xiangbin has served as the Deputy Secretary of the Party Committee of the Company since 6 April 2021.

Yang Xiangbin, male, born in October 1965, Chinese nationality, certified public accountant, professoriate senior accountant and a member of the CPC. Mr. Yang obtained the master's degree of Business Administration from the Open University of Hong Kong in 2011.

Mr. Yang has served as the director of the capital operation department of China Energy Group, the director of the capital and asset management department of China Guodian Corporation and the secretary of the Party Committee, director and deputy general manager of Inner Mongolia Pingzhuang Coal (Group) Co., Ltd..

3.11 Definitions

China Shenhua/the Company	China Shenhua Energy Company Limited
The Group	the Company and its subsidiaries
China Energy	China Energy Investment Corporation Limited
Beijing GD Power	Beijing GD Power Co., Ltd.

Finance Company	China Energy Finance Co., Ltd. (formerly known as Shenhua Finance Co., Ltd.)
Transaction of capital increase in Finance Company	The transaction in which China Energy subscribed the additional registered capital of Finance Company of RMB7.5 billion by cash in RMB13,273,716,000 (for details, please refer to the H shares announcement of the Company dated 27 March 2020 and the A shares announcement dated 28 March 2020)
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
Reporting Period	January to March 2021

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

Beijing, 23 April 2021

As at the date of this announcement, the Board comprises the following: Mr. Wang Xiangxi, Mr. Yang Jiping and Mr. Xu Mingjun as executive directors, Mr. Jia Jinzhong as non-executive director, Dr. Yuen Kwok Keung, Dr. Bai Chong-En and Dr. Chen Hanwen as independent non-executive directors, and Mr. Wang Xingzhong as employee director.

APPENDIX
PREPARED UNDER IFRSs

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

For the three months ended 31 March

	2021	2020
	<i>RMB million</i>	<i>RMB million</i>
	(unaudited)	(unaudited)
Revenue		
Goods and services	67,608	51,077
Cost of sales	(48,435)	(34,511)
	<hr/>	<hr/>
Gross profit	19,173	16,566
Selling expenses	(147)	(135)
General and administrative expenses	(1,666)	(1,665)
Research and development expenses	(144)	(91)
Other gains and losses	42	470
Other income	124	112
Loss allowances, net of reversal	4	98
Other expenses	(78)	(8)
Interest income	561	388
Finance costs	(566)	(957)
Share of results of associates	766	304
	<hr/>	<hr/>
Profit before income tax	18,069	15,082
Income tax expense	(3,608)	(2,989)
	<hr/>	<hr/>
Profit for the period	14,461	12,093
	<hr/> <hr/>	<hr/> <hr/>

	2021 <i>RMB million</i> (unaudited)	2020 <i>RMB million</i> (unaudited)
Other comprehensive income for the period		
<i>Item that will not be reclassified to profit or loss, net of income tax:</i>		
Remeasurement of defined benefit obligations	<u>0</u>	<u>0</u>
<i>Item that may be reclassified subsequently to profit or loss, net of income tax:</i>		
Exchange differences	142	12
Share of other comprehensive income of associates	<u>1</u>	<u>(31)</u>
Other comprehensive income for the period, net of income tax	<u>143</u>	<u>(19)</u>
Total comprehensive income for the period	<u>14,604</u>	<u>12,074</u>
Profit for the period attributable to:		
Equity holders of the Company	11,864	9,980
Non-controlling interests	<u>2,597</u>	<u>2,113</u>
	<u>14,461</u>	<u>12,093</u>
Total comprehensive income for the period attributable to:		
Equity holders of the Company	11,990	9,946
Non-controlling interests	<u>2,614</u>	<u>2,128</u>
	<u>14,604</u>	<u>12,074</u>
Earnings per share		
– Basic (<i>RMB</i>)	<u>0.597</u>	<u>0.502</u>

PREPARED UNDER IFRSs

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	As at 31 March 2021 <i>RMB million</i> (unaudited)	As at 31 December 2020 <i>RMB million</i> (audited)
Non-current assets		
Property, plant and equipment	239,691	238,198
Construction in progress	40,429	39,845
Intangible assets	4,273	3,888
Right-of-use assets	18,419	18,597
Interests in associates	50,582	49,556
Equity instruments at fair value through other comprehensive income	1,845	1,845
Other non-current assets	35,459	35,890
Deferred tax assets	3,094	2,856
	<hr/>	<hr/>
Total non-current assets	393,792	390,675
	<hr/>	<hr/>
Current assets		
Inventories	16,471	12,750
Accounts and bills receivables	14,419	11,759
Prepaid expenses and other current assets	21,938	17,480
Restricted bank deposits	3,202	3,391
Time deposits with original maturity over three months	9,565	11,186
Cash and cash equivalents	129,099	112,880
Assets classified as held for sale	8	2,783
	<hr/>	<hr/>
Total current assets	194,702	172,229
	<hr/>	<hr/>

	As at 31 March 2021 <i>RMB million</i> (unaudited)	As at 31 December 2020 <i>RMB million</i> (audited)
Current liabilities		
Borrowings	6,707	8,847
Accounts and bills payables	29,394	28,980
Accrued expenses and other payables	26,748	18,949
Current portion of lease liabilities	231	242
Current portion of long-term liabilities	589	689
Income tax payable	4,577	6,313
Contract liabilities	7,112	5,256
Liabilities associated with assets classified as held for sale	0	217
	<hr/>	<hr/>
Total current liabilities	75,358	69,493
	<hr/>	<hr/>
Net current assets	119,344	102,736
	<hr/>	<hr/>
Total assets less current liabilities	513,136	493,411
	<hr/>	<hr/>
Non-current liabilities		
Borrowings	51,985	50,251
Bonds	3,244	3,241
Long-term liabilities	5,944	2,661
Accrued reclamation obligations	6,227	6,169
Deferred tax liabilities	1,049	896
Lease liabilities	632	606
	<hr/>	<hr/>
Total non-current liabilities	69,081	63,824
	<hr/>	<hr/>
Net assets	444,055	429,587
	<hr/> <hr/>	<hr/> <hr/>

	As at 31 March 2021 <i>RMB million</i> (unaudited)	As at 31 December 2020 <i>RMB million</i> (audited)
Equity		
Share capital	19,869	19,890
Reserves	356,106	344,313
	<hr/>	<hr/>
Equity attributable to equity holders of the Company	375,975	364,203
Non-controlling interests	68,080	65,384
	<hr/>	<hr/>
Total equity	444,055	429,587
	<hr/> <hr/>	<hr/> <hr/>

PREPARED UNDER IFRSs**CONSOLIDATED STATEMENT OF CASH FLOWS***For the three months ended 31 March*

	2021	2020
	<i>RMB million</i>	<i>RMB million</i>
	(unaudited)	(unaudited)
Operating activities		
Cash generated from operations	24,958	32,700
Income taxes paid	(5,344)	(2,716)
	<hr/>	<hr/>
Net cash generated from operating activities	19,614	29,984
	<hr/>	<hr/>
Investing activities		
Acquisition of property, plant and equipment, intangible assets, exploration and evaluation assets, additions to the construction in progress and other non-current assets	(8,229)	(2,843)
Increase in right-of-use assets	(51)	(20)
Proceeds from disposal of property, plant and equipment, intangible assets, right-of-use asset and other non-current assets	83	62
Proceeds from disposal of wealth management products included in prepaid expenses and other current assets	0	13,562
Proceeds on disposal of derivative financial instruments included in prepaid expenses and other current assets	0	71
Investments in associates	(258)	(63)
Dividend received from associates	20	15
Interest received	401	375
Purchase of derivative financial instruments included in prepaid expenses and other current assets	0	(1)
Decrease/(increase) in restricted bank deposits	2,803	(506)
Placing of time deposits with original maturity over three months	(313)	(20)
Maturity of time deposits with original maturity over three months	1,935	109
Net repayment received from entrusted loans	394	0

	2021 <i>RMB million</i> (unaudited)	2020 <i>RMB million</i> (unaudited)
Disposal of interbank certificate of deposits included in prepaid expenses and other current assets	0	4,038
Net cash received from disposal of subsidiaries and other operating units	4,053	0
Net cash generated from investing activities	838	14,779
Financing activities		
Capital element of lease rentals paid	(67)	(34)
Interest element of lease rentals paid	(10)	(26)
Interest paid	(68)	(863)
Proceeds from borrowings	3,952	1,886
Repayments of borrowings	(5,248)	(2,365)
Repayments of bonds	0	(3,488)
Contributions from non-controlling shareholders	125	41
Distributions to non-controlling shareholders	(751)	(776)
Net cash used in financing activities	(2,067)	(5,625)
Net increase in cash and cash equivalents	18,385	39,138
Cash and cash equivalents, at the beginning of the period	112,880	41,827
Effect of foreign exchange rate changes	448	(71)
Cash and cash equivalents, at the end of the period	131,713	80,894