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 2024

FINANCIAL HIGHLIGHTS

- Revenue of the Group in the first half of 2024 was RMB168,078 million, representing a decrease of RMB1,364 million or 0.8% over the same period of 2023.
- Profit for the period attributable to equity holders of the Company was RMB32,771 million, representing a decrease of RMB4,090 million or 11.1% over the same period of 2023.
- Basic earnings per share for the period was RMB1.649.
- EBITDA in the first half of 2024 was RMB55,822 million, representing a decrease of RMB5,871 million or 9.5% over the same period of 2023.

The board of directors (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 2024 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 2024 prepared in accordance with International Accounting Standard 34 "*Interim Financial Reporting*":

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2024 – unaudited
(Expressed in Renminbi ("RMB"))

	Note	**Six months ended 30 June**	
		2024	2023
		RMB million	*RMB million*
Revenue			
Goods and services	4	**168,078**	169,442
Cost of sales	5	**(117,846)**	(114,144)
Gross profit		**50,232**	55,298
Selling expenses		**(217)**	(203)
General and administrative expenses		**(4,730)**	(4,580)
Research and development costs		**(979)**	(719)
Other gains and losses	7	**450**	138
Other income		**400**	480
Loss allowances, net of reversal	7	**9**	3
Other expenses		**(758)**	(93)
Interest income		**1,448**	1,432
Finance costs		**(1,475)**	(1,272)
Share of results of associates		**2,006**	1,816
Profit before income tax		**46,386**	52,300
Income tax expense	6	**(7,988)**	(9,576)
Profit for the period	7	**38,398**	42,724

	Note	Six months ended 30 June	
		2024	2023
		RMB million	*RMB million*
Profit for the period		**38,398**	42,724
Other comprehensive income for the period			
Items that will not be reclassified to profit or loss, net of income tax:			
Share of other comprehensive income of associates		**(11)**	160
Fair value changes on investments in equity instruments at fair value through other comprehensive income		**165**	86
Items that may be reclassified subsequently to profit or loss, net of income tax:			
Share of other comprehensive income of associates		**(21)**	(19)
Exchange differences		**70**	364
Other comprehensive income for the period, net of income tax		**203**	591
Total comprehensive income for the period		**38,601**	43,315
Profit for the period attributable to:			
Equity holders of the Company		**32,771**	36,861
Non-controlling interests		**5,627**	5,863
		38,398	42,724
Total comprehensive income for the period attributable to:			
Equity holders of the Company		**32,956**	37,362
Non-controlling interests		**5,645**	5,953
		38,601	43,315
Earnings per share			
– Basic *(RMB)*	8	**1.649**	1.855

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 June 2024 – unaudited
(Expressed in RMB)

	Note	**30 June 2024** ***RMB million***	31 December 2023 *RMB million*
Non-current assets			
Property, plant and equipment		**288,769**	290,839
Construction in progress		**21,356**	18,955
Exploration and evaluation assets		**4,968**	5,519
Intangible assets		**5,016**	4,662
Right-of-use assets		**23,753**	23,994
Interests in associates	9	**57,705**	55,635
Equity instruments at fair value through other comprehensive income		**2,706**	2,486
Financial assets at fair value through profit or loss		**50**	–
Other non-current assets		**29,648**	27,070
Deferred tax assets		**5,394**	5,301
Total non-current assets		**439,365**	434,461
Current assets			
Inventories		**13,908**	12,846
Accounts and bills receivables	10	**19,183**	19,858
Financial assets at fair value through other comprehensive income		**177**	254
Prepaid expenses and other current assets		**16,271**	16,007
Restricted bank deposits		**10,673**	7,298
Time deposits with original maturity over three months		**62,549**	34,514
Cash and cash equivalents		**113,717**	108,174
Total current assets		**236,478**	198,951

	Note	30 June 2024 RMB million	31 December 2023 RMB million
Current liabilities			
Borrowings		**4,827**	4,622
Accounts and bills payables	11	**32,142**	38,901
Accrued expenses and other payables		**89,276**	30,613
Current portion of bonds		**2,993**	–
Current portion of lease liabilities		**275**	300
Current portion of long-term liabilities		**5,293**	5,184
Income tax payable		**2,291**	4,757
Contract liabilities		**4,360**	7,208
Total current liabilities		**141,457**	91,585
Net current assets		**95,021**	107,366
Total assets less current liabilities		**534,386**	541,827
Non-current liabilities			
Borrowings		**28,815**	29,636
Bonds		**–**	2,972
Long-term liabilities		**17,295**	15,125
Accrued reclamation obligations		**9,285**	8,780
Deferred tax liabilities		**1,216**	1,137
Other non-current liabilities		**1,213**	1,194
Lease liabilities		**1,107**	1,332
Total non-current liabilities		**58,931**	60,176
Net assets		**475,455**	481,651
Equity			
Share capital		**19,869**	19,869
Reserves		**379,789**	391,609
Total equity attributable to equity holders of the Company		**399,658**	411,478
Non-controlling interests		**75,797**	70,173
Total equity		**475,455**	481,651

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2024 – 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 2024	19,869	84,766	3,657	517	31,010	(19,981)	291,640	411,478	70,173	481,651
Profit for the period	–	–	–	–	–	–	32,771	32,771	5,627	38,398
Other comprehensive income for the period	–	–	–	53	–	132	–	185	18	203
Total comprehensive income for the period	–	–	–	53	–	132	32,771	32,956	5,645	38,601
Dividend declared *(Note 12)*	–	–	–	–	–	–	(44,903)	(44,903)	–	(44,903)
Appropriation of maintenance and production funds	–	–	–	–	4,628	–	(4,628)	–	–	–
Utilisation of maintenance and production funds	–	–	–	–	(1,117)	–	1,117	–	–	–
Contributions from non-controlling shareholders	–	–	–	–	–	–	–	–	50	50
Distributions to non-controlling shareholders	–	–	–	–	–	–	–	–	(71)	(71)
Others	–	–	–	–	–	127	–	127	–	127
At 30 June 2024	19,869	84,766	3,657	570	34,521	(19,722)	275,997	399,658	75,797	475,455

	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 2022	19,869	84,766	3,657	371	25,782	(20,415)	282,907	396,937	65,785	462,722
Impact on initial application of amendments to IAS 12, *Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction*	–	–	–	–	–	–	46	46	28	74
At 1 January 2023	19,869	84,766	3,657	371	25,782	(20,415)	282,953	396,983	65,813	462,796
Profit for the period	–	–	–	–	–	–	36,861	36,861	5,863	42,724
Other comprehensive income for the period	–	–	–	272	–	229	–	501	90	591
Total comprehensive income for the period	–	–	–	272	–	229	36,861	37,362	5,953	43,315
Dividend declared *(Note 12)*	–	–	–	–	–	–	(50,665)	(50,665)	–	(50,665)
Appropriation of maintenance and production funds	–	–	–	–	4,630	–	(4,630)	–	–	–
Utilisation of maintenance and production funds	–	–	–	–	(880)	–	880	–	–	–
Contributions from non-controlling shareholders	–	–	–	–	–	–	–	–	369	369
Distributions to non-controlling shareholders	–	–	–	–	–	–	–	–	(555)	(555)
Others	–	–	–	–	–	132	18	150	45	195
At 30 June 2023	19,869	84,766	3,657	643	29,532	(20,054)	265,417	383,830	71,625	455,455

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2024 – unaudited
(Expressed in RMB)

		Six months ended 30 June	
	Note	**2024**	2023
		RMB million	*RMB million*
Operating activities			
Profit before income tax		**46,386**	52,300
Adjustments for:			
Depreciation and amortisation	7	**11,415**	11,369
Losses/(gains) on disposal of property, plant and equipment, intangible assets and non-current assets	7	**18**	(140)
Gains on disposal of a subsidiary	7	**(472)**	–
Loss allowances, net of reversal	7	**(9)**	(3)
Write-down of inventories	7	**4**	2
Interest income		**(1,448)**	(1,432)
Share of results of associates		**(2,006)**	(1,816)
Interest expense		**1,449**	1,510
Exchange losses/(gain), net		**8**	(255)
Other expenses/(income)		**1**	(2)
Operating cash flows before movements in working capital		**55,346**	61,533
Increase in inventories		**(2,258)**	(3,470)
Decrease/(increase) in accounts and bills receivables		**689**	(4,571)
Increase in prepaid expenses, other current assets and other non-current assets		**(520)**	(2,396)
Decrease in accounts and bills payables		**(3,502)**	(4,032)
Increase in accrued expenses and other payables		**14,106**	11,404
Decrease in contract liabilities		**(666)**	(520)
Cash generated from operations		**63,195**	57,948
Income tax paid		**(10,527)**	(11,599)
Net cash generated from operating activities		**52,668**	46,349

	Note	Six months ended 30 June	
		2024	2023
		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		**(14,153)**	(15,767)
Increase in right-of-use assets		**(230)**	(471)
Proceeds from disposal of property, plant and equipment, intangible assets, and other non-current assets		**451**	350
Investments in financial asset at fair value through profit or loss		**(50)**	–
Net cash and cash equivalent decreased from disposal of a subsidiary		**(14)**	–
Investments in associates		**(353)**	(2,489)
Repayment of investment from associates		**125**	85
Dividend received from associates		**276**	442
Interest received		**1,501**	2,109
Increase in restricted bank deposits		**(3,375)**	(1,766)
Increase in time deposits with original maturity over three months		**(28,035)**	(727)
Net cash used in investing activities		**(43,857)**	(18,234)

	Note	Six months ended 30 June	
		2024	2023
		RMB million	*RMB million*
Financing activities			
Capital element of lease rentals paid		**(287)**	(103)
Interest element of lease rentals paid		**(18)**	(16)
Interest paid		**(1,063)**	(1,277)
Proceeds from borrowings		**4,996**	6,639
Repayments of borrowings		**(5,474)**	(12,724)
Redemption of bonds		**(57)**	(313)
Purchase of non-controlling shares in subsidiary		**(58)**	–
Contributions from non-controlling shareholders		**97**	369
Distributions to non-controlling shareholders		**(1,438)**	(2,175)
Proceeds from bills discounted		**–**	56
Net cash used in financing activities		**(3,302)**	(9,544)
Net increase in cash and cash equivalents		**5,509**	18,571
Cash and cash equivalents, at the beginning of the period		**108,174**	131,458
Effect of foreign exchange rate changes		**34**	282
Cash and cash equivalents, at the end of the period		**113,717**	150,311

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2024
(Expressed in RMB)

1 PRINCIPAL ACTIVITIES

China Shenhua Energy Company Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") are principally engaged in: (i) the production and sale of coal; and (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 30 August 2024.

The interim financial report have been prepared in accordance with the same accounting policies adopted in the 2023 annual consolidated financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 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 contains 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 2023 annual consolidated financial statements. The condensed 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 IFRS Accounting Standards.

The financial information relating to the financial year ended 31 December 2023 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 2023 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 2024.

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRS accounting standards issued by the IASB to this interim financial report for the current accounting period:

- Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current ("2020 amendments")*
- Amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants ("2022 amendments")*
- Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial Instruments: Disclosures-Supplier finance arrangements*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRS accounting standards are discussed below:

Amendments to IAS 1, *Presentation of financial statements ("2020 and 2022 amendments", or collectively the "IAS 1 amendments")*

The IAS 1 amendments impact the classification of a liability as current or non-current, and are applied retrospectively as a package.

The 2020 amendments primarily clarify the classification of a liability that can be settled in its own equity instruments. If the terms of a liability could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments and that conversion option is accounted for as an equity instrument, these terms do not affect the classification of the liability as current or non-current. Otherwise, the transfer of equity instruments would constitute settlement of the liability and impact classification.

The 2022 amendments specify that conditions with which an entity must comply after the reporting date do not affect the classification of a liability as current or non-current. However, the entity is required to disclose information about non-current liabilities subject to such conditions in a full set of financial statements.

Upon the adoption of the amendments, the Group has reassessed the classification of its liabilities as current or non-current and did not identify any reclassification to be made.

Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*

The amendments clarify how an entity accounts for a sale and leaseback after the date of the transaction. The amendments require the seller-lessee to apply the general requirements for subsequent accounting of the lease liability in such a way that it does not recognise any gain or loss relating to the right of use it retains. A seller-lessee is required to apply the amendments retrospectively to sale and leaseback transactions entered into after the date of initial application. The amendments do not have a material impact on these financial statements as the Group has not entered into any sale and leaseback transactions.

Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial Instruments: Disclosures-Supplier finance arrangements*

The amendments introduce new disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. Since those disclosures are not required for any interim period presented within the annual reporting period in which the amendments are initially applied, the Group has not made additional disclosures in this interim financial report.

4 REVENUE FROM GOODS AND SERVICES

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

	For the six months ended 30 June															
	Coal		Power		Railway		Port		Shipping		Coal chemical		Others		Total	
Segments	2024 *RMB million*	2023 *RMB million*	2024 *RMB million*	2023 *RMB million*	2024 *RMB million*	2023 *RMB million*	2024 *RMB million*	2023 *RMB million*	2024 *RMB million*	2023 *RMB million*	2024 *RMB million*	2023 *RMB million*	2024 *RMB million*	2023 *RMB million*	2024 *RMB million*	2023 *RMB million*
Types of goods or services																
Sales of goods																
Coal	**111,165**	110,984	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**111,165**	110,984
Power	**–**	–	**41,158**	40,770	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**41,158**	40,770
Coal chemical products	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**2,274**	2,727	**–**	–	**2,274**	2,727
Others	**2,394**	2,675	**3,089**	3,311	**–**	–	**–**	–	**–**	–	**264**	275	**–**	–	**5,747**	6,261
	113,559	113,659	**44,247**	44,081	**–**	–	**–**	–	**–**	–	**2,538**	3,002	**–**	–	**160,344**	160,742
Transportation and other services																
Railway	**–**	–	**–**	–	**5,302**	5,989	**–**	–	**–**	–	**–**	–	**–**	–	**5,302**	5,989
Port	**–**	–	**–**	–	**–**	–	**740**	847	**–**	–	**–**	–	**–**	–	**740**	847
Shipping	**–**	–	**–**	–	**–**	–	**–**	–	**973**	821	**–**	–	**–**	–	**973**	821
Others	**–**	–	**–**	–	**587**	910	**130**	133	**2**	–	**–**	–	**–**	–	**719**	1,043
	–	–	**–**	–	**5,889**	6,899	**870**	980	**975**	821	**–**	–	**–**	–	**7,734**	8,700
Total	**113,559**	113,659	**44,247**	44,081	**5,889**	6,899	**870**	980	**975**	821	**2,538**	3,002	**–**	–	**168,078**	169,442
Geographical markets																
Domestic markets	**110,900**	110,467	**41,258**	40,745	**5,889**	6,899	**870**	980	**975**	821	**2,538**	3,002	**–**	–	**162,430**	162,914
Overseas markets	**2,659**	3,192	**2,989**	3,336	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**5,648**	6,528
Total	**113,559**	113,659	**44,247**	44,081	**5,889**	6,899	**870**	980	**975**	821	**2,538**	3,002	**–**	–	**168,078**	169,442
Timing of revenue recognition																
A point in time	**113,559**	113,659	**44,247**	44,081	**–**	–	**–**	–	**–**	–	**2,538**	3,002	**–**	–	**160,344**	160,742
Over time	**–**	–	**–**	–	**5,889**	6,899	**870**	980	**975**	821	**–**	–	**–**	–	**7,734**	8,700
Total	**113,559**	113,659	**44,247**	44,081	**5,889**	6,899	**870**	980	**975**	821	**2,538**	3,002	**–**	–	**168,078**	169,442

5 COST OF SALES

	Six months ended 30 June	
	2024	2023
	RMB million	*RMB million*
Coal purchased	**33,321**	33,395
Materials, fuel and power	**16,883**	16,168
Personnel expenses	**16,986**	14,574
Depreciation and amortisation	**9,656**	9,547
Repairs and maintenance	**5,838**	5,875
Transportation charges	**9,385**	9,273
Taxes and surcharges	**8,843**	9,450
Other operating costs	**16,934**	15,862
	117,846	114,144

6 INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	RMB million	*RMB million*
Current tax, mainly PRC enterprise income tax	**8,043**	8,379
Income tax difference adjustment in respect of prior year	**18**	1,161
Deferred tax	**(73)**	36
	7,988	9,576

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 the PRC group entities is 25% (2023: 25%) except for subsidiaries and branches operating in the western developing region of the PRC which are qualified to be entitled to a preferential tax rate of 15% from 2021 to 2030.

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

	Six months ended 30 June	
	2024	2023
	%	*%*
Indonesia	**22.0**	22.0
United States-Federal income tax rates	**21.0**	21.0
United States-Pennsylvania income tax rates	**9.9**	9.9
Hong Kong	**8.25/16.5***	8.25/16.5*

During the six months ended 30 June 2024 and 2023, 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 HKD2,000,000 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	
	2024	2023
	RMB million	*RMB million*
Personnel expenses, including	**25,542**	22,892
– contributions to defined contribution plans	**2,852**	2,585
Depreciation of property, plant and equipment	**10,125**	10,204
Depreciation of right-of-use assets	**464**	464
Amortisation of intangible assets	**209**	190
Amortisation of other non-current assets	**631**	531
Depreciation and amortisation charged for the period	**11,429**	11,389
Less: amount capitalised	**14**	20
Depreciation and amortisation *(Note)*	**11,415**	11,369
Loss allowances, net of reversal		
– Trade and other receivables	**(9)**	(3)
Other (gains) and losses, represent		
– losses/(gains) on disposal of property, plant and equipment, exploration and evaluation assets, intangible assets and non-current assets	**18**	(140)
– gains on disposal of a subsidiary	**(472)**	–
– write-down of inventories	**4**	2
	(450)	(138)
Cost of inventories	**87,285**	84,052
Operating lease charges relating to short-term leases, leases of low-value assets and variable lease payments	**244**	241
Exchange gain and loss, net	**8**	(255)

Note:

Cost of sales included an amount of depreciation and amortisation of RMB9,656 million for the six months ended 30 June 2024 (six months ended 30 June 2023: RMB9,547 million).

8 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity holders of the Company of RMB32,771 million (six months ended 30 June 2023: RMB36,861 million) and the 19,869 million ordinary shares in issue during the six months ended 30 June 2024 (six months ended 30 June 2023: 19,869 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 2024 *RMB million*	31 December 2023 *RMB million*
Unlisted shares, at cost	**51,360**	51,127
Share of post-acquisition profits and other comprehensive income, net of dividend received	**6,345**	4,508
	57,705	55,635

Name of associates	**Proportion of ownership interest and voting power held by the Group**		**Principal activities**
	30 June 2024 *%*	31 December 2023 *%*	
Beijing Guodian Power Co., Ltd.	**43**	43	Generation and sale of electricity
China Energy Finance Co., Ltd.	**40**	40	Provision of comprehensive financial service
Haoji Railway Co., Ltd.	**13**	13	Provision of transportation service
Shendong Tianlong Group Co., Ltd.	**20**	20	Coal production and sale
Guohua (Hebei) Renewables Co., Ltd.	**25**	25	Generation and sale of electricity
Suizhong Power Generation Co., Ltd.	**15**	15	Generation and sale of electricity

10 ACCOUNTS AND BILLS RECEIVABLES

	30 June 2024 *RMB million*	31 December 2023 *RMB million*
Accounts receivable		
– China Energy Group and fellow subsidiaries	**3,033**	2,478
– Associates	**14**	11
– Third parties	**10,684**	10,581
	13,731	13,070
Less: allowance for credit losses	**(1,170)**	(1,195)
	12,561	11,875
Bills receivables		
– China Energy Group and fellow subsidiaries	**5,571**	6,631
– Associates	**393**	507
– Third parties	**658**	845
	6,622	7,983
	19,183	19,858

As at 30 June 2024 and 31 December 2023, accounts and bills receivables from contracts with customers amounted to RMB20,353 million and RMB21,053 million, respectively.

Bills receivables were mainly issued by PRC banks and are expiring within one year. As at 30 June 2024, no bills receivables was pledged to secure bills payables.

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	30 June 2024 *RMB million*	31 December 2023 *RMB million*
Less than one year	**12,229**	11,460
One to two years	**164**	238
Two to three years	**69**	50
More than three years	**99**	127
	12,561	11,875

11 ACCOUNTS AND BILLS PAYABLES

	30 June 2024 *RMB million*	31 December 2023 *RMB million*
Accounts payable		
– China Energy Group, associates of China Energy Group and fellow subsidiaries	**2,000**	2,132
– Associates	**580**	895
– Third parties	**29,188**	35,293
	31,768	38,320
Bills payables	**374**	581
	32,142	38,901

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 2024 *RMB million*	31 December 2023 *RMB million*
Less than one year	**27,337**	32,073
One to two years	**2,744**	4,133
Two to three years	**986**	1,158
More than three years	**1,075**	1,537
	32,142	38,901

12 DIVIDENDS

During the current interim period, a final dividend in respect of the year ended 31 December 2023 of RMB2.26 per ordinary share totaling RMB44,903 million (six months ended 30 June 2023: RMB2.55 per ordinary share totaling RMB50,665 million in respect of the year ended 31 December 2022) was approved at the annual general meeting held on 21 June 2024 and paid in full before the announcement date.

The Board have determined that no dividend will be paid in respect of the current interim period (six months ended 30 June 2023: Nil).

II. BOARD STATEMENT

Dear Shareholders,

In the first half of 2024, the national economy continued to recover and improve, the overall energy supply and demand remained stable, the guarantee capacity for energy security continued to increase, and the green and low-carbon transformation was further promoted. In 2024, China Shenhua will celebrate the 20th anniversary of its establishment. Adhering to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company earnestly implemented the spirit of General Secretary Xi Jinping's crucial speech and important instructions on the energy industry, put the new energy security strategy of "Four Revolutions and One Cooperation" into practice, promoted the realisation of the development strategy of "One Goal, Three Functions, Six Roles", steadily expanded its efforts in various areas such as safe production, quality and efficiency improvement, reform and development, technological innovation and corporate governance, and maintained the development trend of steady progress and quality improvement. During the first half of the year, the share price of the Company's A shares rose by 41% and the share price of its H shares rose by 34% compared with that at the beginning of this year, exceeding industry and market composite indexes. The share prices hit a record high after adjustment.

Adhering to safe production and ensuring stable and orderly energy supply. The Company upheld its national mindset with systematic thinking, coordinated development and security, firmly maintained the bottom line of safe development, consolidated and gave play to the advantages of integrated operations, and laid a solid foundation for energy supply and stable growth. We launched a three-year action plan to address the root causes of production safety accidents, improved the safety production responsibility system and optimised the risk and hidden danger management mechanism. No major or above production safety accidents occurred in the first half of the year as the safe and stable development environment continued to be consolidated. We gave full play to our bottom-line guarantee role of coal and coal-fired power. The commercial coal output of Shendong Mines, Zhunge'er Mines and Baorixile Mines achieved steady growth. The energy transportation channel was unblocked. Transportation turnover of self-owned railways increased by 7.3% year-on-year, and the loading volume of our two ports increased by 7.1% year-on-year. We have strengthened the reliability management of our power generating units, achieving "zero unplanned downtime" for newly commissioned units, and successfully completed the tasks of ensuring the supply of peak season demands during important periods such as winter and summer. We strictly implemented the national policies regarding the signing, performance and pricing of medium- and long-term coal contracts, and achieved a 100% fulfilment rate for medium- and long-term contracts of self-produced thermal coal.

Persisting in tapping potential and improving efficiency, with stable operating performance improving. By coordinating the synergy in coal integration and market-oriented operations while flexibly adjusting our business strategies, we have driven incremental growth and higher efficiency in purchasing and sales, with coal sales increased by 5.4% year-on-year. We have deepened the electricity business philosophy of "integration, price, cost and profit", strengthened quantity and price management. We strived to increase the price of coal-fired power and conduct an in-depth research on the "dual tariff pricing" mechanism and formulated scientific marketing strategies. We continued to expand the non-coal transportation market. The volume of large-scale logistics increased by 22% year-on-year. The Company focused on the "one profit and five rates" standards and other key indicators for listed companies, promoted the increase of shareholdings and asset injection by the controlling shareholder, optimised and adjusted the capital deposit structure in a timely manner, and obtained reasonable and stable returns on capital deposits. We deepened our efforts to turn losses into profits, and the number of loss-making subsidiaries decreased by 1 compared with the end of last year.

Relentless efforts at both ends and continuously optimising our industrial layout. The Company continued to promote the construction of major projects and increase investment in core industries. Applications for the approval of Xinjie No. 1 Mine and Xinjie No. 2 Mine were officially accepted by the National Development and Reform Commission, while Xinjie No.3 Mine and Xinjie No.4 Mine completed the separation of exploration rights. The processing or modification of mining licenses for 7 coal mines including Shangwan Coal Mine were finalised. Phase III of the 1,000 MW unit expansion project in Hongshan, Shishi City, Fujian Province, was approved. Investment decisions for the Cangdong Phase III 2×660 MW and Dingzhou Phase III 2×660 MW expansion projects in Hebei Province were approved. The 30,000-tonne heavy-haul train on the Shuohuang Railway was successfully put into operation, and the Dongyue Railway was included in the list of major national construction projects. Huanghua Port Phase V Project (coal loading capacity 50 million tonnes/year) was approved. We actively promoted the development of clean energy projects and emerging strategic industries, made full use of land resources such as power plant ash yards and open-cut mine dump sites to develop clean energy projects. As of the first half of the year, the cumulative installed capacity of new energy projects under planning, construction and operation exceeded 4.06 GW. We established a special leading group to accelerate the development of emerging strategic industries, push forward our orderly deployment into emerging industries such as energy storage, carbon capture and utilisation, and hydrogen energy, and steadily push forward the preliminary work of our pumped storage projects.

Adhering to technological innovation and continuously improving our core competitiveness. The Company has been focusing on major issues in national, industrial and sectoral development. We followed the "three firm grasps" technological innovation roadmap, implemented the "three noes" technological innovation spirit, tackled key core technological barriers with increasing effort and continuously improved our core competitiveness. We deepened the intelligent upgrading of the whole industry chain and strengthened the empowerment of new-generation information technologies such as big data, Beidou, and AI. We promoted the construction of data management platforms, supported the application of business operation data scenarios, and promoted the construction of various projects related to smart mines, smart transportation, smart power plants, and smart chemical. We improved the working mechanism for technological development and informatization, set up a leading group on technology and cybersecurity, and issued annual work highlights on technological development and informatization. In the first half of the year, the Company obtained 302 licensed patents, including 147 invention patents.

Enhancing integration of business operation and corporate governance, and further consolidating the governance system. We implemented the requirements for improving the quality of listed companies, strengthened compliance management, strictly adhered to the bottom line of compliance, and promoted the standardised and efficient performance of duties by various governance bodies. We continued to strengthen the formation of the board of directors, enhance the performance of independent directors, improve the standardised operation system, and convene board building leadership meetings to create a board of directors with top-notch reputation. We enhanced the ESG governance system, implemented the latest ESG regulatory requirements and commenced the construction of our climate change management system and ESG rating upgrade work. The Company was selected into the list of "China ESG Pioneer Listed Companies 100 (2024)" by China Media Group. We proactively responded to the assessment requirements of the State-owned Assets Supervision and Administration Commission on market value management by establishing a market value management leading group and the "11257" market value management system with China Shenhua's characteristics. In line with our long-standing philosophy of proactively rewarding shareholders, a final dividend of RMB44.9 billion (including tax) for 2023 was distributed.

At present, China's economy is generally stable, while the external environment remains complicated, severe and uncertain. The growth momentum of the global economy is relatively weak, while geopolitical conflicts and international trade frictions are frequent. With insufficient effective domestic demand and many hidden risks in key areas, the stability of the economy faces many challenges. From the perspective of the industry, with the volatile decrease of core coal prices, deepening of the power system reform and intensified competition in the transportation market, the operation of the Company is under greater pressure. In the second half of the year, the Company will thoroughly study and implement the spirit of the Third Plenary Session of the 20th Central Committee of the Communist Party of China. We will anchor our goals and redouble our efforts, boost our spirits and forge ahead, focus on ensuring safe supply, deepening reform, scientific and technological innovation, green development, party building and other works, and complete all annual goals and tasks with high quality.

Firstly, we must firmly build a strong defence line for energy security. We will shoulder the political responsibility of ensuring supply, and complete the supply guarantee tasks during important periods and in key areas such as National Day, peak summer and winter seasons with high standards. We will coordinate coal mine construction and production continuity, strengthen the organisation of self-produced coal production, and improve our ability to acquire purchased coal resources. We will build a solid line of defence for safe power supply and improve the peak operation capacity of our generator units. We will strengthen precise dispatching and coordinate our operations to ensure the safety, efficiency and smooth flow of major energy transportation channels.

Secondly, we will accelerate the promotion of green and low-carbon development. Focusing on the latest deployment of national strategies and new changes brought about by the energy revolution, we will accelerate the research on the layout of emerging strategic industries and future industries, and actively carry out preliminary research for the "15th Five-Year Plan". We will continue to promote the construction of green and intelligent mines and consolidate the scale of green and intelligent mining areas. We will put into effect the actions required for coal-fired power's low-carbon transformation and construction, carry out low-carbon transformation centred around areas such as biomass blending, green ammonia blending and CCUS, and deepen "the joint operation of three types of technical reforms" of coal-fired power.

Thirdly, we will solidly promote the deep integration of innovation. Focusing on the construction of a new energy system, "dual carbon" goals and other requirements, we will improve the ability to coordinate technological innovation, strengthen cooperation with scientific research institutes and R&D platforms, and promote the transformation of technological achievements. We will actively participate in the formulation of national, industry, and group standards, and take the lead in and provide support for technical standards. We will promote the deep integration of information technology and industry, strengthen the intelligent empowerment of the industrial chain and supply chain, vigorously explore the value of data, facilitate the creation of an intelligent, systematic, and ecological digital platform cluster, and accelerate the formation of new quality productive forces.

Fourthly, we will continue to improve value creation capabilities. We will carefully assess the market and business situation in the second half of the year, deepen our actions to create value and specialised actions to improve quality and efficiency, ensuring the completion of our annual business goals. We will continue to work for the approval of Xinjie No. 1 Mine and Xinjie No. 2 Mine, put into operation Huizhou Gas-thermal Power Project Phase II and South Sumatra No. 1 Project, enhancing the profitability of our core operations. We will strengthen the construction of our financial management system as a top-tier listed company, enhancing our capital and financial services capabilities. We will improve the dynamic risk assessment mechanism and improve the long-term mechanism for the mitigation of risks. We will improve the Company's market value management system to ensure that key indicators remain at the forefront of comparable performance.

Board of Directors
China Shenhua Energy Company Limited
30 August 2024

III. MANAGEMENT DISCUSSION AND ANALYSIS

(I) INDUSTRY IN WHICH THE COMPANY OPERATED AND ITS PRINCIPAL BUSINESSES IN THE FIRST HALF OF THE YEAR

1. Competition and Development Trend in the Industry[1]

(1) Macroeconomic environment

In the first half of 2024, China strengthened macro-control and effectively responded to risks and challenges. The overall economic operation has been generally stable, with progress in stability, and has continued to rebound to an upward trend. The cultivation of new growth drivers and competitive advantages was accelerated, and high-quality development was solidly advanced, while the overall social situation remained stable. Gross domestic product (GDP) increased by 5.0% year on year in the first half of the year.

(2) Coal market environment

① *China's thermal coal market*

In the first half of 2024, the overall operation of China's coal economy was stable, with coal prices fluctuating at a high level, with a narrowing range as compared with the same period of last year. The average medium-and long-term contract price of the National Coal Seaborne Thermal-Coal Price Index (NCEI) (國煤下水動力煤價格指數) (5,500 kcal) was approximately RMB704 per tonne, representing a decrease of approximately RMB18 per tonne compared with the average in the same period of last year; the average closing price of 5,500 kcal thermal coal at Qinhuangdao Port was approximately RMB880 per tonne, representing a year-on-year decrease of approximately 13.8%.

	The first half of 2024	Year-on-year change %
Raw coal output of above-scale industries nationwide *(100 million tonnes)*	**22.7**	(1.7)
Coal import *(100 million tonnes)*	**2.5**	12.5
National coal transportation volume by railways *(100 million tonnes)*	**14.0**	2.1

1 This section is for reference only and does not constitute any investment advice. The Company has used its best endeavors 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. The content in this section may contain certain forward-looking statements based on subjective assumptions and judgements of future political and economic developments; therefore, there may exist uncertainties in these statements. The Company does not undertake any responsibility for updating the information or correcting any subsequent error that may appear. The opinions, estimates and other data set out herein can be amended or withdrawn without further notice. The data contained in this section are mainly derived from sources such as the National Bureau of Statistics, China Coal Market Network, China Coal Resources Network, China Electricity Council, and Coal Transportation & Sales Society etc.

From the perspective of supply side, domestic coal production was generally orderly, and raw coal production continued to maintain at a high point in recent years. Affected by factors such as safety supervision and environmental protection, the output of some regions decreased as compared with the same period of last year, which led to a decline in the national raw coal production. In the first half of the year, the raw coal output of above-scale industries nationwide was 2.27 billion tonnes, representing a year-on-year decrease of 1.7%. The raw coal output in Inner Mongolia Autonomous Region, Shanxi, Shaanxi and Xinjiang Uygur Autonomous Region accounted for 81.1% of the raw coal output of above-scale industries nationwide. Imports of coal amounted to 250 million tonnes, representing a year-on-year increase of 12.5%, mainly from Indonesia, Russia, Mongolia and Australia. The average cost of imported coal decreased by approximately 19.1%. Coal storage in major sectors of the society remained high. As of the end of June, coal storage in major ports nationwide was 73.2 million tonnes, representing a year-on-year decrease of 2.4%.

From the perspective of demand side, in the first half of 2024, China's commercial coal consumption decreased by approximately 1.4% as compared with the same period of last year. Among them, the utilisation hours of coal-fired power generation equipment of above-scale industries decreased year on year, the consumption of commercial coal in the power industry decreased by 1.1% as compared with the same period of last year, accounting for approximately 59.4% of the total consumption; the chemical industry saw a 9.1% year-on-year increase in commodity coal consumption, whereas consumption in the steel and building materials industries declined year on year.

② *International thermal coal market*

In the first half of 2024, global coal demand remained high, coal production remained stable and coal prices fluctuated. The International Energy Agency (IEA) expected global coal consumption to grow by 1.0% to 4.31 billion tonnes in the first half of 2024.

In 2024, the global coal production capacity will not change significantly, and the newly increased production capacity will be mainly concentrated in countries with a large increase in their own coal consumption such as India and Indonesia. The regional feature is prominent. According to statistics, in the first half of 2024, the total coal production in India was 590 million tonnes, representing a year-on-year increase of 10.3%; the coal production in Indonesia was 390 million tonnes, representing a year-on-year increase of 2.1%; and the coal production in Mongolia was 47.649 million tonnes, representing an increase of 35.9% over the same period of last year. Coal trade grew slightly. The export volume of Indonesia, Australia and Mongolia maintained growth; the import volume of coal by China and India increased significantly, and the growth of imported coal by Vietnam accelerated. As of the end of June 2024, the spot price of Newcastle NEWC thermal coal was US$132.0 per tonne, representing a decrease of 11.4% as compared with that of the end of the previous year.

(3) Power market environment

In the first half of 2024, China's power supply and demand was generally balanced. The electricity consumption of the whole society was 4,657.5 billion kWh, representing a year-on-year increase of 8.1%. The power generation of above-scale power plants was 4,435.5 billion kWh, representing a year-on-year increase of 5.2%.

Hydropower and solar power generation grew rapidly, and the utilisation hours of thermal equipment decreased. In the first half of the year, thermal power generation of above-scale industries reached 3,005.3 billion kWh, representing a year-on-year increase of 1.7%, accounting for 67.8% of the national power generation; hydropower generation was 552.6 billion kWh, representing a year-on-year increase of 21.4%; solar power generation was 189.9 billion kWh, representing a year-on-year increase of 27.1%. The average utilisation hours of power generation equipment with a capacity of 6,000 kW and above nationwide was 1,666 hours, representing a year-on-year decrease of 71 hours. Among them, the average utilisation hours of thermal equipment was 2,099 hours, representing a year-on-year decrease of 43 hours (the average utilisation hours of coal-fired power was 2,203 hours, representing a year-on-year decrease of 41 hours); and the average utilisation hours of hydropower was 1,477 hours, representing a year-on-year increase of 238 hours. In the first half of the year, the full-caliber non-fossil energy power generation increased by 293.5 billion kWh year on year, accounting for 84.2% of the year-on-year increase in the total power consumption in the whole society during the same period.

The green and low-carbon transformation of power generation continued to advance, and the combined installed capacity of wind power and solar power generation exceeded that of coal power generation for the first time. In the first half of 2024, the newly added installed capacity of power generation nationwide reached approximately 150 GW, of which the newly added installed capacity for non-fossil energy generation reached approximately 140 million kW, accounting for 89.0% of the total newly added installed capacity of power generation. As of the end of June 2024, the nationwide full-caliber total installed power generation capacity reached 3,070 GW, representing a year-on-year increase of 14.1%. Among them, the installed capacity of thermal power generation reached 1,410 GW (1,170 GW of coal power, accounting for 38.1% of the total installed capacity of power generation), 430 GW of hydropower, 58.08 GW of nuclear power, 470 GW of grid-connected wind power, and 710 GW of grid-connected solar power. The total installed capacity of grid-connected wind power and solar power generation in China accounted for 38.4% of the total installed capacity.

Cross-regional and cross-provincial transmission of electricity increased, and competition in market-oriented power transactions intensified in some provinces. In the first half of the year, the amount of electricity transmitted across regions was 390.5 billion kWh, representing a year-on-year increase of 9.7%. In the second quarter of this year, the hydro power generation was significantly improved, and the electricity transmission from Southwest China increased by 72.8% year on year. In the first half of the year, the power transmission across provinces nationwide reached 880.5 billion kWh, representing a year-on-year increase of 6.0%. The electricity trading volume in the electricity market across the country was 2,847 billion kWh, representing a year-on-year increase of 7.4%, accounting for 61.1% of the total power consumption of the whole society. The long-term direct electricity transactions in the national power market amounted to 2,233.1 billion kWh, representing a year-on-year increase of 5.6%. The transaction price of electricity in some provinces has shown a trend of year-on-year decrease.

(4) *Outlook for the Second Half of the Year*

In the second half of 2024, the domestic and international environment will be complex and volatile. The Chinese government will adhere to the general tone of seeking progress while maintaining stability, actively respond to issues and challenges, further comprehensively deepen reforms, strengthen the sustained recovery and improvement of the economy, unswervingly achieve the goal and task of economic and social development so as to converge strong efforts to promote high-quality development.

From the perspective of the coal industry, due to seasonal factors such as the peak of summer and winter in the second half of the year and the macroeconomic policies driving economic recovery, it is expected that domestic coal demand will improve compared with that in the first half of the year. It is expected that the year-on-year growth rate of domestic coal production will continue to be repaired in the second half of the year, and the decline will gradually narrow. On the whole, it is expected that the coal production for the year may be basically the same as that of last year. Coal imports will remain high throughout the year. On the whole, it is expected that the supply and demand of the coal market will develop in the direction of loose balance in the second half of the year, coal price may fluctuate within a reasonable range.

In terms of the power industry, the China Electricity Council expects that the annual electricity consumption in 2024 will increase by about 6.5% year-on-year, and the maximum electricity consumption will increase by about 100 million kW compared with that in 2023. The proportion of grid-connected wind power and solar power generation will exceed 40% for the first time. Taking into account the growth of demand, power supply and primary energy, it is expected that the overall power supply and demand situation in China will be tightly balanced during the peak summer season this year.

2. Principal Businesses and Operation Model of the Company during the Reporting Period

China Shenhua Energy Company Limited was established in Beijing in November 2004 and was listed on HKEx and SSE in June 2005 and October 2007, respectively. The Group is principally engaged in the production and sale of coal and electricity, railway, port and shipping transportation, and coal-to-olefins businesses. The integration of coal, power, railway, port, shipping and coal chemical into one unified operation chain is the Group’s unique operation and profitability model.

The Group owns high-quality coal resources in Shendong Mines, Zhunge'er Mines, Shengli Mines, Baorixile Mines and Xinjie Taigemiao Mines, etc. As at 30 June 2024, the Company had coal reserves of 33.69 billion tonnes and recoverable coal reserves of 15.36 billion tonnes under the PRC Standard. The Group controls and operates high-capacity clean coal-fired power generators with great parameters, the Group controls and operates power generators with an installed capacity of 44,822 MW as at 30 June 2024. The Group controlled and operated a network of concentric transportation railways around the major coal production bases in western Shanxi, northern Shaanxi and southern Inner Mongolia as well as "Shenshuo – Shuohuang Line", a major channel for coal transportation from western to eastern China, and Huangda Railway, a new energy channel in Bohai Rim. The total length of railways in operation has reached 2,408 km. The Group also controls and operates a number of integrated ports and docks (approximately 0.27 billion tonnes/year vessel loading capability in aggregate), such as Huanghua Port, possesses the shipping transportation team comprising its own vessels with approximately 2.13 million tonnes of deadweight capacity and conducts coal-to-olefins businesses with approximately 0.6 million tonnes/year of operation and production capacity. The Group's technology of coal exploitation and production safety has secured a leading position in the global market, and that of clean coal-fired power generation and heavy-haul railway transportation has secured a leading position in the domestic market.

During the Reporting Period, the Group did not make any significant changes to the scope of its principal businesses, operating model, or key performance drivers.

(II) ANALYSIS ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD

There were no substantial changes in the core competitiveness of the Group during the Reporting Period.

The core competitiveness of the Group mainly includes: (1) the chained integration operation model of coal, power, railway, port, shipping and coal chemical operations; (2) high-quality and abundant coal resources; (3) a management team with the dedication to the principal business of the Company and an advanced operation philosophy; (4) leading industrial technologies and technological innovation capabilities in China and overseas in areas including coal mining, production safety, heavy-haul railway transportation, clean coal-fired power generation and coal-to-olefins.

(III) DISCUSSION AND ANALYSIS ON OPERATION RESULTS

In the first half of the year, the Group's integrated operation was stable and efficient. Self-produced coal production maintained a stable and high output, and the effect of increased supply of purchased coal was significant. Overcoming the impact of adverse weather such as low temperature and cold current, the transportation channel remained efficient and unobstructed. The power generation units ran stably and reliably, with multiple measures taken to compete for electricity generation. Key project construction advanced in an orderly manner. However, the Group's profit in the first half of the year decreased as compared with the same period of last year due to factors such as the decline in coal price, the decrease in power generation utilisation hours and the decrease in electricity sales price.

In the first half of 2024, the Group's revenue amounted to RMB168,078 million (the first half of 2023: RMB169,442 million), representing a year-on-year decrease of 0.8%; profit before income tax amounted to RMB46,386 million (the first half of 2023: RMB52,300 million), representing a year-on-year decrease of 11.3%. The profit for the period attributable to equity holders of the Company was RMB32,771 million (the first half of 2023: RMB36,861 million), and basic earnings per share was RMB1.649 per share (the first half of 2023: RMB1.855 per share), representing a year-on-year decrease of 11.1%.

The status of completion of 2024 business targets of the Group is as follows:

Project	Unit	Targets of 2024	**Completion in the first half of 2024**	Percentage of completion %
Commercial coal production	100 million tonnes	3.161	**1.632**	51.6
Coal sales volume	100 million tonnes	4.353	**2.297**	52.8
Power generation	100 million kWh	2,163	**1,040.4**	48.1
Revenue	RMB100 million	3,300	**1,680.78**	50.9
Cost of sales	RMB100 million	2,358	**1,178.46**	50.0
Selling expenses, general and administrative expenses, R&D costs and net finance costs	RMB100 million	150	**59.53**	39.7
Change in unit production cost of self-produced coal	/	Year-on-year increase of approximately 10%	**Year-on-year increase of 3.2%**	/

Note: The 2024 business targets are subject to risks, uncertainties and assumptions. The annual actual outcome may differ materially from the targets. 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.

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 Condensed Consolidated Statement of Cash Flows*

Unit: RMB million

Item	The first half of 2024	The first half of 2023	Change %
Revenue	**168,078**	169,442	(0.8)
Cost of sales	**(117,846)**	(114,144)	3.2
Research and development costs	**(979)**	(719)	36.2
Other gains and losses	**450**	138	226.1
Other expenses	**(758)**	(93)	715.1
Finance costs	**(1,475)**	(1,272)	16.0
Share of results of associates	**2,006**	1,816	10.5
Income tax expense	**(7,988)**	(9,576)	(16.6)
Net cash generated from operating activities	**52,668**	46,349	13.6
Net cash used in investing activities	**(43,857)**	(18,234)	140.5
Net cash used in financing activities	**(3,302)**	(9,544)	(65.4)

(1) Reasons for the changes in revenue

The revenue of the Group in the first half of 2024 recorded a year-on-year decrease of 0.8%. The main reasons for the decrease are:

① The Group made every effort to ensure the task of energy supply, strengthened the organisation of self-produced coal production and purchased coal resources, and achieved a year-on-year increase of 5.4% in coal sales. However, affected by the supply and demand situation of the coal market, the average selling price of coal of the Group decreased by 5.8%, and the sales revenue of coal decreased as compared with the same period of last year.

② Affected by the planned maintenance of coal-to-olefin production equipment, the sales volume of polyethylene and polypropylene decreased by 18.3% and 18.2%, respectively, and the sales revenue of the coal chemical segment decreased as compared with the same period of last year.

Major operating indicators	Unit	**The first half of 2024**	The first half of 2023	Change %
(I) Coal				
1. Commercial coal production	Million tonnes	**163.2**	160.7	1.6
2. Coal sales	Million tonnes	**229.7**	217.9	5.4
Of which: Sales of self-produced coal	Million tonnes	**162.8**	159.3	2.2
Sales of purchased coal	Million tonnes	**66.9**	58.6	14.2
(II) Transportation				
1. Transportation turnover of self-owned railway	Billion tonne km	**161.4**	150.4	7.3
2. Loading volume at Huanghua Port	Million tonnes	**110.0**	100.6	9.3
3. Loading volume at Tianjin Coal Dock	Million tonnes	**21.9**	22.6	(3.1)
4. Shipping volume	Million tonnes	**65.5**	72.2	(9.3)
5. Shipping turnover	Billion tonne nautical miles	**75.0**	78.8	(4.8)
(III) Power Generation				
1. Gross power generation	Billion kWh	**104.04**	100.20	3.8
2. Total power output dispatch	Billion kWh	**97.89**	94.26	3.9
(IV) Coal chemical				
1. Sales of polyethylene	Thousand tonnes	**148.2**	181.3	(18.3)
2. Sales of polypropylene	Thousand tonnes	**139.2**	170.1	(18.2)

(2) Reasons for the changes in cost of sales

Breakdown of cost items	**The first half of 2024**		The first half of 2023		Change of the amount
	Amount	**Percentage**	Amount	Percentage	
	RMB million	***%***	*RMB million*	*%*	*%*
Cost of purchased coal	**33,321**	**28.3**	33,395	29.3	(0.2)
Raw materials, fuel and power	**16,883**	**14.3**	16,168	14.2	4.4
Personnel expenses	**16,986**	**14.4**	14,574	12.8	16.6
Repairs and maintenance	**5,838**	**5.0**	5,875	5.1	(0.6)
Depreciation and amortisation	**9,656**	**8.2**	9,547	8.4	1.1
Transportation charges	**9,385**	**8.0**	9,273	8.1	1.2
Tax and surcharges	**8,843**	**7.5**	9,450	8.3	(6.4)
Others	**16,934**	**14.3**	15,862	13.8	6.8
Total cost of sales	**117,846**	**100.0**	114,144	100.0	3.2

In the first half of 2024, the Group's cost of sales represented a year-on-year increase of 3.2%, of which:

① The year-on-year increase in raw materials, fuel and power was mainly due to the increase in electricity sales with corresponding increase in costs.

② The main reasons for the year-on-year increase in personnel expenses: the increased policy-related social security contributions, as well as the increase in employee salaries based on progress accruals.

③ The main reason for the year-on-year increase in depreciation and amortisation: the increase in the long-term assets for power generation and the corresponding depreciation and amortisation due to the impact of generating units put into operation.

④ The main reasons for the year-on-year increase in transportation charges: the increase in vessel leasing fees and external railway transportation fees.

⑤ The main reasons for the year-on-year increase in other costs: the increase in waterway dredging fee of ports, and the increase in the costs of other businesses such as information services.

(3) Expenses and other items of gains and losses

① The main reason for the year-on-year increase in R&D costs: mainly the impact of the increase in R&D and its progress.

② Other gains and losses during the Reporting Period were aggregated as gains, which is mainly due to: the gains arising from the transfer of 100% equity interest in Erdos Shenhua Shendong Real Estates Development Company Limited held by Shendong Coal, the Company's controlling subsidiary.

③ Other expenses during the Reporting Period were mainly the donation to Inner Mongolia Ecological Comprehensive Treatment Fund.

④ The main reason for the year-on-year increase in financial costs: affected by fluctuations in foreign currency exchange rates.

The Group insisted on strengthening capital management and control, optimising and adjusting the fund deposit structure, continued to promote the reduction of interest-bearing liabilities and realised year-on-year increase in interest income and year-on-year decrease in interest expenses in the first half of the year.

⑤ The main reason for the year-on-year increase of the share of results of associates: the increase in the Group's investment income from power generation associates and Finance Company.

⑥ The main reason for the year-on-year decrease of income tax: profit before income tax decreased as compared with the same period of last year.

(4) Items of cash flow statement

The Group formulated capital management policies that aimed to achieve maximized interests for the shareholders and maintained a sound capital structure while reducing the costs of capital under the premise of safeguarding the operation on an on-going basis, and made investments in accordance with the policy of the Company.

① Net cash generated from operating activities: net cash inflow of RMB52,668 million in the first half of 2024 (net cash inflow in the first half of 2023 of RMB46,349 million), representing a year-on-year increase of 13.6%. The main reason was that the net cash inflow from operating activities was relatively low in the same period of last year due to the impact of the increase in operating receivables such as electricity receivables.

② Net cash used in investing activities: net cash outflow in the first half of 2024 was RMB43,857 million (net outflow in the first half of 2023: RMB18,234 million), representing a year-on-year increase of 140.5%. This was mainly due to the increase in the Group's time deposits placed with financial institutions.

③ Net cash used in financing activities: net cash outflow of RMB3,302 million in the first half of 2024 (net outflow of RMB9,544 million in the first half of 2023), representing a year-on-year decrease of 65.4%. The main reason was the year-on-year decrease of the Group's repayment of external borrowings.

(5) Research and development expenditure

Expensed research and development expenditure in the period *(RMB million)*	979
Capitalised research and development expenditure in the period *(RMB million)*	357
Total research and development expenditure *(RMB million)*	1,336
Ratio of capitalised research and development expenditure *(%)*	26.7
Percentage of total research and development expenditure to revenue *(%)*	0.8
Number of research and development personnel in the Company *(number of person)*	3,460
Ratio of research and development personnel to the total number of persons in the Company *(%)*	4.2

In the first half of 2024, the Group invested RMB1,336 million in research and development (the first half of 2023: RMB925 million), representing a year-on-year increase of 44.4%. During the Reporting Period, the R&D investment was mainly used for R&D initiatives including the construction of smart mines, the research and application of the digital maintenance system for coal mine vehicles, the prevention and control of dust in underground coal mines, the construction of smart power plants, the research on key technologies of diversified synergistic supply of high-efficiency and low-carbon thermal power and comprehensive energy, research on cascade utilisation of seawater desalination extraction steam across all operating conditions of thermal power units, research on continuous co-phase power supply engineering technology, research on key technologies for new intelligent heavy-haul electric locomotives, and the development and application of new resin materials.

2. *Explanation on Material Changes in the Business Model, Composition of Profit or Source of Profit of the Group*

The major business model of the Group is the integrated coal industry chain: i.e. coal production → coal transportation (railway, port and shipping) → conversion of coal (power generation and coal chemical), and there are business intercourses between each segment. In the first half of 2024, the percentages of profit before income tax (before elimination on consolidation) of coal, power, transportation and coal chemical segments of the Group were 67%, 13%, 20% and 0%, respectively (the first half of 2023: 71%, 12%, 17% and 0%).

During the Reporting Period, there was no material change in the type of business, profit composition or source of profit of the Company.

(II) Analysis on Assets and Liabilities

1. *Analysis on Changes in the Major Items in the Consolidated Statement of Financial Position*

Item	As at 30 June 2024		As at 31 December 2023		Change of the amount	Main reasons for changes
	Amount	**Percentage of total assets**	Amount	Percentage of total assets		
	RMB million	***%***	*RMB million*	*%*	*%*	
Property, plant and equipment	**288,769**	**42.7**	290,839	45.9	(0.7)	Provision for depreciation, etc.
Construction in progress	**21,356**	**3.2**	18,955	3.0	12.7	Continued investment in power generation projects under construction
Interests in associates	**57,705**	**8.5**	55,635	8.8	3.7	Recognition of investment income from associates and capital contribution made to an investment fund co-established by the Company in pursuance of an agreement
Other non-current assets	**29,648**	**4.4**	27,070	4.3	9.5	Increase in prepayment for construction and equipment
Inventories	**13,908**	**2.1**	12,846	2.0	8.3	Increase in spare parts and coal inventories
Accounts and bills receivables	**19,183**	**2.8**	19,858	3.1	(3.4)	Part of the bills are due and collected
Restricted bank deposits	**10,673**	**1.6**	7,298	1.2	46.2	Increase in the balance of the special account of the mine geological environment treatment and restoration fund
Time deposits with original maturity of over three months	**62,549**	**9.3**	34,514	5.4	81.2	Increase in time deposits
Cash and cash equivalents	**113,717**	**16.8**	108,174	17.1	5.1	Net cash generated from operating activities during the Reporting Period
Accounts payable and bills payables	**32,142**	**4.8**	38,901	6.1	(17.4)	Decrease in material and construction payables; partial repayment of bills upon maturity
Accrued expenses and other payables	**89,276**	**13.2**	30,613	4.8	191.6	As at the end of the Reporting Period, it mainly represents the final dividend payable by the Company for the year of 2023.

Item	As at 30 June 2024		As at 31 December 2023		Change of the amount	Main reasons for changes
	Amount	**Percentage of total assets**	Amount	Percentage of total assets		
	RMB million	***%***	*RMB million*	*%*	*%*	
Current portion of bonds	**2,993**	**0.4**	0	0.0	/	The USD debentures of the Company will mature in January 2025, and have been presented in the item "current portion of bonds" from "bonds"
Income tax payable	**2,291**	**0.3**	4,757	0.8	(51.8)	The Company paid income tax payable at the end of last year during the Reporting Period
Contract liabilities	**4,360**	**0.6**	7,208	1.1	(39.5)	After the disposal of the subsidiary, the contract liabilities assumed by the original subsidiary decreased accordingly
Bonds	**0**	**0.0**	2,972	0.5	(100.0)	The USD debentures of the Company will mature in January 2025, and have been presented in the item "current portion of bonds" from "bonds"
Long-term liabilities	**17,295**	**2.6**	15,125	2.4	14.3	Xinjie No. 1 Mine and Xinjie No. 2 Mine confirmed long-term payables for mining rights

2. Explanation on Offshore Assets

As of 30 June 2024, the total assets of the Group overseas amounted to RMB31,057 million, accounting for 4.6% of the total assets, mainly consisting of power generation assets in Indonesia and assets arising from the issuance of US dollar bonds in Hong Kong, the PRC.

3. Restrictions on Main Assets as at the End of the Reporting Period

No main assets of the Group have been seized or mortgaged.

As of 30 June 2024, the balance of the Group's restricted assets amounted to RMB10,925 million, which mainly consisted of balance of the special account for the mine geographical environment treatment and restoration fund of Group's coal subsidiaries and branches, various deposits placed with financial institutions by the Group as security deposits and property, plant and equipment secured and guaranteed for acquiring bank borrowings.

(III) Operation Results by Business Segment

1. Coal segment

(1) Production, operations and construction

In the first half of 2024, the Group maintained a high-quality development of the coal business by coordinating the safety and stability of coal production and supply, as well as improving quality and efficiency. It strengthened technology to create efficiency, optimised mining connection, reduced the number of working faces, increased the amount of resource recovery, and effectively improved economic benefits. By strengthening coal quality management and enriching product mix, the average calorific value of commercial coal in Shendong and Zhunge'er Mines increased significantly as compared with the same period of last year, and the output of high value-added coal used in metallurgy and chemical industry maintained growth as compared with the same period of last year. In the first half of the year, the Group's commercial coal production was 163.2 million tonnes (the first half of 2023: 160.7 million tonnes), representing a year-on-year increase of 1.6%. The total drilling depth of the mines was 190,000 meters (the first half of 2023: 199,000 meters), of which 182,000 meters was completed in the Shendong Mine (the first half of 2023: 190,000 meters).

The Company continued to improve its safety management level, and the safety production situation remained stable. The Group has fully implemented a series of regulations such as the Regulations on Safety Production of Coal Mines, carried out a three-year action to address the root causes of safe production, and promoted special actions and project rectification in an orderly manner. In the first half of the year, the mortality rate of the Group's raw coal production was zero.

The Group continued to promote the continuation of coal resources and made positive progress in the license application and production capacity verification. Bulianta Coal Mine, Shangwan Coal Mine, Wanli No. 1 Coal Mine, Jinfeng Cuncaota Coal Mine and Haerwusu Open-cut Mine completed their modification of mining licenses, Shenshan Coal Mine capacity increase completed its on-site verification; Xinjie Mines No. 1 and No. 2 completed the transition from exploration to mining and obtained their mining licenses, and the approval of the project is progressing in an orderly manner.

The construction of smart mines continued to be promoted, and the efficiency and intrinsic safety of coal mines continued to improve. As at the end of the Reporting Period, the Group had a total of 22 coal mines and fully mechanized coal mining faces that passed the construction and acceptance of intelligent coal mines at the provincial (autonomous region) level. The Group has 36 intelligent underground coal mining working faces, 63 intelligent excavation working faces, 19 intelligent coal preparation plants and 4 intelligent mining and stripping surfaces in open-cut mines in production.

(2) *Sales of coal*

The coal sold by the Group is mainly produced from its own coal mines. In order to fulfill the needs of customers and make use of the railway transportation, the Group also purchases coal from external sources surrounding its own mines and along the railway lines, which is then used to blend and sell coal products of various types and grades. The Group implements specialized division of labour management. Coal production is in charge of each production enterprise, coal transportation is mainly carried out by the transportation enterprises of the Company, and coal sales is mainly carried out by the sales group of the Company, and customers span multiple industries including electricity, metallurgy, chemical industry, building materials, etc.

In the first half of 2024, the Group actively responded to market changes, optimised the organisation of coal sources, and innovated marketing strategies. The contract performance rate increased steadily, and the sales volume of coal increased steadily. In the first half of the year, coal sales amounted to 229.7 million tonnes (the first half of 2023: 217.9 million tonnes), representing a year-on-year increase of 5.4%, among which, the sales volume of purchased coal was 66.9 million tonnes (the first half of 2023: 58.6 million tonnes), representing a year-on-year increase of 14.2%. The Group's sales volume to the top five domestic coal customers was 93.9 million tonnes, accounting for 41.6% of the domestic sales volume. Among them, the sales volume to the largest customer, China Energy Group, was 80.1 million tonnes, accounting for 35.5% of the domestic sales volume. The top five domestic coal customers are mainly power, coal chemical and coal trading companies.

In the first half of 2024, affected by the overall loose supply and demand relationship in the coal market and other factors, the average coal sales price of the Group was RMB566/tonne (exclusive of tax, same below) (the first half of 2023: RMB601/tonne), representing a year-on-year decrease of 5.8%.

The coal sales of the Group are set out below:

① By types of source of coal

	The first half of 2024			The first half of 2023			Change	
	Sales volume *Million tonnes*	**Percentage to total sales volume** *%*	**Price (exclusive of tax)** *RMB/tonne*	Sales volume *Million tonnes*	Percentage to total sales volume *%*	Price (exclusive of tax) *RMB/tonne*	Sales volume *%*	Price (exclusive of tax) *%*
Self-produced coal	**162.8**	**70.9**	**533**	159.3	73.1	560	2.2	(4.8)
Purchased coal	**66.9**	**29.1**	**648**	58.6	26.9	713	14.2	(9.1)
Total sales volume/average price (exclusive of tax)	**229.7**	**100.0**	**566**	217.9	100.0	601	5.4	(5.8)

② By contract pricing mechanisms

	The first half of 2024			The first half of 2023			Change	
	Sales volume	**Percentage to total sales volume**	**Price (exclusive of tax)**	Sales volume	Percentage to total sales volume	Price (exclusive of tax)	Sales volume	Price (exclusive of tax)
	Million tonnes	***%***	***RMB/tonne***	*Million tonnes*	*%*	*RMB/tonne*	*%*	*%*
I. Sales through Trading Group	**217.5**	**94.7**	**581**	206.0	94.5	616	5.6	(5.7)
1. Annual Long-term contracts	**125.0**	**54.4**	**490**	124.3	57.0	500	0.6	(2.0)
2. Monthly Long-term contracts	**72.8**	**31.7**	**725**	63.7	29.2	821	14.3	(11.7)
3. Spot commodity	**19.7**	**8.6**	**618**	18.0	8.3	693	9.4	(10.8)
II. Direct sales at the coal mine pits	**12.2**	**5.3**	**313**	11.9	5.5	347	2.5	(9.8)
Total sales volume/average price (exclusive of tax)	**229.7**	**100.0**	**566**	217.9	100.0	601	5.4	(5.8)

Note: The above is a summary of the Group's sales of the coal products with different calorific value, including thermal coal and other coals.

③ By internal and external customers

	The first half of 2024			The first half of 2023			Change	
	Sales volume	**Percentage to total sales volume**	**Price (exclusive of tax)**	Sales volume	Percentage to total sales volume	Price (exclusive of tax)	Sales volume	Price (exclusive of tax)
	Million tonnes	***%***	***RMB/tonne***	*Million tonnes*	*%*	*RMB/tonne*	*%*	*%*
1. Sales to external customers	**192.7**	**83.9**	**577**	180.1	82.7	616	7.0	(6.3)
2. Sales to internal power segment	**34.9**	**15.2**	**516**	35.3	16.2	534	(1.1)	(3.4)
3. Sales to internal coal chemical segment	**2.1**	**0.9**	**425**	2.5	1.1	452	(16.0)	(6.0)
Total sales volume/average price (exclusive of tax)	**229.7**	**100.0**	**566**	217.9	100.0	601	5.4	(5.8)

④ By sales regions

	The first half of 2024			The first half of 2023			Change	
	Sales volume	**Percentage to total sales volume**	**Price (exclusive of tax)**	Sales volume	Percentage to total sales volume	Price (exclusive of tax)	Sales volume	Price (exclusive of tax)
	Million tonnes	***%***	***RMB/tonne***	*Million tonnes*	*%*	*RMB/tonne*	*%*	*%*
1. Domestic sales	**225.5**	**98.2**	**565**	214.1	98.3	597	5.3	(5.4)
Of which: imported coal	**2.6**	**1.1**	**652**	2.6	1.2	814	0.0	(19.9)
2. Export and Overseas sales	**4.2**	**1.8**	**635**	3.8	1.7	836	10.5	(24.0)
Total sales volume/ average price (exclusive of tax)	**229.7**	**100.0**	**566**	217.9	100.0	601	5.4	(5.8)

(3) Coal resources

As at 30 June 2024, under the PRC Standard, the Group had coal resources amounted to 33.69 billion tonnes, representing an increase of 1.11 billion tonnes as compared with that of the end of 2023, recoverable coal reserve amounted to 15.36 billion tonnes, representing an increase of 1.98 billion tonnes as compared with that of the end of 2023, trusted reserve amounted to 5.68 billion tonnes, representing an increase of 0.11 billion tonnes as compared with that of the end of 2023, proved reserve amounted to 3.75 billion tonnes, representing an increase of 0.69 billion tonnes as compared with that of the end of 2023. The Group's marketable coal reserve amounted to 9.31 billion tonnes under the JORC Standard, representing a decrease of 0.17 billion tonnes as compared with that of the end of 2023. In the first half of 2024, Xinjie No. 1 Mine and No. 2 Mine in Xinjie Taigemiao Mining area obtained mining licenses, and coal mines in Shendong Mines, such as Bulianta, Shangwan and Wanli No. 1 Coal Mines, completed the modification of mining licenses and adjusted resource reserves under the Chinese standard accordingly. Assessment update of the marketable coal reserves under the JORC standard was in progress.

In the first half of 2024, the Group's coal exploration expenses (the expenses incurred before the conclusion of feasibility study and related to exploration and evaluation of coal resources) amounted to RMB0.23 billion (for the first half of 2023: RMB0.08 billion), which was mainly used for expenditure on preliminary preparation of Xinjie Taigemiao Mines; capital expenditures related to coal mine development and mining amounted to RMB5.00 billion (the first half of 2023: RMB7.58 billion), mainly for the payment of income from mining right transfer, purchase of special equipment for coal mines, payment of compensation for land relocation, etc.

Unit: 100 million tonnes

Mines	Coal resources (under the PRC Standard)	Recoverable reserve (under the PRC Standard)	Trusted reserve (under the PRC Standard)	Proved reserve (under the PRC Standard)	Marketable coal reserve (under the JORC Standard)
Shendong Mines	161.4	90.8	36.0	18.0	62.6
Zhunge'er Mines	35.5	28.1	7.1	11.5	20.2
Shengli Mines	19.0	12.7	5.1	0.2	2.0
Baorixile Mine	12.6	7.7	4.1	1.6	8.1
Baotou Mines	0.4	0.3	0.0	0.1	0.2
Xinjie Taigemiao Mines	108.0	14.0	4.5	6.1	/
Total	336.9	153.6	56.8	37.5	93.1

Notes: 1. Trusted reserve and proved reserve are calculated based on the Classifications for Mineral Resources and Mineral Reserves (GB/T 17766-2020).

2. Trusted reserve of Baotou Mines under the PRC Standard is 1.067 million tonnes.

Characteristics of commercial coal produced in the Group'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/ non-caking coal	4,691-5,730	0.2-0.6	8.5-19.9
Zhunge'er Mines	Long-flame coal	4,315-4,731	0.5-0.6	26.2-31.1
Shengli Mines	Lignite	2,974	1.1	23.9
Baorixile Mines	Lignite	3,568	0.2	13.6
Baotou Mines	Long-flame coal/ non-caking coal	4,073-4,399	0.5-0.9	14.2-18.3

Note: Affected by factors such as the occurrence conditions and production process, the average calorific value, sulphur content and ash content of the major commercial coal produced by the coal mines in each mine may not be consistent with the characteristics of the commercial coal produced by individual mines in the mines or the commercial coal ultimately sold by the Company.

(4) Operating results

① The operating results of the Group's coal segment before elimination on consolidation

		The first half of 2024	The first half of 2023	Change %	Main reasons for changes
Revenue	RMB million	**134,328**	135,244	(0.7)	Decrease in average sales price of coal
Cost of sales	RMB million	**(101,074)**	(97,324)	3.9	Growth in sales volume and procurement cost of purchased coal; growth in sales volume and unit production cost of self-produced coal
Gross profit margin	%	**24.8**	28.0	Decreased by 3.2 percentage points	
Profit before income tax	RMB million	**29,242**	35,307	(17.2)	

② The gross profit from sales of coal products of the Group by regions before elimination on consolidation

	The first half of 2024				The first half of 2023			
	Sales revenue ***RMB million***	**Sales costs** ***RMB million***	**Gross profit** ***RMB million***	**Gross profit margin** ***%***	Sales revenue *RMB million*	Sales costs *RMB million*	Gross profit *RMB million*	Gross profit margin *%*
Domestic	**127,386**	**(86,891)**	**40,495**	**31.8**	127,793	(82,028)	45,765	35.8
Export and overseas	**2,659**	**(2,636)**	**23**	**0.9**	3,198	(3,157)	41	1.3
Total	**130,045**	**(89,527)**	**40,518**	**31.2**	130,991	(85,185)	45,806	35.0

③ The gross profit from sales of coal products of the Group by coal source before elimination on consolidation

Coal source	**The first half of 2024**				The first half of 2023			
	Sales revenue *RMB million*	**Sales costs** *RMB million*	**Gross profit** *RMB million*	**Gross profit margin** *%*	Sales revenue *RMB million*	Sales costs *RMB million*	Gross profit *RMB million*	Gross profit margin *%*
Self-produced coal	**86,708**	**(47,010)**	**39,698**	**45.8**	89,184	(44,152)	45,032	50.5
Purchased coal	**43,337**	**(42,517)**	**820**	**1.9**	41,807	(41,033)	774	1.9
Total	**130,045**	**(89,527)**	**40,518**	**31.2**	130,991	(85,185)	45,806	35.0

Coal sales cost includes coal purchase cost, as well as the transportation and port charges incurred to realise the sales.

④ Unit production cost of self-produced coal

Unit: RMB/tonne

	The first half of 2024	The first half of 2023	Change %	Main reasons for changes
Unit production cost of self-produced coal	**172.0**	166.7	3.2	
Raw materials, fuels and power	**30.8**	31.2	(1.3)	
Personnel expenses	**56.3**	47.6	18.3	The increased policy-related social security contributions, as well as staff salary growth by progress
Repairs and maintenance	**10.5**	10.3	1.9	
Depreciation and amortisation	**19.6**	20.7	(5.3)	
Other costs	**54.8**	56.9	(3.7)	Decrease in stripping fees

Other costs consist of the following three parts: (1) expenditures directly related to production, including washing and processing fees, mining engineering fees, accounting for 68%; (2) production ancillary costs, accounting for 21%; (3) land acquisition and compensation for subsidence, environmental protection expenditure, taxes, etc., accounting for 11%.

2. *Power Segment*

(1) Production and operations

In the first half of 2024, the Group strengthened the operation of power units, gave full play to the role of coal power as a supportive regulator and guarantor, and implemented various measures to boost power generation. Adhering to the business philosophy of focusing on principal and profit, strengthened the management of electricity transaction process, and actively strived for the increase of electricity price and the capacity electricity fee. In the first half of the year, the power generation amounted to 104.04 billion kWh (the first half of 2023: 100.20 billion kWh), representing a year-on-year increase of 3.8%; the total power output dispatch amounted to 97.89 billion kWh (the first half of 2023: 94.26 billion kWh), representing a year-on-year increase of 3.9%, of which market-oriented transaction electricity amounted to 95.69 billion kWh, accounting for approximately 97.8% of the total power output dispatch; average electricity sales price was RMB404/MWh (the first half of 2023: RMB418/MWh), representing a year-on-year decrease of 3.3%. 68 coal-fired generating units of the Group were eligible for capacity payments, and a total of RMB2.49 billion (tax inclusive) in capacity payments were received in the first half of the year.

Accelerating the development of clean and efficient coal power and the improvement of flexible adjustment capabilities. In the first half of 2024, the Group completed the energy-saving transformation of 12 units including Taishan Power and Jinjie Energy with a total of 8.39 million kW, and the Group's standard coal consumption for power supply of coal-fired generating units (excluding coalgangue) was reduced to 291 g/kWh. A total of 4.19 million kW of flexible transformation of 6 units, including Taishan Power and Jiujiang Power, increased the regulating capacity of 0.388 million kW. The transformation of heat supply of 3 units including Shendong Power and Fujian Energy with a total of 0.46 million kW was completed, and the heat supply capacity was increased by 0.0345 million kW. As of the first half of 2024, the Group has completed a total of 17.78 million kW of energy-saving transformation of coal-fired power generation units, 12.59 million kW of flexible transformation, and 8.86 million kW of heat supply transformation.

We actively promoted the development of renewable energy projects and investment in industrial funds. In the first half of 2024, the Group added 108 MW of photovoltaic power generation capacity to external commercial operations. Beijing Guoneng New Energy Industry Investment Fund and Beijing Guoneng Green and Low-Carbon Development Investment Fund, which the Company participated in, are still in the investment stage. Investments in multiple projects, including photovoltaic power generation and wind power generation, have been completed. As of the first half of 2024, the Company accumulatively contributed approximately RMB2.41 billion according to the investment agreement and realised a cumulative exit gain of approximately RMB110 million.

(2) Power output dispatch and price of electricity sold

Power type/Location	Gross power generation *(billion kWh)* The first half of 2024	The first half of 2023	Change %	Total power output dispatch *(billion kWh)* The first half of 2024	The first half of 2023	Change %	Price of electricity sold *(RMB/MWh)* The first half of 2024	The first half of 2023	Change %
(I) Coal-fired power	**101.80**	98.25	3.6	**95.69**	92.35	3.6	**403**	416	(3.1)
Guangdong	**21.63**	15.79	37.0	**20.47**	14.90	37.4	**395**	465	(15.1)
Shaanxi	**16.02**	16.15	(0.8)	**14.71**	14.84	(0.9)	**338**	335	0.9
Hebei	**11.45**	11.02	3.9	**10.76**	10.34	4.1	**404**	401	0.7
Fujian	**11.37**	11.51	(1.2)	**10.87**	11.00	(1.2)	**420**	434	(3.2)
Sichuan	**8.26**	8.36	(1.2)	**7.82**	7.93	(1.4)	**453**	447	1.3
Inner Mongolia	**6.94**	6.97	(0.4)	**6.35**	6.35	0.0	**317**	337	(5.9)
Hunan	**5.42**	4.32	25.5	**5.18**	4.12	25.7	**498**	478	4.2
Jiangxi	**5.25**	5.30	(0.9)	**4.98**	5.05	(1.4)	**433**	434	(0.2)
Shandong	**4.44**	5.53	(19.7)	**4.19**	5.26	(20.3)	**399**	430	(7.2)
Chongqing	**4.31**	4.12	4.6	**4.11**	3.94	4.3	**432**	418	3.3
Guangxi	**3.90**	6.41	(39.2)	**3.69**	6.09	(39.4)	**459**	438	4.8
Henan	**2.21**	2.01	10.0	**2.05**	1.87	9.6	**405**	418	(3.1)
Indonesia (overseas)	**0.60**	0.76	(21.1)	**0.51**	0.66	(22.7)	**500**	505	(1.0)
(II) Gas-fired power	**1.64**	1.62	1.2	**1.60**	1.58	1.3	**557**	570	(2.3)
Beijing	**1.64**	1.62	1.2	**1.60**	1.58	1.3	**557**	570	(2.3)
(III) Hydropower	**0.26**	0.28	(7.1)	**0.26**	0.28	(7.1)	**259**	256	1.2
Sichuan	**0.26**	0.28	(7.1)	**0.26**	0.28	(7.1)	**259**	256	1.2
(IV) Photovoltaic power	**0.34**	0.05	580.0	**0.34**	0.05	580.0	**292**	426	(31.5)
Inner Mongolia	**0.14**	/	/	**0.14**	/	/	**210**	/	/
Shaanxi	**0.10**	0.00	/	**0.10**	0.00	/	**260**	326	(20.2)
Fujian	**0.05**	0.03	66.7	**0.05**	0.03	66.7	**425**	452	(6.0)
Guangdong	**0.02**	0.01	100.0	**0.02**	0.01	100.0	**477**	472	1.1
Hebei	**0.01**	0.01	0.0	**0.01**	0.01	0.0	**296**	328	(9.8)
Shandong	**0.01**	0.00	/	**0.01**	0.00	/	**370**	350	5.7
Jiangxi	**0.01**	/	/	**0.01**	/	/	**554**	/	/
Henan	**0.00**	/	/	**0.00**	/	/	**575**	/	/
Total	**104.04**	100.20	3.8	**97.89**	94.26	3.9	**404**	418	(3.3)

Note: In the first half of 2024, the electricity generated and sold by the Group's photovoltaic power stations in Henan Province was both 2.07 million kWh. In the first half of 2023, the electricity generated and sold of the Group's photovoltaic power stations in Shandong amounted to 4.74 million kWh and 4.6 million kWh, respectively, and that of photovoltaic power stations in Shaanxi was 2.37 million kWh and 2.35 million kWh respectively.

(3) Installed capacity

As at the end of the Reporting Period, the total installed capacity of the Group's commercial operation of power generating units was 44,822 MW. The total installed capacity of coal-fired power generating units was 43,244 MW, accounting for 96.5% of the total installed capacity of the Group. During the Reporting Period, the newly installed capacity of the Group was 188 MW. Among them, the newly installed capacity of Unit 3 UHT sub-critical back pressure cogeneration unit of National Energy Shenfu (Jinjiang) Co., Ltd., a subsidiary of Fujian Energy, was put into operation with the newly installed capacity of 50 MW, the capacity of Taishan Power's coal-fired power generating units was increased by 30 MW, and photovoltaic power stations located in Guangdong and Fujian were put into operation and commercially operated to the public, with a total of 108 MW of new installed capacity.

Unit: MW

Power type	Total installed capacity as at 31 December 2023	Installed capacity increased during the Reporting Period	**Total installed capacity as at 30 June 2024**
Coal-fired power	43,164	80	**43,244**
Gas-fired power	950	–	**950**
Hydropower	125	–	**125**
Photovoltaic power	395	108	**503**
Total	44,634	188	**44,822**

(4) Utilisation rate of power generation equipment

In the first half of 2024, the average utilisation hours of the Group's coal-fired generating units was 2,354 hours, representing a decrease of 155 hours as compared with 2,509 hours in the same period of last year, and 151 hours higher than the average utilisation hours of coal-fired power generation equipment of 6,000 kW and above, which was 2,203 hours[1], in the PRC.

1 Source: China Electricity Council

Power type	Average utilisation hours *(hour)*			Power consumption rate of power plant *(%)*		
	The first half of 2024	The first half of 2023	Change %	**The first half of 2024**	The first half of 2023	Change
Coal-fired power	**2,354**	2,509	(6.2)	**5.13**	5.17	Decreased by 0.04 percentage point
Gas-fired power	**1,725**	1,700	1.5	**1.42**	1.55	Decreased by 0.13 percentage point
Hydropower	**2,099**	2,257	(7.0)	**0.77**	0.34	Increased by 0.43 percentage point
Photovoltaic power	**717**	563	27.4	**1.01**	/	/
Weighted average	**2,323**	2,484	(6.5)	**5.06**	5.09	Decreased by 0.03 percentage point

(5) Operation results of the power sales business

In the first half of 2024, the main business model of Shandong Power Sales Company was to profit from the price difference between purchase and sale of electricity, mainly providing electricity value-added services such as purchase and sale of electricity, cross-provincial transactions, management of power equipment, green electricity transactions, and power demand-side response agents. During the Reporting Period, the sales of non-self-owned power plants amounted to 5.53 billion kWh, and the corresponding revenue and cost of electricity sales were RMB1,748 million and RMB1,739 million, respectively.

Province of the company engaged in power sales	Power output dispatch *billion kWh*		Average price of electricity sold (exclusive of tax) *RMB/MWh*		Unit cost of power purchase (exclusive of tax) *RMB/MWh*	
	The first half of 2024	The first half of 2023	**The first half of 2024**	The first half of 2023	**The first half of 2024**	The first half of 2023
Shandong	**5.53**	3.28	**316**	332	**315**	330

(6) Capital expenditure

In the first half of 2024, the total capital expenditure of the power generation segment was RMB4,090 million, mainly for the following projects:

No.	Name of project	The contribution amount for the Reporting Period *RMB million*	Percentage of accumulated investment in project to the total budget as of the end of the Reporting Period *%*	Stage of the project as of the end of the Reporting Period
1	Guangdong Huizhou Thermal Power Phase II Gas-fired Thermal Power Project (2 x 400 MW)	612	68.6	Under construction
2	Jiangxi Jiujiang Power Plant Phase II Expansion Project (2x1,000MW)	568	12.6	Under construction
3	Guangxi Beihai Power Plant Phase II Expansion Project (2x1,000MW)	556	10.2	Under construction
4	Guangdong Qingyuan Power Plant Phase II Expansion Project (2x1,000MW)	377	9.2	Under construction
5	Hebei Dingzhou Power Plant Phase III Expansion Thermal Power Project (2 x 660 MW)	201	3.7	Prepared for construction
6	Hebei Cangdong Power Plant Phase III Expansion Project (2 x 660 MW)	73	0.9	Prepared for construction
7	Fujian Shishi Hongshan Thermal Power Plant Phase III Expansion Project (1 x 1,000MW)	/	/	Approved

(7) Operation results

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

		The first half of 2024	The first half of 2023	Change %	Main reasons for changes
Revenue	RMB million	**44,354**	44,190	0.4	Increase in power output dispatch
Cost of sales	RMB million	**(37,436)**	(36,971)	1.3	Increase in power output dispatch; growth in depreciation and amortisation, labour costs, etc.
Gross profit margin	%	**15.6**	16.3	Decreased by 0.7 percentage point	
Profit before income tax	RMB million	**5,569**	6,110	(8.9)	

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

Unit: RMB million

	Revenue from power sales (including heat sales)			Cost of power sales (including heat sales)				
Power type	**The first half of 2024**	The first half of 2023	Change %	**The first half of 2024**	**Percentage of total cost of electricity sold in the first half of 2024 %**	The first half of 2023	Percentage of total cost of electricity sold in the first half of 2023 %	Change in the first half of 2024 compared to the first half of 2023 %
Coal-fired power	**40,016**	39,717	0.8	**34,061**	**96.9**	33,302	97.0	2.3
Gas-fired power	**1,080**	1,066	1.3	**965**	**2.7**	987	2.9	(2.2)
Hydropower	**67**	71	(5.6)	**54**	**0.2**	50	0.1	8.0
Photovoltaic power	**99**	22	350.0	**55**	**0.2**	10	0.0	450.0
Total	**41,262**	40,876	0.9	**35,135**	**100.0**	34,349	100.0	2.3

The Group's cost of power sales (including heat sales) mainly consists of costs such as raw materials, fuel and power, labour costs, repairs and maintenance, depreciation and amortisation. In the first half of 2024, the Group's unit cost of electricity sold was RMB358.9/MWh (the first half of 2023: RMB364.4/MWh), representing a year-on-year decrease of 1.5%, mainly due to the growth in electricity sales and the decrease in coal purchase price.

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

	The first half of 2024		The first half of 2023		Change in cost
	Costs	**Percentage**	Costs	Percentage	
	RMB million	***%***	*RMB million*	*%*	*%*
Raw material, fuel and power	**25,976**	**76.3**	25,867	77.7	0.4
Personnel expenses	**2,713**	**8.0**	2,243	6.7	21.0
Repairs and maintenance	**742**	**2.2**	875	2.6	(15.2)
Depreciation and amortisation	**3,266**	**9.6**	3,052	9.2	7.0
Other	**1,364**	**3.9**	1,265	3.8	7.8
Total cost of power sales of coal-fired power plant	**34,061**	**100.0**	33,302	100.0	2.3

In the first half of 2024, the cost of power sales of the Group's coal-fired power plants increased by 2.3% year-on-year. Among them, the year-on-year increase in personnel expenses was mainly due to the increased policy-related social security contributions, the increase in staff remuneration according to the progress of the operation and the increase in production personnel affected by the operation of new units. The year-on-year increase of depreciation and amortisation was mainly due to the increase in long-term assets for power generation as a result of the operation of new units.

In the first half of 2024, the power generation segment consumed a total of 34.2 million tonnes of coal sold by the Group (the first half of 2023: 33.8 million tonnes), representing a year-on-year increase of 1.2%, accounting for 75.5% of the total coal consumption of 45.3 million tonnes in the power generation segment.

3. *Railway Segment*

(1) Production and operations

In the first half of 2024, the Group took various measures to ensure the efficient and smooth passage of energy transportation. We strengthened the coordination of railways, organised deployment of the resources of railway vehicles and scientifically aligned traffic flow. The Company focused on the expansion of resources and accelerated the preliminary work of Dongyue Railway and Gu-Yin Railway Special Line and continued to improve the radiation capacity of the railway network. In the first half of 2024, the transportation turnover of self-owned railway was 161.4 billion tonne kms (the first half of 2023: 150.4 billion tonne kms), representing a year-on-year increase of 7.3%. The construction of platforms and special lines for the Huangda Railway was carried out in an orderly manner, and the railway transportation volume was 11.1 million tonnes in the first half of the year (the first half of 2023: 10.5 million tonnes), representing a year-on-year increase of 5.7%.

The railway large-scale logistics business continued to develop. In the first half of 2024, the transportation of non-coal cargo of self-owned railways, such as metal ores and chemicals, amounted to approximately 12.2 million tonnes (the first half of 2023: 10.3 million tonnes), representing a year-on-year increase of 18.4%. The Company actively integrated into the logistics system of the Belt and Road Economic Belt and assisted the coordinated development of regional economies, gradually launched the container train service between Huanghua Port and Shijiazhuang International Inland Port for China-Europe block trains, and the two-way container multi-model transportation demonstration project between Hejian and Huanghua Port.

(2) Operating results

The operating results of the Group's railway segment before consolidation are as follows:

		The first half of 2024	The first half of 2023	Change %	Main reasons for changes
Revenue	RMB million	**22,442**	22,123	1.4	Growth in turnover of self-owned railway transportation
Cost of sales	RMB million	**(14,004)**	(13,766)	1.7	Growth of self-owned railway transportation turnover; growth of repairs and maintenance, labour costs, etc.
Gross margin	%	**37.6**	37.8	Decreased by 0.2 percentage point	
Profit before income tax	RMB million	**7,141**	6,986	2.2	

In the first half of 2024, the unit transportation cost of the railway segment was RMB0.083/tonne km (the first half of 2023: RMB0.083/tonne km), which was the same as that of the same period last year.

4. Port segment

(1) Production and operations

In the first half of 2024, the port segment of the Group relied on integrated operation to establish a mechanism for refined coal preparation and a coordination mechanism for road and port maintenance to achieve efficient turnover and effectively ensure the stable and orderly supply of coal. The coal loading volume of Huanghua Port reached 110.0 million tonnes (the first half of 2023: 100.6 million tonnes), representing a year-on-year increase of 9.3%. The coal loading volume continued to rank first among coal ports in China; Tianjin Coal Dock achieved a coal loading volume of 21.9 million tonnes (the first half of 2023: 22.6 million tonnes), representing a year-on-year decrease of 3.1%. The port segment has accelerated its transformation from coal-based to diversified cargo structure. In the first half of the year, the port segment handled 6.8 million tonnes of non-coal cargo, including oil products and ore (the first half of 2023: 6.1 million tonnes), representing a year-on-year increase of 11.5%.

The major projects of the port segment progressed steadily. Huanghua Port Phase V Project was approved. After the project is put into operation, Huanghua Port will increase its coal loading capacity by 50 million tonnes per year. The construction of the oil terminal at Huanghua Port has commenced, with plans to build one 80,000-tonne oil berth and a designed annual handling capacity of 6.06 million tonnes, primarily responsible for transporting offshore crude oil from Bohai Bay and South China Sea. The preliminary work for the Tianjin Port Phase II Project was being carried out in an orderly manner. The construction of Zhuhai Gaolan Port Bulk Cargo Terminal Project has commenced.

(2) Operation results

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

		The first half of 2024	The first half of 2023	Change %	Main reasons for changes
Revenue	RMB million	**3,443**	3,287	4.7	Increase in loading volume at port
Cost of sales	RMB million	**(1,952)**	(1,839)	6.1	Growth in loading volume at port; growth in channel dredging fee and labour costs, etc.
Gross profit margin	%	**43.3**	44.1	Decreased by 0.8 percentage point	
Profit before income tax	RMB million	**1,231**	1,221	0.8	

5. *Shipping segment*

(1) *Production and operations*

In the first half of 2024, the shipping segment of the Group focused on ensuring the smooth and efficient operation of integrated transportation, coordinating with port and power plant users, formulating a supply guarantee plan with "one factory and one policy", and adjusting the layout of routes in a timely manner. In the first half of the year, the shipping volume was 65.5 million tonnes (the first half of 2023: 72.2 million tonnes), representing a year-on-year decrease of 9.3%; shipment turnover amounted to 75.0 billion tonne nautical mile (the first half of 2023: 78.8 billion tonne nautical mile), representing a year-on-year decrease of 4.8%.

(2) *Operation results*

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

		The first half of 2024	The first half of 2023	Change %	Main reasons for changes
Revenue	RMB million	**2,488**	2,579	(3.5)	Decrease in shipping turnover
Cost of sales	RMB million	**(2,244)**	(2,348)	(4.4)	Decrease in shipping turnover
Gross profit margin	%	**9.8**	9.0	Increased by 0.8 percentage point	
Profit before income tax	RMB million	**224**	118	89.8	

In the first half of 2024, the unit transportation cost of the shipping segment was RMB0.030/tonne nautical mile (the first half of 2023: RMB0.030/tonne nautical mile), which remained unchanged from the same period last year.

6. *Coal Chemical Segment*

(1) *Production and operations*

The coal chemical segment of the Group comprises the coal-to-olefins project of Baotou Coal Chemical, the main products of which include polyethylene (with production capacity of approximately 300,000 tonnes per year), polypropylene (with production capacity of approximately 300,000 tonnes per year) and a small number of by-products (including industrial sulfur, mixed C5, industrial propane, mixed C4, industrial methanol, fine methanol and others).

In the first half of 2024, Baotou Coal Chemical overcame the impact of the weak domestic polyolefin market and equipment maintenance, adopted a sales-driven production approach, flexibly adjusted product specifications, coordinated production loads, and sought for operational efficiency. Adhering to the low-carbon development of the coal chemical business, the Company continued to utilise solid wastes as resources, and optimised the operation of environmental protection facilities to control the emission of air pollutants. In the first half of the year, Baotou Coal Chemical's "three wastes" met the standards, and there was no environmental pollution accident.

The construction of the Baotou Coal-to-Olefin Upgrading Demonstration Project is progressing as planned and is expected to be completed around 2027.

In the first half of 2024, the Group's sales volume of polyolefin products amounted to 287.4 thousand tonnes (the first half of 2023: 351.4 thousand tonnes), representing a year-on-year decrease of 18.2%, as detailed below:

	The first half of 2024		The first half of 2023		Change	
	Sales volume	**Price**	Sales volume	Price	Sales volume	Price
	Thousand tonnes	***RMB/tonne***	*Thousand tonnes*	*RMB/tonne*	*%*	*%*
Polyethylene	**148.2**	**6,585**	181.3	6,456	(18.3)	2.0
Polypropylene	**139.2**	**5,863**	170.1	5,931	(18.2)	(1.1)

(2) *Operation results*

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

		The first half of 2024	The first half of 2023	Change *%*	Main reasons for changes
Revenue	RMB million	**2,538**	3,002	(15.5)	Coal-to-olefin production equipment was overhauled as planned, and the production and sales volume of polyolefin products decreased
Cost of sales	RMB million	**(2,442)**	(2,857)	(14.5)	
Gross profit margin	%	**3.8**	4.8	Decreased by 1.0 percentage point	
Profit before income tax	RMB million	**4**	35	(88.6)	

(3) Unit production cost of main products

	The first half of 2024		The first half of 2023		Change	
	Output	**Unit production cost**	Output	Unit production cost	Output	Unit production cost
	Thousand tonnes	***RMB/tonne***	*Thousand tonnes*	*RMB/tonne*	*%*	*%*
Polyethylene	**148.1**	**5,944**	179.7	5,920	(17.6)	0.4
Polypropylene	**139.0**	**5,737**	170.1	5,879	(18.3)	(2.4)

In the first half of 2024, the coal chemical segment consumed a total of 2.1 million tonnes of coal (the first half of 2023: 2.5 million tonnes), representing a year-on-year decrease of 16.0%. Coal consumed in the coal chemical segment is all coal sold by the Group.

(IV) Operations by Region

Unit: RMB million

	The first half of 2024	The first half of 2023	Change %
Revenue from external transactions in domestic markets	**162,430**	162,914	(0.3)
Revenue from external transactions from overseas markets	**5,648**	6,528	(13.5)
Total	**168,078**	169,442	(0.8)

Note: The revenue from external transactions is divided by the location of customers receiving services and purchasing products.

The Group is mainly engaged in the production and sales of coal and electricity, railway, port and fleet transportation, and coal-to-olefins business in the PRC. In the first half of 2024, revenue from external transactions from the domestic market amounted to RMB162,430 million, accounting for 96.6% of the Group's total revenue; revenue from external transactions from overseas markets amounted to RMB5,648 million, representing a year-on-year decrease of 13.5%. The decrease in coal prices affected the decrease in revenue from overseas coal sales, and the decrease in revenue during the construction period of Indonesia's South Sumatra No. 1 Power Generation Project, which was accounted for in accordance with the relevant provisions of the concession agreement.

In the first half of 2024, the Group's overseas project operation was stable. The production and operation of EMM in South Sudan and Indonesia Java were safe and stable, and the construction of South Sumatra No. 1 Project in Indonesia was under normal progress. The production and operation of the Penn shale gas project in the United States was good, with a gas production of 59 million cubic meters (attributable gas volume) in the first half of the year.

(V) Analysis on Investments

1. Overall Analysis of External Equity Investments

In the first half of 2024, the Company's equity investment amounted to RMB1,701 million (the first half of 2023: RMB5,735 million), which primarily financed the capital increase in relevant power generation and coal chemical subsidiaries to support project construction, as well as capital contributions to Beijing Guoneng New Energy Industry Investment Fund (Limited Partnership) and Beijing Guoneng Green Low Carbon Development Investment Fund (Limited Partnership) and Guoneng (Shaanxi) Scientific and Technological Achievements Transformation Investment Fund Partnership (Limited Partnership), which were established by the Company, in pursuance of relevant agreements.

2. Completion of Capital Expenditures Plan for 2024

Unit: RMB100 million

	Plan for 2024	**Completed in the first half of 2024**
Coal segment	98.16	**66.96**
Power generation segment	171.78	**40.90**
Transportation segment	68.21	**15.02**
Including: railway segment	53.46	**11.51**
port segment	12.49	**1.87**
shipping segment	2.26	**1.64**
Coal chemical segment	23.62	**1.83**
Others	6.27	**0.06**
Total	368.04	**124.77**

In the first half of 2024, the total capital expenditure of the Group amounted to RMB12.477 billion, which was mainly used for the infrastructure construction of Xinjie Taigemiao Mines, purchase of coal mine equipment and technical upgrades, the Phase II Expansion Project of Jiangxi Jiujiang Power Plant, the Phase II Gasfired Thermal Power Project of Guangdong Huizhou Thermal Power Plant, the capacity expansion and transformation of railway lines, and the construction of demonstration projects for coal-to-olefin upgrading. For the coal business, capital expenditures related to mining rights amounted to RMB3.517 billion and other capital expenditures amounted to RMB3.179 billion.

The Group's capital expenditure plan may be subject to change in response to the development of business plans (including potential acquisitions), the progress of capital projects, market conditions, the outlook for the future business environment and the obtaining of necessary permits and approvals. Except as required by law, the Company does not undertake any obligation to update the capital expenditure plan information. The Company intends to fund its capital expenditures through cash generated from operating activities, short-term and long-term loans, and other debt and equity financing.

3. Financial assets at Fair Value

The financial assets measured at fair value held by the Group were mainly non-trading equity investments that have no significant impact on the investees, and bank acceptance bills that are intended to be discounted or endorsed.

Unit: RMB million

Category of assets	At the beginning of the Reporting Period	Gains and losses from fair value changes for the Reporting Period	Cumulative changes in fair value included in equity	Impairment presented in the Reporting Period	Amount of purchase for the Reporting Period	Amount disposal/ redemption for the Reporting Period	Other Changes	At the end of the Reporting Period
Investments in equity instruments at fair value through other comprehensive income	2,486	/	220	/	/	/	/	2,706
Financial assets at fair value through other comprehensive income	254	/	/	/	/	/	(77)	177
Financial assets at fair value through profit or loss	0	/	/	/	50	/	/	50
Total	2,740	/	220	/	50	/	(77)	2,933

Note: The financial assets at fair value through profit or loss held by the Group represent stock assets held by a Company's subsidiary and the contribution of the subsidiaries of the Company as limited partners to National Energy (Beijing) Science and Technology Seed Fund (Limited Partnership).

(VI) Substantial Subsidiaries

Unit: RMB million

No.	Company	Registered capital	Total assets	Net assets	Net profit attributable to shareholders of the parent company			
		At 30 June 2024			The first half of 2024	The first half of 2023	Change %	Main reasons for changes
1	Shendong Coal	**4,989**	**42,377**	**34,451**	**5,537**	9,292	(40.4)	Decrease in coal sales price; increase in cost of sales; donated to the Inner Mongolia Ecological Comprehensive Treatment Fund during the Reporting Period
2	Shuohuang Railway	**15,231**	**48,439**	**33,219**	**3,416**	3,380	1.1	Growth of transportation turnover of self-owned railway
3	Jinjie Energy	**3,802**	**20,944**	**18,352**	**2,158**	2,368	(8.9)	Decline in coal sales volume and price
4	Baorixile Energy	**1,169**	**14,113**	**9,082**	**1,668**	1,422	17.3	Coal sales growth
5	Zhunge'er Energy	**7,102**	**54,782**	**45,460**	**1,367**	1,484	(7.9)	Decrease in coal sales price
6	Beidian Shengli	**2,925**	**19,602**	**9,724**	**1,064**	1,144	(7.0)	Decline in coal sales volume
7	Trading Group	**7,789**	**32,496**	**14,568**	**859**	584	47.1	Decrease in coal purchase price; coal sales growth
8	Huanghua Harbour Administration	**6,790**	**14,064**	**11,138**	**846**	800	5.8	Growth in loading volume at the port
9	Railway Equipment	**6,300**	**21,678**	**10,541**	**882**	717	23.0	Increase in train freight turnover
10	Yulin Energy	**2,420**	**8,339**	**4,820**	**603**	781	(22.8)	Decrease in coal sales volume and price

Notes: 1. The financial information of the major subsidiaries disclosed in the above table was prepared in accordance with the China Accounting Standards for Business Enterprises. The data has not been audited or reviewed.

2. In the first half of 2024, the revenue of Shendong Coal was RMB40,698 million, and the operating profit was RMB7,085 million.

3. In the first half of 2024, Shuohuang Railway recorded an revenue of RMB11,628 million and an operating profit of RMB4,599 million.

4. In the first half of 2023, Beidian Shengli recorded net profit attributable to shareholders of the parent company of RMB1,144 million, which was restated in the financial statements.

V. POSSIBLE RISKS AND COUNTERMEASURES

The Company encountered major risks, primarily including risks in safety production and environmental protection, market competition, project management, investment, integrated operations, compliance, policy, international operations (please refer to the Company's 2023 Annual Report for details), and no new risk factors were added during the Reporting Period.

The Company has established a closed-loop risk management system, which includes risk identification at the beginning of the year, quarterly risk monitoring, dynamic risk assessment, routine inspections and early warning, as well as year-end supervision and evaluation. This system provides strong support for improving decision-making processes, refining internal control systems, and enhancing risk management standards. The Board and the Audit and Risk Committee of the Company believe that such mechanism is capable of effectively assessing the operation of the Company's risk management.

During the Reporting Period, the Company has adopted the following measures in response to major risks:

1. In safe production and environmental protection, the Company strictly implemented safety production responsibilities, and continuously improved the dual prevention mechanisms of safety risk classification control and hidden danger investigation and treatment. It strengthened source control, focused on targeted efforts, and solidly carried out major disaster management, major risk control, and major hidden danger rectification. It intensified safety production control measures, comprehensively strengthened on-site safety management, enhanced safety education and training programs, and improved the safety quality of all employees. It intensified efforts in pollution prevention and control, continued to strengthen environmental monitoring, strictly observed the ecological red line, actively promoted the development of green mines, green smart heavy-haul railways, green ports, and green shipping, accelerated the promotion of green and low-carbon transformation, continued to develop the "ultra-low emission" coal-fired power brand, and made every effort to improve the ability to prevent ecological environmental risks.

2. In marketing and sales, the Group strengthened the research on macroeconomic conditions, improved the accuracy of coal market prediction, formulated coal purchase and sales mechanism and price policy by region and by time, optimised the structure of coal products, continued to enhance the brand advantage, enhanced the development of new markets and the maintenance of old markets, and coordinated product reserves and production capacity reserves. We will further expand the power market and increase revenue and efficiency of the power business and implement risk pre-control measures and ensure safe production, promote the construction of special lines in the core coal area, accelerate the expansion and transformation of railways, and further develop large-scale logistics operations. We will deepen synergies and improve quality and efficiency, promote model innovation, enhance customer service capabilities, further consolidate and expand market share, and strengthen our integrated advantages.

3. In engineering project management, the Company improved the infrastructure construction management system, carried out the management of important aspects such as project design, commencement, implementation, completion acceptance, handover and commissioning, and continuously strengthened the integration of engineering design, technology, economics, safety, and quality. The Company strengthened the management of construction functions, the preliminary management of construction projects and the management of construction teams, and strictly controlled the project design, budgetary estimate and settlement. The Company comprehensively strengthened the safety management of high-risk operations and infrastructure construction, strengthened risk identification and inspection and rectification of hidden dangers, and ensured that major projects were completed on schedule and put into production with high quality.

4. In investment management, the Company closely monitored the needs of industrial policies and market conditions, optimised the investment management system, strengthened preliminary research and demonstration of projects, strictly controlled project investment decisions, and continued to strengthen project risk management. The Company strengthened the management of investment plans, monitored the progress of project investment and capital requirements in a timely manner, managed the pace of project investment, strengthened the research and supervision of the implementation of investment plans, and conducted post-project evaluations in a proactive, orderly and standardised manner to improve the efficiency and effectiveness of investment.

5. In integrated operation management, the Company continued to consolidate and expand the core advantages of integrated operation, strengthened integrated and coordinated operation, optimised the layout of coal power industry, strengthened scientific dispatching and planning management, improved the railway collection and distribution system, strengthened the coordination of power grids, and strengthened the management of production and operation and made every effort to improve the operating efficiency of the units. We will actively develop new energy, optimise the allocation of resources across the whole industry and multi-factors, and continuously enhance the resilience of the integrated industrial, value, and supply chains.

6. In compliance management, the Company continuously optimised its legal compliance risk prevention system, ensuring the regulatory adherence, legality, and adaptability of its systems. It enhanced system management by leveraging information technology to improve the effectiveness of system construction and management. The Company implemented "standardised contract templates for major business types", conducted tiered and categorised compliance risk identification, early warning, and response measures, promoted a "tiered supervision mechanism" for major cases, and enhanced the prevention and response capabilities for significant legal cases, aiming to mitigate contract signing risks from the source.

7. In policy research, the Company strengthened the research on industrial policies and industrial regulations, strengthened policy coordination, seized the policy window period for resource continuity, and promoted the continuation of resources, increase of reserves and production, license application and verification of production capacity. Focusing on the principal business, we will steadily promote the goal of carbon peak and carbon neutrality, solidly promote the clean and efficient use of coal, and promote industrial upgrading and green and low-carbon transformation. We will refine the carbon emission standards of various industries, strengthen the management of carbon assets, and coordinate the promotion of green power and green certificate transactions in new energy.

8. In international operation, the Company continued to promote the establishment of overseas risk control compliance and the establishment of comprehensive international capabilities. We will further strengthen the analysis and research on investment decisions of overseas projects and strengthen the innovation of cooperation models and business models. The Company actively fulfilled core responsibilities, robustly executed overseas project development and risk prevention, and deepened the development of key areas, and continued to promote the high-quality construction under the Belt and Road Initiative. We will enhance the mitigation of investment, operational, and compliance risks in overseas projects, prevent major risks, maintain the bottom line of efficiency, and actively and prudently promote overseas projects to ensure stable and long-term internationalization.

   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.

VI. SIGNIFICANT EVENTS

Repurchase, Sale or Redemption of Securities of the Company

During the six months ended 30 June 2024, the Group did not purchase, sell or redeem any of the Company's listed securities (including sale of treasury shares) as defined under the Hong Kong Listing Rules. As at 30 June 2024, the Company did not hold any treasury shares.

Corporate Governance

During the six months ended 30 June 2024, the Company has established a corporate governance system in accordance with the requirements of the corporate governance policy stipulated in Appendix C1 of the Hong Kong Listing Rules, the Corporate Governance Code (the "**Corporate Governance Code**"). The convening, voting and disclosure procedures of Board meetings of the Company, rules of procedures of the Board and procedures for nomination and election of directors are in compliance with relevant requirements. Being a standing decision-making body of the Company, the Board is accountable to the shareholders' general meeting, and exercises functions and powers in accordance with the requirements of article 136 of the Articles of Association and relevant applicable regulatory requirements. Being a standing executive body of the Company, operating management comprising senior management including the Chief Executive Officer, is accountable to the Board and exercises functions and powers in accordance with the requirements of article 156 of the Articles of Association and relevant applicable regulatory requirements. The Articles of Association set out the respective duties of the Chairman of the Board and the Chief Executive Officer in detail. The Chairman of the Board and the Chief Executive Officer of the Company are held by different personnel. On 30 May 2024, the 30th meeting of the fifth session of the Board of the Company approved the appointment of Mr. Lv Zhiren as the Chairman of the Board, and Mr. Lv resigned as the Chief Executive Officer of the Company on the same day. The Company has been actively conducting relevant work to fill the vacancy of the chief executive officer as soon as practicable.

On 11 January 2023, Mr. Huang Qing resigned as the secretary to the Board and company secretary of the Company. On 22 March 2024, the 27th meeting of the fifth session of the Board of the Company approved the appointment of Mr. Song Jinggang and Mr. Zhuang Yuan as joint company secretaries of the Company. The Company has applied for, and the HKEx has granted the Company, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Hong Kong Listing Rules for a period of three years from 22 March 2024 (the "**Waiver Period**"), on the conditions that (i) Mr. Song Jinggang must be assisted by Mr. Zhuang Yuan as a joint company secretary during the Waiver Period; and (ii) the waiver could be revoked if there are material breaches of the Hong Kong Listing Rules by the Company. Mr. Song Jinggang has also been appointed as the authorised representative of the Company under Rule 3.05 of the Hong Kong Listing Rules with effect from 22 March 2024. For details, please refer to the H share announcement of the Company dated 22 March 2024. Saved as disclosed above, during the six months ended 30 June 2024, the Company has been in full compliance with the provisions of principle and codes set out in Corporate Governance Code and most of the recommended best practices as specified therein. For the terms of functions and powers of the Board and the Board Committees under the Corporate Governance Code, please refer to the Articles of Association, Rules of Procedures of the Board and the Board Committees, which have been published on the websites of the stock exchanges where the Company is listed and on the Company's website.

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 C3 of the Hong Kong Listing Rules, requiring all securities transactions of the Company's directors be made in accordance with the Model Code. The Model Code 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 2024.

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 2024.

Audit and Risk Management Committee

The Company has set up the Audit and Risk Management Committee in accordance with the Hong Kong Listing Rules. The Audit and Risk Management Committee comprised Dr. Chen Hanwen (chairman of the Audit and Risk Management Committee, with professional qualifications and experience in related fields such as accounting and finance), Dr. Yuen Kwok Keung and Dr. Bai Chong-En, all being Independent Non-executive Directors. The principal duties of the Audit and Risk Management Committee include: supervising and evaluating the work of external auditing and proposing engagement or replacement of the external audit institutions; supervising and evaluating the effectiveness of the internal audit work and taking charge of coordination of the internal and external audits; reviewing the financial information of the Company and its disclosure; supervising and evaluating the internal control of the Company; and other duties under laws, regulations, the Articles of Association and the authorisation of the Board. During the six months ended 30 June 2024, the Audit and Risk Management Committee performed its duties in strict compliance with the Rules of Procedures of the Audit and Risk Management Committee of the Board of Directors and the Work Procedures of the Audit and Risk Management Committee of the Board of Directors of the Company. On 27 August 2024, the Audit and Risk Management Committee reviewed the Group's interim financial statements for the six months ended 30 June 2024 as well as the financial information set out in the Group's interim report for the six months ended 30 June 2024, and approved the submission of the aforementioned reports to the Board of Directors for consideration and approval.

During the Reporting Period, the Independent Board Committee convened a total of two meetings, which considered the Proposal Regarding the Implementation of the Agreement on Continuing Connected Transactions of China Shenhua in 2023, the Proposal Regarding the Signing of the 2024-2025 Factoring Service Agreement between China Shenhua Energy Company Limited and Guoneng (Beijing) Commercial Factoring Co., Ltd, the Proposal Regarding the Continuing Risk Assessment Report on China Energy Finance Company Limited of China Shenhua Energy Company Limited, the Proposal Regarding the Participation in the Establishment of Guoneng Science and Technology Innovation Seed Fund by 6 Subsidiaries of China Shenhua Energy Company Limited, and issued its agreement in submitting it to the Board of Directors for consideration.

VII. DEFINITIONS

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

China Shenhua/the Company	China Shenhua Energy Company Limited
The Group	The Company and its subsidiaries
China Energy	China Energy Investment Corporation Limited
China Energy Group	China Energy and its subsidiaries (excluding the Group)
Shendong Coal	China Energy Shendong Coal Group Co., Ltd.
Shendong Power	Shenhua Shendong Power Co., Ltd.
Zhunge'er Energy	Shenhua Zhunge'er Energy Co., Ltd.
Baorixile Energy	China Energy Baorixile Energy Co., Ltd.
Beidian Shengli	China Energy Beidian Shengli Energy Co., Ltd.
Shuohuang Railway	China Energy Shuohuang Railway Development Co., Ltd.
Trading Group	China Energy Trading Group Limited
Huanghua Harbour Administration	China Energy Huanghua Harbour Administration Co., Ltd.
Railway Equipment	China Energy Railway Equipment Co., Ltd.
Baotou Coal Chemical	China Energy Baotou Coal Chemical Co., Ltd.
Yulin Energy	China Energy Yulin Energy Co., Ltd.
Fujian Energy	Shenhua (Fujian) Energy Co., Ltd.
EMM Indonesia	PT. GH EMM INDONESIA
Pembangkitan Jawa	PT. Shenhua Guohua Pembangkitan Jawa Bali
Taishan Power	China Energy Yudean Taishan Power Co., Ltd.
Jinjie Energy	China Energy Jinjie Energy Co., Ltd.

Jiujiang Power	China Energy Shenhua Jiujiang Power Co., Ltd.
Shandong Power Sales Company	China Energy (Shandong) Power Sales Co., Ltd.
Finance Company	China Energy Finance Co., Ltd.
JORC	Australasian Code for Reporting of Mineral Resources and Ore Reserves
SSE	Shanghai Stock Exchange
HKEx	The Stock Exchange of Hong Kong Limited
Shanghai Listing Rules	Rules Governing the Listing of Shares on the SSE
Hong Kong Listing Rules	Rules Governing the Listing of Securities on the HKEx
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
IFRS Accounting Standards	IFRS Accounting Standards issued by the International Accounting Standards Board
Articles of Association	Articles of Association of China Shenhua Energy Company Limited
EBITDA	Profit for the period + net finance costs + income tax + depreciation and amortisation – share of results of associates
RMB	Renminbi unless otherwise specified
Reporting Period	January to June 2024

By order of the Board
China Shenhua Energy Company Limited
Song Jinggang
Chief Financial Officer and Secretary to the Board of Directors

Beijing, 30 August 2024

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