



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



**Chemical
Industry**

Unleashing the Power of Clean Energy for Safe and Sound Operations
Maintaining Advanced, Diversified and Low-Carbon Development

2024 Interim Report



國家能源——不斷前進的**動力**
China Energy— Driving force for constant progress



Important Notice

- I. The Board, supervisory committee and directors, supervisors and senior management of the Company warrant that this interim report does not contain any misrepresentations, misleading statements or material omissions, and are jointly and severally liable for the authenticity, accuracy and completeness of the information contained in this report.
- II. This report was approved at the 31st meeting of the fifth session of the Board of the Company. 6 out of 8 directors attended the meeting.
- III. The interim financial statements of this report have not been audited. KPMG has issued a review report on the Company's 2024 Interim Financial Statements prepared under IFRS Accounting Standards in accordance with the Hong Kong Standards on Auditing.
- IV. Lv Zhiren, Chairman of the Company, Song Jinggang, Chief Financial Officer, and Yu Yanling, person-in-charge of the accounting department, warrant the authenticity, accuracy and completeness of the financial statements contained in this interim report.
- V. The proposal of distribution of profit or the conversion of capital reserve into share capital for the Reporting Period considered by the Board: Not Applicable
- VI. Disclaimer of forward-looking statements: the forward-looking statements in this report made on the basis of subjective assumptions and judgements on future policies and economic conditions, which are subject to risks, uncertainties and assumptions, may differ materially from the actual outcome. Such statements do not constitute actual commitments to investors. Investors should be aware that undue reliance on or use of such information may lead to risks of investment.
- VII. Any appropriation of funds by controlling shareholder and its related parties for non-operating purposes: No
- VIII. Any provision of external guarantee that has violated the applicable decision-making procedures: No
- IX. Whether more than half of the directors cannot guarantee the authenticity, accuracy and completeness of the interim report disclosed by the Company: No
- X. Material risk alert: the Company has explained in detail the risks faced by the Company, among other things, risks in safety production and environmental protection, marketing and sales, investment, compliance, engineering project management, international operation, integrated operation and policy in the section headed "Management Discussion and Analysis", to which investors are advised to pay attention.

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Section I Definitions

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

China Shenhua/the Company	China Shenhua Energy Company Limited
The Group	The Company and its subsidiaries
China Energy	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.
Beidian Shengli (Power)	Power generation business owned by Beidian Shengli (during the Reporting Period, Shengli Energy Branch of the Company transferred its power generation business to Beidian Shengli)
Shuohuang Railway	China Energy Shuohuang Railway Development Co., Ltd.
Xinshuo Railway	China Energy Xinshuo Railway Co., Ltd.
Trading Group	China Energy Trading Group Limited
Huanghua Harbour Administration	China Energy Huanghua Harbour Administration Co., Ltd.
Baoshen Railway	China Energy Baoshen Railway 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.
Bayannur Energy	Shenhua Bayannur Energy Co., Ltd.
Tianjin Harbour Administration	China Energy (Tianjin) Harbour Administration Co., Ltd.
Zhuhai Harbour Administration	China Energy Zhuhai Harbour Administration Co., Ltd.

Section I Definitions (Continued)

Sichuan Energy	China Energy Sichuan Energy Co., Ltd.
Fujian Energy	Shenhua (Fujian) Energy Co., Ltd.
Zhunge'er Power	Power generation segment controlled and operated by Zhunge'er Energy
EMM Indonesia	PT. GH EMM INDONESIA
Pembangkitan Jawa	PT. Shenhua Guohua Pembangkitan Jawa Bali
Taishan Power	China Energy Yudean Taishan Power Co., Ltd.
Cangdong Power	China Energy Hebei Cangdong Power Generation Co., Ltd.
Jinjie Energy	China Energy Jinjie Energy Co., Ltd.
Dingzhou Power	China Energy Hebei Dingzhou Power Generation Co., Ltd.
Mengjin Power	China Energy Mengjin Thermal Power Co., Ltd.
Jiujiang Power	China Energy Shenhua Jiujiang Power Co., Ltd.
Huizhou Thermal	China Energy (Huizhou) Thermal Power Co., Ltd.
Beijing Gas Power	China Energy Guohua (Beijing) Gas Power Cogeneration Co., Ltd.
Shouguang Power	China Energy Shouguang Power Generation Co., Ltd.
Liuzhou Power	China Energy Guangtou (Liuzhou) Power Generation Co., Ltd.
Beihai Power	China Energy Guangtou Beihai Power Generation Co., Ltd.
Yongzhou Power	China Energy Group Yongzhou Power Generation Co., Ltd.
Yueyang Power	China Energy Group Yueyang Power Generation Co., Ltd.
Qingyuan Power	China Energy Qingyuan Power Generation 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

Section I Definitions (Continued)

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
gearing ratio	Total liabilities/total assets
total debt to equity ratio	$\frac{\text{Long-term interest-bearing debt} + \text{short-term interest-bearing debt (including bills payable)}}{\text{Long-term interest-bearing debt} + \text{short-term interest-bearing debt (including bills payable)} + \text{total shareholder equity}}$
RMB	Renminbi unless otherwise specified
Reporting Period	January to June 2024

Section II Company Profile and Major Financial Indicators

I. INFORMATION OF THE COMPANY

Chinese Name of the Company	中國神華能源股份有限公司
Abbreviation of Chinese Name of the Company	中國神華
English Name of the Company	China Shenhua Energy Company Limited
Abbreviation of English Name of the Company	CSEC/China Shenhua
Legal Representative of the Company	Lv Zhiren
Authorised Representative of the Company under the Hong Kong Listing Rules	Lv Zhiren, Song Jinggang

II. CONTACTS AND CONTACT DETAILS

	Secretary to the Board, Joint Company Secretary	Representative of Securities Affairs, Joint Company Secretary
Name	Song Jinggang	Zhuang Yuan
Address	22 Andingmen Xibinhe Road, Dongcheng District, Beijing (Postal Code: 100011)	22 Andingmen Xibinhe Road, Dongcheng District, Beijing (Postal Code: 100011)
Tel	(8610) 5813 1088	(8610) 5813 3355
Fax	(8610) 5813 1804/1814	(8610) 5813 1804/1814
E-mail	1088@csec.com	ir@csec.com

	Office of the Board of the Company	Hong Kong Office of the Company
Address	22 Andingmen Xibinhe Road, Dongcheng District, Beijing (Postal Code: 100011)	Room B, 54th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong
Tel	(8610) 5813 1088/3399/3355	(852) 2578 1635
Fax	(8610) 5813 1804/1814	(852) 2915 0638

III. PARTICULARS

Registered Address of the Company	22 Andingmen Xibinhe Road, Dongcheng District, Beijing
Postal Code of Registered Address of the Company	100011
Change of Registered Address of the Company	N/A
Office Address of the Company	22 Andingmen Xibinhe Road, Dongcheng District, Beijing
Postal Code of Office Address of the Company	100011
Company Website	www.csec.com or www.shenhuachina.com
E-mail	ir@csec.com

Section II Company Profile and Major Financial Indicators (Continued)

IV. INFORMATION DISCLOSURE AND PLACE FOR DOCUMENT INSPECTION

Designated newspaper for information disclosure	China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily
Website for publication of the interim report	www.sse.com.cn and www.hkexnews.hk
Place where the Company's interim report is available for inspection	SSE, Office of the Board of the Company and Hong Kong Office of the Company

V. BASIC INFORMATION ON SHARES

Class of Shares	Stock Exchange	Abbreviation	Stock Code
A Share	SSE	China Shenhua	601088
H Share	HKEx	China Shenhua	01088

VI. OTHER INFORMATION

Accounting firm engaged by the Company (A Share)	Name	KPMG Huazhen LLP
	Office Address	8th Floor, Tower E2, Oriental Plaza, 1 East Chang An Avenue, Beijing
	Signing Auditors	Duan Yuhua, Zheng Ziyun
Accounting firm engaged by the Company (H Share)	Name	KPMG (Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance)
	Office Address	8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong
	Signing Auditors	Ho Ying Man
Share Registrar of the Company (A Share)	Name	China Securities Depository and Clearing Corporation Limited Shanghai Branch
	Office Address	188 Yanggao South Road, Pudong New Area, Shanghai
Share Registrar of the Company (H Share)	Name	Computershare Hong Kong Investor Services Limited
	Office Address	17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Section II Company Profile and Major Financial Indicators (Continued)

VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

Unit: RMB million

Major accounting data	Unit	The first half of 2024	The first half of 2023	Change %
Revenue	RMB million	168,078	169,442	(0.8)
Profit for the period	RMB million	38,398	42,724	(10.1)
Profit for the period attributable to equity holders of the Company	RMB million	32,771	36,861	(11.1)
Basic earnings per share	RMB/share	1.649	1.855	(11.1)
Net cash generated from operating activities	RMB million	52,668	46,349	13.6
Return on total assets as at the end of the period	%	5.7	6.4	Decreased by 0.7 percentage point
Return on net assets as at the end of the period	%	8.2	9.6	Decreased by 1.4 percentage points
EBITDA	RMB million	55,822	61,693	(9.5)
		As at 30 June 2024	As at 31 December 2023	Change %
Total assets	RMB million	675,843	633,412	6.7
Total liabilities	RMB million	200,388	151,761	32.0
Total equity	RMB million	475,455	481,651	(1.3)
Equity attributable to equity holders of the Company	RMB million	399,658	411,478	(2.9)
Total share capital as at the end of the period	RMB million	19,869	19,869	0.0
Equity attributable to equity holders per share	RMB/share	20.11	20.71	(2.9)
Gearing ratio	%	29.7	24.0	Increased by 5.7 percentage points
Total debt to equity ratio	%	7.2	7.3	Decreased by 0.1 percentage point

Section II Company Profile and Major Financial Indicators (Continued)

VIII. DIFFERENCE IN ACCOUNTING DATA UNDER DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

Unit: RMB million

	Net profit attributable to equity holders of the Company		Net assets attributable to equity holders of the Company	
	The first half of 2024	The first half of 2023	As at 30 June 2024	As at 31 December 2023
Under China Accounting Standards for Business Enterprises	29,504	33,279	397,116	408,692
Adjustments for:				
Simple production maintenance, safety production and other related expenditures	3,267	3,582	2,542	2,786
Under IFRS Accounting Standards	32,771	36,861	399,658	411,478

Explanation on differences in domestic and overseas accounting standards:

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

Section III Board's 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, conducted an in-depth study 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.

Section III Board's Statement (Continued)

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.

Section III Board's Statement (Continued)

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**



煤礦 COAL MINE

A1. 神東礦區 Shendong Mines	A2. 准格爾礦區 Zhunge'er Mines	A3. 勝利礦區 Shengli Mines
A4. 寶日希勒礦區 Baorxile Mines	A5. 包頭礦區 Baotou Mines	
A6. 新街台格廟礦區 Xinjie Taigemiao Mining Area		

電廠 POWER

B1. 滄東電力 Cangdong Power	B2. 定州電力 Dingzhou Power	B3. 准能電力 Zhunge'er Power	B4. 神東電力 Shendong Power	B5. 北京燃氣 Beijing Gas Power
B6. 錦界能源 Jinjie Energy	B7. 台山電力 Taishan Power	B8. 惠州熱電 Huizhou Thermal	B9. 孟津電力 Mengjin Power	B10. 四川能源 Sichuan Energy
B11. 福建能源 Fujian Energy	B12. 南蘇EMM EMM Indonesia	B13. 壽光電力 Shouguang Power	B14. 柳州電力 Luzhou Power	B15. 九江電力 Jiujiang Power
B16. 印尼爪哇 Indonesia Java	B17. 永州電力 Yongzhou Power	B18. 北電勝利 Beidian Shengli	B19. 北海電力 Beihai Power	B20. 岳陽電力 Yueyang Power
B21. 清遠電力 Qingyuan Power				

鐵路 RAILWAY

C1. 神朔鐵路 Shenshuo Railway	C2. 朔黃鐵路 Shuohuang Railway	C3. 黃萬鐵路 Huangwan Railway
C4. 大准鐵路 Dazhun Railway	C5. 包神鐵路 Baoshen Railway	C6. 巴准鐵路 Bazhun Railway
C7. 甘泉鐵路 Ganquan Railway	C8. 准池鐵路 Zhunchi Railway	
C9. 黃大鐵路 Huangda Railway	C10. 塔韓鐵路 Tahan Railway	

港口 PORT

D1. 黃驊港 Huanghua Port
D2. 天津煤碼頭 Tianjin Coal Dock
D3. 珠海煤碼頭 Zhuhai Coal Dock

註：① 於2024年6月30日之分佈圖，僅做示意
② 以審圖號GS(2019)1818號地圖為基礎編製
Note: ① This map as at 30 June 2024 is for illustrative purpose only.
② Prepared on the basis of the map with the approval number of GS(2019)1818.

航運 SHIPPING

E1. 航運公司 Shipping Company

煤化工 COAL CHEMICAL

F1. 包頭煤化工 Baotou Coal Chemical



圖例 Legend

- 省界線 Provincial Boundary
- 國有或地方鐵路線 State-owned or Local Railway
- 自有運營鐵路 Self-owned Railway (in operation)
- 自有礦區 Self-owned mines
- 主要航線 Main Shipping Route

Section IV Management Discussion and Analysis

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

(I) Competition and Development Trend in the Industry¹

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.

Section IV Management Discussion and Analysis (Continued)

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

Section IV Management Discussion and Analysis (Continued)

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.

Section IV Management Discussion and Analysis (Continued)

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.

Section IV Management Discussion and Analysis (Continued)

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. Overall, it is expected that the supply and demand in 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.

Section IV Management Discussion and Analysis (Continued)

(II) 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.

Section IV Management Discussion and Analysis (Continued)

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.

Section IV Management Discussion and Analysis (Continued)

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.

Section IV Management Discussion and Analysis (Continued)

- 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)

Section IV Management Discussion and Analysis (Continued)

(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 RMB million	Percentage %	Amount RMB million	Percentage %	
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.

Section IV Management Discussion and Analysis (Continued)

(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.

Section IV Management Discussion and Analysis (Continued)

(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.

Section IV Management Discussion and Analysis (Continued)

(5) Research and development expenditure

Expensed research and development expenditure in the period (<i>RMB million</i>)	979
Capitalised research and development expenditure in the period (<i>RMB million</i>)	357
Total research and development expenditure (<i>RMB million</i>)	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 (<i>number of person</i>)	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.

Section IV Management Discussion and Analysis (Continued)

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) Explanation on Significant Change in Profit Caused by Non-Principal Business

Applicable Not applicable

Section IV Management Discussion and Analysis (Continued)

(III) 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 <i>RMB million</i>	Percentage of total assets %	Amount <i>RMB million</i>	Percentage of total assets %		
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

Section IV Management Discussion and Analysis (Continued)

Item	As at 30 June 2024		As at 31 December 2023		Change of the amount	Main reasons for changes
	Amount <i>RMB million</i>	Percentage of total assets %	Amount <i>RMB million</i>	Percentage of total assets %		
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
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

Section IV Management Discussion and Analysis (Continued)

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.

(IV) 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.

Section IV Management Discussion and Analysis (Continued)

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%.

Section IV Management Discussion and Analysis (Continued)

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	Percentage to total sales	Price (exclusive of tax)	Sales volume	Percentage to total sales	Price (exclusive of tax)	Sales volume	Price (exclusive of tax)
		%			%			
	Million tonnes	%	RMB/tonne	Million tonnes	%	RMB/tonne	%	%
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	Price (exclusive of tax)	Sales volume	Percentage to total sales	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.

Section IV Management Discussion and Analysis (Continued)

③ By internal and external customers

	The first half of 2024			The first half of 2023			Change	
	Sales volume <i>Million tonnes</i>	Percentage to total sales volume %	Price (exclusive of tax) <i>RMB/tonne</i>	Sales volume <i>Million tonnes</i>	Percentage to total sales volume %	Price (exclusive of tax) <i>RMB/tonne</i>	Sales volume %	Price (exclusive of tax) %
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 <i>Million tonnes</i>	Percentage to total sales volume %	Price (exclusive of tax) <i>RMB/tonne</i>	Sales volume <i>Million tonnes</i>	Percentage to total sales volume %	Price (exclusive of tax) <i>RMB/tonne</i>	Sales volume %	Price (exclusive of tax) %
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)

Section IV Management Discussion and Analysis (Continued)

(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 Miness	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.

Section IV Management Discussion and Analysis (Continued)

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	Sulphur content	Ash content
		Kcal/kg	Average, %	Average, %
Shandong 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)	

Section IV Management Discussion and Analysis (Continued)

- 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	Sales	Gross	Gross	Sales	Sales	Gross	Gross
	revenue	costs	profit	profit	revenue	costs	profit	profit
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>%</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>%</i>
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	Sales	Gross	Gross	Sales	Sales	Gross	Gross
	revenue	costs	profit	profit	revenue	costs	profit	profit
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>%</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>%</i>
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.

Section IV Management Discussion and Analysis (Continued)

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%.

Section IV Management Discussion and Analysis (Continued)

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%; and 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 power 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 generating 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.

Section IV Management Discussion and Analysis (Continued)

(2) Power output dispatch and price of electricity sold

Power type/Location	Gross power generation (billion kWh)			Total power output dispatch (billion kWh)			Price of electricity sold (RMB/MWh)		
	The first half of 2024	The first half of 2023	Change %	The first half of 2024	The first half of 2023	Change %	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
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.

Section IV Management Discussion and Analysis (Continued)

(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

Section IV Management Discussion and Analysis (Continued)

(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 hours¹, in the PRC.

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

1 Source: China Electricity Council

Section IV Management Discussion and Analysis (Continued)

(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		Average price of electricity sold (exclusive of tax)		Unit cost of power purchase (exclusive of tax)	
	<i>billion kWh</i>		<i>RMB/MWh</i>		<i>RMB/MWh</i>	
	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	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
		<i>RMB million</i>	<i>%</i>	
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

Section IV Management Discussion and Analysis (Continued)

(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

Power type	Revenue from power sales (including heat sales)			Cost of power sales (including heat sales)			Change in the first half of 2024 compared to the first half of 2023	
	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
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.

Section IV Management Discussion and Analysis (Continued)

- 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%.

Section IV Management Discussion and Analysis (Continued)

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.

Section IV Management Discussion and Analysis (Continued)

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	

Section IV Management Discussion and Analysis (Continued)

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.

Section IV Management Discussion and Analysis (Continued)

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 Industry'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 Thousand tonnes	Price RMB/tonne	Sales volume Thousand tonnes	Price RMB/tonne	Sales volume %	Price %
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)

Section IV Management Discussion and Analysis (Continued)

(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 Thousand tonnes	Unit production cost RMB/tonne	Output Thousand tonnes	Unit production cost RMB/tonne	Output %	Unit production cost %
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.

Section IV Management Discussion and Analysis (Continued)

(V) 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 were safe and stable, and the construction of South Sumatra No. 1 Project in Indonesia Java 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.

Section IV Management Discussion and Analysis (Continued)

(VI) 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), 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. Material Investment in Equity Interest

Applicable Not applicable

3. Material Investment in Non-Equity Interest

Applicable Not applicable

Section IV Management Discussion and Analysis (Continued)

4. 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 businesses, 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.

Section IV Management Discussion and Analysis (Continued)

5. 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	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
		fair value changes for 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: Financial assets at fair value through profit or loss held by the Group represent stock assets held by a Company's subsidiary and contribution of the Company's subsidiaries as limited partners to National Energy (Beijing) Science and Technology Seed Fund (Limited Partnership).

6. Derivatives investment

Applicable Not applicable

(VII) Disposal of Material Assets and Equity Interest

Applicable Not applicable

Section IV Management Discussion and Analysis (Continued)

(VIII) Analysis on Major Holding and Associated Companies

1. Substantial Subsidiaries

Unit: RMB million

No.	Company	Registered capital At 30 June 2024	Total assets At 30 June 2024	Net assets At 30 June 2024	Net profit attributable to shareholders of the parent company		
					The first half of 2024	The first half of 2023	Change % Main reasons for changes
1	Shandong 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 Shandong 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.

2. Major Companies in which the Company Has Invested

Please refer to the section headed "Significant Events" of this report for details of the Finance Company.

(IX) Structured entities controlled by the Company

Applicable Not applicable

Section IV Management Discussion and Analysis (Continued)

(X) Contingent Liabilities

Details of the Group's contingent liabilities are set out in the "Commitments and Contingent Liabilities" in the notes to the financial statements in this report.

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.

Section IV Management Discussion and Analysis (Continued)

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.

Section IV Management Discussion and Analysis (Continued)

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.

Section V Company Governance and Corporate Governance

I. CORPORATE GOVERNANCE

The Company has established a relatively sound corporate governance structure and a smooth operating mechanism, and there are no material differences from the laws, administrative regulations and requirements of China Securities Regulatory Commission regarding to the governance of listed companies.

The Board is responsible for implementing good corporate governance of the Company. The Company has been in compliance with the requirements of corporate governance policies under the corporate governance code (the “Corporate Governance Code”) as set out in Appendix C1 to the Hong Kong Listing Rules to establish its own system of corporate governance.

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 election of Mr. Lv Zhiren as the Chairman of the Board, and Mr. Lv Zhiren 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.

Section V Company Governance and Corporate Governance (Continued)

The Board of the Company has established the board diversity policy for members of the Board, which was set out in the rules of procedures of the nomination committee of the Board of the Company and has been disclosed. When selecting the candidates in accordance with the board diversity policy of the Company, the Board will use a series of diversified terms, including but not limited to gender, age, culture and educational background, race, skills, knowledge and professional experience as standard, and will determine taking into both the characteristics and role of the personnel into account. As at the end of the Reporting Period, the Board of the Company consisted of 8 directors, including 2 executive directors, 2 non-executive directors, 3 independent non-executive directors and 1 employee director, of whom one is a female director. Directors are from various domestic and overseas industries, and the composition of the members is diversified. The knowledge structure and professional fields of each director are both specialized and complementary to each other in the overall structure of the Board, which is beneficial to safeguarding the scientific decision-making of the Board.

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 assessing the work of external audit work and proposing engagement or replacement of the external auditors; supervising and evaluating 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 Reporting Period, 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 and the financial information set out in this report, and approved the submission of the same to the Board of Directors for consideration and approval.

The Company established the Independent Board Committee comprising Dr. Yuen Kwok Keung, Dr. Bai Chong-En and Dr. Chen Hanwen. During the Reporting Period, the Independent Board Committee convened two meetings in total, which considered the Proposal on Implementation of Continuing Connected Transactions Agreement of China Shenhua for 2023, the Proposal on the 2024-2025 Factoring Services Agreement entered into between China Shenhua Energy Company Limited and Guoneng (Beijing) Commercial Factoring Co., Ltd., the Proposal on the Continuous Risk Assessment Report on China Energy Finance Co., Ltd. of China Shenhua Energy Company Limited and the Proposal on the Participation by 6 Subsidiaries of China Shenhua Energy Company Limited in the Establishment of Guoneng Science and Technology Innovation Seed Fund, and issued an opinion consenting to the submission for the consideration of the Board of Directors.

Section V Company Governance and Corporate Governance (Continued)

The securities transactions of the directors of the Company have been carried out in accordance with the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “Model Code”) set out in Appendix C3 to the Hong Kong Listing Rules. The Model Code is also applicable to the supervisors and senior management of the Company. The directors, supervisors and senior management of the Company have confirmed that they have fully complied with the Model Code during their respective terms of office in the first half of 2024.

As at the end of the Reporting Period, none of the directors, supervisors and senior management of the Company had any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

II. GENERAL MEETINGS

Meetings	Date	Inquiry index on the designated website for publishing the poll results	Date of disclosure of the poll results	Resolutions of the meeting
2023 Annual General Meeting	21 June 2024			The 2023 Annual General Meeting considered and approved all 7 resolutions by means of the combination of on-site open voting and online voting
2024 First Class Meeting of the Holders of A Shares	21 June 2024	The website of the SSE	22 June 2024	The 2024 First Class Meeting of the Holders of A Shares considered and approved the Resolution on the General Mandate for the Board to Repurchase H Shares by means of the combination of on-site open voting and online voting
		The website of the HKEx	21 June 2024	
2024 First Class Meeting of the Holders of H Shares	21 June 2024			The 2024 First Class Meeting of the Holders of H Shares considered and approved the Resolution on the General Mandate for the Board to Repurchase H Shares by means of on-site open voting

1. Request for Convening of Extraordinary General Meeting by the Holders of Preference Shares whose Voting Rights Have Been Restored

Applicable Not applicable

Section V Company Governance and Corporate Governance (Continued)

2. Particulars of General Meetings

The Company convened the 2023 Annual General Meeting, the 2024 First Class Meeting of the Holders of A Shares and the 2024 First Class Meeting of the Holders of H Shares on 21 June 2024, and all the resolutions considered at the meetings were passed. The resolutions of the meetings were disclosed on the website of the HKEx on 21 June 2024, and on the website of the SSE on 22 June 2024.

The Company accepted registration of shareholders' attendance, and arranged a special session for the shareholders' effective consideration of proposals at the meetings. Shareholders actively participated in the meetings and were entitled to exercise their various rights, such as the right to know, the right of speech, the right to question and the right to vote. Directors, supervisors and senior management of the Company attended the meetings and the interactions between shareholders and the management were realised by arranging special Q&A session.

Shareholder representatives and supervisor representatives of the Company, witness lawyers and the representative of Computershare Hong Kong Investor Services Limited acted as scrutineers at the general meetings. The PRC legal adviser of the Company issued the legal opinion.

III. CHANGES IN THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS OF THE COMPANY

Name	Position	Changes
Lv Zhiren	Chairman of the Board	Appointment
Lv Zhiren	Chief Executive Officer	Resignation

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 of the Company, and Mr. Lv Zhiren resigned as the Chief Executive Officer of the Company on the same day.

Lv Zhiren has served as the secretary of the Party Committee of the Company and ceased to be the deputy secretary of the Party Committee of the Company since May 2024. Cui Weishan ceased to be the Party Committee member and the secretary of the Disciplinary Committee of the Company from February 2024. Gao Ning has served as the Party Committee member and the secretary of the Disciplinary Committee of the Company from April 2024.

Section V Company Governance and Corporate Governance (Continued)

IV. EMPLOYEES

As at 30 June 2024, the total number of employees of the Group was 82,565. Number of resigned and retired employees which the Group are responsible for was 14,307. Details are as follows:

1. By Function

Function	Number of employees as at 30 June 2024	Number of employees as at 31 December 2023	Change %
Operation and maintenance	50,622	51,459	(1.6)
Management and administration	14,847	14,697	1.0
Finance and accounting	1,458	1,532	(4.8)
Research and development	3,460	3,030	14.2
Technical support	8,313	8,361	(0.6)
Sales and marketing	666	680	(2.1)
Others	3,199	3,680	(13.1)
Total	82,565	83,439	(1.0)

2. By Educational Level

Educational Level	Number of employees as at 30 June 2024	Number of employees as at 31 December 2023	Change %
Postgraduate or above	4,081	4,058	0.6
University graduate	37,773	37,758	0.0
College graduate	19,556	20,320	(3.8)
Specialised secondary school graduate	7,750	7,992	(3.0)
Technical school graduate, high school graduate or below	13,405	13,311	0.7
Total	82,565	83,439	(1.0)

The Company has formulated a competitive remuneration policy that combines basic salary and performance assessment and is oriented towards front-line employees.

The Company has established a multi-layered and multi-channel training system, providing employees with suitable training programs on occupational skills, work safety, group-based management and other aspects.

Section V Company Governance and Corporate Governance (Continued)

V. THE PROPOSAL OF PROFIT DISTRIBUTION OR CONVERSION OF CAPITAL RESERVE INTO SHARE CAPITAL

(I) Proposal of Profit Distribution and Conversion of Capital Reserve into Share Capital for the First Half of the Year

Whether to make profit distribution or conversion of capital reserve into share capital	No
Description of proposal of profit distribution or conversion of capital reserve into share capital	The Company has no plan to declare or pay interim dividends (including cash dividends)

(II) The Execution of or Adjustment to the Profit Distribution Plan During the Reporting Period

On 21 June 2024, the 2023 annual general meeting of the Company approved the distribution of the 2023 final dividend of RMB2.26 per share (tax inclusive) to all shareholders, totalling RMB44,903 million (tax inclusive). As at the date of disclosure of this report, the payment of the aforesaid dividends has been completed. The distribution of the 2023 final dividend meets the requirements of the resolutions of the general meeting of the Company.

VI. THE SPECIFIC IMPLEMENTATION OF SHARE INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVE SCHEME

Applicable Not applicable

Section VI Environmental and Social Responsibilities

I. ENVIRONMENTAL INFORMATION

(I) Environment Protection Information of the Companies and Their Significant Subsidiaries Classified as the Key Pollutant Discharge Units as Published by the Competent Environmental Protection Authorities of the PRC

1. Information on Pollutant Discharge

As at 30 June 2024, a total of 43 subsidiaries of the Group that classified as the key environmental supervision units (“Key Units”) published by the environmental protection authorities (including key pollutant discharge units and key environment risk control units in terms of atmospheric environment, water environment and soil contamination), are mainly coal-fired power plants, coal chemical plants and coal mines, which are located in areas including Inner Mongolia Autonomous Region, Shaanxi, Hebei, Fujian and Guangdong.

Key Units (in terms of atmospheric environment) are public thermal power plants, coal-to-chemical captive power plants, heating boilers for mines and coking plants, the main pollutants of which are sulphur dioxide, nitrogen oxides and soot, which are emitted organisationally and continuously to the atmosphere through the chimneys. Emission standards implemented include Emission Standards for Air Pollutants Produced by Thermal Plants (GB13223-2011), Emission Standards for Air Pollutants Produced by Boilers (GB13271-2014) and Emission Standards for Pollutants Produced by Coking Chemical Industry (GB16171-2012).

Key Units (in terms of water environment) are coal chemical enterprises, the main pollutants of which are chemical oxygen demand (COD), which are discharged continuously or discontinuously to the surface water through the sewage outfall of the enterprises. The emission standards implemented were the Comprehensive Emission Standards for Sewage (GB8978-1996).

Section VI Environmental and Social Responsibilities (Continued)

In the first half of 2024, the emissions of Key Units in terms of atmospheric environment are as follows:

Name of the entity	Main pollutants	Total emissions <i>tonne</i>	Average emission concentration <i>mg/Nm³</i>	Approved total emissions <i>tonne/year</i>	Number of emission outlets <i>unit</i>	Distribution of emission outlets	Excessive emissions <i>hour</i>	Operation rate of pollution prevention facilities <i>%</i>
Taishan Power	SO ₂	640	15.8	4,780	6	Units No. 1 and 2 share one emission outlet; each of Units No. 3-7 has one emission outlet	0	100
	NO _x	1,016	25.1	9,560			0	
	Soot	66	1.6	1,620			0	
Huizhou Thermal	SO ₂	215	25.5	501.5	1	All units share one emission outlet	1	100
	NO _x	320	38.0	716.5			2	
	Soot	14	1.6	71.7			1	
Qingyuan Power	SO ₂	362	19.0	795	2	Each unit has one emission outlet	0	100
	NO _x	516	26.9	961			0	
	Soot	25	1.5	308			0	
Liuzhou Power	SO ₂	60	13.1	3,272.2	2	Each unit has one emission outlet	0	100
	NO _x	110	24.7	1,863.6			0	
	Soot	6	1.3	559			0	
Beihai Power	SO ₂	35	2.2	771.2	2	Each unit has one emission outlet	0	100
	NO _x	199	22.3	712.9			0	
	Soot	18	1.7	136.2			0	
China Energy Shifu (Shishi) Power Generation Co., Ltd.	SO ₂	345	22.9	3,675	2	Each unit has one emission outlet	0	100
	NO _x	656	44.8	3,675			0	
	Soot	65	4.4	309			0	
China Energy Shifu (Jinjiang) Thermal Power Co., Ltd.	SO ₂	22	8.4	256.8	2	Boilers No. 1 and 2 share one emission outlet; Boiler No. 3 has one emission outlet	0	100
	NO _x	114	47	366.8			0	
	Soot	2	1.0	73.4			0	
China Energy Shifu (Longyan) Power Generation Co., Ltd.	SO ₂	103	16.1	358	1	All units share one emission outlet	0	100
	NO _x	265	41.9	839			8	
	Soot	18	2.8	360			0	

Section VI Environmental and Social Responsibilities (Continued)

Name of the entity	Main pollutants	Total emissions <i>tonne</i>	Average emission concentration <i>mg/Nm³</i>	Approved total emissions <i>tonne/year</i>	Number of emission outlets <i>unit</i>	Distribution of emission outlets	Excessive emissions <i>hour</i>	Operation rate of pollution prevention facilities <i>%</i>
China Energy (Lianjiang) Gangdian Co., Ltd.	SO ₂	489	25.9	1,632.2	2	Each unit has one emission outlet	0	100
	NO _x	755	41.0	2,282.2			12	
	Soot	62	5.6	466.6			1	
Jiujiang Power	SO ₂	138	7.0	2,805	2	Each unit has one emission outlet	0	100
	NO _x	795	43.3	3,014			0	
	Soot	18	1.0	1,050			0	
Yongzhou Power	SO ₂	178	16.3	895	2	Each unit has one emission outlet	0	100
	NO _x	345	33.4	1,080			0	
	Soot	10	1.2	110			0	
Yueyang Power	SO ₂	162	15.0	1,352.8	2	Each unit has one emission outlet	0	100
	NO _x	282	27.1	1,932.6			0	
	Soot	19	8.7	386.5			0	
China Energy Chongqing Wanzhou Electric Power Co., Ltd.	SO ₂	325	18.3	1,291.5	2	Each unit has one emission outlet	0	99.82
	NO _x	729	42.1	1,837.5			0	
	Soot	32	1.8	367.5			0	
China Energy Jiangyou Thermal Power Co., Ltd.	SO ₂	101	16.0	385	2	Each unit has one emission outlet	0	100
	NO _x	237	35.6	550			0	
	Soot	30	4.6	110			0	
China Energy Sichuan Tianming Power Generation Co., Ltd.	SO ₂	302	15.0	924.4	2	Each unit has one emission outlet	0	100
	NO _x	888	44.1	1,313			0	
	Soot	66	3.3	174.2			0	
Mengjin Power	SO ₂	178	19.2	1,079	2	Each unit has one emission outlet	0	100
	NO _x	381	40.3	1,542			0	
	Soot	26	2.9	308			0	
Shouguang Power	SO ₂	269	17.8	1,347.5	2	Each unit has one emission outlet	0	100
	NO _x	507	34.5	1,925			0	
	Soot	31	2.1	192.5			0	

Section VI Environmental and Social Responsibilities (Continued)

Name of the entity	Main pollutants	Total emissions <i>tonne</i>	Average emission concentration <i>mg/Nm³</i>	Approved total emissions <i>tonne/year</i>	Number of emission outlets <i>unit</i>	Distribution of emission outlets	Excessive emissions <i>hour</i>	Operation rate of pollution prevention facilities
								%
Cangdong Power	SO ₂	248	11.1	1,303.1	2	Every two units share one emission outlet	0	100
	NO _x	409	22.1	1,563.8			0	
	Soot	52	2.35	292.06			0	
Dingzhou Power	SO ₂	278	13.0	1,814.3	2	Every two units share one emission outlet	0	100
	NO _x	449	21.2	2,591.9			0	
	Soot	41.35	2.0	521.9			0	
Dianta Power Plant of Shendong Power	SO ₂	273	20.5	1,031.8	1	All units share one emission outlet	0	100
	NO _x	449	34.3	1,474			0	
	Soot	29	2.3	294.8			0	
Shendong Power Daliuta Thermal Power Plant	SO ₂	0.04	0.1	47.3	1	All units share one emission outlet	0	100
	NO _x	7	17.4	67.6			0	
	Soot	0.07	0.2	13.5			0	
Shendong Power Guojawan Power Plant	SO ₂	21	3.2	420	1	All units share one emission outlet	0	100
	NO _x	156	23.5	600			0	
	Soot	13	1.9	120			0	
China Energy Shenmu Power Generation Co., Ltd.	SO ₂	86	21.1	189	1	All units share one emission outlet	0	100
	NO _x	142	36.4	270			0	
	Soot	7	1.8	54			0	
Jinjie Energy (Power Plant)	SO ₂	610	16.6	1,581	3	Every two units share one emission outlet	0	100
	NO _x	1,115	30.2	3,335			31	
	Soot	104	2.8	335			0	
Power Plant of Guoneng Yili Energy Co., Ltd.	SO ₂	231	23.0	880	4	Each unit has one emission outlet	0	100
	NO _x	427	44.3	1,760			0	
	Soot	7	0.7	352			0	
Zhunneng Power	SO ₂	169	20.1	3,840	2	Each of Phase I and Phase II has one emission outlet	0	100
	NO _x	141	41.8	3,840			0	
	Soot	22	2.9	576			0	
Beidian Shengli (Power)	SO ₂	135	11.1	1,016.4	2	Each unit has one emission outlet	0	100
	NO _x	348	28.1	1,271			0	
	Soot	37	2.9	290.4			0	

Section VI Environmental and Social Responsibilities (Continued)

Name of the entity	Main pollutants	Total emissions <i>tonne</i>	Average emission concentration <i>mg/Nm³</i>	Approved total emissions <i>tonne/year</i>	Number of emission outlets <i>unit</i>	Distribution of emission outlets	Excessive emissions <i>hour</i>	Operation rate of pollution prevention facilities <i>%</i>
Baotou Coal Chemical	SO ₂	61	12.0	2,695.5	8	Emission outlets of thermoelectric boilers, sulphur recovery facilities, MTO units	0	100
	NO _x	158	31.6	1,368.3			0	
	Soot	14	2.6	415.9			0	
Bayannur Energy	SO ₂	28.8	21.0	132	2	Two coke ovens share a common coke oven chimney outlet and coke pushing floor dust extraction station	4	100
	NO _x	104	171.4	900			0	
	Soot	9.2	6.61	96			0	
Baotou Energy Wanli First Colliery	SO ₂	21	62.3	79.7	3	Each plant has one emission outlet	22	100
	NO _x	40	118.0	80			47	
	Soot	7	20.7	17.1			39	
Zhunge'er Energy	SO ₂	13	112.1	59.0	4	5 coal-fired boilers share one emission outlet and each of 3 gas-fired boilers has one emission outlet	0	100
	NO _x	18	156.6	76.2			0	
	Soot	2	23.0	12.5			0	
China Shenhua Ha'erwusu Open-cut Mine	SO ₂	13	173.3	42	1	One emission outlet for four boilers	0	100
	NO _x	17	218.3	52.5			0	
	Soot	2	10.8	8.6			0	
Huangyuchuan Colliery of Guoneng Yili Energy Co., Ltd.	SO ₂	4	44.7	72.1	4	Two emission outlets for each of the colliery and coal preparation plant	4	100
	NO _x	9	103.1	90.2			22	
	Soot	1	9.1	18.0			6	
Shandong Coal Bu'ertai Colliery	SO ₂	18	166	53.2	1	One emission outlet for coal-fired boiler	0	100
	NO _x	23	204	72.5			0	
	Soot	1	21	14.5			0	

Note: The unorganised pollutants discharged by two Key Units (in terms of atmospheric environment) of Shuiquan Open-cut Mine of Baotou Energy and Baorixile Energy are mainly the dust generated during loading and transportation operations. Measures such as equipping with fog cannon trucks, sprinkler trucks, dust removal systems and vehicles covered with felt cloth have been adopted to reduce dust pollution.

Section VI Environmental and Social Responsibilities (Continued)

In the first half of 2024, the Key Unit, in terms of water environment, included one enterprise, i.e. Baotou Coal Chemical, which achieved zero external discharge and 100% operation rate of pollution prevention facilities.

In the first half of 2024, the Key Units, in terms of soil pollution, included three enterprises, i.e. Baotou Coal Chemical, Bayannur Energy and Explosive Plant of Zhunge'er Energy. In addition to the 3 enterprises above, Key Units, in terms of key environment risk control, also included 13 units, i.e. Zhunge'er Energy, Ha'erwusu Open-cut Mine, Bu'ertai Colliery, Bulianta Coal Mine, Daliuta Coal Mine, Jinjie Energy (Coal Mine), Shendong Equipment Maintenance Center, Baorixile Energy, Dianta Power Plant of Shendong Power, Mengjin Power, Cangdong Power, Yulin Vehicle Maintenance Branch of China Energy Railway Equipment (鐵路裝備榆林車輛維修分公司) and Cangzhou Locomotive & Vehicle Maintenance Branch of China Energy Railway Equipment (鐵路裝備滄州機車車輛維修分公司), which generated 29,900 tonnes of hazardous waste and entrusted qualified units to dispose the waste in compliance with the laws and regulations.

Investors should be aware that the above data are the results of the self-monitoring of the Company, which have not been confirmed by the local ecological and environmental protection regulatory authorities and may differ from the final data recognised by the local ecological and environmental protection regulatory authorities.

With regard to the provisions under the existing laws, the management believes that there is no contingent risk in relation to environmental protection that may bring material and adverse effects to the financial position or operating results of the Group. Contingent liabilities which may arise in the future cannot be accurately predicted.

2. Construction and Operation of Pollution Prevention and Control Facilities

The Group has built desulfurization, denitration, dust collectors, wastewater, solid waste and noise prevention and control facilities in accordance with various national and local pollution prevention and environmental protection standards. During the Reporting Period, the pollution prevention and control facilities were generally in effective and stable operation and there were no environmental pollution incidents of general or above level.

Section VI Environmental and Social Responsibilities (Continued)

3. Environmental Impact Assessment of Construction Project and Other Administrative Approvals on Environmental Protection

In terms of construction projects, the Group carried out the “three simultaneous” management of environmental impact assessment, energy conservation appraisal, water and soil conservation inspection and acceptance, as well as environmental protection inspection and acceptance. The environmental impact assessment, as well as environmental protection inspection and acceptance, water environmental protection inspection and acceptance and other relevant tasks upon construction completion have been conducted, respectively, on all construction projects in accordance with the law. All the Key Units have obtained pollutant discharge licenses in compliance with the national environmental requirements.

4. Emergency Plan for Unexpected Environmental Incidents

The Group carried out related work in accordance with the national emergency plan and management requirements for unexpected environmental incidents. The emergency plan filing for unexpected environmental incidents of the Key Units can be searched on the websites of the local ecological environmental protection departments.

5. Environment Self-monitoring Plan

The Group standardised the management of the online environmental protection monitoring system, and formulated the Administration Measures for the Online Environmental Protection Monitoring System (Trial)* (《環保在線監測系統管理辦法(試行)》) in accordance with the relevant national standards and administrative regulations for online monitoring of pollution sources. All the Key Units have completed the compilation of their self-monitoring plans. All automatic monitoring data and commissioned monitoring data in relation to wastewater and exhaust gas have been timely uploaded to the monitoring platforms of the local environmental protection departments according to relevant requirements.

6. Administrative Penalty for Environmental Problems During the Reporting Period

Applicable Not applicable

7. Other Environmental Information that Should be Disclosed

Applicable Not applicable

Section VI Environmental and Social Responsibilities (Continued)

(II) Environmental Issues of Companies Other Than Those Classified as the Key Pollutant Discharge Units

1. Administrative Penalty for Environmental Problems

Unit name	Date	Penalty No.	Amount of penalty <i>RMB0'000</i>	Reasons for penalty	Rectification progress
Shendong Coal Branch	5 January 2024	No. 3 of Shan K Shen Mu Huan Fa [2024]	40	The inspection and acceptance of production capacity increase of affiliated collieries failed to be completed	The environmental impact assessment report has been completed and submitted to the Ministry of Ecology and Environment.
Jinjie Energy (Coal Mine)	11 March 2024	No. 22 of Shan K Shen Mu Huan Fa [2024]	20	1 coal-fired boiler renovated failed to obtain the pollutant discharge permit	The pollutant discharge permit has obtained and the rectification has been completed.
	10 May 2024	No. 46 of Shan K Shen Mu Huan Fa [2024]	5	Particulate matter exceeded standards due to failure of boiler online monitoring equipment	The rectification has been completed.
	5 June 2024	No. 75 of Shan K Huan Fa [2024]	5	The operation and maintenance of boiler flue gas online monitoring facilities were not standardised	The rectification has been completed.

Section VI Environmental and Social Responsibilities (Continued)

2. Other Environmental Information

During the Reporting Period, the total emissions of major pollutants of the Group were as follows:

	Sulphur dioxide <i>0,000 tonnes</i>	Nitrogen oxide <i>0,000 tonnes</i>	Soot <i>0,000 tonnes</i>	Chemical oxygen demand (COD) <i>tonne</i>	Hazardous waste <i>0,000 tonnes</i>
Key Units	0.61	1.21	0.09	0	2.99
Other enterprises	0.51	1.12	0.09	257.35	0.44
Total	1.12	2.33	0.18	257.35	3.43

3. Explanation of Reasons for Non-disclosure of Environmental Information by Companies Other Than Those Classified as the Key Pollutant Discharge Units

Applicable Not applicable

(III) Explanation of the Follow-up Progress or Changes in the Disclosure of Environmental Information During the Reporting Period

Applicable Not applicable

Section VI Environmental and Social Responsibilities (Continued)

(IV) Actions Taken by the Company to Protect Ecology, Prevent Pollution and Take on Environmental Responsibilities

During the Reporting Period, the Group continued to deeply implement Xi Jinping Thought on Ecological Civilization, strived to innovate and practice models and technologies that coordinated coal mining, transportation, utilisation and ecological protection, and continuously explored new paths for ecological environment construction. The Group adopted a combination of measures to ensure source prevention and control, promoted in-depth treatment of flue gas pollutants from coal-fired boilers, strengthened the control of unorganised emissions of fine particulate matter, and improved the level of coordinated treatment of air pollutants. The Group gave priority to conservation and recycling, and continuously carried out mine water standard improvement and comprehensive utilisation projects. It also promoted zero discharge of wastewater from the power industry and chemical industry, conducted standardised rectification of sewage outlets into rivers and seas, and took coordinated steps to promote the efficient use of water resources. By insisting on source reduction, process resourcefulness and harmless treatment at the back end, the Group promoted the construction of the “waste-free group”, strengthened the comprehensive utilisation of solid wastes such as coal gangue and ash, and ensured the hazardous waste was disposed of in compliance with laws and regulations. The Group strictly observed the red lines for ecological protection, strengthened the management of soil pollution, took steps to enhance the integrated protection of mountains, rivers, forests, farmlands, lakes, grasslands and deserts, and promoted the ecological remediation and governance and protection of biodiversity in a well-coordinated way.

In the first half of 2024, the Group invested approximately RMB1.10 billion in environmental protection (including approximately RMB0.07 billion in ecological construction). The open-cut mine land reclamation area increased by 1.28 million square meters, land governance coverage of underground mines subsidence area increased by 13.34 million square meters and greening coverage increased by 5.46 million square meters. Through the Public Welfare Foundation of China Energy Group, a total of RMB718 million was donated to the Inner Mongolia Autonomous Region Government for comprehensive ecological governance in Inner Mongolia, and such fund will be used for local ecological protection work.

Section VI Environmental and Social Responsibilities (Continued)

(V) Measures and Effects Taken to Reduce Carbon Emissions During the Reporting Period

During the Reporting Period, the Group adhered to safe and efficient production of coal and clean and low-carbon utilisation of coal-fired power, in an effort to support the construction of a new energy system, and strived to promote the low-carbon development of the entire industrial chain. The Group carried out in-depth coal consumption control and reduction projects, and promoted the application of carbon reduction technologies such as ammonia co-firing and biomass co-firing, so as to achieve “carbon reduction at source”. The Group further carried out the transformation of technologies and equipment such as “the joint operation of three types of technical reforms” of coal-fired power generating units, the expansion of cogeneration and the replacement with clean energy, in a bid to achieve the goal of “controlling carbon emissions in the production process”. The Group adhered to the principle of integrating and dividing by promoting the joint operation of coal-fired power and new energy, steadily constructing new energy projects, and exploring the layout for expansion of strategic emerging industries such as energy storage, hydrogen energy, ammonia energy and biomass energy, etc., in an effort to form new quality productive forces. The Group deployed to conduct special research on addressing climate change and statistical analysis on scope 3 carbon emissions, in order to further strengthen the establishment of basic ESG capabilities.

II. DETAILS OF THE COMPANY’S EFFORTS TO EXPAND POVERTY ALLEVIATION ACHIEVEMENTS AND RURAL REVITALISATION

In the first half of 2024, the Group thoroughly implemented the national rural revitalisation work requirements by earnestly implementing the annual designated assistance funds according to the plan, consolidating and expanding the achievements in poverty alleviation, and effectively and orderly promoting designated assistance work such as the development of rural industries, rural construction and rural governance, so as to contribute to the comprehensive promotion of rural revitalisation, acceleration of agricultural and rural modernization, and construction of a powerful agricultural country.

In the first half of 2024, the Group invested RMB19.66 million in assistance funds to three targeted counties including Mizhi County and Wubu County in Shaanxi Province and Butuo County in Sichuan Province. The Group implemented 10 key assistance projects involving education, healthcare, industry, infrastructure construction and other areas, which benefited approximately 2,431 people, trained 3,031 skilled personnel and primary-level cadres, and purchased and sold agricultural products of RMB7.3532 million.

Apart from the targeted counties, the Group also carried out 10 projects such as joining hands with local communities for shared development, rural revitalisation and offering assistance to targeted regions, with a total investment of RMB49.21 million.

Section VII Significant Events

I. PERFORMANCE OF COMMITMENTS

Undertakings made by relevant parties such as de facto controller, shareholders, related parties and acquirers of the Company as well as the Company during the Reporting Period or subsisting to the Reporting Period are as follows:

Background of undertakings	Type of undertakings	Undertaking party	Contents of undertakings	Date of commitment	Any deadline for performance	Duration of commitment	Whether timely and strictly performed	In case of failure to perform in time, the specific reasons for the incomplete performance shall be stated	In case of failure to perform in time, future plans shall be described
Undertaking made in connection with initial public offering	Non-competition undertaking	China Energy	The two parties entered into the "Non-competition Agreement" on 24 May 2005, the "Supplemental Agreement to the Existing Non-Competition Agreement" on 1 March 2018, and the "Supplemental Agreement II to the Existing Non-Competition Agreement" on 28 April 2023. As the Company is an integrated platform which is responsible for the coal business and affiliated to China Energy, China Energy has undertaken not to compete with the Company in respect of the Company's core businesses (coal exploration, mining, processing, sales; production and sales of comprehensive utilisation of coal products; development and management of mineral products; railway transportation; port transportation; the industry and ancillary services related to the business aforementioned) whether inside or outside of the PRC, and granted the Company options and pre-emptive rights to acquire and be transferred any business opportunities and assets which may pose potential competition.	24 May 2005; 1 March 2018	Yes	Long-term: 27 August 2028	Yes, in progress	N/A	N/A

Section VII Significant Events (Continued)

The Resolution on the Performance of Non-competition Undertaking was approved at the 45th meeting of the second session of the Board of the Company on 27 June 2014 and the Announcement on the Performance of Non-competition Undertaking was disclosed to the public. The Company will commence the acquisition of 14 assets of the former Shenhua Group Corporation Limited and its subsidiaries (“Original Undertaking Assets”) step by step as planned. For details, please refer to the H share announcement dated 27 June 2014 and the A share announcement of the Company dated 28 June 2014. The Company completed the acquisition of three assets, namely 100% equity interest in Ningdong Power, 100% equity interest in Xuzhou Power and 51% equity interest in Zhoushan Power in 2015.

Being the parent company subsequent to the restructuring, China Energy merged with China Guodian Corporation by way of merger by absorption. As approved in the 2018 first extraordinary general meeting of the Company, the Company entered into the Supplemental Agreement to the Existing Non-Competition Agreement with China Energy. It is agreed by both parties that other than the amendments in the Supplemental Agreement to the Existing Non-Competition Agreement, the clauses of the Existing Non-competition Agreement will continue to be performed. Pursuant to the Supplemental Agreement to the Existing Non-competition Agreement, within five years after the completion of China Energy merging with China Guodian Corporation by way of merger by absorption, the Company will discretionally exercise the options and pre-emptive rights to acquire the assets within the retained businesses, and will no longer perform the non-competition undertaking given in 2014. The retained businesses refer to (1) Original Undertaking Assets (excluding the three equity assets that the Company completed the acquisition of in 2015) other than the assets of conventional power generation business and (2) the unlisted businesses originally held by China Guodian Corporation which directly or indirectly compete with the core businesses of the Company (excluding the relevant assets that China Guodian Corporation undertook to inject into its subsidiary, Inner Mongolia Pingzhuang Energy Co., Ltd., in 2007). For details, please refer to the H share announcement of the Company dated 1 March 2018 and the A share announcement of the Company dated 2 March 2018.

On 16 June 2023, the Supplemental Agreement II to the Existing Non-Competition Agreement was approved to be entered into between the Company and China Energy at the 2022 annual general meeting, pursuant to which, the period for the Company to seize the opportune moment to exercise the options and pre-emptive rights to acquire the assets involved in the retained businesses was extended to 27 August 2028. For details, please refer to the H share announcement of the Company dated 28 April 2023 and the A share announcement of the Company dated 29 April 2023.

In 2023, the Company commenced the work on the acquisition of 100% equity interest in Inner Mongolia Dayan Mining Industry Group Co., Ltd and 100% equity interest in China Energy Hangjin Energy Co., Ltd. held by China Energy, which are still in progress as at the end of the Reporting Period. For details, please refer to the H share announcement of the Company dated 25 June 2023 and the A share announcement of the Company dated 26 June 2023.

As a coal business integration platform under China Energy Group, the Company will, in accordance with the Non-competition Agreement and relevant supplemental agreements signed by both parties, discretionally exercise the options and pre-emptive rights in respect of business opportunities and assets that may constitute potential competition, thereby promoting gradual reduction of competition.

Section VII Significant Events (Continued)

II. APPROPRIATION OF FUNDS BY ITS CONTROLLING SHAREHOLDER AND OTHER RELATED PARTIES FOR NON-OPERATIONAL PURPOSES DURING THE REPORTING PERIOD

Applicable Not applicable

III. ILLEGAL GUARANTEES

Applicable Not applicable

IV. AUDIT OF THE INTERIM REPORT

(I) Description of Appointment and Removal of Auditors

On 21 June 2024, KPMG Huazhen LLP and KPMG were appointed as the A share and H share auditors of the Company respectively for 2024 at the Company's 2023 annual general meeting.

(II) Change in Appointment of Auditors During the Audit Period

Applicable Not applicable

(III) Explanation of the Company on the "Modified Audit Report" Issued by Auditors

Applicable Not applicable

(IV) Explanation of the Company on the "Modified Audit Report" Issued by the Certified Public Accountant in respect of the Financial Report Contained in the Annual Report for the Previous Year

Applicable Not applicable

V. CHANGES IN AND TREATMENT OF MATTERS INVOLVED IN NON-STANDARD AUDIT OPINIONS ON THE ANNUAL REPORT OF LAST YEAR

Applicable Not applicable

VI. INSOLVENCY OR RESTRUCTURING RELATED MATTERS

Applicable Not applicable

Section VII Significant Events (Continued)

VII. MATERIAL LITIGATION AND ARBITRATION

As at the end of the Reporting Period, the Group was not involved in any material litigation or arbitration. As far as the Group was aware, the Group did not have any material litigation or claim which was pending or threatened against the Group.

As at 30 June 2024, the Group was the plaintiff, the defendant or the party of certain non-material litigations and arbitrations. The management believes that any possible legal liability which may be incurred from the aforesaid cases will not have any material impact on the financial position of the Group.

VIII. SANCTIONS AND RECTIFICATIONS IMPOSED ON THE LISTED COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER, DE FACTO CONTROLLER AND ACQUIRERS

Applicable Not applicable

IX. INTEGRITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER DURING THE REPORTING PERIOD

After enquiring National Enterprise Credit Information Publicity System, during the Reporting Period, neither the Company nor China Energy, the controlling shareholder of the Company, was included in the list of enterprises with serious illegal and dishonest acts.

X. MATERIAL RELATED PARTY/CONNECTED TRANSACTIONS

(I) Related Party/Connected Transactions During the Daily Operation

The Company has a related party/connected transaction team under the direct supervision of the Chief Financial Officer, which is responsible for the management of related party/connected transactions; and has established a business process, which properly delineates the responsibilities of the Company, its subsidiaries and branches in the management of related party/connected transactions. The Company has also established routine examinations, reporting and accountability systems in the subsidiaries and branches of the Company, to ensure that related party/connected transactions be conducted in accordance with the terms and conditions of framework agreement.

Section VII Significant Events (Continued)

1. Annual Caps for the Related Party/Connected Transaction During the Daily Operation in 2024

China Energy holds 69.52% equity interest in the Company, and it is the related party of the Company as defined under the Shanghai Listing Rules and the connected person of the Company as defined under the Hong Kong Listing Rules. On 16 June 2023, the Company's 2022 annual general meeting approved the 2024-2026 Mutual Coal Supply Agreement (the "Mutual Coal Supply Agreement") and the 2024-2026 Mutual Supplies and Services Agreement (the "Mutual Supplies and Services Agreement") with China Energy on 28 April 2023 and determined the annual transaction caps of each year from 2024 to 2026 for such related party/connected transactions during the daily operation with the validity of the agreements from 1 January 2024 to 31 December 2026. Pursuant to the Mutual Coal Supply Agreement and the Mutual Supplies and Services Agreement, the Group and China Energy Group mutually supplied coal, and mutually supplied products and services. (Please refer to the Company's H share announcement on 28 April 2023 and the A share announcement on 29 April 2023.)

Finance Company is 60% owned by China Energy, the Company's controlling shareholder, and the Finance Company is a related party of the Company as defined under the Shanghai Listing Rules and the connected person of the Company as defined under the Hong Kong Listing Rules. The Company's 2022 annual general meeting held on 16 June 2023 approved the 2024-2026 Financial Services Agreement (the "Financial Services Agreement") entered into between the Company and Finance Company on 28 April 2023 and the annual transaction caps from 2024 to 2026 with a validity period from 1 January 2024 to 31 December 2026, for such related party/connected transactions during the daily operation thereunder. Pursuant to Financial Services Agreement, Finance Company provides the members of the Group with financial services authorised by the regulatory authorities within its business scope. (Please refer to the Company's H share announcement on 28 April 2023 and the A share announcement on 29 April 2023.)

Section VII Significant Events (Continued)

Guoneng (Beijing) Commercial Factoring Co., Ltd. (“Guoneng Factoring”) is an indirect wholly-owned subsidiary of China Energy, a controlling shareholder of the Company. Accordingly, Guoneng Factoring is a related party of the Company as defined under the Shanghai Listing Rules and connected person of the Company as defined under the Hong Kong Listing Rules. On 28 April 2023, the Company and Guoneng Factoring entered into the Factoring Services Agreement between China Shenhua Energy Company Limited and Guoneng (Beijing) Commercial Factoring Co., Ltd. (the “Original Factoring Services Agreement”) and agreed on the annual caps for the transactions for the years from 2023 to 2025 thereunder with a validity period from 1 January 2023 to 31 December 2025. On 22 March 2024, the twenty-seventh meeting of the fifth session of the Board of the Company approved the Factoring Services Agreement between China Shenhua Energy Company Limited and Guoneng (Beijing) Commercial Factoring Co., Ltd. for the years from 2024 to 2025 (the “New Factoring Services Agreement”) entered into between the Company and Guoneng Factoring, which determined the annual transaction caps for each year from 2024 to 2025 for daily related party/connected transactions thereafter. The New Factoring Services Agreement shall be valid from 1 January 2024 to 31 December 2025. Meanwhile, the Original Factoring Services Agreement shall be terminated from the date on which the New Factoring Services Agreement becomes effective. According to the New Factoring Services Agreement, Guoneng Factoring will provide the members of the Group with factoring and other relevant services (including but not limited to consulting, agency, asset management and supply chain finance platform services) (Please refer to the Company’s H share announcement on 28 April 2023 and 22 March 2024 and the A share announcement on 29 April 2023 and 23 March 2024.)

China Railway Taiyuan Group Co., Ltd. (“Taiyuan Railway Bureau”) is the controlling shareholder of Daqin Railway Co., Ltd., which is a substantial shareholder of Shuohuang Railway, a significant subsidiary of the Company. China State Railway Group Co., Ltd. (“China Railway”) is the controlling shareholder of Taiyuan Railway Bureau. Therefore, China Railway constitutes a connected person of the Company as defined under the Hong Kong Listing Rules. On 28 October 2022, the Company and Taiyuan Railway Bureau which acted for and on behalf of China Railway entered into the 2023-2025 Continuing Connected Transactions Framework Agreement (the “Continuing Connected Transactions Framework Agreement”), effective from 1 January 2023 to 31 December 2025. Pursuant to the Continuing Connected Transactions Framework Agreement, the Group and China Railway Group (China Railway and its subsidiaries, including Taiyuan Railway Bureau Group (including Taiyuan Railway Bureau and its subsidiaries)) have agreed to provide transportation service, supply coal and provide other products and services to each other. (Please refer to the Company’s H share announcement on 28 October 2022 and the A share announcement on 29 October 2022 and the Company’s 2023 Annual Report.)

Section VII Significant Events (Continued)

2. Implementation of Each Agreement During the Reporting Period

Set out below are the caps and implementation of major continuing related party/connected transaction agreements disclosable during the Reporting Period. During the Reporting Period, the total amount of related party/connected transactions in relation to sales of products and provision of services by the Group to China Energy Group reached RMB52,514 million, accounting for 31.2% of the Group's revenue during the Reporting Period.

Name of the agreement	Provision of products and services by the Group to related parties/connected persons and other inflows			Purchase of products and services from related parties/connected persons by the Group and other outflows		
	Prevailing transaction cap	Transaction amount during the Reporting Period	Proportion in the same type of transactions	Prevailing transaction cap	Transaction amount during the Reporting Period	Proportion in the same type of transactions
	RMB million	RMB million	%	RMB million	RMB million	%
(1) Mutual Coal Supply Agreement entered into between the Company and China Energy	110,000	44,734	40.2	27,000	7,006	22.9
(2) Mutual Supplies and Services Agreement entered into between the Company and China Energy	35,000	7,780	-	17,000	2,388	-
Including: ①Products		2,875	6.6		682	2.0
②Services		4,905	36.4		1,706	11.3
(3) Continuing Connected Transactions Framework Agreement entered into between the Company and China Railway	7,400	1,188	1.0	20,000	5,070	6.3

Section VII Significant Events (Continued)

Name of agreement	Transaction item	Prevailing transaction cap <i>RMB million</i>	Transaction amount during the Reporting Period <i>RMB million</i>
(4) Financial Services Agreement between the Company and Finance Company	① Maximum daily balance of comprehensive credit provided by Finance Company to the members of the Group (including loans, credit loans, bill acceptance and discount, non-financing letter of guarantee, overdraft, letter of credit, etc., including relevant interest accrued thereon)	100,000	11,832
	② Maximum daily deposit balance of the members of the Group in Finance Company (including the accrued interest thereon)	75,000	74,797
	③ The total amount of agency fee, handling fee, consultation fee and other services fee charged by Finance Company for providing the members of the Group with financial services, including but not limited to consultation, agency, settlement, transfer, letter of credit, online banking, entrusted loan, non-financing letter of guarantee, bill acceptance and other services	300	3
(5) New Factoring Services Agreement between the Company and Guoneng Factoring	① Maximum daily balance for providing factoring services by Guoneng Factoring to the members of the Group (including interests, factoring service fees and related financing fees)	5,000	2,963
	② Total services fees (including but not limited to consulting fee, agency fee, handling fee or other services fees) charged by Guoneng Factoring per annum for providing the members of the Group with other related services, including but not limited to providing consulting, agency, management and other services	20	0

Aforementioned continuing related party/connected transactions were conducted within the normal business scope of the Company, and approval and disclosure procedures of independent directors and independent shareholders were performed strictly.

(II) Related Party Transactions in Relation to Acquisition of Assets or Acquisition or Disposal of Equity Interests

Applicable Not applicable

Section VII Significant Events (Continued)

(III) Material Related Party Transactions Regarding Joint External Investments

1. Events Which Were Disclosed in Announcements Without Subsequent Progress or Changes

Applicable Not applicable

Summary of matters

Search index

On 28 December 2023, the 25th meeting of the fifth session of the Board of the Company approved the Company to contribute RMB60 million, accounting for 30%, as a limited partner with its own funds, along with Guohua Energy Investment Co., Ltd. (the "Guohua Investment"), Shaanxi Provincial Government Investment Leading Fund Partnership (Limited Partnership) and Xi'an Lianrui Industrial Investment Development Fund Partnership (Limited Partnership), as limited partners, and Guohua Investment Development Asset Management (Beijing) Co., Ltd. (the "Guohua Asset Management"), as general partner, to jointly contribute to establish the Guoneng (Shaanxi) Scientific and Technological Achievements Transformation Investment Fund Partnership (Limited Partnership) (the "Scientific and Technological Achievements Transformation Fund"), and entered into Guoneng (Shaanxi) Scientific and Technological Achievements Transformation Investment Fund Partnership (Limited Partnership) Partnership Agreement (the "Partnership Agreement"). As at the date of disclosure of this report, the Partnership Agreement has been signed, the Scientific and Technological Achievements Transformation Fund has completed the business registration and the filing procedures of Asset Management Association of China.

Please refer to the Company's H share announcement on 28 December 2023 and the A share announcement on 29 December 2023; the H share announcement on 16 May 2024 and the A share announcement on 17 May 2024; the H share announcement on 8 July 2024 and the A share announcement on 9 July 2024.

Section VII Significant Events (Continued)

Summary of matters

Search index

On 30 May 2024, the 30th meeting of the fifth session of the Board of the Company approved six subsidiaries of the Company, including China Energy Shendong Coal Group Co., Ltd., to jointly contribute RMB120 million as limited partners, together with five subsidiaries of China Energy, including China Energy Capital Holdings Co., Ltd., to collectively establish Guoneng (Beijing) Science and Technology Innovation Seed Fund (Limited Partnership) (the "Seed Fund"). As at the date of disclosure of this report, the Partnership Agreement of Guoneng (Beijing) Science and Technology Innovation Seed Fund (Limited Partnership) has been signed, and the Seed Fund has completed its industrial and commercial registration as well as the filing procedures with the Asset Management Association of China.

Please refer to the Company's H share announcement on 30 May 2024 and the A share announcement on 31 May 2024; the H share announcement on 15 July 2024 and the A share announcement on 16 July 2024.

Among above counterparties regarding joint external investments, including the associates of China Energy, the controlling shareholder of the Company and the related party/connected persons of the Company, the transactions constitute related party/connected transactions of the Company. As all applicable percentage ratios are less than 0.1%, all these transactions are exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

2. Events Which Were Disclosed in Announcements with Subsequent Progress or Changes

Applicable Not applicable

3. Events Undisclosed in Announcements

Applicable Not applicable

Section VII Significant Events (Continued)

(IV) Debts and Liabilities Between Related Parties

Unit: RMB million

Related parties	Related party relationship	Funds provided to related parties			Funds offered by related parties to the listed company		
		Opening balance	Amount incurred	Closing balance	Opening balance	Amount incurred	Closing balance
China Energy	Controlling shareholder	-	-	-	702	(1)	701
Finance Company	Subsidiary of the controlling shareholder	74,466	174	74,640	10,992	94	11,086
Other related parties	Other	400	(5)	395	1,433	130	1,563
Total		74,866	169	75,035	13,127	223	13,350

- Reasons for debts and liabilities between related parties
- (1) The long-term and short-term borrowings provided by China Energy to the Group;
 - (2) The Group's deposits in/loans with Finance Company;
 - (3) The entrusted loans issued or received by the Group.

Internal decision-making procedures have been performed in respect of the above debts and liabilities between related parties in accordance with relevant regulations.

Repayment of debts and liabilities between related parties

Currently, the principal and interests of the above borrowings and entrusted loans are being repaid normally according to the repayment plan.

Impacts of debts and liabilities between related parties on the operating results and financial position of the Group

The above borrowings and entrusted loans are beneficial to the normal commencement of relevant project construction and production operation of the Group and have no material impact on the operating results and financial position of the Group.

Section VII Significant Events (Continued)

(V) Related Party/Connected Transactions with Finance Company

As at the end of the Reporting Period, the Company directly and indirectly held 40% equity interests in Finance Company, and China Energy, the controlling shareholder of the Company, held 60% equity interests in Finance Company, therefore the financial services provided by Finance Company to the Group constituted related party/connected transactions of the Company. The board of directors of Finance Company comprises of 6 directors in total, including 4 non-executive directors, 1 director appointed by the Company and 3 directors appointed by China Energy.

1. Major Financial Indicators of Finance Company

	Unit	The first half of 2024 (unaudited)	The first half of 2023 (unaudited)
Revenue	RMB million	2,329	2,129
Total profit	RMB million	1,948	1,816
Net profit	RMB million	1,519	1,424

		As at 30 June 2024 (unaudited)	As at 31 December 2023 (audited)
Total assets	RMB million	310,516	275,585
Total liabilities	RMB million	275,781	242,369
Owner's equity	RMB million	34,735	33,216

Note: The above financial data was prepared in accordance with China Accounting Standards for Business Enterprises.

Section VII Significant Events (Continued)

2. Major Risk Indicators of Finance Company

No.	Monitoring indicators	Indicator requirement	As at 30 June 2024
1	Capital adequacy rate not lower than the lowest regulatory requirements	≥10.5%	12.75%
2	Liquidity ratio not lower than 25%	≥25%	40.48%
3	Loan balance not higher than 80% of the sum of the deposit balance and the paid-in capital	≤80%	74.01%
4	Total external liabilities not higher than net capital	≤100%	0.00%
5	Balance of bills acceptance not higher than 15% of total assets	≤15%	1.98%
6	Balance of bills acceptance no more than 3 times of balance of interbank deposits	≤300%	32.70%
7	Total amount of bills acceptance and rediscounting not higher than net capital	≤100%	16.05%
8	Security deposits for bank acceptance bills not higher than 10% of total deposits	≤10%	0.00%
9	Total amount of investment not higher than 70% of net capital	≤70%	54.67%
10	Net amount of fixed assets not higher than 20% of net capital	≤20%	0.04%

The above monitoring indicators of the Finance Company meet the regulatory requirements.

3. Deposit Business

Unit: RMB million

Related party	Related party relationship	Maximum daily deposit limit	Deposit interest rate range	Opening balance	Amount for the period		Closing balance
					Total amount deposited for the period	Total amount withdrawn for the period	
Finance Company	Subsidiary of the controlling shareholder	75,000	0.30%-3.20%	74,466	198,518	198,344	74,640
Total	/	/	/	74,466	198,518	198,344	74,640

Note: "Maximum daily deposit limit" refers to the maximum daily deposit balance (including accrued interest incurred) of the Group in Finance Company during the Reporting Period.

Section VII Significant Events (Continued)

4. Loan Business

Unit: RMB million

Related party	Related party relationship	Maximum daily loan limit	Loan interest rate range	Opening balance	Amount for the period		Closing balance
					Total amount of loan for the period	Total amount of repayment for the period	
Finance Company	Subsidiary of the controlling shareholder	100,000	2.15%-3.55%	10,992	3,567	3,473	11,086
Total	/	/	/	10,992	3,567	3,473	11,086

Note: "Maximum daily loan limit" refers to the maximum daily balance (including accrued interest incurred) of loans provided by Finance Company to the Group during the Reporting Period.

5. Credit Facilities or Other Financial Business

Unit: RMB million

Related party	Related party relationship	Business Type	Quota	Amount for the period
Finance Company	Subsidiary of the controlling shareholder	Bill discount	100,000	452
Finance Company	Subsidiary of the controlling shareholder	Issue of acceptance bill	100,000	3,673
Finance Company	Subsidiary of the controlling shareholder	Intermediary business	300	3

Notes: (1) The amount for the period of bill discount and issue of acceptance bill business refers to accumulated amount of relevant services provided by Finance Company to the Group during the Reporting Period.

(2) The amount for the period of intermediary business refers to accumulated amount of various service fees charged by Finance Company for provision of financial services to the Group.

(VI) Other Major Related Party Transactions

Applicable Not applicable

Section VII Significant Events (Continued)

XI. MATERIAL CONTRACTS AND THEIR PERFORMANCE

(I) Trust, Contracting and Leasing

Applicable Not applicable

(II) Major Guarantees Performed and Outstanding During the Reporting Period

Unit: RMB million

Guarantor	Relation between the guarantor and the listed company	Guarantee	Amount guaranteed	Guarantee provided by the Company to external parties (excluding the guarantee granted to its subsidiaries)				Whether performance has been completed	Whether guarantee is overdue	Amount of guarantee overdue	Whether counter guarantee is provided	Whether guarantee is for the benefit of related parties	Related party relationship
				Date of provision of guarantee (execution date of agreement)	Beginning date of guarantee	Expiry date of guarantee	Type of guarantee						
Baorixile Energy	Controlling subsidiary	Hulunbeier Liangyi Railway Company Limited	53.10	2008.08.30	2008.08.30	2029.08.29	Joint and several liability guarantee	No	No	0	No	No	N/A
Total amount of guarantee provided during the Reporting Period (excluding guarantee provided to its subsidiaries)												(0.02)	
Total balance of guarantee at the end of the Reporting Period (A) (excluding guarantee provided to its subsidiaries)												53.10	
Guarantee provided by the Company and its subsidiaries to its subsidiaries													
Total amount of guarantee provided to its subsidiaries during the Reporting Period												18.23	
Total balance of guarantee provided to its subsidiaries at the end of the Reporting Period (B)												2,945.69	
Total amount of guarantee (including guarantee provided to its subsidiaries)													
Total amount of guarantee (A+B)												2,998.79	
Proportion of total amount of guarantee to the net assets attributable to shareholders of the Company under China Accounting Standards for Business Enterprises at the end of the Reporting Period (%)												0.76	
Amount of guarantee provided to its shareholders, de facto controller and their related parties (C)												0	
Amount of guarantee directly or indirectly provided to its parties with a gearing ratio in excess of 70% (D)												2,998.79	
Portion of the total amount of guarantee in excess of 50% of net assets (E)												0	
Aggregated amount of the above three amounts of guarantee (C+D+E)												2,998.79	
Description of the potential joint and several repayment liability for outstanding guarantee												Please refer to below	
Description of guarantee												Please refer to below	

Notes: 1. The balance of guarantee provided by the subsidiary to external parties of the total amount of guarantee at the end of the Reporting Period equals to the amount of external guarantee of the subsidiary multiplied by the shareholding of the Company in the subsidiary.

2. "Amount of guarantee provided to its subsidiaries during the Reporting Period" was incurred from the impact of fluctuations in the exchange rate on the related guarantee for the U.S. dollar bonds.

Section VII Significant Events (Continued)

As at the end of the Reporting Period, the total balance of the amount of guarantee provided by the Group amounted to RMB2,998.79 million, including:

- (1) As at the end of the Reporting Period, the guarantee provided by Baorixile Energy, a subsidiary of which the Company owns 56.61% equity interests, to external parties was as follows: prior to the acquisition of Baorixile Energy by the Company in 2011 and pursuant to the Guarantee Agreement on the Syndicated Renminbi Loan for the Cooperative Railway Project Connecting Yimin and Yiershi Newly Constructed by Hulunbei'er Liangyi Railway Company Limited, in 2008, Baorixile Energy, as one of the guarantors, provided joint and several liability guarantee to Hulunbei'er Liangyi Railway Company Limited (hereinafter referred to as the "Liangyi Railway Company", of which Baorixile Energy owns 14.22% equity interests) for the syndicated loans. The major liability guaranteed was the debts due to the lender with a maximum balance of RMB207.47 million from 2008 to 2027, regardless of whether the debt is due when the above period expires. The above syndicated loans will fall due by tranches between 2011 and 2026. The guarantee agreement provides that the guarantee period of the debts borne by the guarantor shall be calculated from the due date of each tranche to two years after the due date of the last tranche, i.e. 2029.

Given that Liangyi Railway Company failed to pay the loan interest on time due to its deteriorating business operation, as resolved by the shareholders' general meeting of Liangyi Railway Company, additional capital was injected into Liangyi Railway Company by its shareholders (including Baorixile Energy). Baorixile Energy has injected an accumulated amount of RMB11.82 million into Liangyi Railway Company.

As at the end of the Reporting Period, Baorixile Energy, in proportion to its shareholding, repaid the principal on the loans on behalf of Liangyi Railway Company amounting to a total of RMB115.892 million. Baorixile Energy already made full provision for impairment on its 14.22% equity interests in Liangyi Railway Company and the repayment amount paid on its behalf. Together with other shareholders, Baorixile Energy will continue to call for improvement of business operation of Liangyi Railway Company. As at 30 June 2024, Liangyi Railway Company had a gearing ratio of 200%.

- (2) As at the end of the Reporting Period, the amount of guarantee between subsidiaries within the scope of the consolidated report of the Company amounted to approximately RMB2,945.69 million, calculated based on the Company's shareholding ratio. This was mainly due to the guarantee provided by Shenhua Hong Kong Limited, a wholly-owned subsidiary of the Company, for the remaining USD413.326 million out of the USD0.5 billion bonds issued by China Shenhua Overseas Capital Company Limited, its wholly-owned subsidiary.

Section VII Significant Events (Continued)

(III) Entrusted Cash Asset Management

1. General Status of Entrusted Loans

Unit: RMB million

Type of product	Source of fund	Amount incurred during the Reporting Period	Closing balance undue of the Reporting Period	Unrecovered amount overdue
Entrusted loans	Own fund	400	0	395

Note: Amount incurred during the Reporting Period refers to the daily maximum principal balance of such entrusted loans of the Group in the first half of 2024.

2. Individual Entrusted Loans

Unit: RMB million

Name of borrower	Relation between the borrower and the Group	Trustee	Amount of entrusted loans	Initial date of loans	Expiry date of loans	Duration of loans	Source of fund	Investment of fund	Determination of compensation	Interest rate	Actual return for the Reporting Period	Principal recovered for the Reporting Period	Whether it has been through legal procedures
Elion Chemical	Joint stock company	Bank of China	400	2020/12/24	2023/12/23	3 years	Own fund	Replacement of loans	Interest to be paid quarterly	4.75%	0.16	5	Yes

The entrusted loan of RMB400 million provided to Elion Chemical Industry Co., Ltd. ("Elion Chemical") by Shendong Power, a wholly-owned subsidiary of the Company, matured on 23 December 2023. As at the end of the Reporting Period, Elion Chemical has repaid the principal of RMB5 million. For the remaining entrusted loan, Elion Chemical had implemented corresponding guarantee measures through asset mortgages and other means. Both parties were negotiating the subsequent events of the remaining entrusted loan. The entrusted loan would not have a significant effect on the financial position of the Group. No provision for impairment for such entrusted loan has been made by the Group.

As at 30 June 2024, the Group did not grant entrusted loans with an amount exceeding 5% of the Group's latest audited net assets attributable to equity holders of the Company to a single counterparty. The Company did not utilise the proceeds raised to grant entrusted loans, and there was no entrusted loan that was involved in litigations. No provision for impairment for the above entrusted loans has been made by the Group. Under centralised capital management of the Group, the entrusted loans among the Company and its subsidiaries were used for meeting operating and development needs. Such entrusted loans have been eliminated in the consolidated financial statements of the Group.

Section VIII Changes in Ordinary Shares and Particulars of Shareholders

I. CHANGE IN SHARE CAPITAL

(I) Changes of the Number of Shares

1. Changes of the Number of Shares

During the Reporting Period, there were no changes in the total number of ordinary shares and shareholding structure. The Company did not issue any preference shares.

Unit: share

	As at 30 June 2024	
	Number	Percentage %
I. Shares with selling restrictions	0	0.00
II. Shares without selling restrictions	19,868,519,955	100.00
1. RMB ordinary shares	16,491,037,955	83.00
2. Overseas listed foreign shares	3,377,482,000	17.00
III. Total number of shares	19,868,519,955	100.00

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.

As at the disclosure date of this report, so far as the Company's Directors are aware of, the Company has satisfied minimum public float requirement under Rule 8.08 of the Hong Kong Listing Rules.

2. Details of Changes in Shares

Applicable Not applicable

Section VIII Changes in Ordinary Shares and Particulars of Shareholders (Continued)

3. Impacts of Changes in Shares on Earnings Per Share, Net Assets Per Share and Other Financial Indicators after the Reporting Period and Prior to the Disclosure Date of the Interim Report

Applicable Not applicable

4. Other Contents to be Disclosed as Deemed Necessary by the Company or Required by Securities Regulatory Authorities

Applicable Not applicable

(II) Changes in Shares with Selling Restrictions

Applicable Not applicable

II NUMBER OF SHAREHOLDERS AND SHAREHOLDINGS

(I) Total Number of Shareholders

Total number of shareholders of ordinary shares as at the end of the Reporting Period (<i>accounts</i>)	135,505
Including: Holders of A shares (including China Energy)	133,707
Registered holders of H shares	1,798

Section VIII Changes in Ordinary Shares and Particulars of Shareholders (Continued)

(II) Shareholdings of Top Ten Shareholders and Top Ten Holders of Tradable Shares (or Shareholders Without Selling Restrictions) as at the End of the Reporting Period

Unit: share

Name of shareholders (Full name)	Increase/ decrease during the Reporting Period	Shareholdings of top ten shareholders (excluding lending of shares by way of refinancing)		Percentage %	Number of shares with selling restrictions	Shares subject to pledge, tag or lock-up		Nature of shareholders
		Number of shares held at the end of the Reporting Period				Status	Number	
China Energy Investment Corporation Limited	0	13,812,709,196		69.52	0	Nil	N/A	State-owned corporation
HKSCC NOMINEES LIMITED	+1,153,885	3,370,231,910		16.96	0	Unknown	N/A	Overseas corporation
China Securities Finance Corporation Limited	0	594,718,004		2.99	0	Nil	N/A	Others
Hong Kong Securities Clearing Company Limited	-13,559,468	207,442,389		1.04	0	Nil	N/A	Overseas corporation
Central Huijin Asset Management Ltd.	0	106,077,400		0.53	0	Nil	N/A	State-owned corporation
Guoxin Investment Co., Ltd.	+11,292,381	75,280,305		0.38	0	Nil	N/A	State-owned corporation
Industrial and Commercial Bank of China – Shanghai Index 50 Trading Open-end Index Securities Investment Fund	+12,774,200	52,982,064		0.27	0	Nil	N/A	Others
Industrial and Commercial Bank of China Limited – Huatai-Pinebridge Shanghai-Shenzhen 300 Index Exchange Traded Open-ended Index Fund	+14,412,594	39,001,229		0.20	0	Nil	N/A	Others
National Social Security Fund Portfolio 101	0	30,126,155		0.15	0	Nil	N/A	Others
China Construction Bank Corporation – E Fund CSI 300 Trading Open-end Index Sponsored Securities Investment Fund	+16,619,054	25,878,370		0.13	0	Nil	N/A	Others

Section VIII Changes in Ordinary Shares and Particulars of Shareholders (Continued)

Unit: share

Shareholdings of top ten shareholders without selling restrictions (excluding lending of shares by way of refinancing and locked-up shares held by senior management)			
Name of shareholders	Number of shares without selling	Type and number of shares	
	restrictions	Type	Number
China Energy Investment Corporation Limited	13,812,709,196	RMB ordinary shares	13,812,709,196
HKSCC NOMINEES LIMITED	3,370,231,910	Overseas-listed foreign shares	3,370,231,910
China Securities Finance Corporation Limited	594,718,004	RMB ordinary shares	594,718,004
Hong Kong Securities Clearing Company Limited	207,442,389	RMB ordinary shares	207,442,389
Central Huijin Asset Management Ltd.	106,077,400	RMB ordinary shares	106,077,400
Guoxin Investment Co., Ltd.	75,280,305	RMB ordinary shares	75,280,305
Industrial and Commercial Bank of China – Shanghai Index 50 Trading Open-end Index Securities Investment Fund	52,982,064	RMB ordinary shares	52,982,064
Industrial and Commercial Bank of China Limited – Huatai-Pinebridge Shanghai-Shenzhen 300 Index Exchange Traded Open-ended Index Fund	39,001,229	RMB ordinary shares	39,001,229
National Social Security Fund Portfolio 101	30,126,155	RMB ordinary shares	30,126,155
China Construction Bank Corporation – E Fund CSI 300 Trading Open- end Index Sponsored Securities Investment Fund	25,878,370	RMB ordinary shares	25,878,370
Description of the special repurchase accounts of the top ten shareholders	N/A		
Description of the abovementioned shareholders' entrusting of voting rights, entrusted voting rights and waivers of voting rights	N/A		
Details regarding the related party relationships among the above shareholders or whether they are parties acting in concert		Both HKSCC NOMINEES LIMITED and Hong Kong Securities Clearing Company Limited are wholly-owned subsidiaries of Hong Kong Exchanges and Clearing Limited; the custodian bank of both Industrial and Commercial Bank of China – Shanghai Index 50 Trading Open-end Index Securities Investment Fund and Industrial and Commercial Bank of China Limited – Huatai-Pinebridge Shanghai-Shenzhen 300 Index Exchange Traded Open-ended Index Fund is Industrial and Commercial Bank of China. Save as disclosed above, the Company is not aware of any related party relationships between the top ten shareholders without selling restrictions and the top ten shareholders, and whether they are parties acting in concert as defined in the Measures for Administration of Acquisition of Listed Companies.	
Details regarding the holders of preference shares with voting rights restored and the number of shares held	N/A		

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

Section VIII Changes in Ordinary Shares and Particulars of Shareholders (Continued)

China Energy, the controlling shareholder of the Company, planned to increase its shareholding in the A shares of the Company through its wholly-owned subsidiary, China Energy Capital Holdings Co., Ltd., by means permitted by the SSE (including but not limited to centralised bidding transactions, block trades, etc.) by an amount of not less than RMB500 million and not exceeding RMB600 million, and at a price of not more than RMB33.10 per share, within 12 months from 20 October 2023 (the "Shareholding Increase Plan", please refer to the Company's H share announcement dated 19 October 2023 and the A share announcement dated 20 October 2023 for details). As at 30 June 2024, China Energy Capital Holdings Co., Ltd. had cumulatively increased its shareholding of the Company by 11,593,528 A shares, representing 0.0584% of the total share capital of the Company, through centralised bidding transactions on the SSE, with an cumulative amount of RMB365.2790 million (exclusive of commissions and tax and charges), which accounted for 73.06% of the minimum amount of RMB500 million under the Shareholding Increase Plan. China Energy directly and indirectly held 13,824,302,724 A shares of the Company, representing 69.5789% of the total share capital of the Company.

(III) Participation in Lending of Shares by way of Securities Lending and Refinancing by the Shareholders holding more than 5% of the Share Capital, the Top Ten Shareholders and the Top Ten Holders of Shares without Selling Restrictions

Unit: share

Participation in lending of shares by way of securities lending and refinancing by the shareholders holding more than 5% of the share capital, the top ten shareholders and the top ten holders of shares without selling restrictions

Name of shareholder	Shares held by shareholders in ordinary account and credit account at the beginning of the period		Outstanding shares lent by way of securities lending and refinancing at the beginning of the period		Shares held by shareholders in ordinary account and credit account at the end of the period		Outstanding shares lent by way of securities lending and refinancing at the end of the period	
	Total	Percentage %	Total	Percentage %	Total	Percentage %	Total	Percentage %
Industrial and Commercial Bank of China – Shanghai Index 50 Trading Open-end Index Securities Investment Fund	40,207,864	0.20	266,400	0.0013	52,982,064	0.27	0	0
Industrial and Commercial Bank of China Limited – Huatai-Pinebridge Shanghai-Shenzhen 300 Index Exchange Traded Open-ended Index Fund	24,588,635	0.12	49,200	0.0002	39,001,229	0.20	0	0
China Construction Bank Corporation – E Fund CSI 300 Trading Open-end Index Sponsored Securities Investment Fund	9,259,316	0.05	19,200	0.0001	25,878,370	0.13	0	0

Section VIII Changes in Ordinary Shares and Particulars of Shareholders (Continued)

Changes in shareholdings of the top ten shareholders and the top ten holders of shares without selling restrictions as compared with the previous period due to lending of shares by way of securities lending and refinancing/share return:

Applicable Not applicable

(IV) Strategic Investors or General Legal Persons Becoming Top Ten Shareholders as a Result of New Share Placing

Applicable Not applicable

Section VIII Changes in Ordinary Shares and Particulars of Shareholders (Continued)

(V) Substantial Shareholders' Interests and Short Positions in the Shares of the Company

As at 30 June 2024, persons set out in the table below had an interest and/or short position in the shares or underlying shares of the Company which is required to be recorded in the register of equity interests and/or short positions pursuant to section 336 of Part XV of the Securities and Futures Ordinance (the "SFO", Chapter 571 of the Laws of Hong Kong):

No.	Name of shareholder	Capacity	H shares/ A shares	Nature of interest	Number of H shares/ A shares held <i>share</i>	Percentage of H shares/ A shares held over the issued	Percentage of total issued shares of the Company
						H shares/ A shares of the Company, respectively <i>%</i>	<i>%</i>
1	China Energy	Beneficial owner Interest of corporation controlled by the substantial shareholder ^{Note}	A shares	Long position	13,812,709,196	83.76	69.52
			A shares	Long position	11,593,528	0.07	0.06
2	BlackRock, Inc.	Interest of corporation controlled by the substantial shareholder	H shares	Long position	171,210,021	5.07	0.86

Note: As at 30 June 2024, China Energy Capital Holdings Co., Ltd., a wholly-owned subsidiary of China Energy, directly held 11,593,528 A shares of the Company.

As at 30 June 2024, save as disclosed above, there were no other persons who held interests and/or short positions in the shares or underlying shares of the Company, which are required to be recorded in the register to be kept under section 336 of Part XV of the SFO, or who was a substantial shareholder of the Company.

Section VIII Changes in Ordinary Shares and Particulars of Shareholders (Continued)

III DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) Changes in Shareholding of the Incumbent Directors, Supervisors and Senior Management and Those Departed During the Reporting Period

Applicable Not applicable

(II) Equity Incentives Granted to Directors, Supervisors and Senior Management During the Reporting Period

Applicable Not applicable

(III) Other Explanation

Applicable Not applicable

IV CHANGES IN CONTROLLING SHAREHOLDER OR DE FACTO CONTROLLER

Applicable Not applicable

Section IX Report on Review of Condensed Consolidated Financial Statements

Review report to the board of directors of China Shenhua Energy Company Limited

(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 105 to 147 which comprises the consolidated statement of financial position of China Shenhua Energy Company Limited (the "Company") as of 30 June 2024 and the related consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2024 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

30 August 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2024 – unaudited

(Expressed in RMB)

	Note	Six months ended 30 June	
		2024 RMB million	2023 RMB million
Revenue			
Goods and services	4	168,078	169,442
Cost of sales	6	(117,846)	(114,144)
Gross profit			
Selling expenses		(217)	(203)
General and administrative expenses		(4,730)	(4,580)
Research and development costs		(979)	(719)
Other gains and losses	10	450	138
Other income	7	400	480
Loss allowances, net of reversal	10	9	3
Other expenses		(758)	(93)
Interest income		1,448	1,432
Finance costs	8	(1,475)	(1,272)
Share of results of associates		2,006	1,816
Profit before income tax			
Income tax expense	9	(7,988)	(9,576)
Profit for the period			
	10	38,398	42,724
Profit for the period			
		38,398	42,724
Other comprehensive income for the period			
<i>Items that will not be reclassified to profit or loss, net of income tax:</i>			
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
<i>Items that may be reclassified subsequently to profit or loss, net of income tax:</i>			
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

Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

for the six months ended 30 June 2024 – unaudited

(Expressed in RMB)

	Note	Six months ended 30 June	
		2024 RMB million	2023 RMB million
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)	12	1.649	1.855

The notes on pages 115 to 147 form part of this interim financial report. Details of dividends payable to equity shareholders of the company are set out in note 11.

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	13	288,769	290,839
Construction in progress	13	21,356	18,955
Exploration and evaluation assets		4,968	5,519
Intangible assets		5,016	4,662
Right-of-use assets	16	23,753	23,994
Interests in associates	14	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	15	29,648	27,070
Deferred tax assets		5,394	5,301
Total non-current assets		439,365	434,461
Current assets			
Inventories	17	13,908	12,846
Accounts and bills receivables	18	19,183	19,858
Financial assets at fair value through other comprehensive income		177	254
Prepaid expenses and other current assets	19	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	20	113,717	108,174
Total current assets		236,478	198,951
Current liabilities			
Borrowings	21	4,827	4,622
Accounts and bills payables	22	32,142	38,901
Accrued expenses and other payables	23	89,276	30,613
Current portion of bonds		2,993	–
Current portion of lease liabilities		275	300
Current portion of long-term liabilities	24	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

Consolidated Statement of Financial Position (Continued)

at 30 June 2024 – unaudited

(Expressed in RMB)

	Note	30 June 2024 RMB million	31 December 2023 RMB million
Non-current liabilities			
Borrowings	21	28,815	29,636
Bonds		–	2,972
Long-term liabilities	24	17,295	15,125
Accrued reclamation obligations	25	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			
Equity		475,455	481,651
Share capital	26	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

Approved and authorised for issue by the Board of Directors on 30 August 2024.

Lv Zhiren

Chairman and Executive Director

Xu Mingjun

Executive Director

The notes on pages 115 to 147 form part of this interim financial report.

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							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Exchange reserve	Statutory reserves	Other reserves	Retained earnings			
	RMB million (Note 26)	RMB million (Note (i))	RMB million (Note (ii))	RMB million	RMB million (Note (iii))	RMB million (Note (iv))	RMB million (Note (v))	RMB million	RMB million	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 11)	-	-	-	-	-	-	(44,903)	(44,903)	-	(44,903)
Appropriation of maintenance and production funds (Note (iii))	-	-	-	-	4,628	-	(4,628)	-	-	-
Utilisation of maintenance and production funds (Note (iii))	-	-	-	-	(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

Consolidated Statement of Changes in Equity (Continued)

for the six months ended 30 June 2024 – unaudited

(Expressed in RMB)

	Equity attributable to equity holders of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Exchange reserve	Statutory reserves	Other reserves	Retained earnings			
	<i>RMB million</i> <i>(Note 26)</i>	<i>RMB million</i> <i>(Note (ii))</i>	<i>RMB million</i> <i>(Note (iii))</i>	<i>RMB million</i>	<i>RMB million</i> <i>(Note (iii))</i>	<i>RMB million</i> <i>(Note (iv))</i>	<i>RMB million</i> <i>(Note (v))</i>			
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, <i>Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction</i>	-	-	-	-	-	-	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 <i>(Note 11)</i>	-	-	-	-	-	-	(50,665)	(50,665)	-	(50,665)
Appropriation of maintenance and production funds <i>(Note (iii))</i>	-	-	-	-	4,630	-	(4,630)	-	-	-
Utilisation of maintenance and production funds <i>(Note (iii))</i>	-	-	-	-	(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

The notes on pages 115 to 147 form part of this interim financial report.

Consolidated Statement of Changes in Equity (Continued)

for the six months ended 30 June 2024 – unaudited

(Expressed in RMB)

Notes:

- (i) Share premium represents the difference between the total amount of the par value of shares issued and the amount of net proceeds received upon the global initial public offering of H shares in 2005 and the issuance of A shares in 2007.
- (ii) The capital reserve represents the difference between the total amount of the par value of shares issued and the amount of the net assets, net of other reserves, transferred from Shenhua Group Corporation Limited (“Shenhua Group”), in connection with the Restructuring (as defined in Note 1).
- (iii) Statutory reserves

Statutory surplus reserve

According to the PRC Company Law and the Company’s Articles of Association, the Company is required to transfer 10% of its net profit as determined in accordance with the China Accounting Standards for Business Enterprises (“China Accounting Standards”) to its statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of dividends to shareholders.

The statutory surplus reserve has reached 50% of the registered capital in 2009. Accordingly, no appropriation of net profit to the statutory surplus reserve has been proposed since 1 January 2010.

Statutory surplus reserve can be used to make up losses, if any, or to expand the Company’s business, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital of the Company. The statutory surplus reserve is not distributable.

Specific reserve for maintenance and production funds

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

Discretionary surplus reserve

The appropriation to the discretionary surplus reserve is subject to the shareholders’ approval. The utilisation of the reserve is similar to that of the statutory surplus reserve.

The directors of the Company (the “Directors”) have not proposed any appropriation to the discretionary surplus reserve for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

- (iv) Other reserves

Other reserves mainly represent the consideration paid for acquisition of subsidiaries under common control, share of other comprehensive income of associates, and fair value changes on investments in equity instruments at fair value through other comprehensive income.

- (v) Retained earnings

Included in the retained earnings of the Group were its share of the surplus reserve of its domestic subsidiaries amounting to RMB32,242 million as at 30 June 2024 (31 December 2023: RMB32,249 million).

The notes on pages 115 to 147 form part of this interim financial report.

Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2024 – unaudited

(Expressed in RMB)

	Note	Six months ended 30 June	
		2024 RMB million	2023 RMB million
Operating activities			
Profit before income tax		46,386	52,300
Adjustments for:			
Depreciation and amortisation	10	11,415	11,369
Losses/(gains) on disposal of property, plant and equipment, intangible assets and non-current assets	10	18	(140)
Gains on disposal of a subsidiary	10	(472)	–
Loss allowances, net of reversal	10	(9)	(3)
Write-down of inventories	10	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	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

Condensed Consolidated Statement of Cash Flows (Continued)

for the six months ended 30 June 2024 – unaudited

(Expressed in RMB)

	Six months ended 30 June		
	<i>Note</i>	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)

Condensed Consolidated Statement of Cash Flows (Continued)

for the six months ended 30 June 2024 – unaudited

(Expressed in RMB)

	Six months ended 30 June		
	<i>Note</i>	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

The notes on pages 115 to 147 form part of this interim financial report.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

for the six months ended 30 June 2024 – unaudited

(Expressed in RMB)

1 PRINCIPAL ACTIVITIES AND ORGANISATION

Principal activities

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

Organisation

The Company was established in the PRC on 8 November 2004 as a joint stock limited company as part of the Restructuring (as defined below) of Shenhua Group, a state-owned enterprise under the direct supervision of the State Council of the PRC.

Effective on 31 December 2003, the coal production and power generation operations previously operated by various entities wholly-owned or controlled by Shenhua Group were restructured and managed separately (the “Restructuring”), and those assets and liabilities related to the operations and businesses that were transferred to the Company were revalued by China Enterprise Appraisal Co., Ltd., an independent valuer registered in the PRC, as at 31 December 2003 as required by the PRC rules and regulations.

On 8 November 2004, in consideration for Shenhua Group transferring the coal mining and power generating assets and liabilities to the Company, the Company issued 15,000,000,000 domestic state-owned ordinary shares with a par value of RMB1.00 each to Shenhua Group. The shares issued to Shenhua Group represented the entire registered and paid-up share capital of the Company at that date.

In 2005, the Company issued 3,089,620,455 H shares with a par value of RMB1.00 each, at a price of Hong Kong Dollars (“HKD”) 7.50 per H share by way of a global initial public offering. In addition, 308,962,045 domestic state-owned ordinary shares of RMB1.00 each owned by Shenhua Group were converted into H shares. A total of 3,398,582,500 H shares were listed on The Stock Exchange of Hong Kong Limited.

In 2007, the Company issued 1,800,000,000 A shares with a par value of RMB1.00 each, at a price of RMB36.99 per A share in the PRC. The A shares were listed on the Shanghai Stock Exchange.

Immediate parent and ultimate controlling party

On 28 August 2017, Shenhua Group received the *Notice regarding the Restructuring of China Guodian Corporation and Shenhua Group Corporation Limited* (Guo Zi Fa Gai Ge [2017] No. 146) from the State-owned Assets Supervision and Administration Commission of the State Council, which approves that China Guodian Corporation (the “China Guodian”) and Shenhua Group shall implement the joint restructuring, China Guodian shall be merged into Shenhua Group, and the company name of Shenhua Group shall be changed to China Energy Group. China Energy Group will be the parent company after the completion of the restructuring.

On 27 November 2017, Shenhua Group completed the industrial and commercial registration of changes in the business license. The Directors consider the immediate parent and the ultimate holding company of the Group to be China Energy Group.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

for the six months ended 30 June 2024 – unaudited

(Expressed in RMB)

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 interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 104.

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.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

for the six months ended 30 June 2024 – unaudited

(Expressed in RMB)

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.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

for the six months ended 30 June 2024 – unaudited

(Expressed in RMB)

3 CHANGES IN ACCOUNTING POLICIES (Continued)

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

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.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

for the six months ended 30 June 2024 – unaudited

(Expressed in RMB)

4 REVENUE FROM GOODS AND SERVICES

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

Segments	For the six months ended 30 June															
	Coal		Power		Railway		Port		Shipping		Coal chemical		Others		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
	million	million	million	million	million	million	million	million	million	million	million	million	million	million	million	million
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

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

for the six months ended 30 June 2024 – unaudited

(Expressed in RMB)

4 REVENUE FROM GOODS AND SERVICES (Continued)

The Group's revenue from contracts with customers is RMB167,950 million for the six months ended 30 June 2024 (six months ended 30 June 2023: RMB169,385 million).

The Group produces and sells coal and coal chemical products to customers at spot market. For sales of coal and coal chemical products, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customers' specific location. According to the Group's historical experiences, there was no significant exchange or return of coal and coal chemical products occurred. There is no sales-related warranties associated with coal and coal chemical products.

For sales of power, revenue is recognised upon the transmission of electric power to the power grid companies. Power could not be returned or exchanged and there is also no warranties associated with power sales.

The Group provides railway transportation services, shipment transportation services as well as port loading and storage services to customers. Such services are recognised as a performance obligation satisfied over time as the Group rendering the services. Revenue is recognised for these services based on the stage of completion of the performance obligation using output method.

All performance obligations of sales of coal, power and coal chemical products, railway and shipment transportation services, and port loading and storage services are part of contracts with an original expected duration of one year or less, and as permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5 SEGMENT AND OTHER INFORMATION

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker ("CODM"), including president, senior vice president and chief financial officer, for the purposes of resource allocation and performance assessment, the Group has presented the following six reportable segments. No operating segments have been aggregated to form the following reportable segments.

- (1) Coal operations – which produce coal from surface and underground mines, and the sale of coal to external customers, the power operations segment and the coal chemical operations segment. The Group sells its coal under long-term supply contracts, which allow periodical price adjustments, and at spot market.
- (2) Power operations – which use coal from the coal operations segment and external suppliers, thermal power, water power, gas power and photovoltaic power to generate electric power for the sale to coal operations segment and external customers. Electric power is mainly sold to the power grid companies at the market price.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

for the six months ended 30 June 2024 – unaudited

(Expressed in RMB)

5 SEGMENT AND OTHER INFORMATION (Continued)

- (3) Railway operations – which provide railway transportation services to the coal operations segment, the power operations segment, the coal chemical operations segment and external customers. The rates of freight charges billed to the coal operations segment, the power operations segment, the coal chemical operations segment and external customers are consistent and do not exceed the maximum amounts approved by the relevant government authorities.
- (4) Port operations – which provide loading, transportation and storage services to the coal operations segment and external customers. The Group charges service fees and other expenses, which are reviewed and approved by the relevant government authorities.
- (5) Shipping operations – which provide shipment transportation services to the coal operations segment, the power operations segment and external customers. The Group charges different freight rates from the coal operations segment, the power operations segment and external customers by reference to the current index and historical index of the Shanghai Shipping Exchange.
- (6) Coal chemical operations – which use coal from the coal operations segment to first produce methanol and further process into polyethylene and polypropylene, together with other by-products, for sale to external customers. The Group sells its polyethylene at spot market.

(a) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results attributable to each reportable segment based on profit before income tax ("reportable segment profit"). Reportable segment profit represents the profit earned by each segment without allocation of head office and corporate items. Inter-segment sales are primarily charged at prevailing market rate which are the same as those charged to external customers.

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2024 and 2023 is set out below:

	Six months ended 30 June													
	Coal		Power		Railway		Port		Shipping		Coal chemical		Total	
	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
Revenue from external customers	113,559	113,659	44,247	44,081	5,889	6,899	870	980	975	821	2,538	3,002	168,078	169,442
Inter-segment revenue	20,769	21,585	107	109	16,553	15,224	2,573	2,307	1,513	1,758	-	-	41,515	40,983
Reportable segment revenue	134,328	135,244	44,354	44,190	22,442	22,123	3,443	3,287	2,488	2,579	2,538	3,002	209,593	210,425
Reportable segment profit	29,242	35,307	5,569	6,110	7,141	6,986	1,231	1,221	224	118	4	35	43,411	49,777
Including:														
Interest expenses	715	518	965	905	231	298	55	73	-	-	-	11	1,966	1,805
Depreciation and amortisation	4,132	4,068	3,525	3,460	2,669	2,721	517	530	144	144	387	383	11,374	11,306
Share of results of associates	94	391	48	30	-	2	1	-	-	-	-	-	143	423
Loss allowances and impairment of assets	(8)	(2)	(1)	1	1	-	3	-	-	-	-	-	(5)	(1)

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

for the six months ended 30 June 2024 – unaudited

(Expressed in RMB)

5 SEGMENT AND OTHER INFORMATION (Continued)

(b) Reconciliations of reportable segment revenue, segment profit and other items of profit or loss for the six months ended 30 June 2024 and 2023 are set out below:

	Reportable segment amounts		Unallocated head office and corporate items		Elimination of inter-segment amounts		Consolidated	
	2024 RMB million	2023 RMB million	2024 RMB million	2023 RMB million	2024 RMB million	2023 RMB million	2024 RMB million	2023 RMB million
Revenue	209,593	210,425	495	309	(42,010)	(41,292)	168,078	169,442
Profit before income tax	43,411	49,777	3,176	2,499	(201)	24	46,386	52,300
Interest expenses	1,966	1,805	491	630	(1,050)	(996)	1,407	1,439
Depreciation and amortisation	11,374	11,306	41	63	-	-	11,415	11,369
Share of results of associates	143	423	1,863	1,337	-	56	2,006	1,816
Loss allowances and impairment of assets	(5)	(1)	-	-	-	-	(5)	(1)

(c) Other information

Certain other information of the Group's segments for the six months ended 30 June 2024 and 2023 is set out below:

	Coal		Power		Railway		Port		Shipping		Coal chemical		Unallocated items		Eliminations		Total	
	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	2024 RMB million	2023 RMB million
Coal purchased	33,321	33,395	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33,321	33,395
Cost of coal operation	36,835	34,900	-	-	-	-	-	-	-	-	-	-	-	-	(4,736)	(7,216)	32,099	27,684
Cost of coal transportation	27,555	25,578	-	-	9,976	8,707	1,573	1,387	690	854	-	-	-	-	(20,639)	(19,289)	19,155	17,237
Power cost	-	-	35,616	34,861	-	-	-	-	-	-	-	-	-	-	(15,146)	(13,599)	20,470	21,262
Cost of coal chemical production	-	-	-	-	-	-	-	-	-	-	2,190	2,577	-	-	(797)	(868)	1,393	1,709
Others	3,363	3,451	1,820	2,110	4,028	5,059	379	452	1,554	1,494	252	280	12	11	-	-	11,408	12,857
Total cost of sales	101,074	97,324	37,436	36,971	14,004	13,766	1,952	1,839	2,244	2,348	2,442	2,857	12	11	(41,318)	(40,972)	117,846	114,144
Profit from operations (Note (ii))	29,786	34,800	6,511	6,832	7,212	7,145	1,277	1,265	166	99	(16)	40	67	(64)	(692)	(320)	44,311	49,797
Capital expenditures (Note (iii))	6,696	9,319	4,090	5,914	1,151	1,358	187	172	164	8	183	28	6	14	-	-	12,477	16,813

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

for the six months ended 30 June 2024 – unaudited

(Expressed in RMB)

5 SEGMENT AND OTHER INFORMATION (Continued)

(c) Other information (Continued)

	Coal		Power		Railway		Port		Shipping		Coal chemical		Unallocated items		Eliminations		Total	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023
Total assets	330,005	301,482	172,713	167,912	(130,285)	125,301	19,946	18,885	7,334	7,169	8,184	7,858	539,567	504,228	(532,191)	(499,423)	675,843	633,412
Total liabilities	(141,194)	(134,258)	(138,808)	(139,580)	(50,364)	(51,000)	(6,977)	(7,120)	(697)	(601)	(1,676)	(2,080)	(281,174)	(203,455)	420,502	386,333	(200,388)	(151,761)

Notes:

- (i) Profit from operations is calculated as revenue minus cost of sales, selling expenses, general and administrative expenses, research and development costs, loss allowances and impairment of assets.
- (ii) Capital expenditures consist of addition in property, plant and equipment, construction in process, exploration and evaluation assets, intangible assets, long-term deferred expense and land use rights and prepayment for mining projects.
- (iii) Unallocated items of total assets include deferred tax assets and other unallocated corporate assets. Unallocated items of total liabilities include deferred tax liabilities and other unallocated corporate liabilities.

6 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

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

for the six months ended 30 June 2024 – unaudited

(Expressed in RMB)

7 OTHER INCOME

	Six months ended 30 June	
	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
Government grants	109	244
Claim income	37	36
Others	254	200
	400	480

8 FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
Interest expense	996	1,168
Less: amount capitalised	(53)	(144)
	943	1,024
Unwinding of discount	464	415
Exchange losses/(gain), net	8	(255)
Others	60	88
	1,475	1,272

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

for the six months ended 30 June 2024 – unaudited

(Expressed in RMB)

9 INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
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%.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

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(Expressed in RMB)

10 PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
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 (<i>Note</i>)	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).

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

for the six months ended 30 June 2024 – unaudited

(Expressed in RMB)

11 DIVIDENDS

During the current interim period, a final dividend in respect of the year ended 31 December 2023 of RMB2.26 per ordinary share totalling RMB44,903 million (six months ended 30 June 2023: RMB2.55 per ordinary share totalling 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 reporting 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).

12 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.

13 PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

During the six months ended 30 June 2024, the net book value of the disposals of property, plant and equipment amounted to RMB365 million (six months ended 30 June 2023: RMB268 million).

The Group is in the process of applying for the title certificates of certain of its properties with an aggregate carrying amount of RMB3,226 million as at 30 June 2024 (31 December 2023: RMB3,331 million). The Directors are of the opinion that the Group is entitled to lawfully and validly occupy or use the above mentioned properties.

As at 30 June 2024, the Group is in the process of obtaining requisite permits for certain of its power plants and railways from the relevant government authorities. The Directors are of the opinion that the Group will be able to obtain the requisite permits in due course.

No impairment loss was recognised by the Group during the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

As at 30 June 2024, the Group has bank loans secured by the Group's property, plant and equipment with carrying amount of RMB252 million (31 December 2023: RMB251 million).

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

for the six months ended 30 June 2024 – unaudited

(Expressed in RMB)

14 INTERESTS IN ASSOCIATES

	30 June 2024	31 December 2023
	<i>RMB million</i>	<i>RMB million</i>
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
Shandong 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. (“Suizhong Power”)	15	15	Generation and sale of electricity

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

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(Expressed in RMB)

15 OTHER NON-CURRENT ASSETS

	30 June 2024	31 December 2023
	<i>RMB million</i>	<i>RMB million</i>
Prepayments in connection with construction work, equipment purchases and others <i>(Note (i))</i>	7,271	4,945
Prepayment for mining projects	2,000	2,000
Deductible VAT and other tax	455	478
Service concession receivables <i>(Note (ii))</i>	16,049	15,901
Goodwill	113	113
Long-term deferred expenses <i>(Note (iii))</i>	3,760	3,633
	29,648	27,070

Notes:

- (i) At 30 June 2024, the Group had prepayments to subsidiaries of China Energy Group (“fellow subsidiaries”) amounting to RMB96 million (31 December 2023: RMB110 million).
- (ii) Pursuant to the Power Purchase Agreements entered between certain power plants of the Group and PT Perusahaan Listrik Negara (Persero) (“PLN”), an independent third party, certain power plants of the Group build power plants to supply electricity to PLN for a 25-30 years period from the power plant’s commercial operation date under the service concession scheme. Service concession receivables represents service provided in connection with the service concession arrangement, for which a guaranteed minimum payments have been agreed. Due to the length of the payment plans, receivables are the present value of future guaranteed cash receipts discounted using effective interest rate.
- (iii) The movement of long-term deferred expenses during the period/year as follows:

	30 June 2024	31 December 2023
	<i>RMB million</i>	<i>RMB million</i>
At the beginning of the period/year	3,633	3,619
Additions	758	2,800
Amortisation	(631)	(2,782)
Disposal	–	(4)
At the end of the period/year	3,760	3,633

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

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16 RIGHT-OF-USE ASSETS

The right-of-use assets represent land use rights paid to the PRC's government authorities and the leased assets. The Group is in the process of applying for the title certificates of certain land use rights certificates with an aggregate carrying amount of RMB3,186 million as at 30 June 2024 (31 December 2023: RMB3,200 million). The Directors are of the opinion that the Group is entitled to lawfully and validly occupy or use the above mentioned lands.

As at 30 June 2024, the Group has no bank loans or other loans secured by the Group's right-of-use assets (31 December 2023: Nil).

17 INVENTORIES

	30 June 2024 <i>RMB million</i>	31 December 2023 <i>RMB million</i>
Coal	8,455	7,705
Materials and supplies	7,976	6,516
Others	27	1,256
	16,458	15,477
Less: write-down of inventories	(2,550)	(2,631)
	13,908	12,846

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18 ACCOUNTS AND BILLS RECEIVABLES

	30 June 2024	31 December 2023
	<i>RMB million</i>	<i>RMB million</i>
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	31 December 2023
	<i>RMB million</i>	<i>RMB million</i>
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

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19 PREPAID EXPENSES AND OTHER CURRENT ASSETS

	30 June 2024	31 December 2023
	<i>RMB million</i>	<i>RMB million</i>
Financial assets measured at amortised cost		
– Service concession receivables (<i>Note 15(ii)</i>)	2,194	2,232
– Entrusted loan (<i>Note</i>)	395	400
– Other receivables due from associates	559	471
– Other receivables	3,117	3,192
– Other loans	4,500	4,500
	10,765	10,795
Less: impairment losses	(5,070)	(4,936)
	5,695	5,859
Financial assets measured at fair value through profit or loss	–*	–*
Prepaid expenses and deposits	7,655	6,218
Deductible VAT and other tax	2,921	3,930
	16,271	16,007

* Amount less than RMB500,000

Note:

As at 30 June 2024, the Group has a long-term entrusted loan of RMB395 million (as at 31 December 2023: RMB400 million) to an associate through a PRC state-owned bank, with an interest rate of 4.75% per annum. The entrusted loan had a term of 3 years and expired on December 23, 2023, and Yili Chemical Industry failed to fully repay the principal on time; Yili Chemical Industry has implemented corresponding guarantee measures for the loan through asset mortgage. The two parties are in the process of negotiating the follow-up of the remaining entrusted loan.

20 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the consolidated statement of financial position and the condensed consolidated statement of cash flows comprise cash at bank and in hand, and time deposits with original maturity within three months.

As of the end of the reporting period, cash and cash equivalents situated in Mainland China amounted to RMB113,717 million (31 December 2023: RMB108,174 million). Remittance of funds out of Mainland China is subject to relevant rules and regulations of foreign exchange control.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

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(Expressed in RMB)

21 BORROWINGS

An analysis of the Group's borrowings is as follows:

	30 June 2024	31 December 2023
	<i>RMB million</i>	<i>RMB million</i>
Current borrowings:		
– Short-term bank and other borrowings	2,465	2,927
– Current portion of long-term borrowings	2,362	1,695
	4,827	4,622
Non-current borrowings:		
– Long-term borrowings, less current portion	28,815	29,636
	33,642	34,258
Secured	10,747	9,984
Unsecured	22,895	24,274
	33,642	34,258

The exposure of the long-term borrowings and the contractual maturity dates:

	30 June 2024	31 December 2023
	<i>RMB million</i>	<i>RMB million</i>
The exposure of the long-term borrowings and the contractual maturity dates:		
– Within one year	2,362	1,695
– More than one year, but not exceeding two years	1,634	1,578
– More than two years, but not exceeding five years	4,571	2,541
– More than five years	22,610	25,517
	31,177	31,331

As at 30 June 2024, the Group had borrowings from China Energy Group and fellow subsidiaries amounting to RMB10,883 million (31 December 2023: RMB10,480 million).

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22 ACCOUNTS AND BILLS PAYABLES

	30 June 2024	31 December 2023
	<i>RMB million</i>	<i>RMB million</i>
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	31 December 2023
	<i>RMB million</i>	<i>RMB million</i>
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

23 ACCRUED EXPENSES AND OTHER PAYABLES

	30 June 2024	31 December 2023
	<i>RMB million</i>	<i>RMB million</i>
Accrued staff wages and welfare benefits	15,966	7,424
Accrued interests	8	33
Taxes payable other than income tax	4,297	5,159
Dividends payable	50,438	6,902
Other accrued expenses and payables	18,567	11,095
	89,276	30,613

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24 LONG-TERM LIABILITIES

	30 June 2024	31 December 2023
	<i>RMB million</i>	<i>RMB million</i>
Payables for acquisition of mining rights (<i>Note (i)</i>)	14,781	12,425
Deferred income (<i>Note (ii)</i>)	1,435	1,386
Long-term payroll payable	781	784
Others	5,591	5,714
	22,588	20,309
Analysed for reporting purpose as:		
– Current liabilities	5,293	5,184
– Non-current liabilities	17,295	15,125
	22,588	20,309

Notes:

- (i) The payables for acquisition of mining rights is the present value of the payable mining rights. The mining rights payable shall be paid annually during the execution of the contract.
- (ii) Deferred income mainly represents grants provided by several local governments in the PRC to encourage the construction of non-current assets.

25 ACCRUED RECLAMATION OBLIGATIONS

The accrual for reclamation costs has been determined based on management's best estimates. However, so far as the effect on the land from current mining activities becomes apparent in future periods, the estimate of the associated costs may be subject to change. Accordingly, the actual costs and cash flows may differ from estimates. The Directors believe that the accrued reclamation obligations at 30 June 2024 are adequate and appropriate.

26 SHARE CAPITAL

	30 June 2024	31 December 2023
	<i>RMB million</i>	<i>RMB million</i>
Registered, issued and fully paid:		
16,491,037,955 domestic listed A shares of RMB1.00 each	16,491	16,491
3,377,482,000 H shares of RMB1.00 each	3,378	3,378
	19,869	19,869

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

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

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27 CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares to reduce debts.

The Group monitors capital using a gearing ratio which is total liabilities divided by total assets. The Group aims to maintain the gearing ratio at a reasonable level. The Group's gearing ratio as at 30 June 2024 was 29.7% (31 December 2023: 24.0%).

28 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

As at 30 June 2024, the Group had capital commitments for land, buildings and mining rights, equipment and other as follows:

	30 June 2024	31 December 2023
	<i>RMB million</i>	<i>RMB million</i>
Contracted for but not provided		
– Land, buildings, mining rights and exploration and evaluation assets	51,047	42,074
– Equipment	47,238	46,276
– Other	3,720	3,903
	102,005	92,253

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28 COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(b) Financial guarantees issued

As at 30 June 2024, the Group had issued certain guarantees in respect of certain banking facilities granted to an entity of which the Group held less than 20% equity interest. The maximum amount guaranteed is RMB94 million (31 December 2023: RMB94 million).

(c) Legal contingencies

The Group is the defendant in certain lawsuits as well as the plaintiff in other proceedings arising in the ordinary course of business. While the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, management believes that any resulting liabilities will not have a material adverse effect on the financial position or operating results of the Group.

(d) Environmental contingencies

To date, the Group has not incurred any significant expenditure for environmental remediation, is currently not involved in any environmental remediation, and apart from the provision for land reclamation costs, has not accrued any further amounts for environmental remediation relating to its operations. Under the existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group. The regulatory bodies, however, have moved, and may move further towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include (i) the exact nature and extent of the contamination at various sites including, but not limited to coal mines and land development areas, whether operating, closed or sold; (ii) the extent of required cleanup efforts; (iii) varying costs of alternative remediation strategies; (iv) changes in environmental remediation requirements; and (v) the identification of new remediation sites. The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under future environmental legislation cannot reasonably be estimated at present, and could be material.

29 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

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29 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

	30 June 2024 <i>RMB million</i>	31 December 2023 <i>RMB million</i>	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets				
Financial assets measured at fair value through profit or loss (current)	–*	–*	Level 1	Quoted prices in active market.
Financial assets measured at fair value through profit or loss (non-current)	50	–	Level 3	Market comparison approach. Fair value is estimated based on value of comparable listed companies, multiples and discount for lack of liquidity.
Unlisted equity securities	2,706	2,486	Level 3	Market comparison approach. Fair value is estimated based on value of comparable listed companies, multiples and discount for lack of liquidity.
Accounts and bills receivables	177	254	Level 3	Discounted cash flow method. The significant unobservable inputs used by the Group for the valuation are the expected rates of return.

* Amount less than RMB500,000

During the year ended 31 December 2023 and the six months ended 30 June 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

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30 RELATED PARTY TRANSACTIONS

(a) Transactions with China Energy Group, associates of China Energy Group, fellow subsidiaries and associates of the Group

The Group is controlled by China Energy Group and has significant transactions and relationships with China Energy Group, associates of China Energy Group and subsidiaries of China Energy Group (“fellow subsidiaries”). Associates refer to enterprises over which China Energy Group is able to exercise significant influence or control. The Group also has entered into transactions with its associates, over which the Group can exercise significant influence.

The Group had the following transactions with China Energy Group, associates of China Energy Group, fellow subsidiaries, and associates of the Group during both periods:

	Notes	Six months ended 30 June	
		2024 RMB million	2023 RMB million
Interest income	(i)	468	363
Income from an entrusted loan	(ii)	9	9
Interest expense	(iii)	190	369
Purchases of ancillary materials and spare parts	(iv)	654	485
Ancillary and social services	(v)	711	621
Transportation service income	(vi)	4,071	3,808
Transportation service expense	(vii)	624	872
Sale of coal	(viii)	44,734	46,421
Purchase of coal	(ix)	7,538	7,388
Property leasing	(x)	10	2
Repairs and maintenance services expense	(xi)	9	–
Purchase of equipment and construction work	(xii)	390	414
Sale of coal chemical product	(xiii)	2,875	3,710
Other income	(xiv)	834	797
Net deposits placed with Finance Company	(xv)	174	15,835
Granting of Loans from China Energy Group and fellow subsidiaries	(xvi)	3,807	2,308
Repayment of loans from China Energy Group and fellow subsidiaries	(xvii)	4,054	6,885
Bills receivables discounted from Finance Company	(xviii)	452	852
The issuance of bills by Finance Company	(xix)	3,673	715
Factoring services	(xx)	6,440	1,630
Fund Investment	(xxi)	50	–

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

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(Expressed in RMB)

30 RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with China Energy Group, associates of China Energy Group, fellow subsidiaries and associates of the Group (Continued)

Notes:

- (i) Interest income represents interest earned from deposits in fellow subsidiaries. The applicable interest rate is determined in accordance with the prevailing interest rates published by the PBOC.
- (ii) Income from an entrusted loan represents interest earned from an entrusted loan to an associate of the Group. The applicable interest rate is determined in accordance with the prevailing interest rates published by the PBOC.
- (iii) Interest expense represents interest incurred from loans from China Energy Group and fellow subsidiaries. The applicable interest rate is determined in accordance with the prevailing interest rates published by the PBOC.
- (iv) Purchases of ancillary materials and spare parts represent purchase of materials and utility supplies related to the Group's operations from fellow subsidiaries and associates of China Energy Group.
- (v) Ancillary and social services represent expenditures for social welfare and support services such as property management, water and electricity supply, and canteen expense paid to China Energy Group, fellow subsidiaries and associates of China Energy Group.
- (vi) Transportation service income represents income earned from fellow subsidiaries in respect of coal transportation services.
- (vii) Transportation service expense represents expenses paid to fellow subsidiaries in respect of coal transportation services.
- (viii) Sale of coal represents income from sale of coal to fellow subsidiaries and associates of China Energy Group.
- (ix) Purchase of coal represents coal purchased from associates of the Group, associates of China Energy Group and fellow subsidiaries.
- (x) Property leasing expense represents rental paid or payable in respect of properties leased from China Energy Group and fellow subsidiaries.
- (xi) Repairs and maintenance services expense represents expense related to machinery repairs and maintenance services provided by associates of China Energy Group and fellow subsidiaries.
- (xii) Purchase of equipment and construction work represents expenditure related to equipment and construction service provided by fellow subsidiaries.
- (xiii) Sale of coal chemical product represents income from sale of coal chemical product to fellow subsidiaries.
- (xiv) Other income includes agency income, repairs and maintenance service income, sales of ancillary materials and spare parts, management fee income, sales of water and electricity, etc. earned from China Energy Group, associates of China Energy Group and fellow subsidiaries.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

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(Expressed in RMB)

30 RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with China Energy Group, associates of China Energy Group, fellow subsidiaries and associates of the Group (Continued)

- (xv) Net deposits placed with Finance Company represents net deposits placed by the Group with Finance Company.
- (xvi) Granting of loans from China Energy Group and fellow subsidiaries.
- (xvii) Repayment of loans from China Energy Group and fellow subsidiaries.
- (xviii) Bills receivables discounted from Finance Company represents bill acceptance and discount services provided by Finance Company to the Group.
- (xix) The issuance of bills by Finance Company refers to the issuance of acceptance bills by Finance Company to the Group.
- (xx) Factoring services refer to receiving factoring services from China Energy Group and fellow subsidiaries.
- (xxi) The Group made investment amounting to RMB50 million in Guoneng (Beijing) Science and Technology Innovation Seed Fund (Limited Partnership).

The Directors are of the opinion that the above transactions with related parties were conducted in the ordinary course of business and in accordance with the agreements governing such transactions.

The Group entered into a number of agreements with China Energy Group, associates of China Energy Group, fellow subsidiaries, and associates of the Group. The terms of the principal agreements are summarised as follows:

- (i) The Group has entered into a mutual supply agreement for the mutual provision of production supplies and ancillary services with associates of China Energy Group and fellow subsidiaries. Pursuant to the agreement, associates of China Energy Group and fellow subsidiaries provide the Group with the production supplies and services, ancillary production services including the use of the information network system and ancillary administrative services. On the other hand, the Group provides fellow subsidiaries with water supplies, rolling stock management, railway management, railway transportation and other related or similar production supplies or services and use of the information network system.

The products and services provided under the agreement, other than the sharing of use of the information network system which is free of charge, are provided in accordance with the following pricing policy:

- price prescribed by the state (including any price prescribed by any relevant local government), if applicable;

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

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30 RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with China Energy Group, associates of China Energy Group, fellow subsidiaries and associates of the Group (Continued)

- where there is no state-prescribed price but where there is a state-guidance price, then the state-guidance price;
 - where there is neither a state-prescribed price nor a state-guidance price, the market price; or
 - where none of the above is applicable or where it is not practical to apply the above pricing policies in reality, the price to be agreed between the relevant parties shall be based on reasonable costs incurred in providing the goods or services plus a profit margin of 5% of such costs.
- (ii) The Group has entered into mutual coal supply agreements with associates of China Energy Group, fellow subsidiaries and associates of the Group. The mutual coal supplied is charged at the prevailing market price.
- (iii) The Group has entered into a financial services agreement with Finance Company. Pursuant to the agreement, Finance Company provides financial services to the Group. The interest rate for the deposits with Finance Company from the Group should not be lower than the lowest limit published by the PBOC for the same type of deposit. The interest rate for loans made by Finance Company to the Group should not be higher than the highest limit published by the PBOC for the same type of loan. The above interest rates should be determined by reference to the rate charged by normal commercial banks in the PRC for comparable deposits and loans on normal commercial terms. The fees charged by Finance Company for the provision of other financial services shall be determined according to the rates chargeable by the PBOC or the China Banking Regulatory Commission.
- (iv) The Group has entered into a property leasing agreement with fellow subsidiaries of China Energy Group for leasing of certain properties to each other. No rent is payable by the Group before fellow subsidiaries obtains the relevant property ownership certificate. The rental charges are based on comparable market rates. If fellow subsidiaries of China Energy Group negotiate to sell a leased property to a third party, the Company has a pre-emptive right to purchase such property under terms no less favourable than other third party.
- (v) The Group has entered into a land leasing agreement with fellow subsidiaries of China Energy Group. The annual rent is determined based on the local market rate. The Group is not allowed to sub-let the leased land.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

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30 RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with China Energy Group, associates of China Energy Group, fellow subsidiaries and associates of the Group (Continued)

- (vi) The Group has entered into an agency agreement for the export of coal with a fellow subsidiary of China Energy Group. The fellow subsidiary is appointed as a non-exclusive export agent of the Group and is entitled to receive an agency fee based on the relevant market rates or lower rates. Currently, the rate is 0.70% of the free on board sales price of coal exported. When obtaining export agent conditions from a third party that are equal to or inferior to those of the China Energy Group, the Company shall give preference to the China Energy Group as the export agent of coal products.
- (vii) The Group entered into an agency agreement for the sale of coal with fellow subsidiaries of China Energy Group. The Group is appointed as the exclusive sales agent of fellow subsidiaries of China Energy Group for thermal coal and non-exclusive sales agent for coking coal. The Group is entitled to receive an agency fee, which is based on its related costs incurred plus a profit margin of 5% for sales of coal outside the Inner Mongolia Autonomous Region. No agency fee is charged for sales of coal within the Inner Mongolia Autonomous Region.
- (viii) The Group has entered into agreements with fellow subsidiaries of China Energy Group under which the Group has been granted the right to use certain trademarks. Fellow subsidiaries of China Energy Group bear its own cost for the registration of such trademarks during the term of the trademarks license agreement and expenses for enforcement against any infringement of the licensed trademarks by third parties.
- (ix) The Group has entered into a factoring service agreement with Guoneng (Beijing) Commercial Factoring Co., Ltd (“Guoneng Factoring Company”). Pursuant to the agreement, Guoneng Factoring Company agreed to provide the Group with factoring services and factoring-related services. For the provision of factoring services by Guoneng Factoring Company to the Group, the financing cost shall not be higher than that determined by an independent third-party factoring company for providing the same kind of services to the Group, and it should be determined on normal commercial terms. When the financing fee determined by the independent third-party factoring company for providing the same kind of services is difficult to obtain, it shall not be higher than the financing fee calculated based on the Loan Prime Rate (LPR) of the PBOC for the same period. For the service fee charged from the provision of other relevant services by Guoneng Factoring Company to the Group, the service fee shall not be higher than that charged by an independent third-party factoring company for providing the same kind of services to the Group, and it should be determined on normal commercial terms. When the service fee charged by the independent third-party factoring company for providing the same kind of services is difficult to obtain, it shall be determined at the cost plus a reasonable profit margin (around 10%).

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

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30 RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with China Energy Group, associates of China Energy Group, fellow subsidiaries and associates of the Group (Continued)

Amounts due from/to China Energy Group, associates of China Energy Group, fellow subsidiaries and associates of the Group:

	30 June 2024	31 December 2023
	<i>RMB million</i>	<i>RMB million</i>
Cash and time deposits at bank	74,640	74,466
Accounts and bills receivables	8,747	9,363
Prepaid expenses and other current assets	1,726	1,299
Other non-current assets	96	110
Total amounts due from China Energy Group, associates of China Energy Group, fellow subsidiaries and associates of the Group	85,209	85,238
Borrowings	13,346	13,119
Accounts payable	2,580	3,027
Accrued expenses and other payables	33,493	1,507
Contract liabilities	1,103	1,245
Total amounts due to China Energy Group, associate of China Energy Group, fellow subsidiaries and associates of the Group	50,522	18,898

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30 RELATED PARTY TRANSACTIONS (Continued)

(b) Key management personnel emoluments

Key management personnel receive compensation in the form of fees, basic salaries, housing and other allowances, benefits in kind, discretionary bonuses and retirement scheme contributions.

Key management personnel compensation of the Group during the period is summarised as follows:

	Six months ended 30 June	
	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
Short-term employee benefits	7	10

Total remuneration is included in “personnel expenses” as disclosed in Note 10.

(c) Contributions to post-employment benefit plans

The Group participates in various defined contribution post-employment benefit plans organised by municipal and provincial governments and a supplemental defined contribution pension plan approved by the government for its employees. Further details of the Group’s post-employment benefit plans are disclosed in Note 31.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

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30 RELATED PARTY TRANSACTIONS (Continued)

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

The Company is ultimately controlled by the PRC government and the Group operates in an economic environment currently predominated by government-related entities.

Other than those transactions with China Energy Group, associates of China Energy Group, fellow subsidiaries and associates of the Group as disclosed above, the Group conducts business with other government-related entities which include but are not limited to the following:

- Power sales;
- Sales and purchases of coal;
- Transportation services;
- Construction work;
- Purchases of ancillary materials and spare parts;
- Ancillary and social services; and
- Financial services arrangements.

These transactions are conducted in the ordinary course of the Group's business on terms comparable to those with other entities that are not government-related. The Group has established its pricing policies in respect of sale of goods and provision of services, and approval process for purchases of products and services. Such policies and approval process apply to all counterparties regardless of whether the counterparty is government-related or not.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements (Continued)

for the six months ended 30 June 2024 – unaudited

(Expressed in RMB)

30 RELATED PARTY TRANSACTIONS (Continued)

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

Having considered the potential for transactions to be impacted by related party relationships, the Group's buying, pricing strategy and approval process, and what information would be necessary for an understanding of the potential effect of the relationship on the financial statements, the Directors are of the opinion that the following transactions with other government-related entities require disclosure:

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

	Six months ended 30 June	
	2024 RMB million	2023 RMB million
Coal revenue	43,271	41,771
Power revenue	41,902	41,397
Transportation costs	4,901	5,036
Interest income	945	1,050
Interest expenses (including amount capitalised)	865	881

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

	30 June 2024 RMB million	31 December 2023 RMB million
Accounts and bills receivables	7,771	6,037
Prepaid expenses and other current assets	3,091	2,314
Cash and time deposits at banks	101,626	68,216
Restricted bank deposits	10,673	7,298
Borrowings	20,296	21,139
Accrued expenses and other payables	1,590	2,388
Contract liabilities	1,167	1,231

31 EMPLOYEE BENEFITS PLAN

The Group participates, in line with the regulations of the PRC, mainly in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans at a certain proportion of the salaries, bonuses and certain allowances of the employees. In addition, as approved by the government, the Group makes contribution to a supplemental defined contribution pension plan for its employees. The fund is managed by a qualified fund manager. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above. The Group's contributions for the six months ended 30 June 2024 were RMB2,852 million (six months ended 30 June 2023: RMB2,585 million).

Section X Documents Available for Inspection

Documents Available for Inspection

The interim report for the year 2024 with the signature of the person-in-charge of the Company

The financial statements signed by the person-in-charge of the Company, Chief Financial Officer and person-in-charge of the accounting department and chopped with the official chop of the Company

The original copies of review report published by the accounting firm

The original copies of all documents and announcements of the Company publicly disclosed on the newspapers designated by the CSRC during the Reporting Period

The interim report for the year 2024 published on the websites of SSE and the HKEx

Chairman of the Board of Directors: Lv Zhiren

Approval date of the Board of Directors for submission: 30 August 2024