



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

2022 Interim Report

**COAL
INDUSTRY**

Leader in Clean and Efficient Coal Production
Protecting the Blue Sky, Clean Water and Green Land,
and Building a Clean and Beautiful World



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 14th meeting of the fifth session of the Board of the Company. Eight directors were eligible to attend the meeting and eight directors attended the meeting in person.
- III. This interim financial statements of this report is unaudited. KPMG has issued a review report on the Company's 2022 Interim Financial Statements prepared under IFRS.
- IV. Lv Zhiren, the person in charge 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 transfer of capital reserve to equity for the reporting period considered by the board of directors : Not Applicable
- VI. Disclaimer of forward-looking statements: the forward-looking statements in this report made on the basis of subjective assumptions and judgments 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. Is there any situation of non-operating appropriation of funds by controlling shareholder(s) and its related parties?: No
- VIII. Is there any situation of violation of decision-making procedures for external guarantee provision?: No
- IX. Is there any situation that more than half of the directors cannot guarantee the authenticity, accuracy and completeness of the information contained in the interim report?: No
- X. Warning on Major Risks: Investors please note that the Company has disclosed risks including risk of safety production and environmental protection, risk of market competition, investment risk, risk of project management, risk of international operation, risk of macroeconomic fluctuation, risk of integrated operation and policy risk, etc., in the section headed "Management Discussion and Analysis".

Contents

Section I	Definitions	2
Section II	Company Profile and Major Financial Indicators	5
Section III	Board Statement	9
Section IV	Management Discussion and Analysis	18
Section V	Company Governance and Corporate Governance	55
Section VI	Environmental and Social Responsibilities	60
Section VII	Significant Events	70
Section VIII	Changes in Ordinary Share Capital and Particulars of Shareholders	83
Section IX	Investor Relations	87
Section X	Report on Review of Condensed Consolidated Financial Statements	89
Section XI	Documents Available for Inspection	134

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)
Shandong Coal	China Energy Shandong Coal Group Co., Ltd.
Shandong Power	Shenhua Shandong Power Co., Ltd.
Zhunge'er Energy	Shenhua Zhunge'er Energy Co., Ltd.
Baorixile Energy	China Energy Baorixile Energy Co., Ltd.
Beidian Shengli	China Energy Beidian Shengli Energy Co., Ltd.
Shuohuang Railway	China Energy Shuohuang Railway Development Co., Ltd.
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 Group Co., Ltd.
Baotou Energy	China Energy Baotou Energy Co., Ltd.
Baotou Coal Chemical	China Energy Baotou Coal Chemical Co., Ltd.
Yulin Energy	China Energy Yulin Energy Co., Ltd.
Tianjin Harbour Administration	China Energy (Tianjin) Harbour Administration Co., Ltd.
Zhuhai Harbour Administration	China Energy Zhuhai Harbour Administration Co., Ltd.
Sichuan Energy	China Energy Sichuan Energy Co., Ltd.

Section I Definitions (Continued)

Fujian Energy	Shenhua (Fujian) Energy Co., Ltd.
Zhunge'er Power	Power-generating division controlled and operated by Zhunge'er Energy
EMM Indonesia	PT.GH EMM INDONESIA
Pembangkitan Jawa	PT. Shenhua Guohua Pembangkitan Jawa Bali
Shenmu Power	China Energy Shaanxi Shenmu Power Co., Ltd.
Taishan Power	China Energy Yudean Taishan Power Co., Ltd
Cangdong Power	China Energy Hebei Cangdong Power 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-fired Power	China Energy Guohua (Beijing) Gas-fired Power Co., Ltd.
Shouguang Power	China Energy Shouguang Power Generation Company Limited
Liuzhou Power	China Energy Guangtou (Liuzhou) Power Generation Co., Ltd.
Yongzhou Power	China Energy Group Yongzhou Power Co., Ltd.
Shengli Energy	Shengli Energy Branch of the Company
Guangdong Power Sales Company	China Energy (Guangdong) Power Sales Co., Ltd.

Section I Definitions (Continued)

Shandong Power Sales Company	China Energy (Shandong) Power Sales Co., Ltd.
JORC	Australasian Code for Reporting of Mineral Resources and Ore Reserves
Finance Company	China Energy Finance Co., Ltd
SSE	Shanghai Stock Exchange
HKEx	The Stock Exchange of Hong Kong Limited
Shanghai Listing Rules	Rules Governing the Listing of Stocks on 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
International Financial Reporting Standards	International Financial Reporting 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 + financial cost, net + income tax + depreciation and amortization – share of profits and losses of associates
Gearing ratio	Total liabilities/total assets
Total debt to total equity ratio	[Long-term interest bearing debt + short-term interest bearing debt (including notes payable)]/[long-term interest bearing debt + short-term interest bearing debt (including notes payable) + total shareholder equity]
RMB	Renminbi unless otherwise specified

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	Mr. Wang Xiangxi resigned as the Chairman and Executive Director of the Company on 29 July 2022 with immediate effect. The selection and appointment of the new chairman are in progress.
Authorised Representatives of the Company under the Hong Kong Listing Rules	Huang Qing

II. CONTACTS AND CONTACT DETAILS

	Secretary to the Board	Representative of Securities Affairs
Name	Huang Qing	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 3399	(8610) 5813 3355
Fax	(8610) 5813 1814/1804	(8610) 5813 1814/1804
E-mail	1088@csec.com	ir@csec.com
	Board Office 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 1814/1804	(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
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
Internet website for publishing interim report	www.sse.com.cn and www.hkexnews.hk
Interim report is available at	SSE, Board Office of the Company and Hong Kong Office of the Company

V. BASIC INFORMATION ON SHARES

Type	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, Tower E2, Oriental Plaza, 1 East Chang An Avenue, Beijing
	Signing Auditors	Zhang Nan, Wang Xia
Accounting firm engaged by the Company (H Share)	Name	KPMG (Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance)
	Office Address	8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong
Share Registrar and Transfer Office 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 and Transfer Office 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 OF THE COMPANY

Major accounting data	Unit	The first half of 2022	The first half of 2021		Change %
			After restatement	Before restatement	
Revenue	RMB million	165,579	143,979	143,979	15.0
Profit for the period	RMB million	49,491	31,767	31,767	55.8
Profit for the period attributable to equity holders of the Company	RMB million	42,475	26,500	26,500	60.3
Basic earnings per share	RMB/share	2.138	1.334	1.334	60.3
Net cash generated from operating activities	RMB million	58,363	40,219	40,219	45.1
Return on total assets as at the end of the period	%	7.6	5.3	5.3	Increased by 2.3 percentage points
Return on net assets as at the end of the period	%	11.4	7.5	7.5	Increased by 3.9 percentage points
EBITDA	RMB million	65,407	47,317	47,317	38.2

		As at 30 June 2022	As at 31 December 2021		Change %
			After restatement	Before restatement	
Total assets	RMB million	653,715	610,372	610,597	7.1
Total liabilities	RMB million	205,227	161,376	161,376	27.2
Total equity	RMB million	448,488	448,996	449,221	(0.1)
Equity attributable to equity holders of the Company	RMB million	372,512	379,853	380,038	(1.9)
Total share capital as at the end of the period	RMB million	19,869	19,869	19,869	0.0
Equity attributable to equity holders per share	RMB/share	18.75	19.12	19.13	(1.9)
Gearing ratio	%	31.4	26.4	26.4	Increased by 5.0 percentage points
Total debt to equity ratio	%	11.9	12.4	12.4	Decreased by 0.5 percentage point

Reasons for restatement of financial statements:

In May 2020, International Accounting Standards Board issued the Amendments to IAS 16, "Property, Plant and Equipment: Proceeds before Intended Use", making amendments to the accounting treatment of sales on trial operation before property, plant and equipment are ready for intended use. Such amendments should be implemented from 1 January 2022.

From 1 January 2022, the Group has accounted for the proceeds and costs in relation to the sales on trial operation respectively, and recognised in profit or loss for the current period, and meanwhile in accordance with the amendments above, applied the amendments retrospectively to the sales on trial operation that occurred between the beginning of the earliest period in which the financial statements were presented for the first time and the date of implementation.

Section II Company Profile and Major Financial Indicators (Continued)

The impact of the retrospective adjustments of the above accounting policy changes on the consolidated statement of financial position as at 31 December 2021, which was prepared in accordance with International Financial Reporting Standards, is as follows: Property, plant and equipment decreased by RMB225 million, and shareholders' equity decreased by RMB225 million, respectively, as at 31 December 2021.

Since the Group had no sales on trial operation from January to June 2021, the retrospective adjustments of the above accounting policy changes have no impact on the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows from January to June 2021.

For the details of the above accounting policy changes and restatement of financial statements, please refer to the Inside Information Announcement – Changes in Accounting Policies disclosed on 27 April 2022.

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 2022	The first half of 2021		As at 30 June 2022	As at 31 December 2021	
		After restatement	Before restatement		After restatement	Before restatement
Under China Accounting Standards for Business Enterprises	41,144	26,026	26,026	369,378	376,690	376,875
Adjustments for:						
Simple production maintenance, safety production and other related expenditures	1,331	474	474	3,134	3,163	3,163
Under International Financial Reporting Standards	42,475	26,500	26,500	372,512	379,853	380,038

Explanation on differences in domestic and overseas accounting standards:

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

Section III Board Statement

DEAR SHAREHOLDERS,

In the first half of 2022, global economic growth slowed down, local conflicts caused energy shortages, and energy security was prominent. Countries continued to strengthen the construction of energy supply chains and coal prices fluctuated at high levels. In order to ensure an adequate supply and stable prices of energy, the Chinese government has issued a number of policies such as increase in accounting of coal production capacity, price control, and medium- to long-term agreements, which have achieved a basically stable operation of the national coal economy and an effective guarantee of coal supply.

As the largest listed coal company in China, China Shenhua has thoroughly grasped the spirit of the General Secretary Xi Jinping's important indications and instructions on energy security, actively implemented the requirements for increasing production and ensuring supply in the coal industry, earnestly implemented the supply supervision measures, highlighted the work orientation of "steadiness, coordination, empowerment and quality improvement", and promoted various work as a whole. Its major indicators are better than those of the corresponding period of last year, and it has continued to maintain a good trend with a steady, positive and good progress.

In the first half of 2022, the Company recorded a revenue of RMB165.6 billion, profit for the period attributable to equity holders of the Company of RMB42.5 billion, basic earnings per share of RMB2.138, and total market value of USD85.2 billion. The Company paid a final cash dividend of RMB2.54/share (tax inclusive) for 2021 to its shareholders, which was praised as "the best central enterprise for practicing common prosperity". The Company ranked 36th in the top 500 enterprises of China of the 2022 FORTUNE.

Energy security and supply guarantee lived up. We have resolutely implemented the national energy supply guarantee decision-making plan and a package of policies and measures to stabilize the economy. We have adhered to the principle of safe production increase, systematic guarantee and seizing every ton of coal, optimized the succession of excavation and stripping, and strengthened management to tap the potential. In the first half of 2022, the average monthly production of commercial coal exceeded 26 million tonnes. We strengthened the operation and refined maintenance of thermal power generation equipment, the number of hours of power generation was year-on-year ahead in the region, with the total power generation increased by 10.1% year-on-year. The transportation segment strengthened the connection between empty and loaded vehicles, improved marshalling efficiency, efficiently organized loading and unloading, and consolidated an integrated and stable operation mechanism. We took the lead in strictly implementing the regulation policy on coal contract signing and performance, and coordinated the implementation of the medium- to long-term trading policy for electricity. The Company's regular long-term supply guarantee is orderly and effective, and the production safety situation is stable. The Company has effectively played the role of "ballast stone" and "stabilizer" in stabilizing the price and market of energy.

The enterprise operation achieved a growth in quantity and an improvement in quality. We coordinated and implemented the special actions to improve quality and efficiency and value creation, and continued to promote coal production and profit, electroheat increment and price adjustment, transportation potential and efficiency, and chemical price and income increase. The production and sales volume of Baorixile Energy, Shengli Energy and other units reached new records, with the average selling price of electricity increased by 7.9 cents/kWh year-on-year, and the non-coal transportation volume of the transportation industry exceeded 10 million tons. The industrial foundation has been further consolidated. We have obtained the exploration right of Well No.1 and Well No.2 in Xinjie and the resources in the deep areas of Shangwan and Bulianta mines. Three coal mines, including Qinglong Temple, have obtained 4.6 million tons increase in accounting of production capacity per year. The Luoyuanwan coal and electricity project has been fully completed and put into operation. The preparation for the start-up of the second-phase gas and electricity cogeneration project in Huizhou has been completed and the first-phase 70,000-ton two-way waterway project in Huanghua Port has been basically completed. The reasonable growth in quantity and steady improvement in quality have ensured the hedge and increase of the assets in value, and reflected the most reliable strength to help the steady growth of the national economy.

Section III Board Statement (Continued)

The implementation of industry intelligence construction was accelerated. We continued to enhance the new momentum of scientific and technological innovation, vigorously promoted digital transformation, and accelerated the tackling the key industry-leading projects. The intelligent technology and construction coverage of coal mines has been continuously improving. The world's largest enterprise-level 5G private network in the mining industry has been built in Shendong Mines. Daliuta Mine has passed the inspection and acceptance of the first batch of national intelligent demonstration coal mine, and Zhunge'er Energy's "5G+ unpiloted" project has achieved multi-group operation. The railway dispatching information system project was completed, the cyber-physical systems CPS of the Beijing Gas Intelligent Power Station realized the integration of intelligent management and control, and the intelligent chemical integrated construction system was put into operation. In the first half of 2022, the Company was granted 413 patents, including 99 invention patents.

Green and low-carbon development was comprehensively promoted. We have actively implemented the national goals of carbon emission peak and carbon neutrality, unswervingly promoted the green transformation and safe carbon reduction, proactively linked up with local energy development plans and key project arrangements, given full play to the advantages of capital and land, and actively obtained new energy industry resources. As of the end of the Reporting Period, our subsidiaries have commenced and put in to practice 205,000 kilowatts of photovoltaic projects. High-level efforts have been made to clean up fossil energy sources. Efforts have been made to control, among others, coal consumption for power supply and comprehensive energy consumption for chemical industry. The "three reforms" linkages of coal-fired power units have been implemented as planned. The construction of "shore power application for docks and ships" has basically been completed. The construction of ecological civilization has been strengthened with high standards. Green mines have the leading production capacity in the country. Huanghua Port has become the first port enterprise in China to win the "China Environmental Excellence Award". The CCUS project of the Jinjie Power Plant has been operating steadily and produced nearly 7,000 tons of industrial-grade liquid carbon dioxide with purity of 99.9% in the first half of 2022.

Deepening the reform results to stimulate vitality. We continued to promote the construction of a modern enterprise system with Chinese characteristics and promoted the task of state-owned enterprise reform three-year action with high quality. We conscientiously implemented the operating guidelines for central enterprises to implement the functions and powers of the board of directors of subsidiary enterprises, speeded up the improvement of the system construction, and further performed the functions and powers of the board of directors in the aspects of the company's development strategy, operation plan, financial supervision and control, personnel management, etc. to ensure the implementation and effectiveness of various systems. We carried out the special campaign of "strengthening compliance awareness and laying a solid foundation for development" to ensure that the production and operation are in compliance with the laws and regulations, and won the "Top 10 Cases of National Integrity Construction". We independently built and applied the first ESG management system of central enterprises, and continuously innovated and practiced ESG governance. The Company formulated the A+H shares compliance risk pre-control guidelines for the listed company, and further promoted the construction of "China Shenhua under the rule of law".

Party building led and guaranteed consolidation and promotion. We have implemented the general requirements for party building in the new era and the party's organizational line in the new era, implemented the "four enhancements and six promotions" measures for party building, persistently promoted the study, education and publicity of party history, continuously deepened the "Hard Work Making Socialism Realized (社會主義是幹出來的)" post achievement actions, vigorously strengthened the Party's political construction, further promoted the comprehensive and strict administration of the Party, strengthened the building of primary-level party organizations, built a contingent of high-quality professional cadres and continuously improved the leadership of Party committee, the combat effectiveness of the branches, and the executive ability of cadres.

Section III Board Statement (Continued)

The main principle is simple and practical work is the most important. In the second half of the year, we will fully implement the spirit of the work of the State-owned Assets Supervision and Administration Commission of the State Council on improving the quality of listed companies controlled by central enterprises, fully implement the requirements of preventing and controlling the epidemic, stabilizing the economy and ensuring safe development, to ensure high-quality completion of the year's objectives and tasks. Firstly, we will implement the new Work Safety Law, carry out in-depth investigation and management of major disasters and hidden dangers such as hazardous chemicals and coal mines, strengthen the safety management of first-class standardized mine construction and construction projects, enhance the emergency rescue capability, and ensure a stable safety production situation; Secondly, we will speed up the release of high-quality and compliant production capacity, make good efforts to stabilize and increase the production of self-produced coal and increase the quantity of the purchased coal to compensate for the shortage, ensure that all units should be fully and stably operated and make every effort to guarantee the energy supply; Thirdly, we will earnestly implement the requirements for medium- to long-term contracts to be signed and fulfilled, strictly implement the coal price policy, consolidate the implementation of the electricity price reform policy, and build Zhuhai Gaolan Port and Guangxi Beihai Coal Reserve Base to better play the role of leading enterprises in stabilizing prices and markets; Fourthly, we will intensify the development of Xinjie mining area, promote the construction of Beihai Power Plant, Huizhou Thermal Power Phase II, Shenshuo and Shuohuang Lines, Huangwan Line electrification, external railway special line, port expansion and other projects, implement the "three reforms" linkage of coal-fired power units as planned, improve the heating and peak-shaving capacity, and continuously enhance the quality and toughness of integrated operation; Fifthly, we will give full play to the platform and capital advantages of the listed company, expand new energy development opportunities through various channels, and ensure that the start-up projects such as photovoltaic in Shengli Energy Open Pit Dump will be put into production on schedule. We will promote the construction of the first batch of national intelligent demonstration coal mines, and strive to achieve new breakthroughs in areas such as intelligent heavy-haul railway transportation, construction of new power systems and intelligent chemical industry, so as to add stamina to accelerate the transformation and development; Sixthly, we will deepen the construction of ecological civilization, fight the battle of pollution prevention and control in depth, vigorously develop circular economy, strengthen the construction of ESG governance system, and solidly promote the green, low-carbon, harmonious, win-win and high-quality development.

**The Board of Directors of
China Shenhua Energy Company Limited**
26 August 2022

Overview of China Shenhua's Operating Results for the First Half of 2022

Table 1 Status of Completion of Operation Target

	Target for 2022	Completed in the first half of 2022	Percentage of completion %
Commercial coal production	100 million tonnes	1,576	52.9
Coal sales	100 million tonnes	2,978	52.1
Power generation	100 million kWh	1,805	47.0
Revenue	RMB100 million	2,966	55.8
Cost of sales	RMB100 million	2,048	52.1
Selling, general and administrative expenses, R&D costs and net finance costs	RMB100 million	132	40.2
Change in unit production cost of self-produced coal	Increased by approximately 10% year-on-year	Increased by 18.9% year-on-year	

Table 2 Financial Indicators

	The first half of 2022	The first half of 2021	Change %
Revenue	RMB million 165,579	143,979	15.0
Profit before tax	RMB million 55,729	38,114	46.2
EBITDA	RMB million 65,407	47,317	38.2
Profit for the period attributable to equity holders of the Company	RMB million 42,475	26,500	60.3
Basic earnings per share	RMB/share 2.138	1.334	60.3
Net cash generated from operating activities	RMB million 58,363	40,219	45.1

Table 4 Operation Data

	The first half of 2022	The first half of 2021	Change %
Commercial coal production	million tonnes 157.6	152.4	3.4
Coal sales	million tonnes 210.1	240.8	(12.7)
Transportation turnover of self-owned railway	billion tonne km 145.2	150.0	(3.2)
Loading volume at Huanghua Port	million tonnes 103.2	109.4	(5.7)
Loading volume at Tianjin Coal Dock	million tonnes 20.3	22.8	(11.0)
Shipping volume	million tonnes 65.8	59.3	11.0
Shipping turnover	billion tonne nautical miles 64.4	53.0	21.5
Gross power generation	billion kWh 84.79	77.04	10.1
Total power output dispatch	billion kWh 79.60	72.04	10.5
Sales of polyethylene	thousand tonnes 183.7	190.2	(3.4)
Sales of polypropylene	thousand tonnes 174.6	180.9	(3.5)

Table 5 Commercial Coal Production Volume

	The first half of 2022	The first half of 2021	Change %
Total production	157.6	152.4	3.4
By mines			
Shandong Mines	94.7	94.5	0.2
Zhunge'er Mines	34.3	33.0	3.9
Shengli Mines	13.4	12.7	5.5
Baorixile Mines	14.5	11.5	26.1
Baotou Mines	0.7	0.7	-
By regions			
Inner Mongolia	108.9	103.2	5.5
Shaanxi	46.3	47.4	(2.3)
Shanxi	2.4	1.8	33.3

Table 9 Domestic Coal Sales Volume

	The first half of 2022	Proportion of domestic sales %	The first half of 2021	Change %
Domestic sales	208.0	100.0	238.0	(12.6)
By regions				
Northern China	69.3	33.3	75.9	(8.7)
Eastern China	68.0	32.7	93.7	(27.4)
Central China and Southern China	30.9	14.9	39.2	(21.2)
Northeast China	21.0	10.1	19.5	7.7
Others	18.8	9.0	9.7	93.8
By usage				
Thermal coal	162.3	78.0	189.9	(14.5)
Metallurgy	7.9	3.8	10.8	(26.9)
Chemical (including coal slurry)	29.5	14.2	34.9	(15.5)
Others	8.3	4.0	2.4	245.8

Table 10 Status of Completion of Capital Expenditure

	Plan for 2022	Completion in the first half of 2022
Total	326.11	97.80
Coal segment	61.57	35.66
Power segment	171.86	42.67
Transportation segment	80.69	18.43
Including: Railway	64.87	13.60
Port	15.38	4.83
Shipping	0.44	-
Coal chemical segment	4.83	0.92
Others	7.16	0.12

Table 12 Coal Sales Price

	The first half of 2022			The first half of 2021			Change	
	Sales volume million tonnes	Percentage to total sales volume %	Average price (excluding tax) RMB/tonne	Sales volume million tonnes	Percentage to total sales volume %	Average price (excluding tax) RMB/tonne	Sales volume %	Average price (excluding tax) %
Total sales volume/average price (excluding tax)	210.1	100.0	633	240.8	100.0	499	(12.7)	26.9
I. Classify by contract pricing mechanism								
(I) Sales through Trading Group	199.0	94.7	651	229.6	95.3	512	(13.3)	27.1
1. Annual long-term agreement	104.5	49.7	513	99.2	41.2	412	5.3	24.5
2. Monthly long-term agreement	74.1	35.3	808	103.1	42.8	614	(28.1)	31.6
3. Spot commodity	20.4	9.7	780	27.3	11.3	489	(25.3)	59.5
(II) Direct sales at the coal mine pit	11.1	5.3	322	11.2	4.7	231	(0.9)	39.4
II. Classify by internal and external customers								
(I) Sales to external customers	175.3	83.4	650	212.1	88.0	506	(17.4)	28.5
(II) Sales to internal power segment	32.3	15.4	556	26.4	11.0	458	22.3	21.4
(III) Sales to internal coal chemical segment	2.5	1.2	450	2.3	1.0	322	8.7	39.8

Table 3 Segment Results

	Coal		Power		Railway		Port		Shipping		Coal chemical		Unallocated items		Eliminations		Total		
	The first half of 2022	The first half of 2021	The first half of 2022	The first half of 2021	The first half of 2022	The first half of 2021	The first half of 2022	The first half of 2021	The first half of 2022	The first half of 2021	The first half of 2022	The first half of 2021	The first half of 2022	The first half of 2021	The first half of 2022	The first half of 2021	The first half of 2022	The first half of 2021	
Revenue from external customers	RMB million 116,528	RMB million 109,882	RMB million 37,075	RMB million 27,148	RMB million 6,945	RMB million 2,649	RMB million 983	RMB million 399	RMB million 623	RMB million 617	RMB million 3,425	RMB million 3,260	RMB million -	RMB million 24	RMB million -	RMB million -	RMB million 165,579	RMB million 143,979	
Inter-segment revenue	19,724	13,514	85	32	14,067	17,335	2,254	2,898	2,408	2,170	-	-	269	108	(38,807)	(36,057)	-	-	
Sub-total of segment revenue	136,252	123,396	37,160	27,180	21,012	19,984	3,237	3,297	3,031	2,787	3,425	3,260	269	132	(38,807)	(36,057)	165,579	143,979	
Segment cost of sales	(94,628)	(99,187)	(32,377)	(23,377)	(11,342)	(9,866)	(1,666)	(1,693)	(2,503)	(2,132)	(2,804)	(2,423)	(11)	(8)	38,654	35,909	(106,677)	(102,777)	
Profit before tax	39,339	21,859	3,945	2,990	8,171	9,061	1,357	1,413	442	573	499	743	1,884	1,168	92	307	55,729	38,114	
As at 30 June 2022	As at 31 December 2021	As at 30 June 2022	As at 31 December 2021	As at 30 June 2022	As at 31 December 2021	As at 30 June 2022	As at 31 December 2021	As at 30 June 2022	As at 31 December 2021	As at 30 June 2022	As at 31 December 2021	As at 30 June 2022	As at 31 December 2021	As at 30 June 2022	As at 31 December 2021	As at 30 June 2022	As at 31 December 2021	As at 30 June 2022	As at 31 December 2021
RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Segment total assets	295,937	268,067	146,842	166,429	131,734	139,551	21,137	19,821	8,296	8,065	9,298	8,864	488,665	446,069	(448,194)	(446,494)	653,715	610,372	
Segment total liabilities	(118,029)	(120,171)	(116,530)	(134,566)	(47,329)	(66,285)	(6,482)	(6,519)	(448)	(514)	(1,542)	(2,425)	(263,923)	(176,717)	349,056	335,821	(205,227)	(161,376)	

Table 6 Power Business

Power plants	Power grid	Location	Gross power generation 100 million kWh	Total power output dispatch 100 million kWh	Average utilization hours	Standard coal consumption for power output dispatch g/kWh	Power tariff RMB/mWh	Total installed capacity as at 31 December 2021 MW	Increase/(decrease) in installed capacity for the first half of 2022 MW	Total installed capacity as at 30 June 2022 MW	Equity Installed capacity as at 30 June 2022 MW
Zhunge'er Power	North China Power Grid	Inner Mongolia	18.0	16.3	2,731	335	435	660	-	660	381
Shandong Power	Northwest/North/China/ Shaanxi Provincial Local Power Grid	Inner Mongolia	112.5	104.0	2,241	318	379	5,014	-	5,014	4,528
Shengli Power	North China Power Grid	Inner Mongolia	21.8	19.9	1,649	340	316	1,320	-	1,320	1,320
Cangdong Power	North China Power Grid	Hebei	57.1	54.5	2,267	295	398	2,520	-	2,520	1,285
Dingzhou Power	North China Power Grid	Hebei	57.6	53.2	2,286	302	398	2,520	-	2,520	1,021
Taishan Power	South China Power Grid	Guangdong	116.3	122.9	2,401	309	439	5,120	-	5,120	4,096
Huizhou Thermal	South China Power Grid	Guangdong	21.2	19.3	3,211	304	419	660	-	660	660
Fujian Energy (coal-fired power)	East China Power Grid	Fujian	85.9	81.9	2,059	294	422	3,810	1,000	4,810	3,378
Jinjie Energy	North China Power Grid	Shaanxi	92.0	85.3	2,472	310	339	3,720	-	3,720	2,604
Shouguang Power (coal-fired power)	North China Power Grid	Shandong	41.7	39.6	2,065	280	458	2,020	-	2,020	1,212
Jiujiang Power	Central China Power Grid	Jiangxi	51.8	49.4	2,590	279	430	2,000	-	2,000	2,000
Sichuan Energy (coal-fired power)	Sichuan Power Grid	Sichuan	67.8	63.9	2,081	303	433	3,260	-	3,260	2,102
Mengjin Power	Central China Power Grid	Henan	22.7	21.2	1,891	294	371	1,200	-	1,200	612
Luzhou Power	Guangxi Power Grid	Guangxi	14.8	14.0	2,114	317	484	700	-	700	490
Yongzhou Power	Hunan Power Grid	Hunan	30.4	29.0	1,519	285	468	2,000	-	2,000	1,600
EMM Indonesia	PLN	Indonesia	7.7	6.7	2,558	366	524	300	-	300	210
Total of coal-fired power plants/weighted average			825.9	774.5	2,220	304	409	36,824	1,000	37,824	27,499
Other power plants											
Beijing Gas-fired Power	North China Power Grid	Beijing	19.1	18.6	2,012	186	568	950	-	950	950
Sichuan Energy (hydropower)	Sichuan Provincial Local Power Grid	Sichuan	2.8	2.8	2,268	/	255	125	-	125	62
Fujian Energy (photovoltaic)	East China Power Grid	Fujian	0.1	0.1	338	/	425	-	24	24	12
Shouguang Power (photovoltaic)	North China Power Grid	Shandong	-	-	5	/	349	-	6	6	4

Table 13 Coal Resources Reserves

Mines	Coal resources (under PRC standard)			Recoverable reserve (under PRC standard)			Marketable reserve (under JORC standard)		
	As at 30 June 2022	As at 31 December 2021	Change	As at 30 June 2022	As at 31 December 2021	Change	As at 30 June 2022	As at 31 December 2021	Change
	100 million tonnes	100 million tonnes	%	100 million tonnes	100 million tonnes	%	100 million tonnes	100 million tonnes	%
Shandong Mines	152.9	153.9	(0.6)	86.7	87.2	(0.6)	41.7	42.7	(2.3)
Zhunge'er Mines	36.8	37.2	(1.1)	29.3	29.6	(1.0)	18.4	18.8	(2.1)
Shengli Mines	19.5	19.6	(0.5)	13.2	13.3	(0.8)	1.4	1.5	(6.7)
Baorixile Mines	13.2	13.3	(0.8)	11.0	11.1	(0.9)	11.2	11.3	(0.9)
Baotou Mines	0.5	0.5	-	0.3	0.3	-	-	-	/
Xinjie Mines	108.0	107.6	0.4	/	/	/	/	/	/
Total of China Shenhua	330.9	332.1	(0.4)	140.5	141.5	(0.7)	72.7	74.3	(2.2)

Table 7 Cost of Sales of Coal Segment

	The first half of 2022	The first half of 2021	Change %
Cost of coal purchased	RMB million 30,096	RMB million 41,522	(27.5)
Materials, fuel and power	4,478	3,894	15.0
Personnel expenses	6,654	3,968	67.7
Repairs and maintenance	1,867	1,604	16.4
Depreciation and amortization	3,208	2,863	12.1
Cost of transportation	25,778	28,699	(10.2)
Other costs	13,457	10,634	26.5
Taxes and surcharges	9,090	6,003	51.4
Total cost of sales	94,628	99,187	(4.6)

Table 8 Cost of Sales of Power Segment

	The first half of 2022			The first half of 2021			Change in unit cost	
	Cost	Power output dispatch	Unit cost	Cost				



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 Baorixile Mines	A5. 包頭礦區 Baotou Mines	
A6. 新街台格廟勘查區 (前期工作階段) Xinjie Taigemiao Exploration Area (preliminary work in progress)		

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 Liuzhou Power	B15. 九江電力 Jiujiang Power	B16. 印尼爪哇 Indonesia Java
		B17. 永州電力 Yongzhou Power	B18. 勝利能源 Shengli Energy

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. 塔神鐵路 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2022年6月30日之分佈圖，僅做示意
② 以審圖號GS(2019)1818號地圖為基礎編制

Note:
① This map as at 30 June 2022 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
- 准班輪航線
Quasi-liner Shipping Route

Section IV Management Discussion and Analysis

I. INDUSTRY AND PRINCIPAL BUSINESSES CONDITIONS OF THE COMPANY IN THE FIRST HALF OF THE YEAR

(I) Competition and Development Trend in the Industry¹

1. Macroeconomic Environment

Since 2022, economic development has faced complex and difficult situation against the backdrop of a complicated international environment and sporadic COVID-19 outbreaks in China. The Chinese government coordinated the pandemic prevention and control with economic and social development, strengthened its efforts in the regulation of macro policies, and effectively implemented a set of policies and measures to stabilise the economy, leading to effective control of the rebound of the pandemic, stabilisation and recovery of national economy, marginal improvement on production demand, basically stable market prices and continuous high-quality development trend. In the first half of this year, China's gross domestic product (GDP) grew 2.5% year on year, and the national consumer price index (CPI) increased by 1.7% year on year.

2. Coal Market Environment

(1) *China's Thermal Coal Market*

In the first half of 2022, under the guidance of China's energy supply and price stabilisation policy, the self-sufficiency of coal has been significantly improved, the proportion of medium- and long-term contract sales has increased significantly, seasonal fluctuations in consumption were evident, and the domestic coal supply and demand were generally stable and orderly. In the first half of this year, the price of medium- and long-term contracts for thermal coal (5,500 kcal, seaborne coal at northern ports) was stable within a reasonable range, with an average price of approximately RMB721/tonne; as of the end of June 2022, the Bohai-Rim Steam-Coal Price Index (5,500 kcal) was RMB733/tonne, representing a year-on-year decrease of RMB4/tonne as compared to the end of the previous year; the average value of price index in the first half of this year was RMB738/tonne, representing a year-on-year increase of RMB132/tonne or approximately 21.8%.

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 judgments 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)

	First half of 2022	Year-on-year change %
Industrial raw coal output above designated scale in China (<i>billion tonnes</i>)	2.19	11.0
Coal import (<i>billion tonnes</i>)	0.115	(17.5)
National coal transportation by railways (<i>billion tonnes</i>)	1.33	4.4

From the perspective of the supply side, all major coal-producing provinces and regions actively explored production potential under the premise of ensuring safety, effectively releasing advanced production capacity and achieving increased production and supply. In the first half of this year, the national industrial raw coal output above scale was 2.19 billion tonnes, representing a year-on-year increase of 11.0%, of which 380 million tonnes of raw coal were produced in June, with an average daily output of 12.64 million tonnes. Increase in coal production in the first half of this year was mainly from four provinces, namely Shanxi, Shaanxi, Inner Mongolia and Xinjiang. The national coal transportation by railways continued to grow, with 1.33 billion tonnes of coal dispatched in the first half of this year, representing a year-on-year increase of 4.4%. In the first half of this year, China imported 115 million tonnes of coal, representing a year-on-year decrease of 17.5%. The level of coal storage in key links has been comprehensively improved to effectively ensure the safety of coal supply.

From the perspective of the demand side, coal consumption was generally stable in the first half of this year. The output of wind, photovoltaic, water and other clean energy increased significantly, while thermal power generation decreased year on year. Coal demand in the iron and steel industry gradually stabilised in the second quarter. Affected by the continuous downturn in the real estate industry, coal consumption in the building materials industry decreased year on year. The chemical industry as a whole showed rapid development, and coal sales maintained growth.

(2) International thermal coal market

In the first half of 2022, the international situation was complex, with intensified energy shortages in many countries, significant increase in demand for coal and upward fluctuation of international coal price. Major coal-producing countries such as China, India, Indonesia and the United States maintained growth in production; however, coal exports from major coal exporters such as Indonesia, Russia and Australia declined due to various factors. The flow of coal trade has changed, with the restart of coal-fired power generation in the EU and a significant increase in coal imports. EU coal imports increased by approximately 49.6% year on year in the first half of this year, while the volume of coal import in China and India decreased year on year. Coal price continued to rise due to the imbalance between supply and demand. As of 1 July, the spot price of Newcastle NEWC thermal coal amounted to USD390.40 per tonne, representing an increase of 123.1% as compared to the start of the year, and the average price for the first half of this year amounted to approximately USD271 per tonne, representing a year-on-year increase of 173.0%.

Section IV Management Discussion and Analysis (Continued)

3. Power Market Environment

In the first half of 2022, the growth rate of China's electricity consumption demand slowed down. China's national power consumption reached 4,097.7 billion kWh, representing a year-on-year increase of 2.9%. Power generation by power plants above scale totalled 3,963.1 billion kWh, representing a year-on-year increase of 0.7%. Among them, due to the rapid growth of non-fossil energy power generation, the growth rate of hydropower and solar power generation has exceeded 20%; thermal power generation amounted to 2,727.7 billion kWh, representing a year-on-year decrease of 3.9%, accounting for 68.8% of the national power generation, and remained the most significant source of power supply in China. The national average utilisation hours of generating units of the power plants with the installed capacity of 6,000KW and above was 1,777 hours, representing a year-on-year decrease of 81 hours. Among them, the average utilisation hours of thermal power generation equipment reached 2,057 hours, representing a year-on-year decrease of 133 hours (the average utilisation hours of coal-fired power reached 2,139 hours, representing a year-on-year decrease of 123 hours).

The non-fossil energy power generation installed capacity has grown significantly. In the first half of this year, investment in non-fossil energy power generation accounted for approximately 84.7% of investment in power sources. As of the end of June 2022, the national full-calibre power generation installed capacity reached 2.44 billion kilowatts, of which non-fossil energy power generation installed capacity was 1.18 billion kilowatts, representing a year-on-year increase of 14.8%, accounting for 48.2% of the total installed capacity. Thermal power (including biomass power) was 1.30 billion kilowatts, accounting for 53.3% of the total installed capacity, representing a decrease of 1.3 percentage points from the end of the previous year.

The market transaction volume increased significantly, with electricity price level rising year on year. In the first half of this year, power trading centers across China organized and completed a total of 2,482.6 billion kWh of market transactions, representing a year-on-year increase of 45.8%, constituting 60.6% of total power consumption in the whole society; of which the total medium- and long-term direct transaction volume of power was 1,997.1 billion kWh, representing a year-on-year increase of 45.0%. The inter-regional and inter-provincial power transmission increased year on year. All provinces effectively implemented the transaction electricity price and achieved a significant year-on-year increase in the electricity price level.

Section IV Management Discussion and Analysis (Continued)

4. Outlook for the Second Half Of the Year

In the second half of 2022, despite the risk of stagflation in the global economy and increasing uncertainties in the recovery of the domestic economy, the long-term positive fundamentals of China's economy remain unchanged. The Chinese government will fully, accurately and comprehensively implement the new development concept, efficiently coordinate pandemic prevention and control and economic and social development, seize the critical period of economic recovery, pay close attention to the implementation of a package of policies to stabilise the economy, continue to implement the work of "Stability in Six Areas" and "Six Priorities", continue to increase efficiency, activate power and drive, and continuously consolidate the foundation for economic stability and recovery, with the economic operation expected to gradually improve and the economic growth rate running within a reasonable interval.

From the perspective of the coal industry, the growth rate of coal consumption in the second half of this year will continue to recover, and the growth rate may be higher than that in the first half of the year. Along with the rebound of the growth rate of electricity consumption in the whole society in the second half of the year, the demand for coal will increase slightly. The release of high-quality coal production capacity will continue to accelerate, and coal imports are expected to remain weak year on year. The coverage of medium- and long-term contracts for coal will be further improved, and the supply and demand in China's coal market will remain generally balanced, with prices running in a reasonable interval.

From the perspective of the power industry, China's package of policies and measures to stabilise the economy has provided the most important support for economic recovery and the growth of electricity consumption in the whole society. It is expected that the growth rate of power consumption throughout the society in the second half of the year will rebound as compared with the first half of the year. The proportion of non-fossil energy installed capacity will continue to grow, and the power security supply guarantee capability will be improved. Taking into account uncertain factors such as temperature, precipitation and pandemic, the power supply and demand in some areas may be generally in tight balance during the peak summer and peak winter periods.

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 and Baorixile Mines, etc. As at 30 June 2022, the Company had coal reserves of 33.09 billion tonnes and recoverable coal reserves of 14.05 billion tonnes under the PRC Standard; In the first half of 2022, the Group realized commercial coal production volume of 157.6 million tonnes and the sales volume of coal of 210.1 million tonnes. 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 38,929 MW by the end of June 2022, with a total power output dispatch of 79.60 billion kWh in the first half of 2022. The Group controls and operates 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 Huanghua-Dajiawa Railway, a new energy channel in Bohai Rim. The total length of railways in operation has reached 2,408 km. The transportation turnover of the self-owned railway reached 145.2 billion tonnes km in the first half of 2022. The Group also controls and operates a number of ports and docks (approximately 270 million tonnes/year vessel loading capability in aggregate), such as Huanghua Port, possesses the shipping transportation team comprising its own vessels with approximately 2.18 million tonnes of loading capacity and conducts coal-to-olefins businesses with approximately 0.6 million tonnes/year of operation and production capacity. The Group's technology in coal exploitation and production safety has secured a leading position in the global market, and that of clean coal-fired power generation and heavy-loaded railway transportation has secured a leading position in the domestic market.

During the reporting period, the Group made no significant change in the scope of its principal businesses, operation model and key drivers to performance.

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) premium 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, clean coal-fired power generation, heavy-loaded railway transportation and coal-to-olefins.

III. DISCUSSION AND ANALYSIS ON OPERATION RESULTS

In the first half of this year, the Group steadily improved its operational performance, and continued to maintain a good trend of steady, positive and excellent progress.

The Group recorded a revenue of RMB165,579 million in the first half of 2022 (the first half of 2021: RMB143,979 million), achieving 55.8% of the business target for 2022, representing a year-on-year increase of 15.0%; a profit before tax of RMB55,729 million (the first half of 2021: RMB38,114 million), representing a year-on-year increase of 46.2%; the profit for the period attributable to equity holders of the Company of RMB42,475 million (the first half of 2021: RMB26,500 million); and basic earnings per share of RMB2.138/share (the first half of 2021: RMB1.334/share), representing a year-on-year increase of 60.3%.

The status of completion of 2022 business targets of the Group is as follows:

Item	Unit	Targets of 2022	Completion in the first half of 2022	Percentage of completion %
Commercial coal production	100 million tonnes	2,978	1,576	52.9
Coal sales	100 million tonnes	4,029	2,101	52.1
Power generation	100 million kWh	1,805	847.9	47.0
Revenue	RMB100 million	2,966	1,655.79	55.8
Cost of sales	RMB100 million	2,048	1,066.77	52.1
Selling, general and administrative expenses, R&D costs and net financial costs	RMB100 million	132	53.08	40.2
Change in unit production cost of self-produced coal	/	Year-on-year increase of approximately 10%	Year-on-year increase of 18.9 %	/

Note: The above 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 consolidated statement of cash flows

Unit: RMB million

Item	The first half of 2022	The first half of 2021	Change %
Revenue	165,579	143,979	15.0
Cost of sales	(106,677)	(102,777)	3.8
General and administrative expenses	(4,575)	(3,586)	27.6
Research and development costs	(703)	(471)	49.3
Other income	545	309	76.4
Interest income	1,502	1,133	32.6
Share of results of associates	1,274	708	79.9
Income tax expense	(6,238)	(6,347)	(1.7)
Net cash generated from operating activities	58,363	40,219	45.1
Net cash (used in)/generated from investing activities	(16,309)	5,489	(397.1)
Net cash used in financing activities	(3,163)	(1,396)	126.6

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

The revenue of the Group in the first half of 2022 recorded a year-on-year increase. The main reasons for such change are:

- ① The average coal sales price recorded a year-on-year increase of 26.9%, due to strong coal demand in the coal market and rise in coal price;
- ② The Group's electricity sales and average price of electricity sales increased by 10.5% and 23.7% year on year, respectively, due to the successive commencement of operation of several units of the Group since the second half of 2021 and the adjustment to the electricity price policy.

Section IV Management Discussion and Analysis (Continued)

Major operating indicator	Unit	The first half of 2022	The first half of 2021	Change %
(I) Coal				
1. Commercial coal production	Million tonnes	157.6	152.4	3.4
2. Coal sales	Million tonnes	210.1	240.8	(12.7)
Of which: Sales of self-produced coal	Million tonnes	160.0	152.2	5.1
Sales of purchased coal	Million tonnes	50.1	88.6	(43.5)
(II) Transportation				
1. Turnover of self-owned railways	Billion tonne kilometres	145.2	150.0	(3.2)
2. Loading volume at Huanghua Port	Million tonnes	103.2	109.4	(5.7)
3. Loading volume at Tianjin Coal Dock	Million tonnes	20.3	22.8	(11.0)
4. Shipping volume	Million tonnes	65.8	59.3	11.0
5. Shipment turnover	Billion tonne nautical miles	64.4	53.0	21.5
(III) Power generation				
1. Gross power generation	Billion kWh	84.79	77.04	10.1
2. Total power output dispatch	Billion kWh	79.60	72.04	10.5
(IV) Coal chemicals				
1. Sales of polyethylene	Thousand tonnes	183.7	190.2	(3.4)
2. Sales of polypropylene	Thousand tonnes	174.6	180.9	(3.5)

Section IV Management Discussion and Analysis (Continued)

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

Breakdown of cost of sales	The first half of 2022		The first half of 2021		Change of the amount %
	Amount RMB million	Percentage %	Amount RMB million	Percentage %	
Cost of coal purchased	30,096	28.2	41,522	40.4	(27.5)
Raw materials, fuel and power	12,894	12.1	10,996	10.7	17.3
Personnel expenses	12,586	11.8	8,260	8.0	52.4
Repairs and maintenance	4,744	4.4	5,170	5.0	(8.2)
Depreciation and amortization	9,209	8.6	8,489	8.3	8.5
Transportation expenses	9,357	8.8	8,391	8.2	11.5
Tax and surcharge	9,934	9.3	6,782	6.6	46.5
Other	17,857	16.8	13,167	12.8	35.6
Total cost of sales	106,677	100.0	102,777	100.0	3.8

The cost of sales of the Group in the first half of 2022 represented a year-on-year slight increase, of which:

- ① The main reason for the year-on-year decrease in the cost of purchased coal: the sales volume of coal purchased decreased by 43.5% year on year.
- ② The main reasons for the year-over-year increase in the cost of raw materials, fuel and power: the increase in power generation and coal purchase price; rising electricity prices in West Inner Mongolia Region leading to the rise of electricity charge.
- ③ The main reasons for the year-on-year increase in personnel expenses: the provision of employee unpaid wages and bonuses increased year-on-year according to the operating performance and assessment of the Group; the increase in the number of employees resulting in an increase in wages and social security contributions.
- ④ The main reason for the year-on-year decrease in repair and maintenance costs: the decrease in repairs and maintenance costs in railway, port, shipping and coal chemical segments affected by the maintenance schedule.
- ⑤ The main reasons for the year-on-year increase in depreciation and amortization: the successive commencement of operation of a number of the Group's generating units since the second half of 2021; and the increase in the purchase of coal mine production equipment.
- ⑥ The main reasons for the year-on-year increase in transportation expenses: the increase in fuel costs due to the increase in fuel prices, the increase in vessel rental charges.

Section IV Management Discussion and Analysis (Continued)

- ⑦ The main reason for the year-on-year increase in taxes and surcharges: the increase in resource taxes as a result of the increase in income from the sale of self-produced coal.
- ⑧ The main reasons for the year-on-year increase in other costs: the increase in mining engineering expenses, expenses for coal exploitation service, expenses for coal washing, selection and processing, etc. in certain coal subsidiaries of the Group; the increase in the cost accounted for Indonesia Java and South Sumatra No. 1 projects calculated in accordance with the relevant provisions of the concession agreement.

(3) Other items of profit and loss statement

- ① The main reason for the year-on-year increase in general and administrative expenses: the increase in personnel expenses.
- ② The main reason for the year-on-year increase in R&D costs: the increase in R&D costs of the Group's projects such as smart mines and smart railways.
- ③ Other income during the Reporting Period was mainly the government subsidies related to daily activities obtained by certain coal-fired power plants of the Group.
- ④ The main reason for the year-on-year increase in interest income: the increase in the average balance of deposits of the Group resulted in the increase in interest income.
- ⑤ The main reason for the year-on-year increase in share of results of associates: the increase in the profit recognised by the Group for associate companies.
- ⑥ The main reason for the year-on-year decrease in the average income tax rate: certain coal subsidiaries of the Group settled and paid the income tax at a preferential tax rate of 15% in accordance with the corporate income tax policy of the Western Development, and the overpaid tax in previous years was offset against the current income tax.

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 as well as reduced the costs of capital under the premise of safeguarding the operation on an on-going basis. In accordance with the policy of the Company, the capital was invested in infrastructure, mergers and acquisitions and other projects.

- ① Net cash generated from operating activities: net cash inflow in the first half of 2022 was RMB58,363 million (net inflow in the first half of 2021: RMB40,219 million), representing a year-on-year increase of 45.1%, which was mainly due to increased revenue.
- ② Net cash flow generated from investing activities: net cash outflow in the first half of 2022 was RMB16,309 million (net inflow in the first half of 2021: RMB5,489 million), representing a year-on-year change of 397.1%, which was mainly due to the increase in newly-added time deposits during the reporting period and more cash received from the maturity of time deposits and the disposal of subsidiaries and other investment activities in the same period of the last year.
- ③ Net cash flow used in financing activities: net cash outflow in the first half of 2022 was RMB3,163 million (net outflow in the first half of 2021: RMB1,396 million), representing a year-on-year increase of 126.6%, which was mainly due to more repayment of borrowings during the Reporting Period.

Section IV Management Discussion and Analysis (Continued)

(5) Research and development expenses

Expensed research and development expenditure in the period (<i>RMB million</i>)	703
Capitalized research and development expenditure in the period (<i>RMB million</i>)	325
Total research and development expenditure (<i>RMB million</i>)	1,028
Ratio of capitalized research and development expenditure (%)	31.6
Percentage of total research and development expenditure to revenue (%)	0.6
Number of research and development personnel in the Company (<i>number of person</i>)	2,616
Ratio of research and development personnel to the total number of persons in the Company (%)	3.2

In the first half of 2022, the investment in research and development of the Group represented a year-on-year increase of 33.0% (the first half of 2021: RMB773 million), which was mainly used for the smart mine project of Shendong mining area, research and application project of key technology of unmanned transportation operation system in Zhunge'er Mines open pit mine, intelligent operation and maintenance technology of heavy-haul railway infrastructure, and expanding test and engineering application of mobile blocking of heavy-haul railway, etc..

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 company

The main operation mode of the Group is the integrated industrial chain of coal production, coal transportation (railway, port, shipping), coal conversion (power generation and coal chemical), and there are business contacts among the segments. In the first half of 2022, the Group's coal, power generation, transportation and coal chemical segments accounted for 73%, 7%, 19% and 1% (the first half of 2021: 60%, 8%, 30% and 2%) of profits before tax (before elimination). Affected by the increase in coal prices and other factors, the proportion of profits before tax in the coal segment increased.

During the reporting period, the Company made no significant change in the business model, composition of profit or source of profit.

(II) Explanation on the Material Changes in Profit Incurred from 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 2022		As at 31 December 2021		Change of the amount %	Main reasons for changes
	Amount RMB million	Percentage of total assets %	Amount RMB million	Percentage of total assets %		
Accounts and bills receivables	11,982	1.8	13,607	2.2	(11.9)	More release of bills receivables during the current period
Restricted bank deposits	6,534	1.0	4,479	0.7	45.9	Provident deposit of the mine environment treatment and restoration funds under regulations
Time deposits with original maturity over three months	5,520	0.8	1,701	0.3	224.5	Increase in time deposits in banks
Cash and cash equivalents	195,870	30.0	156,706	25.7	25.0	Increase of net cash generated from operating activities
Assets held for sale	38	0.0	294	0.0	(87.1)	Disposal of assets of Watermark Project for the current period
Accounts and bills payables	30,073	4.6	35,216	5.8	(14.6)	Decrease in project amount and commodity amount payable; some bank bills accepted during current period
Accrued expenses and other payables	84,859	13.0	29,109	4.8	191.5	Unpaid final dividend of 2021 as of the end of the reporting period; Increase in staff salaries and bonuses payable
Income tax payable	5,023	0.8	9,028	1.5	(44.4)	Decrease in average corporate income tax rate during the current period and decrease in income tax payable at the end of the period

Section IV Management Discussion and Analysis (Continued)

2. Explanation on Offshore Assets

As of 30 June 2022, the total offshore assets of the Group (including Hong Kong, Macau and Taiwan, China) amounted to RMB28,909 million, representing 4.4% to total assets, which are mainly composed of the power generation assets in Indonesia and the assets from U.S. dollar-denominated bonds issued in Hong Kong, the PRC.

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

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

As of 30 June 2022, the balance of the restricted assets of the Group was RMB7,306 million, which mainly consisted of fixed assets and various deposits secured and guaranteed for acquiring bank borrowings.

(IV) Operation results by business segment

1. Coal Segment

(1) Production and operations

In the first half of 2022, based on normalized energy supply, the Group strengthened coal safety production, optimized the mining and stripping succession of coal mines, and realized stable production and production increase. As a result, the commercial coal output achieved 157.6 million tonnes (the first half of 2021: 152.4 million tonnes), representing a year-on-year increase of 3.4%. The total footage of advancing tunnels at underground mines was 229 thousand meters (the first half of 2021: 230 thousand meters), among which Shendong Mines recorded footage of advancing tunnels of 219 thousand meters (the first half of 2021: 223 thousand meters); the total commercial coal production of open-pit coal mines was 57.9 million tonnes (first half of 2021: 53.3 million tonnes), representing a year-on-year increase of 8.6%. Safe production was maintained in coal mines. In the first half of the year, the fatality rate of the Group's raw coal production per million tonnes was zero.

In the first half of 2022, the Group's coal exploration expenses were not incurred (the expenses incurred before the conclusion of feasibility study and related to exploration and evaluation of coal resources, which amounted to RMB4,000 million in the first half of 2021); The Company's relevant capital expenditure of mining development and exploration amounted to approximately RMB970 million (the first half of 2021: RMB5,440 million), which was mainly attributable to the payment of the transfer proceeds for the coal resource of Shangwan Coal Mine and Bulianta Coal Mine.

Section IV Management Discussion and Analysis (Continued)

The Group continued to promote the coal resources acquisition and capacity enhancement. For the Exploration License of Xinjie Mine 1 and Xinjie Mine 2 in Taigemiao North Area in Inner Mongolia Dongsheng Coalfield issued by the relevant authorities, the reconnaissance report has been completed and the exploration reports have been reviewed and filed; The acquisition of blank areas and deep resources of Shangwan Coal Mine and Bulianta Coal Mine was carried out in an orderly manner; 321 hectares continuous production land of Heidaigou Open-pit Mine and 289 hectares continuous production land of Ha' erwusu Open-pit Mine have gained the approval from the Ministry of Natural Resources of China, which effectively guaranteed the land demand in the past three years, releasing the stripping volume of approximately 830 million m³; The total production capacity of Huangyuchuan, Qinglongsi and Shenshan coal mines increased by 4.6 million tonnes/year, and the relevant environmental assessment and capacity replacement were carried out as planned.

Intelligent mine construction has achieved fruitful results, and the level of mine safety production and disaster prevention has been significantly improved. The intelligent projects of Daliuta Mine and Heidaigou Open-pit Mine, the national intelligent demonstration coal mines, have been completed, of which Daliuta Mine has passed the construction acceptance of the first batch of national intelligent demonstration coal mines, and has reached the Class I intermediate intelligent demonstration coal mines; The power substation and water pump room of Shendong Coal mines have achieved 100% unmanned operation, and the main transportation system has achieved 80% unmanned operation; There are 34 300-tonne and 220-tonne trucks in the open-pit mine for pilot operation. As of the end of the reporting period, the Group has built 27 intelligent coal mining working faces, 28 intelligent excavation working faces and 3 intelligent stripping surface for open-pit mines.

(2) Sales of coal

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

In the first half of 2022, the Group actively implemented the relevant national policies on the signing of medium and long-term coal contracts and pricing, and the sales of self-produced coal was further tilted to medium and long-term customers. The "benchmark price + floating price" pricing mechanism was implemented. In the first half of the year, the coal average sales price was RMB633 per tonne (exclusive of tax, same below) (the first half of 2021: RMB499 per tonne), representing a year-on-year increase of 26.9%.

Section IV Management Discussion and Analysis (Continued)

In the first half of 2022, the sales volume of the Group to the top five domestic customers of coal was 89.5 million tonnes, which accounted for 43.0% of the domestic sales volume. In particular, the sales volume to China Energy Group, the largest customer, was 77.3 million tonnes, which accounted for 37.2% of the domestic sales volume. The top five domestic customers of coal were primarily power, coal chemical and coal trading companies.

① *By contract pricing mechanisms*

	The first half of 2022			The first half of 2021			Changes	
	Sales volume <i>Million tonnes</i>	Proportion of total sales %	Price (exclusive of tax) <i>RMB/tonne</i>	Sales volume <i>Million tonnes</i>	Proportion of total sales %	Price (exclusive of tax) <i>RMB/tonne</i>	Sales volume %	Price (exclusive of tax) %
I. Sales by Trading Group	199.0	94.7	651	229.6	95.3	512	(13.3)	27.1
1. Annual long-term contracts	104.5	49.7	513	99.2	41.2	412	5.3	24.5
2. Monthly long-term contracts	74.1	35.3	808	103.1	42.8	614	(28.1)	31.6
3. Spot commodity	20.4	9.7	780	27.3	11.3	489	(25.3)	59.5
II. Direct sales by mine pits	11.1	5.3	322	11.2	4.7	231	(0.9)	39.4
Total sales volume/average price (exclusive of tax)	210.1	100.0	633	240.8	100.0	499	(12.7)	26.9

In the first half of 2022, the sales volume of thermal coal was 162.3 million tonnes, accounting for 78.0% of the coal sales volume; the coal sales volume to metallurgy, chemical and other industries was 45.7 million tonnes, accounting for 22.0% of the coal sales volume.

② *By internal and external customers*

	The first half of 2022			The first half of 2021			Changes	
	Sales volume <i>Million tonnes</i>	Proportion of total sales %	Price (exclusive of tax) <i>RMB/tonne</i>	Sales volume <i>Million tonnes</i>	Proportion of total sales %	Price (exclusive of tax) <i>RMB/tonne</i>	Sales volume %	Price (exclusive of tax) %
1. Sales to external customers	175.3	83.4	650	212.1	88.0	506	(17.4)	28.5
2. Sales to internal power segment	32.3	15.4	556	26.4	11.0	458	22.3	21.4
3. Sales to internal coal chemical segment	2.5	1.2	450	2.3	1.0	322	8.7	39.8
Total sales volume/average price (exclusive of tax)	210.1	100.0	633	240.8	100.0	499	(12.7)	26.9

Section IV Management Discussion and Analysis (Continued)

③ By sales regions

	The first half of 2022			The first half of 2021			Changes	
	Sales volume <i>Million tonnes</i>	Proportion of total sales %	Price (exclusive of tax) <i>RMB/tonne</i>	Sales volume <i>Million tonnes</i>	Proportion of total sales %	Price (exclusive of tax) <i>RMB/tonne</i>	Sales volume %	Price (exclusive of tax) %
I. Domestic sales	208.0	99.0	629	238.0	98.9	500	(12.6)	25.8
(I) Self-produced coal and purchased coal	199.0	94.7	619	228.1	94.8	500	(12.8)	23.8
1. Direct arrival	92.2	43.9	473	93.3	38.8	376	(1.2)	25.8
2. Seaborne	106.8	50.8	746	134.8	56.0	586	(20.8)	27.3
(II) Sales of domestic trading coal	6.7	3.2	816	4.9	2.0	568	36.7	43.7
(III) Sales of imported coal	2.3	1.1	888	5.0	2.1	401	(54.0)	121.4
II. Export sales	0.3	0.1	1,149	0.3	0.1	668	0.0	72.0
III. Overseas coal sales	1.8	0.9	1,063	2.5	1.0	429	(28.0)	147.8
Total sales volume/average price (exclusive of tax)	210.1	100.0	633	240.8	100.0	499	(12.7)	26.9

(3) Coal resources

As at 30 June 2022, under the PRC Standard, the Group had coal resources amounting to 33.09 billion tonnes, representing a decrease of 120 million tonnes as compared with that of the end of 2021, recoverable coal reserve amounting to 14.05 billion tonnes, representing a decrease of 100 million tonnes as compared with that of the end of 2021, proved reserve amounting to 3.24 billion tonnes, representing a decrease of 70 million tonnes as compared with that of the end of 2021. The Group's marketable coal reserve amounted to 7.27 billion tonnes under the JORC Standard, representing a decrease of 160 million tonnes as compared with that of the end of 2021.

Unit: 100 million tonnes

Mines	Coal resources (under the PRC Standard)	Recoverable coal reserve (under the PRC Standard)	Proven reserve (under the PRC Standard)	Marketable coal reserve (under the JORC Standard)
Shendong Mines	152.9	86.7	17.8	41.7
Zhunge'er Mines	36.8	29.3	12.4	18.4
Shengli Mines	19.5	13.2	0.2	1.4
Baorixile Mines	13.2	11.0	1.9	11.2
Baotou Mines	0.5	0.3	0.1	0.0
Xinjie Mines	108.0	/	/	/
Total	330.9	140.5	32.4	72.7

Section IV Management Discussion and Analysis (Continued)

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

Mines	Major types of coal	Calorific value of major commercial coal products kcal/kg	Sulphur content average, %	Ash content average, %
Shendong Mines	Long flame coal/ non-caking coal	5,000-6,200	0.1-0.6	4-33
Zhunge'er Mines	Long flame coal	4,000-5,300	0.3-0.6	17-33
Shengli Mines	Lignite	2,800-3,100	0.9-1.1	21-28
Baorixile Mines	Lignite	3,300-3,500	0.2-0.3	13-17
Baotou Mines	Long flame coal/ non-caking coal	4,300-4,600	0.3-0.6	≤25

Note: The above calorific value, sulphur content and ash content of major commercial coal products produced by each mine may be inconsistent with the characteristics of the commercial coal products produced by individual mine and those of the commercial coal products sold by the Company due to geological conditions and production process.

(4) Operation results

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

		The first half of 2022	The first half of 2021	Change %	Main reasons for changes
Revenue	RMB million	136,252	123,396	10.4	Increase in average sales price of coal
Cost of operations	RMB million	(94,628)	(99,187)	(4.6)	Decrease in purchase cost of purchased coal resulting from the decrease in the sales volume of purchased coal
Gross profit margin	%	30.5	19.6	Increased by 10.9 percentage points	Decrease in sales volume of purchased coal with relatively lower gross profit margins and its proportion in total sales volume of coal
Profit before tax	RMB million	39,339	21,859	80.0	

Section IV Management Discussion and Analysis (Continued)

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

	The first half of 2022				The first half of 2021			
	Revenue	Costs	Gross profit	Gross profit margin	Revenue	Costs	Gross profit	Gross profit margin
	RMB million	RMB million	RMB million	%	RMB million	RMB million	RMB million	%
Domestic	130,758	(80,443)	50,315	38.5	118,909	(90,697)	28,212	23.7
Export and overseas	2,285	(1,983)	302	13.2	1,263	(1,152)	111	8.8
Total	133,043	(82,426)	50,617	38.0	120,172	(91,849)	28,323	23.6

③ *Gross profit from sales of coal products by coal source*

Types of source of coal	First half of 2022			
	Sales revenue	Sales cost	Gross profit	Gross profit margin
	RMB million	RMB million	RMB million	%
Self-produced coal	94,496	(45,228)	49,268	52.1
Purchased coal	38,547	(37,198)	1,349	3.5
Total	133,043	(82,426)	50,617	38.0

The coal purchased from third parties by the Group includes coal purchased from the surrounding areas of the self-owned mines and railways, domestic trading coal, imported and re-exported coal. The cost of sales of purchased coal includes the purchase cost of purchased coal, 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 2022	The first half of 2021	Change %	Main reasons for changes
Unit production cost of self-produced coal	157.4	132.4	18.9	
Raw materials, fuel and power	28.4	25.5	11.4	Increase in electricity prices in West Inner Mongolia Region leading to the rise in electricity charge.
Personnel expenses	41.3	26.0	58.8	Increase in provision of employee unpaid wages and bonuses; increase in the number of employees resulting in an increase in wages and social security contributions.
Repairs and maintenance	11.8	10.0	18.0	Mainly affected by the maintenance plan
Depreciation and amortization	20.9	19.2	8.9	Increase in the purchase of the coal production equipment
Other costs	55.0	51.7	6.4	Increase in mining engineering expenses, expenses for coal exploitation service, expenses for coal washing, selection and processing, etc.

Other costs consist of the following three components: (1) expenses directly related to production, including expenses for coal washing, selecting and processing expenses, and mining engineering expenses, etc., accounting for 66%; (2) auxiliary production expenses, accounting for 18%; (3) land requisition and surface subsidence compensation, environmental protection expenses, tax, etc., accounting for 16%.

2. Power Segment

(1) Production and operations

In the first half of 2022, the Group gave full play to the coal-fired power generation as a stabilizer and the advantages of clean and efficient generating units, strengthened the operation management of generating units, and made every effort to seize the chance of power generation. Power generation in the first half of this year amounted to 84.79 billion kWh (the first half of 2021: 77.04 billion kWh), representing a year-on-year increase of 10.1%; and total power output dispatch of 79.60 billion kWh (the first half of 2021: 72.04 billion kWh), representing a year-on-year increase of 10.5%, among which, the volume of power in market-based transactions was 75.22 billion kWh, accounting for 94.5% of the total power output dispatch, representing a year-on-year increase of 32.3 percentage points. The Group promoted the implementation of the electricity price reform policy and actively sought to increase the electricity price. In the first half of the year, the Group's average power output dispatch was RMB412/MWh (the first half of 2021: RMB333/MWh), representing a year-on-year increase of 23.7%.

The Group continued to strengthen energy conservation and consumption reduction in power generation business, vigorously promoted the "three reforms" linkages of coal-fired power generating units, carried out heating transformation for a total of 9 units of Shouguang Power and Jiujiang Power, and carried out transformation of energy conservation for a total of 7 units of Taishan Power and Jinjie Energy. In the first half of the year, the Group's standard coal consumption for power supply of coal-fired generating units was 297 g/kWh (first half of 2021: 298 g/kWh), representing a year-on-year decrease of 1 g/kWh.

Section IV Management Discussion and Analysis (Continued)

The Group accelerated the business development of the new energy and power generation. As of the first half of 2022, the Group has commenced construction and put into operation photovoltaic power stations with an installment capacity of 205 MW, among which, the external commercial operation in Fujian Energy and Shouguang Power amounted to 30 MW. The 150,000-kW open-pit dump photovoltaic project of Shengli Energy is constructed as planned and is expected to be connected to the grid at full capacity by the end of 2022. Beijing Guoneng New Energy Industry Investment Fund and Beijing Guoneng Green and Low-Carbon Development Investment Fund, jointly established by the Company, have completed investments in various new energy projects in Shanxi, Jiangsu, Zhejiang, Hunan, Hubei and other provinces.

(2) Power output dispatch and power tariffs

Power type/ Location	Gross power generation <i>billion kWh</i>			Total power output dispatch <i>billion kWh</i>			Power tariff <i>RMB/MWh</i>		
	The first half of 2022	The first half of 2021	Change %	The first half of 2022	The first half of 2021	Change %	The first half of 2022	The first half of 2021	Change %
	(I) Coal-fired power	82.59	75.18	9.9	77.45	70.21	10.3	409	328
Shaanxi	14.61	15.35	(4.8)	13.43	14.08	(4.6)	346	268	29.1
Guangdong	14.41	13.31	8.3	13.56	12.47	8.7	436	385	13.2
Hebei	11.47	11.18	2.6	10.77	10.49	2.7	398	311	28.0
Fujian	8.59	8.15	5.4	8.19	7.61	7.6	422	351	20.2
Sichuan	6.78	2.75	146.5	6.39	2.50	155.6	433	378	14.6
Inner Mongolia	6.13	3.91	56.8	5.58	3.57	56.3	373	243	53.5
Jiangxi	5.18	6.28	(17.5)	4.94	6.00	(17.7)	430	350	22.9
Shandong	4.17	4.45	(6.3)	3.96	4.25	(6.8)	458	341	34.3
Chongqing	3.69	4.78	(22.8)	3.54	4.57	(22.5)	411	357	15.1
Hunan	3.04	/	/	2.90	/	/	468	/	/
Henan	2.27	2.25	0.9	2.12	2.10	1.0	371	279	33.0
Guangxi	1.48	1.92	(22.9)	1.40	1.82	(23.1)	484	344	40.7
Indonesia (overseas)	0.77	0.85	(9.4)	0.67	0.75	(10.7)	524	453	15.7
(II) Gas-fired power	1.91	1.55	23.2	1.86	1.52	22.4	568	570	(0.4)
Beijing	1.91	1.55	23.2	1.86	1.52	22.4	568	570	(0.4)
(III) Hydropower	0.28	0.31	(9.7)	0.28	0.31	(9.7)	255	250	2.0
Sichuan	0.28	0.31	(9.7)	0.28	0.31	(9.7)	255	250	2.0
(IV) Photovoltaic power	0.01	/	/	0.01	/	/	425	/	/
Fujian	0.01	/	/	0.01	/	/	425	/	/
Shandong	0.00	/	/	0.00	/	/	349	/	/
Total	84.79	77.04	10.1	79.60	72.04	10.5	412	333	23.7

Note: In the first half of 2022, the power generation and output dispatch of the photovoltaic power station of the Group based in Shandong was 29 mWh and 28 mWh, respectively.

Section IV Management Discussion and Analysis (Continued)

(3) Installed capacity

At the end of the reporting period, the total installed capacity of power generating units of the Group reached 38,929 MW, among which, the total installed capacity of the coal-fired power generators is 37,824 MW, which is 97.2% of the total installed capacity of the Group.

Unit: MW

Power type	Gross installed capacity as at 31 December 2021	Installed capacity increased/ (decreased) during the reporting period	Gross installed capacity as at 30 June 2022
Coal-fired power	36,824	1,000	37,824
Gas-fired power	950	0	950
Hydropower	125	0	125
Photovoltaic power	/	30	30
Total	37,899	1,030	38,929

During the reporting period, the No. 2 unit of Fujian Luoyuanwan Port Reserves Power Generation Integration Project Power Plant Construction was put into operation, and the installed capacity of coal-fired generators increased by 1,000 MW; the photovoltaic power projects of the Group based in Fujian and Shandong were successively put into operation, with the photovoltaic power generation capacity increasing by 30 MW.

Section IV Management Discussion and Analysis (Continued)

(4) Utilisation rate of power generation equipment

In the first half of 2021, average utilisation hours of coal-fired generators of the Group reached 2,220 hours, representing a decrease of 244 hours as compared to 2,464 hours of the same period of last year, which was 81 hours higher than the national average utilisation hours of 2,139 hours¹ for coal-fired generating equipment.

Power type	Average utilisation hours			Power consumption ratio of power plant		
	Hour			%		
	The first half Of 2022	The first half Of 2021	Change %	The first half Of 2022	The first half Of 2021	Change
Coal-fired power	2,220	2,464	(9.9)	5.06	5.47	Decreased by 0.41 percentage point
Gas-fired power	2,012	1,632	23.3	1.48	1.26	Increased by 0.22 percentage point
Hydropower	2,268	2,502	(9.4)	0.34	0.32	Increased by 0.02 percentage point
Photovoltaic power	272	/	/	/	/	
Weighted average	2,213	2,440	(9.3)	5.23	5.63	Decreased by 0.40 percentage point

(5) Operation results of the power sales business

During the reporting period, the Group owned two companies offering power sales business, which are located in Shandong and Guangdong, respectively, which are principally engaged in procurement and sales of power, incremental distribution grid business, power equipment management and comprehensive energy utilisation and other value-added services. In the first half of 2022, the agent power output dispatch from non-self-owned power plants of the Group were approximately 3.63 billion kWh, and the corresponding power output dispatch revenue and power purchase cost were RMB1,264 million and RMB1,187 million, respectively.

No.	Province of the power output dispatch company	power output dispatch		Average price of electricity		Unit cost of power purchase	
		Billion kWh		(without tax) RMB/MWh		(without tax) RMB/MWh	
		The first half of 2022	The first half of 2021	The first half of 2022	The first half of 2021	The first half of 2022	The first half of 2021
1	Shandong	2.96	1.71	329	341	320	343
2	Guangdong	0.67	2.67	433	362	369	391

¹ Data source: China Electricity Council

Section IV Management Discussion and Analysis (Continued)

(6) Capital Expenditure

In the first half of 2022, the total capital expenditure of the power generation segment was RMB4,267 million, mainly for the following items:

No.	Name of Project	The contribution amount for the reporting period RMB million	Percentage of accumulated investment in project to the total budget as of the end of the reporting period %
1	Guangxi Beihai Thermal Power Plant Project (2 × 1,000MW)	1,255	65
2	Fujian Luoyuanwan Port Power Generation & Storage Integration Project Power Plant Construction(2 × 1,000MW)	905	82
3	Hunan Yueyang Power Plant Project (2 × 1,000MW)	425	10
4	Guangdong Qingyuan Power Plant (Phase I) (2 × 1,000MW)	342	16

(7) Operation results

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

		The first half of 2022	The first half of 2021	Change %	Main reasons for changes
Revenue	RMB million	37,160	27,180	36.7	Increase in the power output dispatch and the average power output dispatch price
Cost of operations	RMB million	(32,377)	(23,377)	38.5	Increase in the power output dispatch; increase in the coal purchase price
Gross profit margin	%	12.9	14.0	Decreased by 1.1 percentage points	
Profit before tax	RMB million	3,945	2,990	31.9	

Section IV Management Discussion and Analysis (Continued)

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

Unit: RMB million

Power type	Revenue from power output dispatch (including heat sales)			Cost of power output dispatch (including heat sales)				
	The first half of 2022	The first half of 2021	Change %	The first half of 2022	Percentage to total costs of power output dispatch	The first half of 2021	Percentage to total costs of power output dispatch of	Change in the first half of 2022 over the first half of 2021 %
					of the first half of 2022 %		the first half of 2021 %	
Coal-fired power	33,081	24,132	37.1	29,166	96.3	20,933	95.7	39.3
Gas-fired power	1,059	865	22.4	1,063	3.5	899	4.1	18.2
Hydropower	71	76	(6.6)	58	0.2	50	0.2	16.0
Total	34,211	25,073	36.4	30,287	100.0	21,882	100.0	38.4

Note: The Group's photovoltaic power generation is small in scale. Its revenue and cost of power output dispatch are temporarily shown in the coal-fired power generation.

The Group's cost of power output dispatch (including heat sales) mainly comprised such costs as raw materials, fuel and power, personnel expenses, repairing and maintenance, depreciation and amortisation and other costs.

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

	The first half of 2022		The first half of 2021		Change in costs %
	Costs RMB million	Percentage %	Costs RMB million	Percentage %	
Raw material, fuel and power	22,311	76.5	15,636	74.7	42.7
Personnel expenses	2,025	6.9	1,317	6.3	53.8
Repairs and maintenance	860	2.9	700	3.3	22.9
Depreciation and amortisation	2,901	9.9	2,414	11.5	20.2
Others	1,069	3.8	866	4.2	23.4
Total cost of power output dispatch of coal-fired power plant (including heat sales)	29,166	100.0	20,933	100.0	39.3

In the first half of 2022, the Group's unit cost of sale of power output dispatch was RMB380.5/MWh (first half of 2021: RMB303.8/MWh, representing a year-on-year increase of 25.2%, which was mainly due to the increase in purchase price of coal and the increase in personnel expenses.

The power segment consumed a total of 32.1 million tonnes of coal from internal sales of the Group (including China Shenhua's self-produced coal and coal purchased), accounting for 84.3% of the 38.1 million tonnes of the thermal coal consumption of the power segment of the Group in the first half of 2022.

Section IV Management Discussion and Analysis (Continued)

3. Railway Segment

(1) Production and operations

In the first half of 2022, the railway segment of the Group continued to improve the efficient collection, distribution and transportation networks, enhanced capability of online marketing and sales generation, and continued to improve the transportation efficiency. The upgrade work of train platform for the 300 million tonne expansion capacity project of Shenshuo Railway commenced in an orderly manner, and over 75,000 20,000-tonne loaded trains of Shuohuang Railway operated safely. We reasonably arranged commissioning of trains, optimized the connection of coal used in the trains and empty weight to ensure maximum loading. In the first half of the year, transportation turnover of self-owned railway reached 145.2 billion tonne km (the first half of 2021: 150.0 billion tonne km), representing a year-on-year decrease of 3.2%; The revenue of railway segment reached RMB21,012 million (the first half of 2021: RMB19,984 million), representing a year-on-year increase of 5.1%. The non-coal transportation business, mainly iron ore, alloy ore, chemical products and coal extensions, continued to grow, with transportation volume of non-coal commodities of approximately 10 million tonnes in the first half of the year, representing a year-on-year increase of 2.4%.

The diversion capacity of the Huangda Railway has been further improved. The construction progress of the direct integration project of Dajiawa has been accelerated, and the construction project of the manual coal unloading line of Binzhou Logistics Park has been commenced. In the first half of the year, a coal transportation volume of 8.8 million tonnes of Huangda Railway has been completed, with a net profit of RMB5.0 million.

(2) Operation results

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

		The first half of 2022	The first half of 2021	Change %	Main reasons for changes
Revenue	RMB million	21,012	19,984	5.1	
Cost of sales	RMB million	(11,342)	(9,866)	15.0	Increase in personnel expenses; increase in other related costs resulting from business classification adjustments
Gross profit margin	%	46.0	50.6	Decreased by 4.6 percentage points	
Profit before income tax	RMB million	8,171	9,061	(9.8)	

In the first half of 2022, the unit transportation cost in the railway segment was RMB0.069/tonne km (the first half of 2021: RMB0.061/tonne km), representing a year-on-year increase of 13.1%, which was mainly due to the increase in personnel expenses and related costs resulting from business classification adjustments.

Section IV Management Discussion and Analysis (Continued)

4. Port Segment

(1) *Production and operations*

In the first half of 2022, the port segment of the Group overcame the impact of unbalanced arrival resources, strengthened the collaboration of upstream and downstream industries, improved the efficiency of port operation, and ensured efficient and available transportation channels. Affected by the decline in coal arrival, Huanghua Port achieved 103.2 million tonnes of coal shipments (the first half of 2021: 109.4 million tonnes), representing a year-on-year decrease of 5.7%; Tianjin Coal Dock achieved 20.3 million tons of coal shipments (the first half of 2021: 22.8 million tonnes), representing a year-on-year decrease of 11.0%.

The port large-scale logistics business developed steadily. In the first half of the year, the port segment completed the transportation volume of 2.71 million tonnes of non-coal cargo such as crude oil and chemical fertilizer. The main body of Huanghua Port 3# and 4# general bulk cargo terminals which are large-scale logistics supporting projects, have been completed, and the installation of supporting equipment has been advanced in an orderly manner.

The green ports construction has achieved substantial results. Huanghua Port achieved “near-zero emission” of dust in the coal port and zero emission of wastewater in the port zone. In the first half of the year, the amount of ballast water, rainwater and coal sewage collected and recycled accounted for 67% of the total water consumption, and 15,000 tonnes of coal cakes production from dust treatment have been completed. Huanghua Harbour Administration won the “China Environmental Excellence Award”, becoming the only port enterprise selected since the establishment of the award.

Section IV Management Discussion and Analysis (Continued)

(2) Operation results

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

		The first half of 2022	The first half of 2021	Change %	Main reasons for changes
Revenue	RMB million	3,237	3,297	(1.8)	Decrease in port shipments
Cost of sales	RMB million	(1,666)	(1,693)	(1.6)	
Gross profit margin	%	48.5	48.7	Decreased by 0.2 percentage point	
Profit before income tax	RMB million	1,357	1,413	(4.0)	

5. Shipping Segment**(1) Production and operations**

In the first half of 2022, the shipping segment of the Group seized the opportunity to expand its capacity, explore external markets and enrich the variety of cargoes, achieving steady growth in its shipping business. In the first half of the year, shipping volume amounted to 65.8 million tonnes (the first half of 2021: 59.3 million tonnes), representing a year-on-year increase of 11.0%; shipment turnover amounted to 64.4 billion tonne nautical miles (the first half of 2021: 53.0 billion tonne nautical miles), representing a year-on-year increase of 21.5%.

(2) Operation results

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

		The first half of 2022	The first half of 2021	Change %	Main reasons for changes
Revenue	RMB million	3,031	2,787	8.8	Increase in shipping turnover; increase in shipping turnover; increase in fuel costs, ship charter fees, personnel expenses, etc.
Cost of sales	RMB million	(2,503)	(2,132)	17.4	
Gross profit margin	%	17.4	23.5	Decreased by 6.1 percentage points	
Profit before income tax	RMB million	442	573	(22.9)	

In the first half of 2022, the unit transportation cost of the shipping segment was RMB0.039/tonne nautical mile (the first half of 2021: RMB0.040/tonne nautical mile), representing a year-on-year decrease of 2.5%.

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 (Phase I) of Baotou Coal Chemical. Its main products consist of polyethylene (with production capacity of approximately 300,000 tonnes/year) and polypropylene (with production capacity of approximately 300,000 tonnes/year) and minor by-products including industrial sulfur, mixed C5, industrial propane, mixed C4, industrial methanol, fine methanol, etc.

In the first half of this year, the production equipment of Baotou Coal Chemical maintained high-load and stable operation, with the utilization rate of 100% in all main units. We improved the marketing model of chemical industry, adjusted the product structure and brand in a timely manner, and increased the production of refined methanol, fabrics and other high value-added products. In the first half of this year, the sales volume of polypropylene products reached 358.3 thousand tonnes (the first half of 2021: 371.1 thousand tonnes), representing a year-on-year decrease of 3.4%.

The preliminary work of the Baotou coal-to-olefin upgrade demonstration project has been basically completed, and the overall design is currently carried out.

Baotou Coal Chemical adhered to clean development. In the first half of the year, environmental protection facilities operated stably, and all pollutants met the standard discharge, achieving zero discharge of waste water and significant reduction of waste gas pollutants.

The sales of polyethylene and polypropylene products of the Group in the first half of 2022 is as follows:

	The first half of 2022		The first half of 2021		Change	
	Sales volume <i>thousand tonnes</i>	Price <i>RMB/tonne</i>	Sales volume <i>thousand tonnes</i>	Price <i>RMB/tonne</i>	Sales volume %	Price %
Polyethylene	183.7	7,060	190.2	6,522	(3.4)	8.2
Polypropylene	174.6	6,891	180.9	6,905	(3.5)	(0.2)

Section IV Management Discussion and Analysis (Continued)

(2) Operation results

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

		The first half of 2022	The first half of 2021	Change %	Main reasons for changes
Revenue	RMB million	3,425	3,260	5.1	Increase in sales price of polyethylene; increase in sales revenue of refined methanol
Cost of sales	RMB million	(2,804)	(2,423)	15.7	
Gross profit margin	%	18.1	25.7	Decreased by 7.6 percentage points	Increase in the price of raw material coal and coal, and increase in personnel expenses
Profit before income tax	RMB million	499	743	(32.8)	

(3) Unit production cost of main products

	In the first half of 2022		In the first half of 2021		Change	
	Output Thousand tonnes	Unit production cost RMB/tonne	Output Thousand tonnes	Unit production cost RMB/tonne	Output %	Unit production cost %
Polyethylene	178.6	5,808	187.1	5,141	(4.5)	13.0
Polypropylene	173.2	5,795	176.0	5,058	(1.6)	14.6

The increase in the unit production cost of polyethylene and polypropylene was mainly due to the increase in the price of raw coal and coal and the increase in personnel expenses.

Section IV Management Discussion and Analysis (Continued)

The coal consumed by the coal chemical segment was self-produced coal of the Group, which consumed a total of 2.5 million tonnes coal in the first half of 2022.

(V) Regional operation analysis

Unit: RMB million

	The first half of 2022	The first half of 2021	Change %
Revenue from external transactions in domestic markets	161,056	141,747	13.6
Revenue from external transactions in overseas markets	4,523	2,232	102.6
Total	165,579	143,979	15.0

Note: Revenue from external transactions was classified based on the location of the customers receiving the services or purchasing the products.

The Group is mainly engaged in the production and sales of coal and power, railway, port and shipping transportation as well as coal-to-olefins businesses in the PRC. In the first half of 2022, the revenue from external transactions in domestic markets was RMB161,056 million, accounting for 97.3% of the Group's revenue. Revenue from external transactions in overseas markets was RMB4,523 million, representing a year-on-year increase of 102.6%, which was mainly due to the increase in revenue from Pembangkitan Jawa Power Plant and South Sumatra No. 1 Project of the Group located in Indonesia accounted for under the relevant provisions of the Concession Agreement and the increase in revenue from coal export and re-exports business.

In the first half of 2022, the operation of the Group's overseas projects was stable. EMM Indonesia actively responded to the impact of the COVID-19 pandemic and the local carbon tax policy, strengthened site control, made efforts to reduce costs and reduce carbon, and maintained safe and stable production and operation. Pembangkitan Jawa in Indonesia overcame the unfavorable situation of tight domestic coal supply and demand, explored coal sources and boosted power generation load, completing 6.04 billion kWh of power generation in the first half of the year. The production operation of the shale gas project in Pennsylvania, U.S.A. was smooth. The Group produced 76 million cubic meters of gas (equity gas) in the first half of the year, achieving a revenue of US\$10.86 million, representing a year-on-year increase of 45%.

Section IV Management Discussion and Analysis (Continued)

(VI) Analysis on investments**1. Overall Analysis Of External Equity Investments**

The equity investments of the Company in the first half of 2022 amounted to RMB5,880 million (the first half of 2021: RMB5,890 million). It was mainly the capital increase in part of the power generation and transportation subsidiaries.

2. Material Investment In Equity Interest

Applicable Not applicable

3. Material Investment In Non-Equity Interest

Applicable Not applicable

4. Completion Of Capital Expenditures Plans For 2022

Unit: RMB100 million

	Plan for 2022	Completion in the first half of 2022
1.Coal segment	61.57	35.66
2.Power generation segment	171.86	42.67
3.Transportation segments	80.69	18.43
Including: railway segment	64.87	13.60
port segment	15.38	4.83
shipping segment	0.44	-
4.Coal chemical segment	4.83	0.92
Others	7.16	0.12
Total	326.11	97.80

In the first half of 2022, total amount of capital expenditure of the Group was RMB9.780 billion, primarily used for the payment of coal resource assignment fees, power generation projects under construction such as the Guangxi Beihai Thermal Power Plant Project, the Luoyuanwan Port Power Generation & Storage Project and the Hunan Yueyang Power Plant Project, the construction of the Huangda Railway and the construction of the bulk cargo wharf projects at Huanghua Port.

Section IV Management Discussion and Analysis (Continued)

The capital expenditure plans of the Group in 2022 are subject to the development of business plans (including potential acquisitions), progress of capital projects, market conditions, outlook for future operation environment and the obtaining of the requisite permissions and approval documents. Unless required by laws, the Company shall not assume any responsibilities for updating the data of its capital expenditure plans. The Company intends to finance its capital expenditures by cash generated from operating activities, short-term and long-term borrowings, and other debt and equity financing.

5. Financial Assets at Fair Value

As at the end of the reporting period, the financial assets at fair value through other comprehensive revenue of the Group were the non-tradable equity investments that have no significant impact on the investees, as well as bank acceptances proposed to be used for discounting or endorsement.

The items measured at fair value by the Group and the movements therein are as follows, for further details please refer to “Fair Value Disclosures of Financial Instruments” in the notes to the financial statements in this report.

Unit: RMB million

Name of items	Opening balance at the beginning of the period	Closing balance at the end of the period	Change for the current period	Change of profit for the current period
Other investments in equity instruments	2,174	2,160	(14)	0
financing receivables	376	163	(213)	0
Total	2,550	2,323	(227)	0

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. Major Subsidiaries

Unit: RMB million

No.	Company	Registered capital As at 30 June 2022	Total assets As at 30 June 2022	Net assets As at 30 June 2022	Net profit attributable to the equity holders of the parent company			
					The first half of 2022	The first half of 2021	Change % Reasons for changes	
1	Shendong Coal	4,989	59,184	50,691	17,872	8,085	121.1	Increase in average coal sales price
2	Shuohuang Railway	15,231	48,230	39,148	3,713	4,233	(12.3)	Decrease in rail transport turnover
3	Jinjie Energy	2,278	15,711	13,114	2,907	1,978	47.0	Increase in average coal sales price, and increase in average price of electricity sold
4	Baorixile Energy	1,169	14,119	8,316	2,068	651	217.7	Increase in coal sales and average sales price
5	Zhunge'er Energy	7,102	47,627	38,985	1,657	956	73.3	Increase average coal sales price
6	Baotou Energy	2,633	10,169	8,518	1,297	527	146.1	Increase in sales volume and average price of coal
7	Beidian Shengli	2,925	11,569	7,607	1,276	645	97.8	Increase in sales volume and average coal sales price
8	Trading Group	1,889	23,884	11,126	985	1,213	(18.8)	Decrease in sales volume of coal
9	Huanghua Harbour Administration	6,790	14,654	12,211	886	847	4.6	
10	Yulin Energy	2,420	7,644	5,806	774	459	68.6	Increase in coal sales and average sales price

- Notes:
- The financial information of the major subsidiaries disclosed in the above table (unassessed and unadjusted before consolidation) was prepared in accordance with the China Accounting Standards for Business Enterprises. The data has not been audited or reviewed.
 - Shendong Coal recorded a revenue of RMB45,759 million and a profit from operations of RMB16,368 million in the first half of 2022.
 - Shuohuang Railway recorded a revenue of RMB10,298 million and a profit from operations of RMB4,940 million in the first half of 2022.

Section IV Management Discussion and Analysis (Continued)

2. Major Companies In Which The Company Has Invested

Please refer to the section headed “Significant Events” of this report for details of Financial Company.

(IX) Structured Entities Controlled by the Company

Applicable Not applicable

V. POTENTIAL RISKS AND COUNTERMEASURES

The Company encountered major risks, primarily including: risk of safety production and environmental protection, risk of market competition, risk of investment, risk of engineering project management, risk of international business, risk of macroeconomic fluctuation, risk of integrated operation, and policy risk (please refer to the Company’s 2021 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: it will perform risk identification and determine the major risks upon assessment at the beginning of each year, then monitor such risks on a daily basis by way of monitoring of major risks on a quarterly basis, specialised inspection, internal audit and other methods, and assess its major risk management at the end of the year. This facilitates and improves the decision-making process, refines the internal control system, and continues to enhance the risk management standard. The Board and the Audit and Risk Management Committee and of the Company is of the view that such mechanism is able to assess the effectiveness of the operation of the risk management of the Company.

The Company will further strengthen the research on the development trend of relevant industries, and enhance the development quality constantly by optimising the industrial structure.

1. In safe production and environmental protection, the Company will continuously strengthen the operation of the safety production and risk pre-control management system, strengthen the works of safety training, hidden danger detection and control and emergency rescue management, give full play to the advantages of informatisation, and effectively improve the level of safety management and control. The Company will focus on the development direction of clean energy and comprehensively promote ecological progress, with a core of the efficient development, utilisation and conversion of clean coal. The Company will be in compliance with laws and regulations and prioritise the protection, strictly defend the ecological red line, vigorously promote the construction of green mine, green intelligent heavy-duty railways and green ports, strengthen the remediation of potential issues and environmental emergency management, continuously strengthen the soft and hard power of environmental protection, further improve the environmental management system and actively adapt to the new policy, new requirements and new indicators of “Dual Control” of total energy consumption and energy intensity in order to achieve energy-saving and emission reduction targets.

Section IV Management Discussion and Analysis (Continued)

2. In marketing and sales, the Company will fully and accurately grasp market conditions, improve the accuracy of the pre-judgment to coal market and formulate the reasonable marketing policies; the Company will strictly implement long-term contracts, optimise the structure of coal products for further enhancing the brand advantages; increase the development of new market and the maintenance of original market and construction of interchange bases and deepen the comprehensive coordination of production, transportation, sales, storage and use; further improve the quality and efficiency of power business development, and participate in power market transactions in accordance with laws and regulation; We will improve the collection, distribution and transportation networks, promote the construction of special lines in coal core areas, accelerate the expansion and upgrading of railway lines, and increase the collection and distribution capacity of self-owned railways.
3. In investment management, the Company will continue to optimise its investment structure, strengthen the quality management in the early stage of projects, strictly control and improve the risk management and control of major projects; continue to focus on investment plans, expand effective investment, and reasonably control the pace of project investment; actively, orderly and standardly carry out post-project evaluation work to improve the benefits of investment.
4. In project management, the Company will strengthen the awareness of risk management of engineering projects, enhance the construction of standardised construction sites, continuously strengthen construction safety management and enforce its administration in safety emergency plans; keep track timely, monitor the construction of project construction, and formulate effective measures to reduce or eliminate the impact of the prolong of construction period.
5. In international operation, the Company will further carry out overseas resource evaluation, operation performance evaluation and technology assessment based on sound information collection, analysis and research prior to making any decision on overseas project investment so as to ensure economic and technological feasibility. The Group will actively respond to the impact of the COVID-19 pandemic on overseas business, strengthen overseas risk screening, and regularly monitor the overseas legal compliance risks. Furthermore, the Company will strengthen the cultivation and introduction of interdisciplinary talents; actively and steadily implement the "Going Global" strategy in accordance with the requirements of coordinating the overall domestic and international situation.
6. In policy research and response, the Company will strengthen the research on the latest national industrial policies and regulations, enhance policy coordination, pay close attention to the window of policy opportunities for resource continuation, correctly understand and grasp the requirements of carbon peak and carbon neutrality, reasonably match the investment scale of each industry, and promote industrial upgrading and structural adjustment.

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 Board is responsible for implementing good corporate governance of the Company. The Company has been in compliance with the requirements of corporate governance code in Appendix 14 of 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 appointment 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 function and power 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 function and power 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 are held by different personnel.

During the six months ended 30 June 2022, 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.

The Board of the Company has set out the board diversity policy for members of the Board, which was set out in the terms of reference 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 in conjunction with the characteristics and role of the personnel. As at the end of the reporting period, the Board of the Company consisted of 9 Directors, including 3 Executive Directors, 2 Non-executive Director, 3 Independent Non-Executive Directors and 1 Employee Director. Directors are from various domestic and overseas industries, and the composition of the members features diversity. Each Director's knowledge base and field of expertise are professional and complementary in the overall board structure, which guarantees the scientific decision-making of the Board.

Section V Company Governance and Corporate Governance

The Company has established the Audit and Risk Management Committee in accordance with the Hong Kong Listing Rules. The Audit and Risk Management Committee comprised Dr. Chen Hanwen (chairman of the Audit and Risk Management Committee, with professional qualifications and experience in related fields such as accounting and finance), Dr. Yuen Kwok Keung and Dr. Bai Chong-En, all being Independent Non-executive Directors. The principal duties of the Audit and Risk Management Committee include: supervising and evaluating the work of external auditing firm and proposing engagement or replacement of the external audit institutions; supervising and evaluating the effectiveness of the internal audit work and taking charge of coordination of the internal and external audits; reviewing the financial information of the Company and its disclosure; supervising and evaluating the risk management and 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, in relation to the consideration of resolutions on the amendments to the annual cap for the supply of coal by the Group to the China Energy Group from 2021 to 2023 under the Mutual Coal Supply Agreement and the annual cap for the supply of supplies and services by the Group to the China Energy Group from 2022 to 2023 under the Mutual Supplies And Services Agreement at the Company's 2021 annual general meeting, the Company established the Independent Board Committee comprising Dr. Yuen Kwok Keung, Dr. Bai Chong-En and Dr. Chen Hanwen, which issued a recommendation to the independent shareholders to vote for the resolutions. For details, please refer to the circular of disclosure by the Company on the website of the Hong Kong Stock Exchange dated 20 May 2022.

Section V Company Governance and Corporate Governance (Continued)

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 23 August 2022, the Audit and Risk Management Committee reviewed the Group's interim financial statements for the six months ended 30 June 2022 and approved the submission of the same to the Board of Directors for consideration and approval.

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 10 of the Hong Kong Listing Rules. The Model Code is also applicable to the supervisors and senior management of the Company. The directors, supervisors or senior management have confirmed that they have fully complied with the Model Code in the first half of 2022 or during their respective terms of office.

As of the end of the reporting period, the directors, supervisors and senior management of the Company had no 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 voting results	Date of disclosure of the voting results	Resolutions of the meeting
2021 Annual General Meeting	24 June 2022	The website of the SSE	25 June 2022	The 2021 Annual General Meeting considered and approved all 10 resolutions by means of open ballot at the on-site combined with online voting
		The website of the HKEx	24 June 2022	
2022 First A Shareholders Class Meeting	24 June 2022			The 2022 First A Shareholders Class Meeting considered and approved the Resolution on the General Mandate for the Board to Repurchase H Shares by means of open ballot at the on-site combined with online voting
2022 First H Shareholders Class Meeting	24 June 2022			The 2022 First H Shareholders Class Meeting considered and approved the Resolution on the General Mandate for the Board to Repurchase H Shares by means of open ballot at the on-site

1. Request for Convening of Extraordinary General Meeting by Preference Shareholders with Recovered Voting Rights

Applicable Not applicable

Section V Company Governance and Corporate Governance (Continued)

2. Particulars of General Meetings

The Company convened the 2021 Annual General Meeting, the 2022 First A Shareholders Class Meeting and the 2022 First H Shareholders Class Meeting on 24 June 2022, and all the resolutions reviewed at the meeting were passed. The resolutions of the meetings were disclosed on the website of the HKEx on 24 June 2022, and on the website of the SSE on 25 June 2022.

The Company accepted registration of shareholders' attendance, and arranged a special session for the shareholders' effective consideration of proposals at the meeting. Shareholders actively participated in the meeting 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 meeting. Arranging special Q&A session in the meeting enabled interactions between shareholders and the management.

The Company's shareholders' representative, supervisors' representative, witness lawyers and the representative of Computershare Hong Kong Investor Services Limited acted as scrutineer at the general meeting. The PRC legal advisor 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	Executive Director	Election
Liu Xiaolei	Employee Director	Democratic election
Tang Chaoxiong	Supervisor	Election
Zhang Feng	Employee Supervisor	Democratic election
Song Jinggang	Chief Accountant	Appointment
Wang Xiangxi	Chairman, Executive Director	Resignation
Wang Xingzhong	Employee Director	Resignation
Luo Meijian	Supervisor	Resignation
Zhang Changyan	Employee Supervisor	Resignation
Xu Shancheng	Chief accountant	Resignation

On 28 March 2022, Mr. Xu Shancheng resigned from the post of the Chief Accountant of the Company due to job arrangements.

On 24 June 2022, Mr. Lv Zhiren was elected as the Executive Director of the fifth session of the Board of the Company at the 2021 Annual General Meeting of the Company with the term of office from the day of election at the general meeting to the expiry of the term of the fifth session of the Board; Mr. Tang Chaoxiong was elected as the Supervisor of the fifth session of the Supervisory Committee of the Company with the term of office from the day of election at the general meeting to the expiry of the term of the fifth session of the Supervisory Committee. Mr. Luo Meijian ceased to serve as the Supervisor of the fifth session of the Supervisory Committee.

Section V Company Governance and Corporate Governance (Continued)

On 5 July 2022, Ms. Liu Xiaolei was elected through employees' democratic election procedure of the Company as the Employee Director of the fifth session of the Board with the term of office from the day of election to the expiry of the term of the fifth session of the Board; Mr. Zhang Feng was elected as the Employee Supervisor of the fifth session of the Supervisory Committee of the Company with the term of office from the day of the election to the expiry of the term of the fifth session of the Supervisory Committee. Mr. Wang Xingzhong ceased to serve as the Employee Director of the fifth session of the Board and a member of the Safety, Health, Environment and ESG Working Committee, and Mr. Zhang Changyan ceased to serve as the Employee Supervisor of the fifth session of the Supervisory Committee.

On 29 July 2022, Mr. Wang Xiangxi resigned from the posts of the Chairman and Executive Director due to job arrangements, and his chairmanship and membership in the Strategy and Investment Committee was terminated at the same time.

On 26 August 2022, as considered and approved at the fourteenth meeting of the fifth session of the Board of the Company, Mr. Song Jinggang was appointed as the Chief Accountant of the Company for a term of three years from the date of approval by the Board, and could be re-elected upon expiry of term.

IV. THE PROPOSAL OF PROFIT DISTRIBUTION OR TRANSFER OF CAPITAL RESERVE TO SHARE CAPITAL

(I) Proposal of profit distribution and transfer of capital reserve to share capital for the interim reporting period

Whether to make profit distribution or transfer of capital reserve to share capital	No
Description of proposal of profit distribution or transfer of capital reserve to 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 24 June 2022, the 2021 Annual General Meeting of the Company approved the distribution of the 2021 final dividend of RMB2.54 per share (tax included) to all shareholders, totaling RMB50,466 million (tax included). As of the date of disclosure of the report, the above dividends have been distributed. The distribution of the 2021 final dividend meets the requirements of the resolutions of the general meeting.

V. 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 . ENVIRONMENT INFORMATION

(I) Environmental protection information of the companies and their significant subsidiaries classified as the key pollutant discharge units as published by the competent environmental protection authorities

1. Information on Pollutant Discharge

As at 30 June 2022, 28 subsidiaries of the Group were categorized as national major pollution source under supervision (including waste gas, wastewater and hazardous solid waste pollution source enterprises) which mainly are coal-fired power plants, coal chemical plants and coal preparation plants, etc. located in places including Inner Mongolia, Shaanxi, Hebei, Fujian and Guangdong.

The main pollutants emitted by waste gas exhausting enterprises are sulfur dioxide, nitrogen oxides and soot, which are emitted to the atmosphere through the chimneys. Waste gas exhausting enterprises are mainly public thermal power plants, coal-to-chemical captive power plants, heating boilers for mines and coking plants, etc. 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).

The main pollutants discharged by wastewater discharging enterprises are chemical oxygen demand (COD), which are discharged to the surface water through the sewage outfall of the enterprises. Wastewater enterprises are mainly coal mining and coal-to-chemical enterprises. The emission standard implemented was the Comprehensive Emission Standards for Sewage (GB8978-1996).

In the first half of 2022, the emissions from enterprises under the State's key supervision and control of pollution sources (waste gas) under the Group are as follows:

Unit name	Major pollutant	Total Emissions tonne	Average emission concentration (mg/Nm ³) mg/Nm ³	Total Verified Emissions tonne/year	Number of discharge ports	Distribution of discharge ports	Discharge method	Excessive Emission hour	Operation rate of pollution prevention facilities %
Power Plant of Guoneng Yili Energy Co., Ltd.	SO ₂	316	31.9	3,200	4	One discharge port per unit	Organised	1	100
	NO _x	480	48.48	3,200			continuous	0	100
	Soot	10	1	480			discharge	0	100
Jinjie Energy (Power Plant)	SO ₂	537	16.96	2,458	3	Every 2 units share one discharge port	Organised	0	100
	NO _x	1,015	31.4	4,422.18			continuous	0	100
	Soot	84	2.76	884.45			discharge	0	100
Taishan Power	SO ₂	729	17.41	4,780	6	Units 1-2 share one discharge port; Units 3-7 each has one discharge port	Organised	0	100
	NO _x	1,271	30.34	9,560			continuous	0	100
	Soot	66	1.54	1,620			discharge	0	100

Section VI Environmental and Social Responsibilities (Continued)

Unit name	Major pollutant	Total Emissions <i>tonne</i>	(mg/Nm ³)	Total Verified Emissions <i>tonne/year</i>	Number of discharge ports	Distribution of discharge ports	Discharge method	Excessive Emission <i>hour</i>	Operation rate of
			Average emission concentration <i>mg/Nm³</i>						pollution prevention facilities <i>%</i>
Guoneng Shenfu (Shishi) Power Generation Co., Ltd.	SO ₂	354	21.46	3,675	2	One discharge port per unit	Organised	1	100
	NO _x	683	42.32	3,675			continuous discharge	0	100
	Soot	73	4.62	309			discharge	7	100
Baotou Coal Chemical	SO ₂	84	13.76	2,674.18	2	The flue gas of the thermoelectric boiler system shares a discharge port, and a separate discharge port for the tail gas of the sulfur recovery device	Organised	0	100
	NO _x	190	31.24	1,337.09			Continuous or intermittent discharge	0	100
	Soot	16	2.47	401.13				0	100
Cangdong Power	SO ₂	291	13.13	1,842.65	4	One discharge port per unit	Organised	0	100
	NO _x	520	23.36	2,632.36			continuous discharge	0	99.95
	Soot	52	2.34	292.06			discharge	0	100
Dingzhou Power	SO ₂	233	10.76	1,814.31	4	One discharge port per unit	Organised	0	100
	NO _x	446	20.91	2,591.87			continuous discharge	0	99.95
	Soot	92	1.69	521.86			discharge	0	100
Sichuan Energy Jiangyou Power Plant	SO ₂	27	17.19	540	1	The units share a discharge port	Organised	0	100
	NO _x	108	74.17	1,080			continuous discharge	0	99.82
	Soot	11	8.95	216			discharge	0	100
Guoneng Chongqing Wanzhou Electric Power Co., Ltd.	SO ₂	301	20.64	1,000	2	One discharge port per unit	Organised	0	100
	NO _x	614	42.4	1,500			continuous discharge	0	99.92
	Soot	27	1.84	200			discharge	0	100
Huizhou Thermal	SO ₂	268	31.08	501.52	1	The units share a discharge port	Organised	0	100
	NO _x	371	43.02	716.46			continuous discharge	0	99.96
	Soot	10	1.16	71.65			discharge	0	100
Mengjin Power	SO ₂	207	21.26	1,079	2	One discharge port per unit	Organised	0	100
	NO _x	384	39.15	1,542			continuous discharge	0	100
	Soot	21	2.34	308			discharge	0	100
Shandong Power Dianta Company	SO ₂	291	13.44	1,031.81	1	The units share a discharge port	Organised	1	99.9
	NO _x	716	33.03	1,474.02			continuous discharge	3	99.9
	Soot	46	2.4	294.80			discharge	0	100
Shouguang Power	SO ₂	170	13.84	1,347.50	2	One discharge port per unit	Organised	0	100
	NO _x	382	30.71	1,925			continuous discharge	0	100
	Soot	14	1.08	192.50			discharge	0	100

Section VI Environmental and Social Responsibilities (Continued)

Unit name	Major pollutant	Total Emissions <i>tonne</i>	(mg/Nm ³)	Total Verified Emissions <i>tonne/year</i>	Number of discharge ports	Distribution of discharge ports	Discharge method	Excessive Emission <i>hour</i>	Operation rate of pollution prevention facilities
			Average emission concentration <i>mg/Nm³</i>						%
Jiujiang Power	SO ₂	222	14.2	2,805	2	One discharge port per unit	Organised	0	100
	NO _x	516	33.56	3,014			continuous	0	100
	Soot	12	0.81	1,065			discharge	0	100
Zhunge'er Power	SO ₂	170	21.82	3,840	2	One discharge port each for Phase I and Phase II	Organised	0	100
	NO _x	295	39.8	3,840			continuous	0	100
	Soot	22	3.02	576			discharge	0	100
Fujian Jinjiang Thermal Power Co., Ltd.	SO ₂	25	12.11	182	1	The units share a discharge port	Organised	0	100
	NO _x	88	42.47	260			continuous	3	99.96
	Soot	2	0.87	52			discharge	0	100
Guoneng Jiangyou Thermal Power Co., Ltd.	SO ₂	86	13.69	385	1	The units share a discharge port	Organised	0	100
	NO _x	221	35.28	550			continuous	4	99.74
	Soot	41	6.66	110			discharge	0	100
Liuzhou Power	SO ₂	56	13.1	3,727.20	1	The units share a discharge port	Organised	0	100
	NO _x	159	36.45	1,863.60			continuous	0	100
	Soot	14	3.61	559			discharge	0	100
Guoneng Shenfu (Longyan) Power Generation Co., Ltd.	SO ₂	108	19.69	358	1	The units share a discharge port	Organised	2	100
	NO _x	231	44.31	358			continuous	35	99.43
	Soot	13	2.34	360			discharge	1	100
Daliuta Power Plant of Shendong Power Company	SO ₂	0.1	2.51	47.32	1	The units share a discharge port	Organised	0	100
	NO _x	13	47.6	67.6			continuous	20	100
	Soot	0.1	4.24	13.52			discharge	0	100
Guojiawan Power Plant of Shendong Power	SO ₂	19	2.36	420	1	The units share a discharge port	Organised	0	100
	NO _x	214	26.28	600			continuous	0	100
	Soot	4	0.45	120			discharge	0	100
Shenmu Power	SO ₂	54	7.78	189	1	The units share a discharge port	Organised	2	99.9
	NO _x	160	25	270			continuous	4	99.5
	Soot	10	1.46	54			discharge	0	100
Shenhua Bayannaer Energy Co, Ltd.	SO ₂	13	21.92	75	1	One discharge port for the coke oven chimney	Organised	11	99.8
	NO _x	157	257.68	750			continuous	0	76.7
	Soot	5	8.83	45			discharge	3	100
Shengli Energy	SO ₂	137	11.4	1,016.4	2	One discharge port per unit	Organised	2	100
	NO _x	237	19.71	1,271			continuous	0	100
	Soot	21	1.76	290.4			discharge	0	100

Section VI Environmental and Social Responsibilities (Continued)

Unit name	Major pollutant	Total Emissions <i>tonne</i>	Average emission concentration <i>mg/Nm³</i>	Total Verified Emissions <i>tonne/year</i>	Number of discharge ports	Distribution of discharge ports	Discharge method	Excessive Emission <i>hour</i>	Operation rate of pollution prevention facilities <i>%</i>
Yongzhou Power	SO ₂	146	14.5	895	2	One discharge port per unit	Organised	0	100
	NO _x	339	35.2	1,080			continuous	0	100
	Soot	16	1.2	110			discharge	0	100
Guoneng (Lianjiang) Port Power Co., Ltd.	SO ₂	146	21.2	1,632.2	2	One discharge port per unit	Organised	0	100
	NO _x	248	35.43	2,282.2			continuous	12	100
	Soot	28	4.15	466.34			discharge	7	100
Guoneng Sichuan Tianming Power Generation Co., Ltd.	SO ₂	205	17	924	2	One discharge port per unit	Organised	0	100
	NO _x	583	38	1,313			continuous	0	100
	Soot	27	2.3	174			discharge	0	100

In the first half of 2022, the total emission of major enterprises under the State's key supervision and control of pollution sources (COD) of the Group are as follows:

Unit name	Major pollutant	Total Emissions <i>tonne</i>	Average emission concentration <i>mg/Nm³</i>	Total Verified Emissions <i>tonne/year</i>	Number of discharge ports	Distribution of discharge ports	Discharge method	Excessive Emission <i>hour</i>	Operation rate of pollution prevention facilities <i>%</i>
Baotou Coal Chemical	COD	0	0	150	1	One external sewage outlet	Continuous discharge	0	100
Jinjie Energy (Coal Mine)	COD	55.55	4	-	3	Outlet of well water treatment plant for the main shaft; Zaoshaogou forced outlet; Hezegou forced outlet	Continuous or intermittent discharge	0	100
Daliuta Coal Mine of Shandong Coal	COD	3.12	4.55	54.45	1	Outlet of well water treatment plant for the main shaft	Continuous or intermittent discharge	0	100
Liuzhou Power	COD	15.14	16.97	-	1	One outlet for the whole plant	Intermittent discharge	0	100

Section VI Environmental and Social Responsibilities (Continued)

In the first half of 2022, the total emission of major enterprises under the State's key supervision and control of pollution sources (solid and hazardous waste) of the Group is as follows: 2,023.68 tonnes from Baotou Coal Chemical, 18.74 tonnes from Guojiawan Power Plant of Shendong Power and 12.08 tonnes from Jiujiang Power, all of which are disposed and transferred in compliance with the laws and regulations with no external discharge.

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

Investors should be aware that the above data are from self-monitoring of the Company, which are not confirmed by the local environmental protection regulatory authorities and may be different from the final data determined by the local environmental protection regulatory authorities.

2. Construction and Operation of Pollution Prevention and Control Facilities

The Group has built wastewater, waste gas, solid waste and noise prevention and control facilities in accordance with 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.

3. Environmental Effect Appraisal of Construction Project and Other Administrative Approvals on Environmental Protection

In terms of construction project, the Group carried out simultaneously "three management measures, being environmental effect appraisal and energy conservation appraisal", soil conservation inspection and acceptance, as well as environmental protection inspection and acceptance. The environmental impact appraisal, as well as environmental protection inspection and acceptance construction completion, water environmental protection inspection and acceptance and other relevant tasks have been conducted, respectively, on all construction projects in accordance with the law.

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, and the emergency plan for unexpected environmental incidents of its subsidiaries were filed with the local ecological environmental protection department.

5. Environment Self-monitoring Plan

All subsidiaries of the Company have prepared environmental self-monitoring programmes and strictly carried out monitoring of pollutant emission data in accordance with the national standards and management regulations for online monitoring of pollution sources. The online monitoring facilities are connected to the monitoring platforms of local ecological and environmental protection departments to achieve real-time monitoring.

Section VI Environmental and Social Responsibilities (Continued)

6. Administrative Penalty for Environmental Problems during the Reporting Period

Unit Name	Date	Penalty No.	Fine Amount <i>RMBO'000</i>	Reason for Penalty	Rectification
Jinjie Energy	13 June 2022	Shan K Shen Mu Huan Fa [2022] 89	15	The number of outlets failed to comply with the discharge permit	Under rectification. It is planned to implement the comprehensive utilization project of mine drainage water, and at the same time apply for changing the sewage discharge permit.
Shendong Power Guojiawan Power Plant	10 February 2022	Shan K Huan Fa [2022] 69	10	No solid waste management ledger was established	Solid waste management ledger has been supplemented.
	15 June 2022	Shan K Fu Gu Huan Fa [2022] 71	10	No protective measures were taken in accordance with national standards during the solid waste storage process	Protective measures have been taken in accordance with national standards.
	15 June 2022	Shan K Fu Gu Huan Fa [2022] 72	5	The coal uploading pit was not fully closed and no effective dust control measures were taken	Under rectification. Bidding has been completed and is in the construction preparation stage.
Dianta Power Plant of Shendong Power	24 March 2022	Shan K Shen Mu Huan Fa [2022] 32	20	No protective measures were taken in accordance with national standards in the temporary storage of spent denitrification catalyst	Protective measures have been taken in accordance with national standards.

Section VI Environmental and Social Responsibilities (Continued)

7. Other Environmental Information that should be Disclosed

Applicable Not applicable

(II) Environmental issues of companies other than those classified as the key pollutant discharging units

1. Administrative Penalty for Environmental Problems

Unit Name	Date	Penalty No.	Fine Amount RMB'000	Reason for Penalty	Rectification
Shendong Coal Branch	17 January 2022	E Huan Fa [2022]7	617.8424	Shangwan Mine completed the production capacity increase in 2015, for which it failed to re-submit for approval on environmental impact assessment	The environmental impact report of the reconstruction and expansion project has been approved by the Ministry of Ecology and Environment.
	17 January 2022	E Huan Fa [2022]8	1,138.5096	Bulianta Mine completed the production capacity increase in 2015, for which it failed to re-submit for approval on environmental impact assessment	As above
	28 January 2022	E Huan Fa [2022] 11	299.5692	Jinfeng Cuncaota Mine completed the production capacity increase in 2018, for which it failed to re-submit for approval on environmental impact assessment	As above
	30 March 2022	Shan K Shen Mu Huan Fa [2022] 61	60	Halagou Mine dumped and piled up hazardous wastes without authorization	Rectified.
	27 June 2022	Shan K Shen Mu Huan Fa [2022] 94	1,264.45235	Construction without prior approval	Under rectification. The environmental impact report of production capacity increase has been prepared and submitted to the Ministry of Ecology and Environment.
	27 June 2022	Shan K Shen Mu Huan Fa [2022] 95	331.10735	Construction without prior approval	As above
Shangwan mine of Shendong Coal	25 January 2022	E Huan Yi Fa [2022] 3	10	Wujiata gangue dump has been in service beyond the permit term and volume	The gangue discharging operation has been stopped
Bulianta mine of Shendong Coal	25 January 2022	E Huan Yi Fa [2022] 4	10	Some gangue did not enter the gangue dump	As above
Bu'ertai mine of Shendong Coal	25 January 2022	E Huan Yi Fa [2022] 5	10	Gangue dump has been in service beyond the permit term and volume	As above

Section VI Environmental and Social Responsibilities (Continued)

Unit Name	Date	Penalty No.	Fine Amount <i>RMB0'000</i>	Reason for Penalty	Rectification
Wulanmulun mine of Shendong Coal	14 February 2022	Yi Wu Zhi Fa [2022] 3	9	Water Procurement Permit was not obtained in a timely manner after the approval on production capacity increase.	Under rectification. The water resources demonstration report has been prepared and submitted for approval.
Baotou Energy Wanli No.1 mine	10 January 2022	E Huan Fa [2022] 14	10.28	Heating boilers for mines exceeded the daily discharge standard	Equipment and technology updates have been implemented to avoid deviations in collected data caused by external factors.
	18 May 2022	(E) Shui Fa Jue Zi [2022] 2	8	Water use beyond the permit	The old pipes have been replaced, and the statistics and reporting of water consumption have been standardized.
	15 June 2022	Dong Huan Fa [2022] 34	36.34	Some gangue did not enter the gangue dump	Under rectification. The carrier was urged to complete the EIA approval as soon as possible.

2. Other Environmental Information

During the reporting period, total emission of major pollutants of the Group are as follows:

	Sulfur dioxide <i>0,000 tonnes</i>	Nitrogen oxide <i>0,000 tonnes</i>	Soot <i>0,000 tonnes</i>	Chemical oxygen demand (COD) <i>tonnes</i>	Hazardous solid waste <i>tonnes</i>
Enterprises whose pollution sources were under key supervision and control of the state	0.52	1.06	0.07	73.81	2,054.50
Enterprises whose pollution sources were under key supervision and control of China Shenhua	0.01	0.01	0.002	27.59	3,650.28
Other enterprises	0.31	1.24	0.29	217.90	45,295.94
Total	0.84	2.31	0.36	319.30	51,000.72

Note: Starting from 2022, the Group counts the total amount of solid hazardous waste discharge in full calibre in accordance with the "National Hazardous Waste Catalogue (2021 Edition)".

Section VI Environmental and Social Responsibilities (Continued)

3. Explanation of Reasons for Non-disclosure of Environmental Information by Companies other than those Classified as the Key Pollutant Discharging 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

(IV) The Company's actions to protect ecology, prevent pollution and fulfill environmental responsibilities

During the reporting period, the Group continued to carry out in-depth pollution prevention and control, comprehensively promoted the construction of green mines, green transportation, green power and green chemicals. The Group adhered to taking multiple measures, prevention and control from the source, forwarding the comprehensive governance of air pollution, and implementing the mission to secure the environment quality. The Group stuck to prioritizing conservation, recycling, coordinating and promoting the high efficient utilization of water resources. The Group insisted on reducing from the source, recycling during the process, decontamination at the end and strengthening the disposal of solid waste and hazardous waste in compliance. The Group strictly observed the red lines of ecological protection, strengthened the management of soil pollution, insisted the integrated protection and remediation of mountains, rivers, forests, farmlands, lakes, grasslands and deserts, coordinated and promoted the ecological remediation and protection of biological diversity.

(V) Measures and effects taken by the Company to reduce carbon emissions during the reporting period

The Group followed the guidance of carbon peaking, carbon neutral "1+N" policy system, made the safe, clean, efficient and intelligent development and utilization of coal in compliance, implemented the "three reforms" linkage of thermal power, built the comprehensive energy supplier, promoted high-end, diversified and low carbon development of coal chemical industry, strove for new energy industry resources project, launched the innovation of green, low carbon, energy conservation and emission reduction technology, implemented comprehensive conservation strategy, continued ecological remediation and establishment of green enterprise and advanced the low carbon development of the complete industrial chain.

In the first half of 2022, 10.4159 million square meters of land reclamation of open-pit mines were added, 1.5730 million square meters of treatment of mine collapse were added, and 22.0760 million square meters of green area were added.

Section VI Environmental and Social Responsibilities (Continued)

II. DETAILS OF THE COMPANY'S EFFORTS TO EXPAND POVERTY ALLEVIATION ACHIEVEMENTS AND RURAL REVITALIZATION

The Group committed to implement the decision-making deployment of the Party Central Committee, vigorously promoted the spirit of poverty alleviation, carried out its responsibilities and missions as a central state-owned-enterprise, focused on taking advantage of the industry, focused on uniting and revitalizing the forces, promoting comprehensive revitalization, and firmly keeping the bottom line and red line, continued to keep the overall stability of assistance efforts, deepened and innovated different measures for rural revitalization on an ongoing basis, promoted the new development of rural revitalization, and assisted the new steps of regional development.

In the first half of the year, the rural revitalization of the Group proceeded in an orderly manner and was promoted steadily. The Group donated assistance fund of RMB38.91 million in the three designated assistance counties including Mizhi County and Wubu County in Shaanxi Province, Butuo County in Sichuan Province, to implement 27 projects of industry assistance and infrastructures construction, to train 774 persons for skilled personnel and primary-level cadres, to purchase and sell agricultural products of RMB4.155 million. Also, 8 subsidiaries including Zhunge'er Energy conducted 12 assistance projects including rural revitalization and epidemic prevention and control, and donated a total of RMB27.88 million.

Section VII Significant Event

I. PERFORMANCE OF COMMITMENTS

Commitments 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 Commitment	Type of Commitment	Covenantor	Commitment	Date and Duration of Commitment	Any Time Limit for Commitment	Timely and Strict Performance of Commitment	Detailed reasons shall be specified if commitment is not fulfilled in time	Further steps shall be specified if commitment is not fulfilled in time
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 and a "Supplemental Agreement to the Existing Non-Competition Agreement" on 1 March 2018. As the Company is an integrated platform which is responsible for the coal business and affiliated to China Energy, China Energy has committed not to compete with the Company in respect of the Company's principal businesses (coal exploration, mining, processing, sales; production and sales of comprehensive utilization of coal products; development and management of coal products; railway transportation; port transportation; the industry and ancillary service related to the business aforementioned) whether inside or outside of the PRC, and granted the Company options and preemptive rights to acquire and be transferred from China Energy any business opportunities and assets which may pose potential competition.	24 May 2005, long-term	Yes	Yes, in progress	N/A	N/A

The Resolution on the Performance of Non-competition Undertaking was approved at the 45th meeting of the second session of the Board on 27 June 2014 and the Announcement in relation to the Performance of Non-competition Undertaking was disclosed to the public. The Company will commence the acquisition of 14 assets of legacy of Shenhua Group Corporation Limited and its subsidiaries ("Original Undertaking Assets") step by step as planned. For details, please refer to the H-shares announcement dated 27 June 2014 and the A-shares announcement of the Company dated 28 June 2014. The Company completed 3 acquisitions of 100% equity of Ningdong Power, 100% equity of Xuzhou Power and 51% equity of Zhoushan Power in 2015.

Being the parent company subsequent to the Restructuring, China Energy merged with China Guodian Group Co., Ltd. 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.

Section VII Significant Event (Continued)

Pursuant to the Supplemental Agreement to the Existing Non-competition Agreement, within five years after the completion of China Energy merging with China Guodian Group Co., Ltd. by way of merger by absorption, the Company will discretionally exercise the options and the preemptive rights to acquire the assets within the retained businesses, and will no longer implement the 2014 non-competition undertaking. The retained businesses refer to (1) Original Undertaking Assets (excluding the completed acquisition of three equity assets by the Company in 2015) other than the assets of conventional power generation business and (2) the unlisted businesses originally held by China Guodian Group Co., Ltd. which directly or indirectly compete with the core businesses of the Company (excluding the relevant assets that China Guodian Group Co., Ltd. undertook to inject into its subsidiary, Inner Mongolia Pingzhuang Energy Co., Ltd., in 2007). For details, please refer to the H-shares announcement of the Company dated 1 March 2018 and the A-shares announcement of the Company dated 2 March 2018.

As a coal business integration platform under China Energy, the Company will, in accordance with the Non-competition Agreement signed by both parties and its supplemental agreements, exercise the right of priority transactions and options, the right of the priority to transfer and first refusal for business opportunities and assets that may constitute potential horizontal competition, thereby promoting gradual reduction of horizontal competition.

II. MISAPPROPRIATION OF FUNDS BY ITS CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES FOR NON-OPERATIONAL PURPOSE DURING THE REPORTING PERIOD

Applicable Not applicable

III. IRREGULAR GUARANTEES

Applicable Not applicable

IV. AUDIT OF THE INTERIM REPORT

(I) Description of appointment and removal of auditors

On 24 June 2022, KPMG Huazhen LLP and KPMG were appointed as the A-shares and H-shares auditors of the Company respectively for 2022 at the Company's 2021 Annual General Meeting.

(II) Change in appointment of auditors during the audit period

Applicable Not applicable

(III) Explanation of the Company on the "non-standard audit report" issued by Auditors

Applicable Not applicable

(IV) Explanation of the Company on the "non-standard 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

Section VII Significant Event (Continued)

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

Applicable Not applicable

VI. INSOLVENCY OR RESTRUCTURING RELATED MATTERS

Applicable Not applicable

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 2022, the Group was the plaintiff, the defendant or the party of certain non-material litigations and arbitrations. The management of the Group 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, DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS, DE FACTO CONTROLLERS AND OFFEROR

Applicable Not applicable

IX. INTEGRITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS 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/CONNECTED TRANSACTIONS**(I) Related/Connected transactions during the daily operation**

The Audit and Risk Management Committee of the Board of the Company shall perform the duties of control and daily management of related/connected transactions of the Company. The Company has a related/connected transaction team under the direct supervision of the Chief Financial Officer, which is responsible for the management of related/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/connected transactions. The team has also established routine examinations, reporting systems and accountability systems in the subsidiaries and branches of the Company, to ensure that related/connected transactions are to be implemented in accordance with the terms and conditions of framework agreement.

Section VII Significant Event (Continued)

1. Annual caps for the daily related/connected transactions in 2022

China Energy holds 69.52% of the Company's shares and is a related party (connected person) of the Company. On 22 October 2021, the Company's 2021 first extraordinary general meeting approved the 2021–2023 Mutual Coal Supply Agreement and Mutual Supplies and Services Agreement, and determined the annual transaction cap amount from 2021 to 2023 under such agreements (please refer to the Company's H-share announcement on 27 August 2021 and A-share announcement on 28 August 2021, and the Company's 2021 annual report). Due to the rise in coal and service prices and the increase in demand, the Company's 2021 annual general meeting held on 24 June 2022 approved the annual cap of the Company's contribution to China Energy for the period from 2021 to 2023 under the Mutual Coal Supply Agreement and the revision of the annual caps for the provision of products and services by the Group to China Energy from 2022 to 2023 under Mutual Supplies and Services Agreement. From 2021 to 2023, the annual transaction caps for the supply of coal by China Energy to the Group, the provision of products and services by China Energy to the Group, and the terms of Mutual Coal Supply Agreement and the Products and Mutual Supplies and Services Agreement have not changed. (Please refer to the Company's H-share announcement on 25 March 2022 and A-share announcement on 26 March 2022)

The Finance Company is 60% owned by China Energy, the Company's controlling shareholder, and is a related party (connected person) of the Company. The 2020 annual general meeting of the Company held on 25 June 2021 approved the 2021–2023 Financial Services Agreement signed by the Company and the Finance Company on 26 March 2021 and the relevant daily connected/connected transactions confirmed Annual trading caps from 2021 to 2023. (Please refer to the Company's H-share announcement on 26 March 2021 and A-share announcement on 27 March 2021 and the Company's 2021 annual report)

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 under the Hong Kong Listing Rules. On 28 October 2019, the Company and Taiyuan Railway Bureau which acted for and on behalf of China Railway entered into the Continuing Connected Transactions Framework Agreement, effective from 1 January 2020 to 31 December 2022. 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 2019 and the Company's 2021 annual report)

Section VII Significant Event (Continued)

2. Implementation of each agreement during the Reporting Period

The following is the cap and implementation of major continuing related/connected transaction agreements to be disclosed during the reporting period. During the reporting period, the total amount of related/connected transactions in relation to sales of products and provision of labor services by the Company to China Energy amounted to RMB54,829 million, accounting for 33.1% of the Group's revenue during the reporting period.

Name of the agreement	Provision of products and services by the Group to related/connected persons and other inflows			Purchase of products and services from related/connected persons by the Group and other outflows		
	Prevailing transaction cap RMB million	Transaction amount during the reporting period RMB million	Proportion in the same type of transactions %	Prevailing transaction cap RMB million	Transaction amount during the reporting period RMB million	Proportion in the same type of transactions %
1. Mutual Coal Supply Agreement entered into between the Group and China Energy	99,000	46,931	41.2	29,000	2,867	9.5
2. Mutual Supplies and Services Agreement entered into between the Company and China Energy	39,000	7,898	/	17,000	3,037	/
Including: (1) Products		3,877	10.4		1,231	3.9
(2) Services		4,021	30.9		1,806	12.8
3. Continuing Connected Transactions Framework Agreement entered into between the Company and China Railway	7,300	1,172	1.0	19,800	4,272	5.6

Section VII Significant Event (Continued)

Name of Agreement	Transaction item	Prevailing Transaction cap RMB million	Transaction Amount during the reporting period RMB million
Financial Services Agreement entered into between the Company and Finance Company	(1) Maximum daily balance of comprehensive facilities provided by Finance Company to the members of the Group (including loans, credits, bill acceptance and discount, guarantee, performance guarantee, overdrafts, opening letters of credit, etc., inclusive of accrued interest thereon)	100,000	23,456
	(2) Maximum daily deposit balance of the members of the Group in the Finance Company (inclusive of accrued interest thereon)	27,900	27,793
	(3) Total fee charged by the Finance Company for providing the members of the Group with financial services, including but not limited to consultancy, agency, settlement, transfer, investment, letter of credit, online banking, entrusted loan, guarantee, acceptance of bill and other services to the members of the Company	300	14

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

(II) Connected transactions in relation to acquisition of assets or acquisition or disposal of equity

Applicable Not applicable

(III) Material connected transactions regarding joint external investments

1. EVENTS DISCLOSED IN INTERIM ANNOUNCEMENTS WITHOUT SUBSEQUENT DEVELOPMENT OR CHANGES DURING IMPLEMENTATION

Applicable Not applicable

2. EVENTS DISCLOSED IN INTERIM ANNOUNCEMENTS WITH SUBSEQUENT DEVELOPMENT OR CHANGES DURING IMPLEMENTATION

Applicable Not applicable

3. EVENTS NOT DISCLOSED IN INTERIM ANNOUNCEMENTS

Applicable Not applicable

Section VII Significant Event (Continued)

(IV) Debts and liabilities between related parties

Unit: RMB million

Related parties	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 shareholders	-	-	-	874	-	874
Finance Company	Subsidiary of the controlling shareholders	27,126	(176)	26,950	21,397	(387)	21,010
Other related parties	Others	400	-	400	201	-	201
Total		27,526	(176)	27,350	22,472	(387)	22,085

Reasons for debts and liabilities between related parties

- (1) Long and short-term borrowing were provided by China Energy to the Group;
- (2) The Group's deposits/loans with Finance Company;
- (3) The entrusted loans were issued or received by the Group.

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

Repayment of debts and liabilities between related parties

At present, the principal and interest of the above loans and entrusted loans are being paid normally according to the repayment plan.

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

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 Event (Continued)

(V) Connected transactions with Finance Company

As of the end of the reporting period, the Company directly and indirectly held 40% equity interest in Finance Company. The China Energy, the controlling shareholder of the Company, held 60% equity interest in Finance Company, and the financial services provided by Finance Company to the Group constituted a related/connected transaction of the Company.

1. MAJOR FINANCIAL INDICATORS OF FINANCE COMPANY

	Unit	The first half of 2022 (<i>unaudited</i>)	2021 (<i>audited</i>)
Revenue	RMB million	1,901	2,998
Total profit	RMB million	1,561	2,770
Net profit	RMB million	1,202	2,113
		As at 30 June 2022 (<i>unaudited</i>)	As at 31 December 2021 (<i>audited</i>)
Total assets	RMB million	184,047	143,734
Total liabilities	RMB million	159,541	120,427
Owner's equity	RMB million	24,506	23,307

Note: The financial data in the above table is prepared in accordance with the PRC Accounting Standards for Business Enterprises.

2. MAJOR RISK INDICATORS OF FINANCE COMPANY

No.	Control indicators	As at 30 June 2022	Compliant with regulatory requirements or not
1	Capital adequacy rate not lower than 10%	13.56%	Yes
2	Non-performing asset rate not higher than 4%	0%	Yes
3	Non-performing loan rate not higher than 5%	0%	Yes
4	Capital loss coverage ratio not lower than 100%	+∞ (none noted sub-prime suspicious loss assets)	Yes
5	Loan loss coverage ratio not lower than 100%	+∞ (none noted sub-prime suspicious loss assets)	Yes
6	Liquidity ratio not lower than 25%	56.10%	Yes
7	Ratio of self-owned fixed assets not higher than 20%	0.06%	Yes
8	Ratio of investment (against total capital) not higher than 70%	63.46%	Yes
9	Inter-bank borrowing ratio not higher than 100%	0%	Yes
10	Guarantee ratio not higher than 100%	30.01%	Yes

Section VII Significant Event (Continued)

3. DEPOSIT BUSINESS

Unit: RMB million

Related parties	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 controlling shareholder	27,900	0.455%-3.30%	27,126	134,478	134,654	26,950
Total	/	/	/	27,126	134,478	134,654	26,950

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.

4. LOAN BUSINESS

Unit: RMB million

Related parties	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 controlling shareholder	100,000	2.30%-3.95%	21,397	4,645	5,032	21,010
Total	/	/	/	21,397	4,645	5,032	21,010

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

Section VII Significant Event (Continued)

5. CREDIT FACILITIES OR OTHER FINANCIAL BUSINESS

Unit: RMB million

Related parties	Relationship	Business Type	Quota	Amount for the period
Finance Company	Subsidiary of controlling shareholder	Bill discount	100,000	2,118
Finance Company	Subsidiary of controlling shareholder	Issue of acceptance bill	100,000	571
Finance Company	Subsidiary of controlling shareholder	Intermediary business	300	14

Note:

- (1) Maximum daily balance of the comprehensive credit facilities (including loans, bill acceptance and discount, etc.), including accrued interest, provided by Finance Company to the Group as approved by the general meeting of the Company refers to RMB100,000 million.
- (2) The amount for the period of bills acceptance and discount business refers to total amount of relevant services provided by Finance Company to the Group during the reporting period.
- (3) The amount for the period of intermediary business refers to total amount of various service fees charged by Finance Company for provision of financial services to the Group.

(VI) Other major connected transactions

Applicable Not applicable

XI. MATERIAL CONTRACTS AND THEIR PERFORMANCE**(I) Trust, contracting and leasing**

Applicable Not applicable

Section VII Significant Event (Continued)

(II) Major guarantees performed and outstanding during the reporting period

Unit: RMB million

Guarantor	Relationship between the guarantor and the listed company	Guarantee	Guarantees provided by the Company to external parties (excluding guarantee granted to its subsidiaries)					Whether Performance has been completed	Whether Guarantee is overdue	Amount of counter guarantee overdue	Whether counter guarantee is provided	Whether guarantee is for the benefit of related parties	Relationship
			Amount guaranteed	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	67.61	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)												(4.83)	
Total balance of guarantee at the end of the reporting period (A) (excluding guarantee provided to its subsidiaries)												67.61	
Guarantee provided by the Company and its subsidiaries to its subsidiaries													
Total amount of guarantee provided to its subsidiaries during the reporting period												167.85	
Total balance of guarantee provided to its subsidiaries at the end of the reporting period (B)												3,355.70	
Aggregated amount of guarantee (including guarantee provided to its subsidiaries)													
Total amount of guarantee (A+B)												3,423.31	
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 (%)												0.9	
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)												3,423.31	
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)												3,423.31	
Description of the potential joint and several repayment liability for unmatured guarantee											Please refer to below		
Description of guarantee											Please refer to below		

Note: 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 multiplies by the shareholding of the Company in the subsidiary.

Section VII Significant Event (Continued)

As at the end of the reporting period, the total balance of the amount of guarantee provided by the Group amounted to RMB3,423.31 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% of the shares, 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% of the shares) 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). Shenbao Energy has injected an accumulated amount of RMB11.82 million into Liangyi Railway Company.

As of 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 Limited amounting to a total of RMB81.76 million. Baorixile Energy already made full provision for impairment on its 14.22% equity interest 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 2022, Liangyi Railway Company had a gearing ratio of 178%.

- (2) As of the end of the reporting period, the amount of guarantee between subsidiaries in consolidated reports of the Company, in proportion to its shareholding, amounted to approximately RMB3,355.70 million, which was mainly due to the fact that Shenhua Hong Kong Limited, the wholly-owned subsidiary of the Company, provided guarantees for the issuance of USD0.5 billion bonds by China Shenhua Overseas Capital Co., Ltd., its wholly-owned subsidiary.

Section VII Significant Event (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	400.0	0

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 2022.

2. INDIVIDUAL ENTRUSTED LOANS

Unit: RMB million

Name of borrower	Relationship 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
Yili Chemical	Joint stock Company	Bank of China	400.0	2020/12/24	2023/12/23	3 years	Own fund	Replacement of loans	Interest to be paid quarterly	4.75%	9.6	0	Yes

In December 2020, Shendong Power, being the wholly-owned subsidiary of the Company, entered into entrusted loan agreements with amounts of RMB400 million with Inner Mongolia Yili Chemical Industry Co., Ltd. ("Yili Chemical").

As of 30 June 2022, 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 any individual party. 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.

XII. OTHER MATERIAL MATTERS

Applicable Not applicable

Section VIII Changes in Ordinary Share Capital and Particulars of Shareholders

I. CHANGE IN ORDINARY SHARE CAPITAL

(I) Change in the number of ordinary shares

1. Change in 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 2022	
	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 2022, the Group did not purchase, sell or redeem any of the Company's securities as defined under the Hong Kong Listing Rules.

As of 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

3. Impacts of changes in shares on earnings per share, net assets per share and other financial indicators from the reporting period to the disclosure date 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

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

II. NUMBER OF SHAREHOLDERS AND SHARES

(I) Total number of shareholders

Total number of shareholders of ordinary shares as at the end of the reporting period (<i>accounts</i>)	155,702
Including: Holders of A shares (including China Energy)	153,774
Registered holders of H shares	1,928

(II) Shareholdings of top ten shareholders and top ten holders of marketable shares (or shareholders without selling restrictions) as of the end of the reporting period

Unit: share

Name of shareholders (Full name)	Increase/ decrease during the reporting period	Shareholdings of top ten shareholders		Number of shares with selling restrictions	Shares subject to Pledge, mark or lock-up		Nature of shareholders
		Number of shares held at the end of the reporting period	Percentage %		Status	Number	
China Energy Investment Corporation Limited	0	13,812,709,196	69.52	0	Nil	N/A	State-owned corporation Overseas
HKSCC NOMINEES LIMITED	-79,579	3,369,398,907	16.96	0	Unknown	N/A	corporation
China Securities Finance Corporation Limited	0	594,718,004	2.99	0	Nil	N/A	Others Overseas
Hong Kong Securities Clearing Company Limited	+151,952,954	370,622,771	1.87	0	Nil	N/A	corporation
Central Huijin Asset Management Ltd.	0	106,077,400	0.53	0	Nil	N/A	State-owned corporation Domestic natural person
Du Qiao (杜橋)	+57,393,300	57,393,300	0.29	0	Nil	N/A	person
China Life Insurance Company Limited – Traditional – Ordinary Insurance Products – 005L – CT001 Hu	+12,509,796	33,566,730	0.17	0	Nil	N/A	Others
China Life Insurance Company Limited – Dividends – Individual Dividends – 005L – FH002 Hu	+29,932,799	32,713,224	0.16	0	Nil	N/A	Others
Zuhai Ruifeng Huibang Asset Management Co., Ltd. – Ruifeng Huibang No.3 Privately Offered Fund	0	22,233,848	0.11	0	Nil	N/A	Others
Industrial and Commercial Bank of China – Shanghai Index 50 Trading Open-end Index Securities Investment Fund	-5,773,558	22,052,364	0.11	0	Nil	N/A	Others

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

Shareholdings of top ten shareholders without selling restrictions			
Name of shareholders	Number of shares	Type and number of shares	
	without selling restrictions	Type	Number
China Energy Investment Corporation Limited	13,812,709,196	RMB ordinary shares	13,812,709,196
HKSCC NOMINEES LIMITED	3,369,398,907	Overseas-listed foreign shares	3,369,398,907
China Securities Finance Corporation Limited	594,718,004	RMB ordinary shares	594,718,004
Hong Kong Securities Clearing Company Limited	370,622,771	RMB ordinary shares	370,622,771
Central Huijin Asset Management Ltd.	106,077,400	RMB ordinary shares	106,077,400
Du Qiao (杜橋)	57,393,300	RMB ordinary shares	57,393,300
China Life Insurance Company Limited – Traditional – Ordinary Insurance Products – 005L – CT001 Hu	33,566,730	RMB ordinary shares	33,566,730
China Life Insurance Company Limited – Dividends – Individual Dividends – 005L – FH002 Hu	32,713,224	RMB ordinary shares	32,713,224
Zhuhai Ruifeng Huibang Asset Management Co., Ltd. – Ruifeng Huibang No.3 Privately Offered Fund	22,233,848	RMB ordinary shares	22,233,848
Industrial and Commercial Bank of China – Shanghai Index 50 Trading Open-end Index Securities Investment Fund	22,052,364	RMB ordinary shares	22,052,364
Description of the special account for repurchase of the top ten shareholders	N/A		
Description of the abovementioned shareholders' entrusting of voting rights, entrusted voting rights, and waiver of voting rights	N/A		
Details regarding the connected 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. Both China Life Insurance Company Limited – Traditional – Ordinary Insurance Products – 005L – CT001 Hu and China Life Insurance Company Limited – Dividends – Individual Dividends – 005L – FH002 Hu are products of China Life Insurance Company Limited. Save as disclosed above, the Company is not aware of any connected relationships between the top ten shareholders without selling restrictions and the top ten shareholders, and whether they are parties acting in concert as defined in the Measures for Administration of Acquisition of Listed Companies of CSRC.		
Details regarding the holders of preference shares with voting rights restored and the number of shares held	N/A		

Note: H shares held by HKSCC NOMINEES LIMITED are held on behalf of a number of its clients; 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 Share Capital and Particulars of Shareholders (Continued)

Number of top ten shareholders with selling restrictions and their selling restrictions Applicable Not applicable**(III) Strategic investors or general legal persons becoming top ten shareholders as a result of new share placing:** Applicable Not applicable**(IV) Substantial shareholders' interests and short positions in the shares of the Company**

As at 30 June 2022, 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 shareholders	Capacity	H shares/A shares	Nature of interest	Number of H shares/ A shares held	Percentage of H shares/ A shares over total issued H shares/ A shares respectively %	Percentage of total issued share capital of the Company %
1	China Energy	Beneficial owner	A shares	N/A	13,812,709,196	83.76	69.52
2	BlackRock, Inc.	Interest of corporation controlled by shareholder	H shares	Long position Short position	195,831,720 78,500	5.80 0.00	0.99 0.00

As at 30 June 2022, save as disclosed above, there was no other person 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 was a substantial shareholder of the Company.

III. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES**(I) Changes in shareholding of current directors, supervisors, and senior management and those outgoing 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 Investor Relations

In 2022, China Shenhua thoroughly implemented the Opinions of the State Council on Further Improving the Quality of Listed Companies (《國務院關於進一步提高上市公司質量的意見》), actively implemented the latest requirements, such as the Guidelines on Investor Relations Management for Listed Companies from the CSRC. China Shenhua continuously improved the investor relations management mechanism, strived to enhance the awareness of serving investors, improved investor communication channels, promoted good investor communication work and helped the Company's high-quality development.

1. ADOPTING MULTIPLE MEANS WITH INNOVATION AND HOLDING PERFORMANCE BRIEFING IN NORMAL SITUATION

In the first half of 2022, the Company held the 2021 annual performance briefing, performance briefing for the first quarter of 2022. The Company actively explored and organized the preparation of materials, such as short videos on the interpretation of the 2021 annual results and the PPT on the interpretation of the results, to fully meet investors' needs for information comprehensibility and convenient access to information. In response to the difficulty in organizing on-site investigation for investors due to the pandemic, the Company produced online-exhibition videos on the themes of the intelligent construction of Shendong Coal and the construction of green and intelligent ecological port in Huanghua Port, leading investors to enter the Company's business site, and enhancing investors' direct understanding of the Company. The general manager and senior management of the Company attended the results presentation twice and answered a total of 176 pre-collected questions and questions from on-site investors, guiding investors to accurately understand the Company's operation and achieving positive interaction with investors. Representatives of the Company's independent directors participated in the Company's results presentations twice in the first half of the year to understand investors' concerns and answer questions from investors.

2. PROTECTING THE LEGITIMATE RIGHTS AND INTERESTS OF SHAREHOLDERS AND ACTIVELY REWARDING SHAREHOLDERS

In the first half of the year, before holding the general meeting, in response to the proposals that shareholders concerned in the general meeting, the Company proactively contacted the minority shareholders, followed up and responded shareholders' concerns and understand their demands, and conducted one-on-one communication meetings for shareholders in need and answered relevant questions seriously. The independent directors participated in the general meeting. At the general meeting, the chairman of the Company led the Company's management to conduct in-depth and meticulous exchanges with the shareholders present at the meeting, and heard the opinions and suggestions for the operation and development for the Company of shareholders, thus ensuring investors' right to know to the maximum extent.

The Company adheres to the concept of sharing corporate development achievements with shareholders, implements a high-proportion cash dividend policy, and advocates a long-term and rational value investment culture. The Company's general meeting approved the distribution of the 2022 final dividend of RMB2.54 per share (tax inclusive), representing 100.4% of the net profit attributable to shareholders of the Company for the year 2021 under the PRC Accounting Standards for Business Enterprises. The Company finalized the resolution at the AGM to distribute the dividend to shareholders in accordance with the earliest possible time. Investors highly recognized the 2021 annual performance and dividend plan, and praised the Company as the "Best State-owned Enterprise in Practicing Common Prosperity". In the first half of the year, the Company was ranked 5th and 47th respectively on the "List of Listed Companies with Rich Returns" and "List of Listed Companies with Sincere Returns".

Section IX Investor Relations (Continued)

3. COMMUNICATING WITH INTEGRITY AND ENSURING SMOOTH FLOW OF INVESTOR COMMUNICATION CHANNELS

The Company provides services to investors in a timely manner through investor hotline, secretary to the Board hotline, investor mailbox, mailbox of the secretary to the Board, receiving investor research, online and offline meetings and SSE e-interaction and other ways. The Company pays attention to the development trend of the capital market, follows up on the hot spots of industry development and responds to investors' concerns in a timely manner. In the first half of the year, China Shenhua communicated with investors through online meetings and other means for a total of about 1,600 times; and answered 81 questions from investors on the e-interactive platform of SSE.

Section X 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 90 to 133 which comprises the condensed consolidated statement of financial position of China Shenhua Energy Company Limited (the "Company") as of 30 June 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and 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 2022 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

26 August 2022

Condensed consolidated statement of profit or loss and other comprehensive income

for the six months ended 30 June 2022 – unaudited
(Expressed in Renminbi (“RMB”))

	Note	Six months ended 30 June	
		2022 RMB million	2021 RMB million
Revenue			
Goods and services	4	165,579	143,979
Cost of sales	6	(106,677)	(102,777)
Gross profit		58,902	41,202
Selling expenses		(328)	(329)
General and administrative expenses		(4,575)	(3,586)
Research and development costs		(703)	(471)
Other gains and losses	10	369	458
Other income	7	545	309
Loss allowances, net of reversal	10	77	17
Other expenses		(130)	(231)
Interest income		1,502	1,133
Finance costs	8	(1,204)	(1,096)
Share of results of associates		1,274	708
Profit before income tax		55,729	38,114
Income tax expense	9	(6,238)	(6,347)
Profit for the period	10	49,491	31,767

Condensed consolidated statement of profit or loss and other comprehensive income (Continued)

for the six months ended 30 June 2022 – unaudited
(Expressed in Renminbi (“RMB”))

	Note	Six months ended 30 June	
		2022 RMB million	2021 RMB million
Profit for the period		49,491	31,767
Other comprehensive income for the period			
<i>Items that will not be reclassified to profit or loss, net of income tax:</i>			
Fair value changes on investments in equity instruments at fair value through other comprehensive income		(14)	73
Share of other comprehensive income of associates		326	(2)
<i>Items that may be reclassified subsequently to profit or loss, net of income tax:</i>			
Exchange differences		420	12
Share of other comprehensive income of associates		(5)	20
Other comprehensive income for the period, net of income tax		727	103
Total comprehensive income for the period		50,218	31,870
Profit for the period attributable to:			
Equity holders of the Company		42,475	26,500
Non-controlling interests		7,016	5,267
		49,491	31,767
Total comprehensive income for the period attributable to:			
Equity holders of the Company		43,099	26,597
Non-controlling interests		7,119	5,273
		50,218	31,870
Earnings per share			
– Basic (RMB)	12	2.138	1.334

The notes on pages 101 to 133 form part of this interim financial report.

Condensed consolidated statement of financial position

at 30 June 2022 – unaudited
(Expressed in RMB)

		30 June 2022	31 December 2021 (Restated)
	<i>Note</i>	<i>RMB million</i>	<i>RMB million</i>
Non-current assets			
Property, plant and equipment	13	258,889	263,431
Construction in progress	13	28,393	26,201
Exploration and evaluation assets		4,000	4,000
Intangible assets		4,741	4,651
Right-of-use assets	16	22,982	22,240
Interests in associates	14	49,263	47,708
Equity instruments at fair value through other comprehensive income		2,160	2,174
Other non-current assets	15	29,064	28,089
Deferred tax assets		4,029	3,568
Total non-current assets		403,521	402,062
Current assets			
Inventories	17	11,666	12,633
Accounts and bills receivables	18	11,982	13,607
Financial assets at fair value through other comprehensive income		163	376
Prepaid expenses and other current assets	19	18,421	18,514
Restricted bank deposits		6,534	4,479
Time deposits with original maturity over three months		5,520	1,701
Cash and cash equivalents	20	195,870	156,706
Assets classified as held for sale		38	294
Total current assets		250,194	208,310

Condensed consolidated statement of financial position (Continued)

at 30 June 2022 – unaudited
(Expressed in RMB)

	<i>Note</i>	30 June 2022 <i>RMB million</i>	31 December 2021 (Restated) <i>RMB million</i>
Current liabilities			
Borrowings	21	12,050	9,917
Accounts and bills payables	22	30,073	35,216
Accrued expenses and other payables	23	84,859	29,109
Current portion of lease liabilities		241	187
Current portion of long-term liabilities	24	931	1,427
Income tax payable		5,023	9,028
Contract liabilities		6,385	6,864
Total current liabilities		139,562	91,748
Net current assets		110,632	116,562
Total assets less current liabilities		514,153	518,624
Non-current liabilities			
Borrowings	21	44,838	49,193
Bonds		3,336	3,172
Long-term liabilities	24	7,840	8,025
Accrued reclamation obligations	25	7,221	6,754
Deferred tax liabilities		1,024	974
Lease liabilities		1,406	1,510
Total non-current liabilities		65,665	69,628
Net assets		448,488	448,996

Condensed consolidated statement of financial position (Continued)

at 30 June 2022 – unaudited
(Expressed in RMB)

	<i>Note</i>	30 June 2022 <i>RMB million</i>	31 December 2021 (Restated) <i>RMB million</i>
Equity			
Share capital	26	19,869	19,869
Reserves		352,643	359,984
Equity attributable to equity holders of the Company		372,512	379,853
Non-controlling interests		75,976	69,143
Total equity		448,488	448,996

Approved and authorised for issue by the board of Directors on 26 August 2022.

Lv Zhiren
Executive Director

Xu Mingjun
Executive Director

The notes on pages 101 to 133 form part of this interim financial report.

Condensed consolidated statement of changes in equity

for the six months ended 30 June 2022 – 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	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
	(Note 26)	(Note (i))	(Note (ii))		(Note (iii))	(Note (iv))	(Note (v))			
At 31 December 2021	19,869	84,766	3,657	(334)	22,425	(14,316)	263,971	380,038	69,183	449,221
Impact on initial application of amendments to IAS 16, Property, plant and equipment: Proceeds before intended use (Note 3)	-	-	-	-	-	-	(185)	(185)	(40)	(225)
At 1 January 2022	19,869	84,766	3,657	(334)	22,425	(14,316)	263,786	379,853	69,143	448,996
Profit for the period	-	-	-	-	-	-	42,475	42,475	7,016	49,491
Other comprehensive income for the period	-	-	-	317	-	307	-	624	103	727
Total comprehensive income for the period	-	-	-	317	-	307	42,475	43,099	7,119	50,218
Dividend declared (Note 11)	-	-	-	-	-	-	(50,466)	(50,466)	-	(50,466)
Appropriation of maintenance and production funds (Note (iii))	-	-	-	-	2,896	-	(2,896)	-	-	-
Utilisation of maintenance and production funds (Note (iii))	-	-	-	-	(1,536)	-	1,536	-	-	-
Contributions from non-controlling shareholders	-	-	-	-	-	-	-	-	124	124
Distributions to non-controlling shareholders	-	-	-	-	-	-	-	-	(463)	(463)
Others	-	-	-	-	-	13	13	26	53	79
At 30 June 2022	19,869	84,766	3,657	(17)	23,785	(13,996)	254,448	372,512	75,976	448,488

Condensed consolidated statement of changes in equity (Continued)

for the six months ended 30 June 2022 – unaudited
(Expressed in RMB)

	Equity attributable to equity holders of the Company								Non-controlling interests	Total equity	
	Share capital	Treasury shares	Share premium	Capital reserve	Exchange reserve	Statutory reserves	Other reserves	Retained earnings			
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	
	(Note 26)		(Note (i))	(Note (ii))		(Note (iii))	(Note (iv))	(Note (v))			
At 1 January 2021	19,890	(256)	85,001	3,657	(201)	20,236	(14,809)	250,685	364,203	65,384	429,587
Profit for the period	-	-	-	-	-	-	-	26,500	26,500	5,267	31,767
Other comprehensive income for the period	-	-	-	-	7	-	90	-	97	6	103
Total comprehensive income for the period	-	-	-	-	7	-	90	26,500	26,597	5,273	31,870
Dividend declared (Note 11)	-	-	-	-	-	-	-	(35,962)	(35,962)	-	(35,962)
Appropriation of maintenance and production funds (Note (iii))	-	-	-	-	-	2,478	-	(2,478)	-	-	-
Utilisation of maintenance and production funds (Note (iii))	-	-	-	-	-	(1,646)	-	1,646	-	-	-
Cancellation of repurchased own shares	(21)	256	(235)	-	-	-	-	-	-	-	-
Contributions from non-controlling shareholders	-	-	-	-	-	-	-	-	-	405	405
Distributions to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(546)	(546)
Others	-	-	-	-	-	-	77	(94)	(17)	3	(14)
At 30 June 2021	19,869	-	84,766	3,657	(194)	21,068	(14,642)	240,297	354,821	70,519	425,340

Condensed consolidated statement of changes in equity (Continued)

for the six months ended 30 June 2022 – 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 2022 (six months ended 30 June 2021: 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 RMB26,936 million as at 30 June 2022 (31 December 2021: RMB26,936 million).

The notes on pages 101 to 133 form part of this interim financial report.

Condensed consolidated statement of cash flows

for the six months ended 30 June 2022 – unaudited
(Expressed in RMB)

	Note	Six months ended 30 June	
		2022 RMB million	2021 RMB million
Operating activities			
Profit before income tax		55,729	38,114
Adjustments for:			
Depreciation and amortisation	10	11,250	9,948
Other gains and losses	10	(369)	(458)
Loss allowances, net of reversal	10	(77)	(17)
Interest income		(1,502)	(1,133)
Share of results of associates		(1,274)	(708)
Interest expense		1,384	1,177
Exchange gain, net	8	(187)	(81)
Other income		(134)	–
Operating cash flows before movements in working capital		64,820	46,842
Decrease/(increase) in inventories		967	(2,225)
Decrease/(increase) in accounts and bills receivables		1,040	(1,730)
Decrease/(increase) in prepaid expenses, other current assets and other non-current assets		690	(1,699)
(Decrease)/increase in accounts and bills payables		(2,596)	784
Increase in accrued expenses and other payables		4,575	6,269
(Decrease)/increase in contract liabilities		(479)	1,672
Cash generated from operations		69,017	49,913
Income tax paid		(10,654)	(9,694)
Net cash generated from operating activities		58,363	40,219

Condensed consolidated statement of cash flows (Continued)

for the six months ended 30 June 2022 – unaudited
(Expressed in RMB)

	Six months ended 30 June	
	2022	2021
<i>Note</i>	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	11,163	(10,025)
Increase in right-of-use assets	(926)	(439)
Proceeds from disposal of property, plant and equipment, intangible assets, and other non-current assets	465	562
Investments in associates	(225)	(383)
Net cash and cash equivalent increased from disposed of assets classified as held for sale	256	–
Dividend received from associates	224	198
Interest received	934	1,132
(Increase)/decrease in restricted bank deposits	(2,055)	571
(Increase)/decrease in time deposits with original maturity over three months	(3,819)	9,829
Collection of entrusted loans and financial lease included in prepaid expenses and other current assets	–	69
Net cash received from disposal of subsidiaries	–	3,975
Net cash (used in)/generated from investing activities	(16,309)	5,489

Condensed consolidated statement of cash flows (Continued)

for the six months ended 30 June 2022 – unaudited
(Expressed in RMB)

	Six months ended 30 June		
	<i>Note</i>	2022	2021
		RMB million	RMB million
Financing activities			
Capital element of lease rentals paid		(91)	(90)
Interest element of lease rentals paid		(10)	(15)
Interest paid		(1,356)	(1,487)
Proceeds from borrowings		10,955	9,928
Repayments of borrowings		(13,074)	(10,445)
Contributions from non-controlling shareholders		124	264
Distributions to non-controlling shareholders		(253)	(402)
Proceeds from bills discounted		542	851
Net cash used in financing activities		(3,163)	(1,396)
Net increase in cash and cash equivalents		38,891	44,312
Cash and cash equivalents, at the beginning of the period		156,706	112,880
Effect of foreign exchange rate changes		273	(110)
Cash and cash equivalents, at the end of the period		195,870	157,082

The notes on pages 101 to 133 form part of this interim financial report.

Notes to the unaudited interim condensed consolidated financial statements

for the six months ended 30 June 2022
(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 2022
(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 26 August 2022.

The interim financial report have been prepared in accordance with the same accounting policies adopted in the 2021 annual consolidated financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 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 2021 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 IFRSs.

The financial information relating to the financial year ended 31 December 2021 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 2021 are available from the Company's registered office. The auditor has expressed an unqualified opinion on those financial statements in the report dated 25 March 2022.

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

for the six months ended 30 June 2022
(Expressed in RMB)

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRSs issued by the IASB to these financial statements for the current accounting period:

- Amendments to IAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to IAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*

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 IFRSs are discussed below:

Amendments to IAS 16, Property, plant and equipment: Proceeds before intended use

The amendments prohibit an entity from deducting the proceeds from selling items produced before that asset is available for use from the cost of an item of property, plant and equipment. Instead, the sales proceeds and the related costs should be included in profit and loss. The amendments do not have a material impact on these financial statements.

From 1 January 2022, the Group respectively has accounted for the proceeds and costs of sales of trial operation and recognised in profit or loss for the current period, and meanwhile in accordance with the amendments above, applied the amendments retrospectively to the sales of trial operation that occurred between the beginning of the earliest period presented of the financial statements and the effective date.

The impact of the retrospective adjustments of the above accounting policy changes on the consolidated statement of financial position at 31 December 2021, which was prepared in accordance with International Financial Reporting Standards, is as follows: Property, plant and equipment decreased by RMB225 million and total equity decreased by RMB225 million, respectively, as at 31 December 2021.

Amendments to IAS 37, Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Previously, the Group included only incremental costs when determining whether a contract was onerous. In accordance with the transitional provisions, the Group has applied the new accounting policy to contracts for which it has not yet fulfilled all its obligations at 1 January 2022, and has concluded that none of them is onerous.

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

for the six months ended 30 June 2022
(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	
	2022 RMB million	2021 RMB million	2022 RMB million	2021 RMB million	2022 RMB million	2021 RMB million	2022 RMB million	2021 RMB million	2022 RMB million	2021 RMB million	2022 RMB million	2021 RMB million	2022 RMB million	2021 RMB million	2022 RMB million	2021 RMB million
Types of goods or services																
Sales of goods																
Coal	113,976	107,319	-	-	-	-	-	-	-	-	-	-	-	-	113,976	107,319
Power	-	-	34,133	25,009	-	-	-	-	-	-	-	-	-	-	34,133	25,009
Coal chemical products	-	-	-	-	-	-	-	-	-	-	3,148	2,980	-	-	3,148	2,980
Others	2,552	2,563	2,942	2,139	-	-	-	-	-	-	277	280	-	-	5,771	4,982
	116,528	109,882	37,075	27,148	-	-	-	-	-	-	3,425	3,260	-	-	157,028	140,290
Transportation and other services																
Railway	-	-	-	-	5,600	2,214	-	-	-	-	-	-	-	-	5,600	2,214
Port	-	-	-	-	-	-	884	322	-	-	-	-	-	-	884	322
Shipping	-	-	-	-	-	-	-	-	622	617	-	-	-	-	622	617
Others	-	-	-	-	1,345	435	99	77	1	-	-	-	-	24	1,445	536
	-	-	-	-	6,945	2,649	983	399	623	617	-	-	-	24	8,551	3,689
Total	116,528	109,882	37,075	27,148	6,945	2,649	983	399	623	617	3,425	3,260	-	24	165,579	143,979
Geographical markets																
Domestic markets	114,896	109,693	34,184	25,105	6,945	2,649	983	399	623	617	3,425	3,260	-	24	161,056	141,747
Overseas markets	1,632	189	2,891	2,043	-	-	-	-	-	-	-	-	-	-	4,523	2,232
Total	116,528	109,882	37,075	27,148	6,945	2,649	983	399	623	617	3,425	3,260	-	24	165,579	143,979
Timing of revenue recognition																
A point in time	116,528	109,882	37,075	27,148	-	-	-	-	-	-	3,425	3,260	-	-	157,028	140,290
Over time	-	-	-	-	6,945	2,649	983	399	623	617	-	-	-	24	8,551	3,689
Total	116,528	109,882	37,075	27,148	6,945	2,649	983	399	623	617	3,425	3,260	-	24	165,579	143,979

The Group's revenue from contracts with customers is RMB165,559 million for the six months ended 30 June 2022 (six months ended 30 June 2021: RMB143,934 million).

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

for the six months ended 30 June 2022
(Expressed in RMB)

4 REVENUE FROM GOODS AND SERVICES (CONTINUED)

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.

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

for the six months ended 30 June 2022

*(Expressed in RMB)***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, wind 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 sold to the power grid companies in accordance with planned power output at the tariff rates as approved by the relevant government authorities. Electric power produced in excess of the planned power output is sold at the market price.
- (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 power operations segment, the coal operations segment and external customers. The rates of freight charges billed to the power operations segment, the coal operations segment and external customers are consistent.
- (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.

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

for the six months ended 30 June 2022
(Expressed in RMB)

5 SEGMENT AND OTHER INFORMATION (CONTINUED)**(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 2022 and 2021 is set out below:

	Six months ended 30 June													
	Coal		Power		Railway		Port		Shipping		Coal chemical		Total	
	2022 RMB million	2021 RMB million	2022 RMB million	2021 RMB million	2022 RMB million	2021 RMB million	2022 RMB million	2021 RMB million	2022 RMB million	2021 RMB million	2022 RMB million	2021 RMB million	2022 RMB million	2021 RMB million
Revenue from external customers	116,528	109,882	37,075	27,148	6,945	2,649	983	399	623	617	3,425	3,260	165,579	143,955
Inter-segment revenue	19,724	13,514	85	32	14,067	17,335	2,254	2,898	2,408	2,170	-	-	38,538	35,949
Reportable segment revenue	136,252	123,396	37,160	27,180	21,012	19,984	3,237	3,297	3,031	2,787	3,425	3,260	204,117	179,904
Reportable segment profit	39,339	21,859	3,945	2,990	8,171	9,061	1,357	1,413	442	573	499	743	53,753	36,639
Including:														
Interest expenses	352	297	803	517	416	522	63	71	-	-	18	31	1,652	1,438
Depreciation and amortisation	4,301	3,750	3,308	2,625	2,614	2,496	474	478	144	148	360	368	11,201	9,865
Share of results of associates	538	76	144	31	1	-	-	-	-	-	-	-	683	107
Loss allowances and impairment of assets	(76)	(11)	(1)	(2)	-	(3)	-	-	-	-	-	-	(77)	(16)

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

for the six months ended 30 June 2022

*(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 2022 and 2021 are set out below:**

	Reportable segment amounts		Unallocated head office and corporate items		Elimination of inter-segment amounts		Consolidated	
	2022 <i>RMB</i> <i>million</i>	2021 <i>RMB</i> <i>million</i>	2022 <i>RMB</i> <i>million</i>	2021 <i>RMB</i> <i>million</i>	2022 <i>RMB</i> <i>million</i>	2021 <i>RMB</i> <i>million</i>	2022 <i>RMB</i> <i>million</i>	2021 <i>RMB</i> <i>million</i>
Revenue	204,117	179,904	269	132	(38,807)	(36,057)	165,579	143,979
Profit before income tax	53,753	36,639	1,884	1,168	92	307	55,729	38,114
Interest expenses	1,652	1,438	510	420	(833)	(724)	1,329	1,134
Depreciation and amortisation	11,201	9,865	49	83	-	-	11,250	9,948
Share of results of associates	683	107	637	318	(46)	283	1,274	708
Loss allowances and impairment of assets	(77)	(16)	-	(1)	-	-	(77)	(17)

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

for the six months ended 30 June 2022
(Expressed in RMB)

5 SEGMENT AND OTHER INFORMATION (CONTINUED)

(c) Other information

Certain other information of the Group's segments for the six months ended 30 June 2022 and 2021 is set out below:

	Coal		Power		Railway		Port		Shipping		Coal chemical		Unallocated items		Eliminations		Total	
	2022 RMB million	2021 RMB million																
Coal purchased	30,096	41,522	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30,096	41,522
Cost of coal operation	35,645	27,631	-	-	-	-	-	-	-	-	-	-	-	(3,668)	(2,542)	-	31,977	25,089
Cost of coal transportation	25,778	28,699	-	-	7,149	8,263	1,221	1,532	732	664	-	-	-	(18,729)	(22,403)	-	16,151	16,745
Power cost	-	-	30,775	22,277	-	-	-	-	-	-	-	-	-	(15,281)	(10,306)	-	15,494	11,971
Cost of coal chemical production	-	-	-	-	-	-	-	-	-	-	2,529	2,145	-	(976)	(668)	-	1,553	1,487
Others	3,109	1,335	1,602	1,100	4,193	1,613	445	161	1,771	1,468	275	278	11	8	-	-	11,406	5,963
Total cost of sales	94,628	99,187	32,377	23,377	11,342	9,866	1,666	1,693	2,503	2,132	2,804	2,423	11	8	(38,654)	(35,909)	106,677	102,777
Profit from operations <i>(Note (i))</i>	38,410	21,506	4,382	3,421	8,409	9,399	1,390	1,451	412	570	509	741	14	(107)	(153)	(148)	53,373	36,833
Capital expenditures <i>(Note (iii))</i>	3,566	6,673	4,267	4,535	1,360	933	483	315	-	-	92	258	12	1	-	-	9,780	12,715

	Coal		Power		Railway		Port		Shipping		Coal chemical		Unallocated items		Eliminations		Total	
	30 June 31 December 2022 RMB million	2021 RMB million																
Total assets <i>(Note (iii))</i>	295,937	268,067	146,842	166,429	131,784	139,551	21,137	19,821	8,296	8,065	9,298	8,864	488,665	446,069	(448,194)	(446,494)	663,715	610,372
Total liabilities <i>(Note (iii))</i>	(118,029)	(120,171)	(116,530)	(134,566)	(47,329)	(66,285)	(6,482)	(6,519)	(448)	(514)	(1,542)	(2,425)	(263,923)	(176,717)	349,956	335,821	(205,227)	(161,376)

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

for the six months ended 30 June 2022

*(Expressed in RMB)***5 SEGMENT AND OTHER INFORMATION (CONTINUED)****(c) Other information (Continued)***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	
	2022	2021
	<i>RMB million</i>	<i>RMB million</i>
Coal purchased	30,096	41,522
Materials, fuel and power	12,894	10,996
Personnel expenses	12,586	8,260
Depreciation and amortisation	9,209	8,489
Repairs and maintenance	4,744	5,170
Transportation charges	9,357	8,391
Taxes and surcharges	9,934	6,782
Other operating costs	17,857	13,167
	106,677	102,777

7 OTHER INCOME

	Six months ended 30 June	
	2022	2021
	<i>RMB million</i>	<i>RMB million</i>
Government grants	243	114
Claim income	38	83
Others	264	112
	545	309

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

for the six months ended 30 June 2022
(Expressed in RMB)

8 FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	<i>RMB million</i>	<i>RMB million</i>
Interest expense	1,377	1,431
Less: amount capitalised	(278)	(442)
	1,099	989
Unwinding of discount	230	145
Exchange gain, net	(187)	(81)
Others	62	43
	1,204	1,096

9 INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	<i>RMB million</i>	<i>RMB million</i>
Current tax, mainly PRC enterprise income tax	9,462	7,964
Over provision in respect of prior year	(2,813)	(1,465)
Deferred tax	(411)	(152)
	6,238	6,347

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% (2021: 25%) except for subsidiaries and branches operating in the western developing region of the PRC which are entitled to a preferential tax rate of 15%.

On 23 April 2020, the relevant government and tax authorities issued an announcement (Announcement [2020] No.23 of Ministry of Finance, State Taxation Administration, and National Development and Reform Commission), according to which the future periods of application of the preferential tax rate of 15% will be extended for another 10 years from 2021 to 2030, if the companies' main businesses are included in the "Catalogue for Guiding Industrial Restructuring" and the "Catalogue of Encouraged Industries in the Western Region".

On 18 January 2021, the National Development and Reform Commission issued an order No.40, Catalogue of Encouraged Industries in the Western Region (2020 Version), which came into effect since 1 March 2021 with new encouraged industries applicable to the coal subsidiaries and branches of the Company. A preferential tax rate of 15% is applicable to the coal subsidiaries and branches of the Company located in the western region that qualify for the Western Development Encouragement Program and is valid until 2030.

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

for the six months ended 30 June 2022
(Expressed in RMB)

9 INCOME TAX EXPENSE (CONTINUED)

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

	Six months ended 30 June	
	2022 %	2021 %
Australia	30.0	30.0
Indonesia	22.0	22.0
United States	21.0	21.0
Hong Kong	8.25/16.5*	8.25/16.5*

During the six months ended 30 June 2022 and 2021, 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%.

10 PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Personnel expenses, including	20,973	14,605
– contributions to defined contribution plans	2,162	1,742
Depreciation of property, plant and equipment	10,030	8,951
Depreciation of right-of-use assets	429	346
Amortisation of intangible assets	220	205
Amortisation of other non-current assets	612	471
Depreciation and amortisation charged for the period	11,291	9,973
Less: amount capitalised	41	25
Depreciation and amortisation (<i>Note</i>)	11,250	9,948
Loss allowances, net of reversal		
– Trade and other receivables	(77)	(17)
	(77)	(17)

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

for the six months ended 30 June 2022
(Expressed in RMB)**10 PROFIT FOR THE PERIOD (CONTINUED)**

	Six months ended 30 June	
	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Other gains, represent		
– gains on disposal of property, plant and equipment, exploration and evaluation assets, intangible assets and non-current assets	(369)	(458)
	(369)	(458)
Cost of inventories	79,120	87,311
Operating lease changes relating to short-term leases, leases of low-value assets and variable lease payments	189	116
Exchange gain, net	(187)	(81)

Note:

Cost of sales included an amount of depreciation and amortisation of RMB9,209 million for the six months ended 30 June 2022 (six months ended 30 June 2021: RMB8,489 million).

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

for the six months ended 30 June 2022
(Expressed in RMB)

11 DIVIDENDS

During the current interim period, a final dividend in respect of the year ended 31 December 2021 of RMB2.54 per ordinary share totaling RMB50,466 million (six months ended 30 June 2021: RMB1.81 per ordinary share totaling RMB35,962 million in respect of the year ended 31 December 2020) was approved at the annual general meeting held on 24 June 2022 and paid in full by August 2022.

The Directors have determined that no dividend will be paid in respect of the current interim period (six months ended 30 June 2021: 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 RMB42,475 million (six months ended 30 June 2021: RMB26,500 million) and the 19,869 million ordinary shares in issue during the six months ended 30 June 2022 (six months ended 30 June 2021: 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 2022, the net book value of the disposals of property, plant and equipment amounted to RMB331 million (six months ended 30 June 2021: RMB341 million).

The Group is in the process of applying for the title certificates of certain of its properties with an aggregate carrying amount of RMB3,915 million as at 30 June 2022 (31 December 2021: RMB4,036 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 2022, 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 2022 (six months ended 30 June 2021: Nil).

As at 30 June 2022, the Group has bank loans secured by the Group's property, plant and equipment with carrying amount of RMB772 million (31 December 2021: RMB815 million).

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

for the six months ended 30 June 2022
(Expressed in RMB)

14 INTERESTS IN ASSOCIATES

	30 June 2022	31 December 2021
	<i>RMB million</i>	<i>RMB million</i>
Unlisted shares, at cost	47,948	47,723
Share of post-acquisition profits and other reserves, net of dividend received	1,315	(15)
	49,263	47,708

Name of associates	Proportion of ownership interest and voting power held by the Group		Principal activities
	30 June 2022	31 December 2021	
	%	%	
Beijing Guodian Power Co., Ltd.	42.53	42.53	Generation and sale of electricity
Haoji Railway Co., Ltd.	12.50	12.50	Provision of transportation service
Shandong Tianlong Group Co., Ltd.	20.39	20.39	Coal production and sale
Sichuan Guang'an Power Co., Ltd.	20.00	20.00	Generation and sale of electricity
Guohua (Hebei) Renewables Co., Ltd.	25.00	25.00	Generation and sale of electricity
Inner Mongolia Yili Chemical Industry Co., Ltd.	25.00	25.00	Production and sale of chemicals
Suizhong Power Generation Co., Ltd.	15.00	15.00	Generation and sale of electricity
Inner Mongolia Guohua Hulunbeier Power Generation Co., Ltd.	20.00	20.00	Generation and sale of electricity
China Energy Finance Co., Ltd. ("Finance Company")	40.00	40.00	Provision of comprehensive financial service

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

for the six months ended 30 June 2022
(Expressed in RMB)

15 OTHER NON-CURRENT ASSETS

	30 June 2022 <i>RMB million</i>	31 December 2021 <i>RMB million</i>
Prepayments in connection with construction work, equipment purchases and others (<i>Note (i)</i>)	4,880	4,868
Prepayment for mining projects	6,091	5,273
Deductible VAT and other tax	135	392
Long-term entrusted loans (<i>Note (ii)</i>)	400	400
Service concession receivables (<i>Note (iii)</i>)	13,752	12,853
Goodwill	199	199
Long-term deferred expenses (<i>Note (iv)</i>)	3,607	4,104
	29,064	28,089

Notes:

- (i) At 30 June 2022, the Group had prepayments to subsidiaries of China Energy Group (“fellow subsidiaries”) amounting to RMB97 million (31 December 2021: RMB377 million).
- (ii) The Group has a long-term entrusted loan of RMB400 million to an associate through a PRC state-owned bank, with an interest rate of 4.75% per annum.
- (iii) 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.
- (iv) The movement of long-term deferred expenses during the period/year as follows:

	30 June 2022 <i>RMB million</i>	31 December 2021 <i>RMB million</i>
At the beginning of the period/year	4,104	3,602
Additions	126	1,692
Amortisation	(612)	(1,162)
Disposal	(11)	(28)
At the end of the period/year	3,607	4,104

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

for the six months ended 30 June 2022
(Expressed in RMB)

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 RMB4,432 million as at 30 June 2022 (31 December 2021: RMB3,685 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 2022, the Group has no bank loans or other loans secured by the Group's right-of-use assets (31 December 2021: Nil).

17 INVENTORIES

	30 June 2022	31 December 2021
	<i>RMB million</i>	<i>RMB million</i>
Coal	5,132	6,373
Materials and supplies	7,586	7,384
Others (<i>Note</i>)	1,159	1,127
	13,877	14,884
Less: Write-down of inventories	(2,211)	(2,251)
	11,666	12,633

Note: Others mainly represent properties under development.

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

for the six months ended 30 June 2022
(Expressed in RMB)

18 ACCOUNTS AND BILLS RECEIVABLES

	30 June 2022	31 December 2021
	<i>RMB million</i>	<i>RMB million</i>
Accounts receivable		
– China Energy Group and fellow subsidiaries	2,549	3,391
– Associates	53	256
– Third parties	8,693	7,888
	11,295	11,535
Less: allowance for credit losses	(1,200)	(1,277)
	10,095	10,258
Bills receivables		
– China Energy Group and fellow subsidiaries	252	567
– Third parties	1,635	2,782
	1,887	3,349
	11,982	13,607

As at 30 June 2022 and 31 December 2021, accounts and bills receivables from contracts with customers amounted to RMB13,182 million and RMB14,884 million, respectively.

Bills receivables were mainly issued by PRC banks and are expiring within one year. As at 30 June 2022, 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 2022	31 December 2021
	<i>RMB million</i>	<i>RMB million</i>
Less than one year	9,680	9,527
One to two years	237	143
Two to three years	15	80
More than three years	163	508
	10,095	10,258

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

for the six months ended 30 June 2022
(Expressed in RMB)

19 PREPAID EXPENSES AND OTHER CURRENT ASSETS

	30 June 2022	31 December 2021
	<i>RMB million</i>	<i>RMB million</i>
Financial assets measured at amortised cost		
– Service concession receivables (<i>Note 15(iii)</i>)	2,064	1,964
– Other receivables due from associates	757	502
– Other receivables	3,692	2,709
– Other loans	4,500	4,500
	11,013	9,675
Less: impairment losses	3,180	3,207
	7,833	6,468
Prepaid expenses and deposits	8,981	8,361
Deductible VAT and other tax	1,607	3,685
	18,421	18,514

20 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the condensed 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 RMB193,383 million (31 December 2021: RMB154,280 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)

for the six months ended 30 June 2022
(Expressed in RMB)

21 BORROWINGS

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

	30 June 2022	31 December 2021
	<i>RMB million</i>	<i>RMB million</i>
Current borrowings:		
– Short-term bank and other borrowings	5,053	4,248
– Current portion of long-term borrowings	6,997	5,669
	12,050	9,917
Non-current borrowings:		
– Long-term borrowings, less current portion	44,838	49,193
	56,888	59,110
Secured	9,899	10,070
Unsecured	46,989	49,040
	56,888	59,110

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

	30 June 2022	31 December 2021
	<i>RMB million</i>	<i>RMB million</i>
The exposure of the long-term borrowings and the contractual maturity dates:		
Within one year	6,997	5,669
More than one year, but not exceeding two years	2,872	5,337
More than two years, but not exceeding five years	4,119	3,854
More than five years	37,847	40,002
	51,835	54,862

As at 30 June 2022, the Group had entrusted loans from China Energy Group and fellow subsidiaries amounting to RMB22,083 million (31 December 2021: RMB21,994 million).

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

for the six months ended 30 June 2022
(Expressed in RMB)**22 ACCOUNTS AND BILLS PAYABLES**

	30 June 2022	31 December 2021
	<i>RMB million</i>	<i>RMB million</i>
Accounts payable		
– China Energy Group, associates of China Energy Group and fellow subsidiaries	2,008	2,064
– Associates	290	626
– Third parties	27,277	31,100
	29,575	33,790
Bills payables	498	1,426
	30,073	35,216

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 2022	31 December 2021
	<i>RMB million</i>	<i>RMB million</i>
Less than one year	22,355	31,468
One to two years	4,939	888
Two to three years	186	400
More than three years	2,593	2,460
	30,073	35,216

23 ACCRUED EXPENSES AND OTHER PAYABLES

	30 June 2022	31 December 2021
	<i>RMB million</i>	<i>RMB million</i>
Accrued staff wages and welfare benefits	12,884	5,941
Accrued interests	277	209
Taxes payable other than income tax	4,828	10,610
Dividends payable	51,870	1,194
Other accrued expenses and payables	15,000	11,155
	84,859	29,109

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

for the six months ended 30 June 2022
(Expressed in RMB)

24 LONG-TERM LIABILITIES

	30 June 2022	31 December 2021
	<i>RMB million</i>	<i>RMB million</i>
Payables for acquisition of mining rights (<i>Note (i)</i>)	6,071	6,453
Deferred income (<i>Note (ii)</i>)	1,383	1,408
Defined benefit plans	3	4
Others	1,314	1,587
	8,771	9,452
Analysed for reporting purpose as:		
– Current liabilities	931	1,427
– Non-current liabilities	7,840	8,025
	8,771	9,452

Notes:

- (i) The balances mainly represent the payables for acquisition of mining rights which are to be settled over the period of production set out in the contracts on an annual basis. The annual payment is determined by fixed rates on a per tonne basis with reference to the annual production volume of the acquired mines in the acquisition agreements.
- (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 2022 are adequate and appropriate.

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

for the six months ended 30 June 2022

*(Expressed in RMB)***26 SHARE CAPITAL**

	30 June 2022
	RMB million
Registered, issued and fully paid:	
16,491,037,955 domestic listed A shares of RMB1.00 each	16,491
3,377,482,000 H shares of RMB1.00 each	3,378
	19,869
	31 December 2021
	RMB million
Registered, issued and fully paid:	
16,491,037,955 domestic listed A shares of RMB1.00 each	16,491
3,377,482,000 H shares of RMB1.00 each	3,378
	19,869

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

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 2022 was 31% (31 December 2021: 26%).

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

for the six months ended 30 June 2022

*(Expressed in RMB)***28 COMMITMENTS AND CONTINGENT LIABILITIES****(a) Capital commitments**

As at 30 June 2022, the Group had capital commitments for land, buildings and mining rights, equipment and other as follows:

	30 June 2022	31 December 2021
	<i>RMB million</i>	<i>RMB million</i>
Contracted for but not provided		
– Land, buildings and mining rights	45,794	41,369
– Equipment	22,586	22,639
– Other <i>(Note)</i>	5,256	5,481
	73,636	69,489

Note:

As at 22 January 2021, the Group entered into a partnership agreement as a limited partner with other partners to participate in the establishment of Beijing Guoneng New Energy Industry Investment Fund Partnership (Limited Partnership), the committed investment payments under which amounted to RMB4,000 million and the remaining uninvested amount is RMB3,436 million (31 December 2021: RMB3,573 million).

As at 29 September 2021, the Group entered into a partnership agreement as a limited partner with other partners to participate in the establishment of Guoneng Low Carbon Fund Partnership, the committed investment payments under which amounted to RMB2,000 million and the remaining uninvested amount is RMB1,820 million (31 December 2021: RMB1,908 million).

(b) Financial guarantees issued

As at 30 June 2022, 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 RMB120 million (31 December 2021: RMB128 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.

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

for the six months ended 30 June 2022
(Expressed in RMB)

28 COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)**(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)

for the six months ended 30 June 2022

*(Expressed in RMB)***29 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)**

	30 June 2022	31 December 2021	Fair value hierarchy	Valuation technique(s) and key input(s)
	<i>RMB million</i>	<i>RMB million</i>		
Financial assets				
Equity instruments	2,160	2,174	Level 3	Market comparison approach. Fair value is estimated based on value of comparable listed companies, multiples and discounted for lack of liquidity.
Accounts and bills receivables	163	376	Level 3	Discounted cash flow method. The significant unobservable inputs used by the Group for the valuation are the expected rates of return.

During the year ended 31 December 2021 and the six months ended 30 June 2022, there were no transfer between Level 1, Level 2 and 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.

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.

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

for the six months ended 30 June 2022
(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)**

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:

	Note	Six months ended 30 June	
		2022 RMB million	2021 RMB million
Interest income	(i)	85	186
Income from an entrusted loan	(ii)	9	9
Interest expense	(iii)	403	427
Purchases of ancillary materials and spare parts	(iv)	1,188	507
Ancillary and social services	(v)	364	477
Transportation service income	(vi)	3,549	293
Transportation service expense	(vii)	1,102	1,349
Sale of coal	(viii)	46,931	38,756
Purchase of coal	(ix)	3,790	7,215
Property leasing	(x)	23	29
Repairs and maintenance service expense	(xi)	39	28
Coal export agency expense	(xii)	3	2
Purchase of equipment and construction work	(xiii)	344	280
Sale of coal chemical product	(xiv)	3,877	2,494
Other income	(xv)	472	1,459
Net deposits placed with Finance Company	(xvi)	(176)	7,523
Granting of Loans from China Energy Group	(xvii)	4,569	5,855
Repayment of loans from China Energy Group	(xviii)	4,941	4,220
Bills receivables discounted from Finance Company	(xix)	2,118	–

(i) Interest income represents interest earned from deposits in and loans to China Energy Group and 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 associates 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 deposits placed and 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.

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

for the six months ended 30 June 2022

*(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)**

- (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 China Energy Group and fellow subsidiaries.
- (x) Property leasing expense represents rental paid or payable in respect of properties leased from fellow subsidiaries.
- (xi) Repairs and maintenance services expense represents expense related to machinery repairs and maintenance services provided by associates of the China Energy Group and fellow subsidiaries.
- (xii) Coal export agency expense represents expense related to coal export agency services provided by a fellow subsidiary.
- (xiii) Purchase of equipment and construction work represents expenditure related to equipment and construction service provided by fellow subsidiaries.
- (xiv) Sale of coal chemical product represents income from sale of coal chemical product to fellow subsidiaries.
- (xv) 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, financial service income, lease income, etc. earned from China Energy Group, associates of China Energy Group and fellow subsidiaries.

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

for the six months ended 30 June 2022

*(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)**

- (xvi) Net deposits placed with Finance Company represents net deposits placed by the Group with Finance Company.
- (xvii) Granting of loans from China Energy Group and fellow subsidiaries.
- (xviii) Repayment of loans from China Energy Group and fellow subsidiaries.
- (xix) Bills receivables discounted from Finance Company represents bill acceptance and discount services provided by Finance Company to the Group.

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;
- 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.

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

for the six months ended 30 June 2022

*(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)**

- (ii) The Group has entered into coal supply agreements with associates of China Energy Group, fellow subsidiaries and associates of the Group. The coal supplied is charged at the prevailing market price.
- (iii) The Group has entered into a new financial services agreement with Finance Company effective from 1 January 2021. 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 favorable 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.
- (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 0.7% of the free on board sales price of coal exported.
- (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.

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

for the six months ended 30 June 2022
(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)**

- (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.

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

	30 June 2022	31 December 2021
	<i>RMB million</i>	<i>RMB million</i>
Cash and time deposits at bank	26,950	27,126
Accounts and bills receivables	2,575	3,892
Prepaid expenses and other current assets	2,192	1,755
Other non-current assets	426	426
Total amounts due from China Energy Group, associates of China Energy Group, fellow subsidiaries and associates of the Group	32,143	33,199
Borrowings	22,083	22,472
Accounts payable	2,298	2,690
Accrued expenses and other payables	35,803	657
Contract liabilities	1,503	1,781
Total amounts due to China Energy Group, associate of China Energy Group, fellow subsidiaries and associates of the Group	61,687	27,600

(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	
	2022	2021
	<i>RMB million</i>	<i>RMB million</i>
Short-term employee benefits	5	6

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

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

for the six months ended 30 June 2022

(Expressed in RMB)

30 RELATED PARTY TRANSACTIONS (CONTINUED)**(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.

(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 2022

*(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	
	2022	2021
	<i>RMB million</i>	<i>RMB million</i>
Coal revenue	40,122	46,348
Power revenue	34,603	25,196
Transportation costs	4,890	5,065
Interest income	1,399	938
Interest expenses (including amount capitalised)	894	888

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

	30 June	31 December
	2022	2021
	<i>RMB million</i>	<i>RMB million</i>
Accounts and bills receivables	5,458	4,644
Prepaid expenses and other current assets	4,826	4,268
Cash and time deposits at banks	174,432	131,263
Restricted bank deposits	4,479	4,479
Borrowings	34,426	36,279
Accrued expenses and other payables	1,938	1,999
Contract liabilities	1,351	3,747

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 16% 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 2022 were RMB2,162 million (six months ended 30 June 2021: RMB1,742 million).

Section XI Documents Available for Inspection

Documents available for inspection

The interim report for the year 2022 signed by the person in charge of the Company

The financial statements signed and sealed by the person in charge of the Company, the chief accountant and the head of the accounting institution

The original copy of the review report issued 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 2022 published on the websites of SSE and HKEx

Lv Zhiren, the person in charge of the Company

Approval date of the board of directors for submission: 26 August 2022