



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



**Greeting New
Challenges
Scaling New
Heights**

■ 2012 Interim Report

Cover Story

As the global economic crisis further deepened in the first half of 2012, a more complicated and volatile operating environment brought along a gloomy economic atmosphere throughout the world. Against the backdrop of economic globalization, the domestic coal industry is undergoing a series of adjustment and turmoil featuring a short-term slowdown in energy demand, a consistently high level of inventory, a speedy growth in imported coal volume and a significant decrease in spot coal price.

Nevertheless, we are full of confidence in the domestic coal industry as the Chinese economy has been developing under a long-run favorable trend with coal being the major energy resource. In face of the new situation and challenges, we will stand up to any challenges and are dedicated to scaling new heights by proactively advancing our development strategy and sparing no efforts to realize the annual operation target in response to market changes. Adhering to the development strategy of “building the Company into a world first-class coal-based integrated energy company with global competitiveness”, China Shenhua is committed to creating more value for our shareholders.

www.csec.com

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Important Notice

The board of directors, supervisory committee and directors, supervisors and senior management of the Company warrant that this report does not contain any misrepresentations, misleading statements or material omissions, and jointly and severally accept full responsibility for the authenticity, accuracy and completeness of the information contained in this report.

This report was reviewed and approved at the 30th meeting of the second session of the board of the Company. All the nine eligible directors of the Company were present at the meeting.

The interim financial report in this report are unaudited. KPMG has issued a review report on the interim financial report of the Company in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of interim financial information performed by the independent auditor of the entity”. All financial data disclosed in this report is based on the financial information prepared in accordance with International Financial Reporting Standards, unless otherwise specified herein.

There is no appropriation of the Company’s funds for non-operational purpose by any controlling shareholders or its subsidiaries.

There is no violation of decision-making procedures by the Company in providing external guarantees.

In April 2012, the Company completed the acquisition of the 50% equity interests in Taicang Power, the 100% equity interests in Shenhua HK Company and the 60% equity interests in Bameng Company, as business combination under common control. These acquired companies have been consolidated into the financial statements and operational data from January to June in 2012 of the Company, and the financial statements and the related operational data in prior period have been restated.

Dr. Zhang Xiwu, Chairman of the Company, Ms. Zhang Kehui, Chief Financial Officer, and Mr. Hao Jianxin, General Manager of the Financial Department of the Company, warrant the authenticity and completeness of the interim financial report contained in this report.

There are certain forward-looking statements in this report made on the basis of subjective assumptions and judgments on future policy and economy, which are subject to risks, uncertainties and assumptions. Actual outcome may differ materially from the forward-looking statements. Investors should be aware that undue reliance on or use of such information may lead to risks of investment.

Company Profile

(1) Information of the Company

Statutory Chinese Name of the Company	中國神華能源股份有限公司
Abbreviation of Statutory Chinese Name of the Company	中國神華
Statutory English Name of the Company	China Shenhua Energy Company Limited
Abbreviation of Statutory English Name of the Company	CSEC/China Shenhua
Legal Representative	Zhang Xiwu
Authorised Representatives	Ling Wen, Huang Qing

(2) Contacts and Contact Methods

	Secretary to the Board of Directors and Company Secretary	Representative of Securities Affairs
Name	Huang Qing	Chen Guangshui
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E-mail	1088@csec.com	1088@csec.com

	Investor Relations Department of the Company	Hong Kong Office of the Company
Address	22 Andingmen Xibinhe Road, Dongcheng District, Beijing (Postal Code:100011)	Room B, 60th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong
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(3) Particulars

Registered and Office Address	22 Andingmen Xibinhe Road, Dongcheng District, Beijing (Postal Code:100011)
Website on the Internet	http://www.csec.com or http://www.shenhuachina.com
Registration Number of Corporate Business Licence	100000000039286
Tax Registration Number	Jing Shui Zheng Zi No.110101710933024
Organisation Code	71093302-4
Date and Location of the First Business Registration	8 November 2004, Beijing
Date and Location of the Latest Change in Business Registration	8 August 2011, Beijing

(4) Information Disclosure and Location for Document Inspection

Designated Newspapers for Information Disclosure	China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily
Internet website designated for publishing regular reports	http://www.sse.com.cn and http://www.hkex.com.hk
Regular reports are available at	Investor Relations Department and Hong Kong Office of the Company

(5) Basic Information on Shares of the Company

	A Share/the PRC	H Share/Hong Kong
Listing Place	Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited
Abbreviation	China Shenhua	China Shenhua
Stock Code	601088	01088
Listing Date	9 October 2007	15 June 2005

(6) Other Related Information

		A Share/the PRC	H Share/Hong Kong
Auditor	Name	KPMG Huazhen (Special General Partnership)	KPMG
	Signing Auditor	Gong Weili, Wang Xia	–
	Address	8th Floor, Office Tower E2, Oriental Plaza, 1 East Chang An Avenue, Beijing	8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong
Legal Advisor	Name	King & Wood Mallesons	Herbert Smith
	Address	40th Floor, Office Tower A, Beijing Fortune Plaza, 7 Dongsanhuan Zhonglu, Chaoyang District, Beijing	23rd Floor, Gloucester Tower, 15 Queen's Road Central, Hong Kong
Share Registrar and Transfer Office	Name	China Securities Depository and Clearing Corporation Limited Shanghai Branch	Computershare Hong Kong Investor Services Limited
	Address	36th Floor, China Insurance Building, 166 Lu Jia Zui Dong Lu, Pudong New Area, Shanghai	Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

The Sponsors and Sponsor Representatives who are continuously fulfilling supervisory duties during the reporting period	Name	China International Capital Corporation Limited	China Galaxy Securities Co., Ltd
	Sponsor Representatives	Fang Baorong, Zhang Lu	Zheng Wei, Lu Yu
	Address	27th and 28th Floor, China World Tower Two, No. 1 Jianguomenwai Avenue, Chaoyang District, Beijing	2-6/Floor, Tower C, Corporate Square, No.35 Financial Street, Xicheng District, Beijing

Results Highlights

Operational

		For the six months ended 30 June		Percentage change %
		2012	2011 (restated)	
Commercial coal production	(Million tonnes)	155.8	140.4	11.0
Coal sales	(Million tonnes)	222.1	191.2	16.2
Of which: Export	(Million tonnes)	2.2	3.2	(31.3)
Import	(Million tonnes)	2.3	–	N/A
Turnover of self-owned railway transportation	(Billion tonne km)	87.0	80.7	7.8
Seaborne coal	(Million tonnes)	120.4	102.7	17.2
Coal-loaded volume at Huanghua Port	(Million tonnes)	51.9	48.3	7.5
Coal-loaded volume at Shenhua Tianjin Coal Dock	(Million tonnes)	14.4	12.1	19.0
Shipping volume	(Million tonnes)	47.4	37.5	26.4
Shipment turnover	(Billion tonne nautical miles)	39.7	32.7	21.4
Gross power generation	(Billion kwh)	102.73	89.01	15.4
Total power output dispatch	(Billion kwh)	95.66	82.99	15.3

		As at 30 June 2012	As at 31 December 2011	Percentage change %
Recoverable coal reserve (under PRC standard)	(100 million tonnes)	152.25	152.54	(0.2)
Marketable coal reserve (under JORC standard)	(100 million tonnes)	91.99	93.46	(1.6)

Financial

		For the six months ended 30 June		Percentage change %
		2012	2011 (restated)	
Revenues	(RMB million)	121,468	101,151	20.1
Profit for the period	(RMB million)	30,955	26,574	16.5
Profit attributable to equity shareholders of the Company for the period	(RMB million)	26,741	22,820	17.2
Basic earnings per share	(RMB per share)	1.344	1.147	17.2

		As at 30 June 2012	As at 31 December 2011 (restated)	Percentage change %
Total assets	(RMB million)	420,440	406,507	3.4
Total liabilities	(RMB million)	139,643	138,393	0.9
Total equity	(RMB million)	280,797	268,114	4.7
Of which: Equity attributable to equity shareholders of the Company	(RMB million)	234,386	228,199	2.7
Equity attributable to equity shareholders per share	(RMB per share)	11.78	11.47	2.7

Unless otherwise specified, in this report:

- Coal production figures are quoted in tonnes of commercial coal;
- All financial figures are denominated in RMB;
- All prices are quoted exclusive of value-added tax; and
- All relevant terms used in this report and their definitions are contained in the section headed "Definitions" in this report.



Zhang Xiwu
Chairman

Dear Shareholders,

On behalf of the board of directors, I am delighted to present the 2012 interim report of China Shenhua and report to all shareholders on the Company's performance for the period.

In the first half of 2012, the lackluster global economy and the slowdown in the growth of the Chinese economy began to weigh on the coal economy of the PRC, with coal price plunging from high level. Despite the drastic changes in the market, China Shenhua, by strictly adhering to its corporate development strategy, proactively responded to such changes, fully leveraged on its integrated operation and continued to cement and strengthen its competitive edge. As a result, the Company effectively overcame the negative impact of adverse factors and achieved continuous growth of its results.

As at 30 June 2012, the market capitalization of China Shenhua totalled USD70.46 billion, ranking the first among the listed coal companies worldwide and the fourth among the listed integrated mining companies worldwide.

Fully leveraged on the integrated operation to achieve continuous growth of production and operation

In the first half of 2012, the Company proactively responded to market changes, fully leveraged on the advantage of integrated operation, coordinated and organized various business segments. As a result, the Company achieved continuous growth in both production and operation:

- The production volume of commercial coal reached 155.8 million tonnes and sales volume reached 222.1 million tonnes, representing a year-on-year growth of 11.0% and 16.2% respectively.
- The total power output dispatch reached 95.66 billion kwh, representing a year-on-year increase of 15.3%; the total installed capacity of power generators reached 39,911 MW, representing an increase of 3.9% as compared with that of the beginning of the year.
- The transportation turnover of self-owned railway was 87.0 billion tonne km, representing a year-on-year increase of 7.8%, and the seaborne coal sales volume reached 120.4 million tonnes, representing a year-on-year increase of 17.2%; shipping volume reached 47.4 million tonnes, representing a year-on-year increase of 26.4%.
- Revenues amounted to RMB121.468 billion, representing a year-on-year increase of 20.1%.
- Profit attributable to equity shareholders of the Company for the period was RMB26.741 billion, representing a year-on-year increase of 17.2%.
- Basic earnings per share were RMB1.344, representing a year-on-year increase of 17.2%.
- Net cash generated from operating activities was RMB33.922 billion, representing a year-on-year decrease of 35.7%.

In order to tackle the short-term drastic changes of the market, the Company, by adhering to the principle of maximizing interests, enhanced the organization and coordination of various business segments, optimized the connection among production, transportation and sales, and thus effectively alleviated the adverse impact on coordinated production. This further consolidated and elaborated the advantages of integrated operation. The integrated operation model comprising coal, transportation and power segments made the Company in a leading position in the industry in terms of anti-risk capability.

The coal segment made steady progress in coal production by strengthening production organisation. Shendong Mines optimized production organization and strengthened the management on coal quality to realise stable and high output. Zhunge'er Mines fully leveraged on its outbound shipping advantage and thus realized continuous growth of production. The capacity expansion projects in Heidaigou mine and Ha'erwusu mine of Zhunge'er Mines are expected to be completed by the end of this year. Shengli Mines and Shenbao Mines recorded a notable growth in commercial coal production, while the capacity expansion project of Shengli Mines was well in progress. The mining license and permit application, construction planning and preliminary preparation for Xinjie Taigemiao Exploration Area were progressing smoothly.

The power segment continued to strengthen operation management and made more efforts to expand market share. Under the sales strategy to maximize power output, stability management on generators was further improved. Efforts were made to give full play to the synergy effect generated from the internal coal and power segments with an aim to expand market share. In the first half of 2012, the average utilization hours of coal-fired generators were 2,603 hours, 114 hours above the average of thermal power plants of the PRC; and with a net increase of 1,498 MW in installed capacity, the Company ranked among the top tier in the industry in terms of total installed capacity.

The transportation segment stepped up efforts of organisation and coordination to ensure the smooth connection between production and sales. Reasonable transportation plans were arranged, and the expansion projects for Shuohuang Railway and other existing railways were promoted. Bazhun Railway and Zhunchi Railway progressed smoothly, and Ganquan Railway is expected to commence trial operation within this year. Having overcome such negative factors as the high inventory and unfavorable weather conditions, self-owned ports and shipping companies enhanced dispatching and management, and therefore realised highly efficient operation. While Huanghua Port was progressing steadily with its expansion project, Tianjin Coal Dock Phase II Project and Zhuhai Gaolan Port Project have been approved.

The Company's Watermark coal project in Australia has obtained the guiding opinions from local government on environment evaluation. The integrated coal and power project in South Sumatra, Indonesia was in sound operation, posting commercial coal production of 0.9 million tonne and power output dispatch of 0.72 billion kwh in the first half of 2012.

Proactively responded to market changes and firmly implemented the mega-sales strategy

Adhering to the principle of maximizing the interests of the Company as a whole, the Company integrated and established a quickly-reacting form of centralized sales system with marketing as the priority in a bid to improve coal quality management and customer service, as well as to optimize the pricing mechanism of spot sales. In addition to prioritising seaborne coal sales, the Company also fully leveraged on the sales of coal purchased from third parties, strengthened the exploration of the southern market through south-bound railway transportation and the import and export market which improved the Company's capability to tackle the drastic changes in the coal market in a flexible manner and effectively pushed forward the implementation of the mega-sales strategy.

Despite the weakening coal market, the commercial coal sales volume of the Company exceeded 50% of the annual target. The Company continued to consolidate its market share in the coastal thermal coal market and witnessed an increase in the average coal sales price.

Continuously carried out acquisition of assets from the controlling shareholder and further pushed ahead regional strategic cooperation

The Company completed three equity and one asset acquisitions from its controlling shareholder including Taicang Power, etc. Furthermore, the Company started another round of asset acquisition for the Coal Liquefaction and Chemical Company and its supporting coal mine.

The Company has been implementing its strategy of developing and acquiring power assets since early 2012. During the reporting period, the Company acquired the equity interests in Bashu Power and became its controlling shareholder. The acquisition offered an additional installed capacity of coal-fired generators of 1,260 MW. Shenwan Energy Company and Bashu Power in aggregate contributed 8.4% of the Company's total power output dispatch for the reporting period.

Strengthened fundamental management and constantly fulfilled corporate social responsibility

Focusing on fundamental management improvement, the Company continued to promote benchmarking to further consolidate its competitive edge brought by low-cost operation while improving the refined management with in-depth application of information technology. The Company recognized the importance of social responsibility, as demonstrated by its continuous efforts in safety production, technological innovation, low carbon economy and harmonious development. In the first half of 2012, the Company constantly intensified safety management, and the fatality rate per million tonnes of raw coal production was 0.0059, lower than that of key state-owned coal companies of 0.109 during the same period, which demonstrated that the safety management of the Company had achieved the world's leading standard.

In the second half of 2012: striving to overcome challenges and achieve the annual operating target

Since the second quarter of 2012, China has witnessed slower economic development, and coal price as well as power generation growth began to fall.

In view of the long-term positive economic development and the energy reserve structure with a majority of coal resources in the PRC, the Company is full of confidence in the outlook of the coal-based energy industry in the PRC. Looking into the second half of 2012, the board of directors of the Company will adhere to its development strategy, consolidate the advantage in integrated operation, focus on marketing and continuously improve fundamental management, and strive to overcome the challenges to accomplish the annual operating target. It will focus on the following endeavors:

- **To implement the developmental strategy of establishing itself as a world first-class enterprise.** The Company will start with the improvement in fundamental management, aiming to optimise, consolidate and develop the integrated mode of operation and competitive edge. It will also upgrade the economic development mode in full scale and perfect its industrial mode and layout which conform to market development, so as to implement the developmental strategy of establishing itself as a world first-class enterprise.
- **To enhance reacting capability to fully advance the mega-sales strategy.** The Company put strong emphasis on marketing, which is a priority at present. Leveraging on the integrated model of operation which generates synergy effects, the Company will be able to respond to the market changes in a flexible manner. Efforts will be made to optimize its sales strategy, structure and pricing mechanism, perfect the organization of coal sources and coal quality management, improve customer services and consolidate and develop the domestic and overseas markets.
- **To focus on safety precaution to ensure production and new projects construction in a safe and stable manner.** The Company will continuously improve its intrinsic-safety management system, boost production and construction standardization and make rational production and construction schedules to ensure production and construction of all business segments in a safe and stable manner.
- **To carry forward cost control thoroughly.** Through systematic benchmarking, the Company will thoroughly carry forward cost control, with upgraded budget management, comprehensive control over non-production expenses, enhanced centralized capital budgeting system and refined financial management to consolidate its competitive edge in low-cost operation.

Chairman's Statement

- **To boost the domestic and overseas development.** Grasping opportunities, the Company will extend the business presence of its power and transportation segments to promote the domestic and overseas projects in a pragmatic manner.

Confronting the new situation and challenges, China Shenhua is full of confidence to tackle the complex business environment in a proper manner, actively implement the development strategy and make unremitting efforts to realize its annual business goals and to build itself into a world first-class coal-based integrated energy enterprise with global competitiveness and to create more value for all shareholders.

Zhang Xiwu

Chairman
Beijing, the PRC

24 August 2012

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Overview of the Company's Operating Results

Business Data Master Table				
		The first half of 2012	The first half of 2011 (restated)	Percentage change %
Commercial coal production	(million tonnes)	155.8	140.4	11.0
Coal sales	(million tonnes)	222.1	191.2	16.2
Of which: Export	(million tonnes)	2.2	3.2	(31.3)
Import	(million tonnes)	2.3	-	N/A
Turnover of self-owned railway transportation	(billion tonne km)	87.0	80.7	7.8
Seaborne coal	(million tonnes)	120.4	102.7	17.2
Coal-loaded volume at Huanghua Port	(million tonnes)	51.9	48.3	7.5
Coal-loaded volume at Shenhua Tianjin Coal Dock	(million tonnes)	14.4	12.1	19.0
Shipping volume	(million tonnes)	47.4	37.5	26.4
Shipment turnover	(billion tonne nm)	39.7	32.7	21.4
Gross power generation ⁽¹⁾	(billion kwh)	102.73	89.01	15.4
Total power output dispatch ⁽¹⁾	(billion kwh)	95.66	82.99	15.3

Breakdown of Shipping Volume				
		The first half of 2012	The first half of 2011 (restated)	Percentage change %
Shenhua Zhonghai Shipping Company				
The Group's internal customers		20.1	14.9	34.9
External customers		27.3	22.6	20.8
Total of shipping volume		47.4	37.5	26.4

Breakdown of Coal Sales						
		The first half of 2012	Proportion of total domestic sales %	The first half of 2011 (restated)	Percentage change %	
Domestic sales		219.8	100.0	188.0	16.9	
By contract type						
Long-term contract		88.9	40.4	87.4	1.7	
Spot market sales		130.9	59.6	100.6	30.1	
By transportation mode						
Mine mouth		25.9	11.8	23.6	9.7	
Direct arrival (along railway)		75.8	34.5	64.9	16.8	
Seaborne		118.1	53.7	99.5	18.7	
By customers						
External customers		179.9	81.8	152.6	17.9	
Power segment of the Group		39.9	18.2	35.4	12.7	
By region						
Northern China		113.3	51.6	98.8	14.7	
Eastern China		77.0	35.0	63.1	22.0	
Central China and Southern China		23.5	10.7	23.2	1.3	
Northeast China		2.6	1.2	1.4	85.7	
Others		3.4	1.5	1.5	126.7	
By usage						
Thermal coal		176.9	80.5	153.8	15.0	
Metallurgy		3.5	1.6	3.5	-	
Chemical (including coal slurry)		8.8	4.0	9.5	(7.4)	
Others		30.6	13.9	21.2	44.3	
Export Sales		2.2	100.0	3.2	(31.3)	
South Korea		0.7	31.8	1.2	(41.7)	
China Taiwan		0.5	22.7	0.6	(16.7)	
Japan		1.0	45.5	1.4	(28.6)	
Total sales		222.1	/	191.2	16.2	

Breakdown of Commercial Coal Production			
	The first half of 2012	The first half of 2011 (restated)	Percentage change %
Shendong Coal Group	82.6	79.8	3.5
Bulianta	13.0	11.7	11.1
Daliuta-Huojitu	14.4	11.3	27.4
Yujialiang	8.5	8.6	(1.2)
Shangwan	7.2	7.1	1.4
Halagou	6.8	6.8	-
Baode (Kangjatan)	5.2	5.3	(1.9)
Shigetai	5.0	5.8	(13.8)
Wulanmulun	3.3	3.5	(5.7)
Buertai	6.7	5.9	13.6
Wanli No.1 mine (Changhangou)	5.6	6.2	(9.7)
Liuta mine	2.5	3.3	(24.2)
Cuncaota No. 1 mine	2.0	2.0	-
Cuncaota No. 2 mine	1.9	2.0	(5.0)
Others	0.5	0.3	66.7
Zhunge'er Energy	15.9	14.5	9.7
Heidaigou	15.9	14.5	9.7
Ha'erwusu Branch	13.6	12.2	11.5
Beidian Shengli Energy	14.1	11.4	23.7
Jinjie Energy	9.3	8.4	10.7
Shenbao Energy Company	16.7	12.5	33.6
Baotou Mining	2.2	1.1	100.0
Shuiquan Open-cut Mine	0.9	0.7	28.6
Adaohai Mine	0.4	0.4	-
Lijiahao Mine	0.9	-	N/A
Chaijiagou Mining	0.5	0.5	-
Indonesia Coal Power	0.9	-	N/A
Total production	155.8	140.4	11.0
By Regions			
Inner Mongolia	105.2	93.7	12.3
Shaanxi Province	44.5	41.4	7.5
Shanxi Province	5.2	5.3	(1.9)
Overseas	0.9	-	N/A

Breakdown of Railway Turnover			
	The first half of 2012	The first half of 2011 (restated)	Percentage change %
Self-owned railways	87.0	80.7	7.8
Shenshuo Railway	21.1	19.7	7.1
Shuohuang-Huangwan Railway	52.7	47.9	10.0
Dazhuhun Railway	8.9	8.5	4.7
Baoshen Railway	4.3	4.6	(6.5)
State-owned railways	21.8	24.2	(9.9)
Total turnover	108.8	104.9	3.7

Breakdown of Seaborne Coal in Port			
	The first half of 2012	The first half of 2011 (restated)	Percentage change %
Self-owned ports⁽³⁾	55.2	52.1	6.0
Huanghua Port	43.5	40.8	6.6
Shenhua Tianjin Coal Dock	11.7	11.3	3.5
Third-party ports	65.2	50.6	28.9
Total seaborne coal	120.4	102.7	17.2

Other Assets		
Name	Length km	Commencement Date
Watermark Coal Project in Australia (under preparation)		
Xinjie Taigemiao Exploration Area (applying for permits)		
Shenhua Yudean Zhuhai Port Coal Terminal (under construction)		
Railways	Length km	Commencement Date
Bazhuhun Railway (under construction)	128	December 2010
Zhunchi Railway (under construction)	180	October 2011
Ganquan Railway (under construction)	367	August 2010

Breakdown of Power Generation Business											
Power plants	Regional grid	Location	Gross power generation	Total power output dispatch	Average utilisation hours	Standard coal consumption rate for power output dispatch	Power tariff	Total installed capacity as at 31 December 2011 (restated)	Increase/(decrease) in installed capacity for the first half of 2012	Total installed capacity as at 30 June 2012	Equity installed capacity as at 30 June 2012
			100 million kwh	100 million kwh	hours	g/kwh	RMB/mwh	MW	MW	MW	MW
Huanghua Power	North China Power Grid	Hebei	71.9	68.2	2,852	313	360	2,520	-	2,520	1,285
Sanhe Power	North China Power Grid	Hebei	35.5	33.0	2,734	304	373	1,300	-	1,300	715
Dingzhou Power	North China Power Grid	Hebei	67.1	62.2	2,664	323	345	2,520	-	2,520	1,021
Panshan Power	North China Power Grid	Tianjin	29.1	27.1	2,822	327	405	1,030	-	1,030	469
Zhunge'er Power	North China Power Grid	Inner Mongolia	20.3	18.2	1,911	373	251	1,060	-	1,060	613
Shendong Power	Northwest/ North China/ Shaanxi Provincial Local Power Grid	Inner Mongolia	89.2	80.1	2,575	360	272	3,467	-	3,467	2,957
Guohua Zhunge'er Power	North China Power Grid	Inner Mongolia	28.0	25.4	2,120	317	266	1,320	-	1,320	858
Guohua Hulunbeier Power	Northeast Power Grid	Inner Mongolia	22.2	19.9	1,853	339	316	1,200	-	1,200	960
Beijing Thermal	North China Power Grid	Beijing	11.5	10.1	2,874	254	430	400	-	400	280
Suizhong Power	Northeast Power Grid	Liaoning	89.1	83.5	2,476	320	352	3,600	-	3,600	1,800
Ninghai Power	East China Power Grid	Zhejiang	121.8	115.9	2,768	302	414	4,400	-	4,400	2,640
Taichang Power	East China Power Grid	Jiangsu	41.5	39.7	3,294	305	371	1,260	-	1,260	630
Jinjie Energy	North China Power Grid	Shaanxi	78.5	72.2	3,270	330	309	2,400	-	2,400	1,680
Shenmu Power	Northwest Power Grid	Shaanxi	7.2	6.4	3,259	378	343	220	-	220	112
Taishan Power	South China Power Grid	Guangdong	132.2	124.6	2,645	310	436	5,000	-	5,000	4,000
Huizhou Thermal	South China Power Grid	Guangdong	23.2	21.3	3,524	340	452	660	-	660	660
Mengjin Power	Central China Power Grid	Henan	32.2	30.2	2,681	323	375	1,200	-	1,200	612
Chenjiagang Power	East China Power Grid	Jiangsu	21.8	20.4	1,651	305	327	1,320	-	1,320	726
Shenwan Energy ⁽⁴⁾	East China Power Grid	Anhui	74.4	70.1	2,900	329	370	2,440	160	2,600	1,326
Bashu Power ⁽⁵⁾	Sichuan Power Grid	Sichuan	10.3	9.3	814	341	398	-	1,260	1,260	603
Indonesia Coal Power	PLN (Perusahaan Listrik Negara)	Indonesia	8.3	7.2	2,768	437	314	300	-	300	210
Total for coal-fired power plants/Weighted average			1,015.3	945.0	2,603	322	363	37,617	1,420	39,037	24,157
Other power plants											
Zhuhai Wind	South China Power Grid	Guangdong	0.2	0.2	1,279	-	593	16	-	16	12
Yuyao Power ⁽⁶⁾	East China Power Grid	Zhejiang	10.5	10.1	1,342	247	636	780	-	780	624
Bashu Power ⁽⁶⁾	Sichuan Power Grid	Sichuan	1.3	1.3	1,695	-	242	-	78	78	31

Breakdown of Coal Resources/Reserve									
Mines	Recoverable coal reserve (under PRC standard)			Marketable coal reserve (under JORC standard)			Coal resources		
	As at 30 June 2012	As at 31 December 2011	Percentage change	As at 30 June 2012	As at 31 December 2011	Percentage change	As at 30 June 2012	As at 31 December 2011	Percentage change
	100 million tonnes	100 million tonnes	%	100 million tonnes	100 million tonnes	%	100 million tonnes	100 million tonnes	%
Shendong Mines	82.36	83.06	(0.8)	45.68	46.54	(1.8)	157.71	158.13	(0.3)
Zhunge'er Mines	35.48	34.77	2.0	21.53	21.83	(1.4)	42.85	43.13	(0.6)
Shengli Mines	14.33	14.48	(1.0)	7.89	8.03	(1.7)	20.50	20.65	(0.7)
Baorixile Mines	13.22	13.36	(1.0)	13.79	13.93	(1.0)	15.38	15.51	(0.8)
Baotou Mines (including Lijiahao mine)	6.79	6.82	(0.4)	3.08	3.11	(1.0)	16.45	16.48	(0.2)
Other Mines ⁽²⁾	0.07	0.05	40.0	0.02	0.02	-	0.09	0.10	(10.0)
Total of China Shenhua	152.25	152.54	(0.2)	91.99	93.46	(1.6)	252.98	254.00	(0.4)

- Notes: (1) The figures include the operating results of coal-fired power generation business and other power generation businesses. Based on the operational statistics and finalized financial information of the Company in the first half of 2012, adjustments have been made to the gross power generation and total power output dispatch in the first half of 2012.
- (2) Mainly Chaijiagou mine.
- (3) Seaborne coal sales in self-owned ports.
- (4) The power plants operated by Shenhua Energy including Anqing Wanjiang Power Plant, Chizhou Jiuhua Power Plant and Ma'anshan Wan'ningda Power Plant.
- (5) Bashu Power operates both coal-fired power generation and hydropower generation businesses.
- (6) The standard coal consumption for power output dispatch of Yuyao Power is a converted amount.

Overview of Consolidated Operating Results

	The first half		
	The first half of 2012	of 2011 (restated)	Percentage change
	RMB million	RMB million	%
Revenues	121,468	101,151	20.1
Less: Cost of revenues	78,505	59,247	32.5
Selling, general and administrative expenses	5,739	5,035	14.0
Other operating (income)/ expenses, net	(115)	568	(120.2)
Profit from operations	37,339	36,301	2.9
Less: Net finance costs	1,284	864	48.6
Add: Investment income	1	-	N/A
Share of profits less losses of associates	174	170	2.4
Profit before income tax	36,230	35,607	1.7
Less: Income tax	5,275	9,033	(41.6)
Profit for the period	30,955	26,574	16.5
Equity shareholders of the Company	26,741	22,820	17.2
Non-controlling interests	4,214	3,754	12.3
Basic earnings per share (RMB/share)	1.344	1.147	17.2

	The first half		
	The first half of 2012	of 2011 (restated)	Percentage change
	RMB million	RMB million	%
Operating revenues	121,468	101,151	20.1
Coal revenue	81,151	67,830	19.6
Power revenue	35,412	28,701	23.4
Transportation revenue	2,710	2,635	2.8
Sub-total	119,273	99,166	20.3
Revenues from other operations	2,195	1,985	10.6
Total operating revenues	121,468	101,151	20.1

	The first half		
	The first half of 2012	of 2011 (restated)	Percentage change
	RMB million	RMB million	%
Coal purchased	33,829	21,405	58.0
Materials, fuel and power	9,676	6,294	53.7
Personnel expenses	5,081	4,439	14.5
Depreciation and amortisation	8,496	7,147	18.9
Repairs and maintenance	3,391	2,889	17.4
Transportation charges	8,287	8,153	1.6
Others	9,745	8,920	9.2
Total cost of revenues	78,505	59,247	32.5

	The first half of 2012		The first half of 2011 (restated)		Percentage change in sales price %
	Sales volume million tonnes	Sales price RMB/tonne	Sales volume million tonnes	Sales price RMB/tonne	
Domestic sales	219.8	435.5	188.0	424.5	2.6
Long-term contract sales	88.9	348.4	87.4	333.3	4.5
Mine mouth	6.9	188.9	4.7	169.5	11.4
Direct arrival (along railway line)	44.0	259.1	41.0	233.1	11.2
Seaborne	38.0	481.0	41.7	450.3	6.8
Spot market sales	130.9	494.8	100.6	503.8	(1.8)
Mine mouth	19.0	146.5	18.9	132.9	10.2
Direct arrival (along railway line)	31.8	441.1	23.9	493.5	(10.6)
Seaborne	80.1	598.8	57.8	629.4	(4.9)
Export sales	2.2	775.6	3.2	668.6	16.0
Total/Weighted average price	222.1	439.4	191.2	428.6	2.5
Of which: Sales to external customers	182.2	445.5	155.8	435.5	2.3
Sales to internal power segment	39.9	411.8	35.4	398.5	3.3

	The first half		
	The first half of 2012	of 2011 (restated)	Percentage change
	RMB million	RMB million	%
Profit before income tax	36,230	35,607	1.7
Adjustments for: Depreciation and amortisation	8,909	7,598	17.3
Net (gain)/loss on disposal of property, plant and equipment	(26)	23	(213.0)
Investment income	(1)	-	N/A
Interest income	(444)	(593)	(25.1)
Share of profits less losses of associates	(174)	(170)	2.4
Net interest expense	1,792	1,552	15.5
(Gain)/loss on remeasurement of derivative financial instruments and trading debt securities at fair value	(1)	37	(102.7)
Unrealised foreign exchange gain	(144)	(107)	34.6
Increase in accounts and bills receivable	(4,295)	(1,581)	171.7
(Increase)/decrease in inventories	(4,339)	33	(13,248.5)
Increase in prepaid expenses and other assets	(2,286)	(1,575)	45.1
Increase in accounts and bills payable	1,184	418	183.3
Increase in accrued expenses and other payables, long-term payables and accrued reclamation obligations	8,555	19,517	(56.2)
Cash generated from operating activities	44,960	60,759	(26.0)

	The first half		
	The first half of 2012	of 2011 (restated)	Percentage change
	RMB million	RMB million	%
Coal selection and minery fees	3,518	2,746	28.1
Taxes and surcharges	856	817	4.8
Dredging expenses	190	221	(14.0)
Relocation compensation expenses	431	380	13.4
Resources compensation fees	293	248	18.1
Environmental related expenses	1,942	1,751	10.9
Cost of sale of ancillary materials and other goods, and provision of other activities	1,403	1,217	15.3
Others	1,112	1,540	(27.8)
Total cost of revenues-others	9,745	8,920	9.2

Overview of Operating Conditions by Segment

Segment results																	
	Coal		Power		Railway		Port		Shipping		Unallocated items		Eliminations		Total		
	The first half of 2012 RMB million	The first half of 2011 (restated) RMB million	The first half of 2012 RMB million	The first half of 2011 (restated) RMB million	The first half of 2012 RMB million	The first half of 2011 (restated) RMB million	The first half of 2012 RMB million	The first half of 2011 (restated) RMB million	The first half of 2012 RMB million	The first half of 2011 (restated) RMB million	The first half of 2012 RMB million	The first half of 2011 (restated) RMB million	The first half of 2012 RMB million	The first half of 2011 (restated) RMB million	The first half of 2012 RMB million	The first half of 2011 (restated) RMB million	
Revenue from external customers	82,484	69,177	35,768	28,937	1,491	1,270	72	66	1,282	1,394	371	307	-	-	121,468	101,151	
Revenue from inter-segment transactions	16,847	15,162	259	214	10,821	10,066	1,464	1,329	869	892	60	70	(30,320)	(27,733)	-	-	
Sub-total of segment revenue	99,331	84,339	36,027	29,151	12,312	11,336	1,536	1,395	2,151	2,286	431	377	(30,320)	(27,733)	121,468	101,151	
Segment cost of revenues	(70,894)	(55,328)	(28,464)	(22,822)	(6,567)	(5,855)	(946)	(883)	(1,801)	(1,975)	-	-	30,167	27,616	(78,505)	(59,247)	
Segment profit from operations	25,016	25,446	6,386	5,226	5,225	5,009	439	385	365	284	34	54	(126)	(103)	37,339	36,301	
	As at 30 June 2012	As at 31 December 2011 (restated)	As at 30 June 2012	As at 31 December 2011 (restated)	As at 30 June 2012	As at 31 December 2011 (restated)	As at 30 June 2012	As at 31 December 2011 (restated)	As at 30 June 2012	As at 31 December 2011 (restated)	As at 30 June 2012	As at 31 December 2011 (restated)	As at 30 June 2012	As at 31 December 2011 (restated)	As at 30 June 2012	As at 31 December 2011 (restated)	
Segment total assets	242,339	212,128	152,839	143,498	67,420	65,447	13,992	12,930	5,793	4,101	268,013	266,833	(329,956)	(298,430)	420,440	406,507	
Segment total liabilities	(111,088)	(107,495)	(93,981)	(92,691)	(34,759)	(33,074)	(6,905)	(6,386)	(1,714)	(742)	(152,481)	(137,244)	261,285	239,239	(139,643)	(138,393)	

Cost of revenues of coal segment

	The first half of 2012			The first half of 2011 (restated)			Percentage change in unit cost %
	Cost RMB million	Volume million tonnes	Unit cost RMB/tonne	Cost RMB million	Volume million tonnes	Unit cost RMB/tonne	
Cost of coal purchased	33,829	72.2	468.5	21,405	48.3	443.2	5.7
Cost of self-produced coal	17,458	149.9	116.5	15,183	142.9	106.2	9.7
Materials, fuel and power	3,734	149.9	24.9	2,764	142.9	19.3	29.0
Personnel expenses	2,211	149.9	14.8	2,118	142.9	14.8	-
Repairs and maintenance	1,187	149.9	7.9	1,014	142.9	7.1	11.3
Depreciation and amortisation	3,173	149.9	21.2	2,744	142.9	19.2	10.4
Others	7,153	149.9	47.7	6,543	142.9	45.8	4.1
Cost of coal transportation ⁽¹⁾	17,958	222.1	80.9	17,075	191.2	89.3	(9.4)
Other costs	1,649			1,665			
Total cost of revenues of coal segment	70,894			55,328			

Cost of revenues of power segment

	The first half of 2012			The first half of 2011 (restated)			Percentage change of unit cost %
	Cost RMB million	Power output dispatch 100 million kwh	Unit cost RMB/mwh	Cost RMB million	Power output dispatch 100 million kwh	Unit cost RMB/mwh	
Cost of power output dispatch	28,100	956.6	293.7	22,540	829.9	271.6	8.1
Materials, fuel and power	21,398	956.6	223.7	17,118	829.9	206.2	8.5
Personnel expenses	1,316	956.6	13.8	1,020	829.9	12.3	12.2
Repairs and maintenance	907	956.6	9.4	744	829.9	9.0	4.4
Depreciation and amortisation	3,818	956.6	39.9	2,979	829.9	35.9	11.1
Others	661	956.6	6.9	679	829.9	8.2	(15.9)
Other costs	364			282			
Total cost of revenues of power segment	28,464			22,822			

Cost of revenues of railway segment

	The first half of 2012	The first half of 2011 (restated)	Percentage change %
	Cost RMB million	Cost RMB million	
Cost of internal transportation business	5,636	5,176	8.9
Materials, fuel and power	1,214	1,153	5.3
Personnel expenses	1,218	1,052	15.8
Repairs and maintenance	1,126	1,014	11.0
Depreciation and amortisation	1,025	975	5.1
External transportation charges	156	146	6.8
Others	897	836	7.3
Cost of external transportation	848	679	24.9
Sub-total	6,484	5,855	10.7
Other costs	83	-	N/A
Total cost of revenues of railway segment	6,567	5,855	12.2

Cost of revenues of port segment

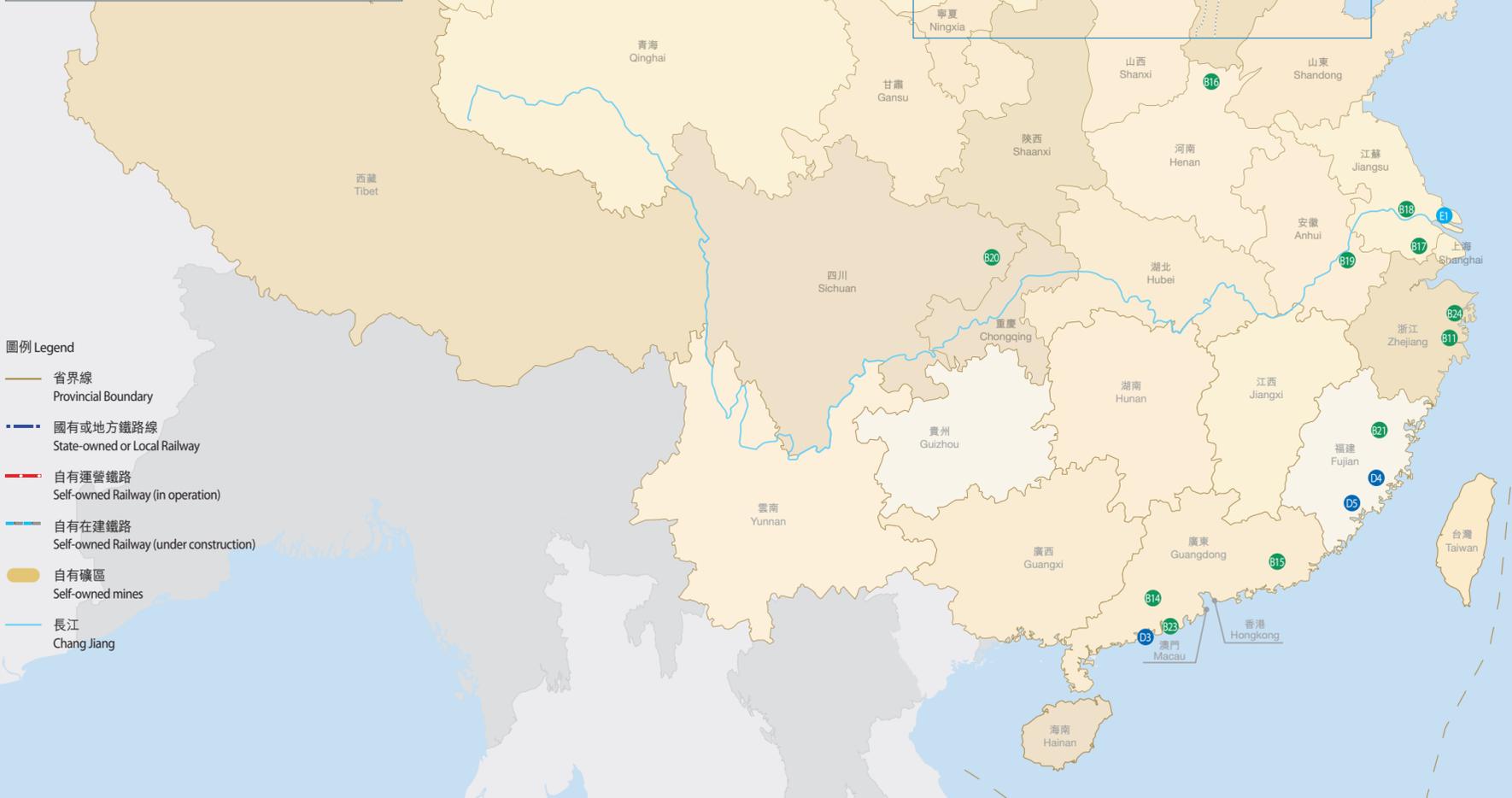
	The first half of 2012	The first half of 2011 (restated)	Percentage change %
	Cost RMB million	Cost RMB million	
Cost of internal transportation business	896	836	7.2
Materials, fuel and power	151	125	20.8
Personnel expenses	96	65	47.7
Repairs and maintenance	50	32	56.3
Depreciation and amortisation	299	308	(2.9)
Others	300	306	(2.0)
Cost of external transportation	43	41	4.9
Sub-total	939	877	7.1
Other costs	7	6	16.7
Total cost of revenues of port segment	946	883	7.1

Cost of revenues of shipping segment

	The first half of 2012	The first half of 2011 (restated)	Percentage change %
	Cost RMB million	Cost RMB million	
Cost of internal transportation	702	771	(8.9)
Materials, fuel and power	46	46	-
Personnel expenses	8	6	33.3
Repairs and maintenance	5	5	-
Depreciation and amortisation	18	16	12.5
External transportation charges	605	681	(11.2)
Others	20	17	17.6
Cost of external transportation	1,099	1,204	(8.7)
Sub-total	1,801	1,975	(8.8)
Other costs	-	-	N/A
Total cost of revenues of shipping segment	1,801	1,975	(8.8)

Note: (1) Cost of coal transportation refers to the transportation cost before elimination on consolidation.

主要資產分佈圖 Assets Distribution Map



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. 銅川礦區-柴家溝礦
Tongchuan Mines - Chaijiagou Mine
- A7. 澳大利亞沃特馬克煤礦項目 (籌備中)
Watermark Coal Project in Australia (under preparation)
- A8. 新街台格廟勘查區 (權證申請中)
Xinjie Taigemiao Exploration Area (applying for license)



電廠
Power

- B1. 黃驊電力
Huanghua Power
- B2. 三河電力
Sanhe Power
- B3. 定洲電力
Dingzhou Power
- B4. 盪山電力
Panshan Power
- B5. 准能電力
Zhunge'er Power
- B6. 神東電力
Shendong Power
- B7. 國華准格爾
Guohua Zhunge'er
- B8. 國華呼電
Guohua Hulunbeier Power
- B9. 北京熱電
Beijing Thermal
- B10. 綏中電力
Suizhong Power
- B11. 寧海電力
Ninghai Power
- B12. 錦界能源
Jinjie Energy
- B13. 神木電力
Shenmu Power
- B14. 台山電力
Taishan Power
- B15. 惠州熱電
Huizhou Thermal
- B16. 孟津電力
Mengjin Power
- B17. 太倉電力
Taicang Power
- B18. 陳家港電力
Chenjiajiang Power
- B19. 神皖能源
Shenwan Energy
- B20. 巴蜀電力
Bashu Power
- B21. 神福能源
Shenfu Energy
- B22. 印度尼西亞南蘇煤電項目
PTGH EMM Indonesia Project
- B23. 珠海風能
Zhuhai Wind
- B24. 余姚電力
Yuyao Power



鐵路
Railway

- C1. 神朔鐵路
Shenshuo Railway
- C2. 朔黃鐵路
Shuohuang Railway
- C3. 黃萬鐵路
Huangwan Railway
- C4. 大准鐵路
Dazhun Railway
- C5. 包神鐵路
Baoshen Railway
- C6. 巴准鐵路 (在建)
Bazhun Railway (under construction)
- C7. 准池鐵路 (在建)
Zhunchi Railway (under construction)
- C8. 甘泉鐵路 (在建)
Ganquan Railway (under construction)



港口
Port

- D1. 黃驊港
Huanghua Port
- D2. 神華天津煤碼頭
Shenhu Tianjin Coal Dock
- D3. 神華粵珠海煤碼頭 (在建)
Shenhu Yudean Zhuhai Coal Dock (under construction)
- D4. 羅源灣項目 (籌備中)
Luoyuan Wan Project (under preparation)
- D5. 湄洲灣項目 (籌備中)
Meizhou Wan Project (under preparation)



航運
Shipping

- E1. 神華中海航運
Shenhu Zhonghai Shipping Company

- 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)
 - 自有在建鐵路
Self-owned Railway (under construction)
 - 自有礦區
Self-owned mines
 - 長江
Chang Jiang



註：於2012年6月30日之分佈圖，僅做示意。
Note: This map as at 30 June 2012 is for illustrative purpose only.



Management Discussion and Analysis

▼ Summary

In the first half of 2012, given the impact of the weak global economy and the slowdown of the economic growth in China, the coal market in China has been experiencing drastic changes since the beginning of second quarter. Bloated inventory of coal and the significant increase in imported coal rapidly pulled down the price of coal. In response to the severe situation, China Shenhua acted promptly and proactively. The Company capitalized on its advantage of integrated operation and achieved stable growth in production and operation by taking sales as the forerunner and obtaining synergy effect in power and transportation business.

In the first half of 2012, commercial coal production volume of the Company amounted to 155.8 million tonnes (first half of 2011: 140.4 million tonnes (restated)), representing a year-on-year increase of 11.0%; sales volume of coal reached 222.1 million tonnes (first half of 2011: 191.2 million tonnes (restated)), representing a year-on-year increase of 16.2%; seaborne coal sales volume reached 120.4 million tonnes (first half of 2011: 102.7 million tonnes (restated)), representing a year-on-year increase of 17.2%; gross power generation and total power output dispatch reached 102.73 billion kwh (first half of 2011: 89.01 billion kwh (restated)) and 95.66 billion kwh (first half of 2011: 82.99 billion kwh (restated)) respectively representing a year-on-year increase of 15.4% and 15.3% respectively; transportation turnover of self-owned railway reached 87.0 billion tonne kilometers (first half of 2011: 80.7 billion tonne kilometers (restated)), representing a year-on-year growth of 7.8%; shipping volume amounted to 47.4 million tonnes, representing a year-on-year increase of 26.4% (restated).

Pursuant to the International Financial Reporting Standards, the revenues of the Group for the first half of 2012 were RMB121.468 billion (first half of 2011: RMB101.151 billion (restated)), representing a year-on-year increase of 20.1%; profit from operations were RMB37.339 billion (first half of 2011: RMB36.301 billion (restated)), representing a year-on-year increase of 2.9%; profit attributable to equity shareholders of the Company for the reporting period was RMB26.741 billion (first half of 2011: RMB22.820 billion (restated)), representing a year-on-year increase of 17.2%. Basic earnings per share¹ of the Group was RMB1.344 (first half of 2011: RMB1.147 (restated)), representing a year-on-year increase of 17.2%.

As at 30 June 2012, equity attributable to equity shareholders of the Group per share was RMB11.78 (31 December 2011: RMB11.47 (restated)), representing an increase of 2.7%. At as 30 June 2012, the Group's return on total assets² was 7.4%. Return on net assets³ as at the end of the reporting period was 11.4% (first half of 2011: 10.0% (restated)), representing a year-on-year increase of 1.4 percentage points; EBITDA⁴ was RMB46.248 billion (first half of 2011: RMB43.899 billion (restated)), representing a year-on-year increase of 5.4%. As at 30 June 2012, the Group's total debt to equity ratio⁵ was 16.5%, representing a decrease of 2.3 percentage points as compared to 18.8% (restated) as at 31 December 2011.

¹ Basic earnings per share are calculated on the basis of profit attributable to equity shareholders of the Company for the period and the weighted average number of shares for the reporting period.

² Return on total assets is calculated on the basis of profit for the period and the total assets at the end of the period.

³ Return on net assets as at the end of the period is calculated on the basis of equity attributable to equity shareholders of the Company as at the end of the period and the profit attributable to equity shareholders of the Company for the period.

⁴ EBITDA is a method for the management to assess the performance of the Company. It is defined as profit for the period plus net finance costs, income tax and depreciation and amortisation, and net of investment income and share of profits less losses of associates. The EBITDA presented herein by the Company is used as extra reference for investors with regard to business performance, as management of the Company considers EBITDA is popularly used by securities analysts, investors and other parties concerned as a criterion for the evaluation of the performance of mining companies, which is believed to be helpful to investors. EBITDA is not yet an item acknowledged by the International Financial Reporting Standards. You should not take it as an alternative indicator of profit for the relevant accounting period to evaluate achievements or performances, nor shall it be taken as an alternative indicator for cash flows generated from operating activities to evaluate liquidity. The calculation of EBITDA by the Company may be different from that of other companies; therefore comparability may be limited. In addition, EBITDA is not intended to be the basis for free cash flows that may be used by the management at their discretion, because it does not reflect requirements for cash such as interest expenses, tax payment and repayment of debts, etc.

⁵ Total debt to equity ratio = [long-term interest bearing debts+short-term interest bearing debts (including bills payable)]/[long-term interest bearing debts+short-term interest bearing debts (including bills payable)+total equity]

▼ Management review on operating results by business segment

A. Coal segment

1. Business Progress

(1) Coal production and mining operation

In the first half of the year, the Company closely monitored the market changes, stepped up efforts on the production and coordination of the existing mines based on the actual sales conditions, and made reasonable arrangements for drivage continuation and arranged inspection and maintenance of mines timely. Commercial coal production volume amounted to 155.8 million tonnes, accounting for 53.7% of the annual target.

Shandong Mines overcame the impact of factors such as the complicated geological conditions of working face of certain mines and adjustment for production continuation, stepped up efforts on the coordination of coal production and basic management of safety. The production volume of commercial coal amounted to 91.9 million tonnes, representing a year-on-year increase of 3.7 million tonnes. The increase in production primarily came from Daliuta mine, Bulianta mine, Buer'tai mine and Jinjie mine.

Zhunge'er Mines capitalized on its own industrial layout and outbound shipping advantage, and produced commercial coal of 29.5 million tonnes, representing a year-on-year increase of 2.8 million tonnes. Capacity expansion and upgrade projects of Heidaigou mine and Ha'erwusu mine progressed smoothly and are expected to be completed by the end of the year. There has been new progress in the comprehensive utilization of coal associated resources from mines and the project on extraction of dioxide aluminium progressed smoothly.

With the continuous optimization of its mining plan, the production volume of commercial coal in Shengli Mines amounted to 14.1 million tonnes, representing a year-on-year increase of 2.7 million tonnes. The Company enhanced the management and control over coal quality and optimized the structure of products, which resulted in a year-on-year increase of the heat value of commercial coal. In the first half of the year, with the commencement of a new round of capacity expansion project Shengli No.1 Open-pit Mine (with designed capacity of 20.0 million tonnes/year), the annual production capacity is expected to be expanded to 30.0 million tonnes/year by the end of 2012.

Despite the adverse factors of extreme cold weather, the short supply of production equipment and the intensifying market competition, Shenbao Energy Company's production volume of commercial coal reached 16.7 million tonnes, representing a year-on-year increase of 4.2 million tonnes or 33.6%. The application on the approval of the new construction project at Shenbao No.2 Open-pit Mine progressed smoothly.

(2) Coal mine production safety

In the first half of 2012, to achieve safe production and steady production, the Company launched the “revealing insufficiencies for rectification and enhancement” activity to continuously push ahead the building of intrinsic-safety management system in full swing through optimizing system and safety training to improve the safety management level on an ongoing basis. In the first half of 2012, the fatality rate per million tonnes of raw coal output of the Company was 0.0059, lower than 0.109 of key state-owned coal companies during the same period, which demonstrated that the safety management of the Company had achieved the world's leading standard.

(3) Coal resources

As at 30 June 2012, the Group had recoverable coal reserve of 15.225 billion tonnes and coal resource of 25.298 billion tonnes under the PRC Standard; the Group's marketable coal reserve was 9.199 billion tonnes under the JORC Standard.

In the first half of 2012, the Company's exploration expenses amounted to approximately RMB134 million which was mainly attributed to the relevant exploration expenses of the Watermark Coal Project in Australia.

In the first half of 2012, the Company's relevant capital expenditure of mining development and exploration amounted to approximately RMB3.265 billion, which was mainly attributed to the mining expenses of Shendong Mines and Beidian Shengli open-cut mines, as well as the capacity expansion and upgrade projects of Ha'erwusu mine and Heidaigou mine.

2. Coal Sales

In the first half of 2012, coal sales price experienced a downturn due to the dual impact from a rapid slowdown in domestic coal demand and increasing amount of imported coal. Facing changes in market condition, the Company continued to promote the implementation of mega-sales strategy and adopt a flexible and effective sales strategy to capture business opportunities amid challenges to ensure the normal and safe operation of the Company's production, transportation and sales. In the first half of the year, the Company realized the sales volume of commercial coal of 222.1 million tonnes, accounting for 54.1% of the annual target.

- Fully leveraged on the advantage of integrated operation model. The Group increased the coal inventory and supplies to the power segment to alleviate the pressure on external sales, which mitigated the negative impact on the Company's operation from declining coal price to a certain extent.
- Further upholding the sales-orientated approach as the cornerstone to arrange production and operation in a market-oriented manner. Reasonable alignment on the types of coal was carried out to increase the supplies of the saleable types of coal in the market. The Company also formulated flexible coal sales pricing strategy to adjust the sales price timely and suspended or reduced the volume of coal purchased from third parties in an appropriate manner to ensure the sales of self-produced coal in priority.
- Active exploration of new markets. The Company captured opportunity based on the abundant railway transportation capacity to explore the markets in the southern areas along the Beijing-Guangzhou Railway, Beijing-Kowloon Railway and Beijing-Shanghai Railway to enhance the external transportation channels of coal for the Company.
- Deepening of participation in the international coal trading market. Without affecting the sales of self-produced coal, the Company stepped up efforts in sales of imported coal appropriately.

(1) Domestic sales and export

	First half of 2012			First half of 2011 (restated)			Change in sales price
	Sales volume	Proportion to total sales	Sales price	Sales volume	Proportion to total sales	Sales price	
	million tonnes	%	RMB/tonne	million tonnes	%	RMB/tonne	
Domestic sales	219.8	99.0	435.5	188.0	98.3	424.5	2.6
Long-term contract sales	88.9	40.0	348.4	87.4	45.7	333.3	4.5
Mine mouth	6.9	3.1	188.9	4.7	2.5	169.5	11.4
Direct arrival (along railway)	44.0	19.8	259.1	41.0	21.4	233.1	11.2
Seaborne	38.0	17.1	481.0	41.7	21.8	450.3	6.8
Spot sales	130.9	59.0	494.8	100.6	52.6	503.8	(1.8)
Mine mouth	19.0	8.6	146.5	18.9	9.9	132.9	10.2
Direct arrival (along railway)	31.8	14.3	441.1	23.9	12.5	493.5	(10.6)
Seaborne	80.1	36.1	598.8	57.8	30.2	629.4	(4.9)
Export Sales	2.2	1.0	775.6	3.2	1.7	668.6	16.0
Total coal sales volume/weighted average price	222.1	100.0	439.4	191.2	100.0	428.6	2.5

In the first half of 2012, domestic sales volume of the Company amounted to 219.8 million tonnes (first half of 2011: 188.0 million tonnes (restated)), representing a year-on-year increase of 16.9% and accounting for 99.0% of the sales volume of coal. Among which, spot sales amounted to 130.9 million tonnes (first half of 2011: 100.6 million tonnes (restated)), accounting for 52.6% (restated) of the total sales volume of the first half of 2011, which increased to 59.0% in the first half of 2012. In the first half of 2012, the Company's domestic seaborne coal sales volume was 118.1 million tonnes while the national coal transshipment volume for domestic coal sales through domestic ports was 312 million tonnes, based on which the market share of China Shenhua in coastal coal markets was estimated at approximately 37.9%. In the first half of 2012, the weighted average domestic coal sales price of the Company amounted to RMB435.5/tonne (first half of 2011: RMB424.5/tonne (restated)), representing a year-on-year increase of 2.6%.

In the first half of 2012, the sales volume of the Company to the top five domestic customers of coal was 26.4 million tonnes, which accounted for 12.0% of the total domestic sales, of which, the sales volume to the largest customer was 6.4 million tonnes, which accounted for 2.9% of total domestic sales volume. The top five domestic customers of coal were either power generation companies or fuel companies.

In the first half of 2012, the coal export volume of the Company was 2.2 million tonnes, representing a year-on-year decrease of 31.3% (restated). The proportion of export sales to total sales volume of coal decreased to 1.0% from 1.7% (restated) in the first half of 2011. In the first half of 2012, the coal export sales price was RMB775.6/tonne (first half of 2011: RMB668.6/tonne (restated)), representing a year-on-year increase of 16.0%.

In the first half of 2012, the sales volume of the Company to the top five export coal customers was 1.4 million tonnes, which accounted for 63.6% of the total export sales volume, of which, the sales volume to the largest customer was 0.5 million tonne, which accounted for 22.7% of total export sales volume. The top five export customers were either power companies or chemical companies.

In the first half of the year, the weighted average sales price of coal of the Company was RMB439.4/tonne, representing a year-on-year increase of 2.5% (restated), which was lower than the year-on-year increment of 5.8% in the first quarter of this year. In the second quarter, the weighted average price of coal of the Company was RMB437.8/tonne, representing a decrease of RMB3.4/tonne as compared with RMB441.2/tonne in the first quarter, which was mainly attributed to the decreasing spot coal price for direct arrival sales and seaborne coal sales starting from the second quarter as a result of the weak domestic demand of coal.

(2) Sales to external customers and internal power segment

	First half of 2012			First half of 2011 (restated)			Change in sales price %
	Sales volume	Percentage	Sales price	Sales volume	Percentage	Sales price	
	million tonnes	%	RMB/tonne	million tonnes	%	RMB/tonne	
Sales to internal power segment	39.9	18.0	411.8	35.4	18.5	398.5	3.3
Sales to external customers	182.2	82.0	445.5	155.8	81.5	435.5	2.3
Total coal sales volume/weighted average price	222.1	100.0	439.4	191.2	100.0	428.6	2.5

In the first half of 2012, the volume of coal sales of the Company to external customers was 182.2 million tonnes (first half of 2011: 155.8 million tonnes (restated)), representing a year-on-year increase of 16.9%. Coal sales price to external customers amounted to RMB445.5/tonne (first half of 2011: RMB435.5/tonne (restated)), representing a year-on-year increase of 2.3%. In the first half of 2012, the sales volume of the Company to the top five external coal customers was 26.4 million tonnes, which accounted for 11.9% of the total sales volume.

In the first half of 2012, the volume of coal sales of the Company to the power segment of the Group was 39.9 million tonnes (first half of 2011: 35.4 million tonnes (restated)), representing a year-on-year increase of 12.7%, and its proportion to total sales volume of coal decreased by 0.5 percentage point to 18.0% as compared with that of the same period of last year (restated); the sales price increased by 3.3% to RMB411.8/tonne from RMB398.5/tonne (restated) of the same period of last year. The sales of coal to the power segment of the Group were mainly made under long-term contracts. The Company adopted identical pricing policy for the sales of coal to internal power segment and external customers on the basis of identical sales method.

(3) Sales of coal purchased from third parties

In the first half of 2012, the coal segment's sales volume of coal purchased from third parties amounted to 72.2 million tonnes (first half of 2011: 48.3 million tonnes (restated)), representing a year-on-year increase of 49.5%.

(4) Sales of imported coal

From January to June, the sales volume of coal imported by the Company amounted to 2.3 million tonnes, accounting for 1.0% of the total sales volume. The average calorific value was approximately 5,200 kcal/kg. Imported coal was mainly sourced from Russia, Indonesia, Columbia and Australia, of which the sales volume of coal imported from Russia and Indonesia amounted to 2.0 million tonnes in total, accounting for 87.0% of the sales volume of imported coal.

3. Operating results

The operating results of the coal segment of the Group before elimination on consolidation in the first half of 2012 were as follows:

		For the six months ended 30 June			Reasons for changes
		2012	2011 (restated)	Changes	
Revenues	RMB million	99,331	84,339	17.8%	Increased coal sales and price
Cost of revenues	RMB million	70,894	55,328	28.1%	
Of which:	RMB million	17,458	15,183	15.0%	Mainly due to the increase in the production volume of coal and unit production cost
1. Cost of coal production					
2. Cost of coal purchased from third parties	RMB million	33,829	21,405	58.0%	(1) Sales of coal purchased from third parties has increased substantially in the first half of 2012 to 72.2 million tonnes (first half of 2011: 48.3 million tonnes (restated)), representing a year-on-year increase of 23.9 million tonnes or 49.5% (2) Increase in unit purchasing cost of coal purchased from third parties, which was RMB468.5/tonne in the first half of 2012 (first half of 2011: RMB443.2/tonne (restated)), representing a year-on-year increase of 5.7%.
Gross profit margin	%	28.6	34.4	Decreased by 5.8 percentage points	—
Profit from operations	RMB million	25,016	25,446	(1.7%)	—
Margin of profit from operations	%	25.2	30.2	Decreased by 5.0 percentage points	—

In the first half of 2012, unit production cost of self-produced coal in the coal segment was RMB116.5/tonne (first half of 2011: RMB106.2/tonne (restated)), representing a year-on-year increase of 9.7%. The main reasons affecting the unit production cost are:

1. Costs of raw materials, fuel and power were RMB24.9/tonne (first half of 2011: RMB19.3/tonne (restated)), representing a year-on-year increase of 29.0%. This increase was mainly due to the Company's increased investments in safety management, the increase in the number of advancing tunnels, and the increase in the number of relevant mining and exploration equipment as a result of the continuing extension of tunnels;
2. Personnel expenses were RMB14.8/tonne (first half of 2011: RMB14.8/tonne (restated));
3. Repairs and maintenance were RMB7.9/tonne (first half of 2011: RMB7.1/tonne (restated)), representing a year-on-year increase of 11.3%. This increase was mainly due to the increase in the number of equipment requiring maintenance due to the periodic maintenance cycle;
4. Depreciation and amortisation were RMB21.2/tonne (first half of 2011: RMB19.2/tonne (restated)), representing a year-on-year increase of 10.4%. This increase was mainly due to the additional machinery and equipment;
5. Other costs were RMB47.7/tonne (first half of 2011: RMB45.8/tonne (restated)), representing a year-on-year increase of 4.1%. This increase was mainly due to the increase in the expense of washing and preparation of coal as well as mining engineering expenses. Other costs consist of the following three components: (1) expenses directly related to production, including washing and preparation of coal as well as mining engineering expenses etc., accounting for approximately 49%; (2) auxiliary production expenses, accounting for approximately 10%; (3) land claiming and surface subsidence compensation, environmental protection expenses, fees levied by local government, etc., accounting for approximately 41%.

B. Power segment

1. Business Progress

China's economic growth slowed down in the first half of 2012, dampening the growth of public demand for electricity. Hydroelectric power generation in China's southern areas increased substantially amid the flood season in April, taking up most of the market share of coal-fired power generation. This resulted in a continual negative month-on-month growth in terms of coal-fired power generation. The Company strengthened the momentum and focused on marketing. Efforts were made to integrate power generators into power grids and reduce the standby rate of its power generators. The gross power generation and total power output dispatch reached 102.73 billion kwh and 95.66 billion kwh respectively, representing a year-on-year growth of 15.4% and 15.3% respectively. Of the total, the gross power generation and total power output dispatch of coal-fired generators were 101.53 billion kwh and 94.50 billion kwh respectively. The average utilization hours of coal-fired generators amounted to 2,603 hours, 114 hours above the average of thermal power plants of 2,489 hours of the PRC. Due to the increase in on-grid power tariffs for thermal power plants in some provinces and cities in last December, the average power tariff of the Company's thermal power plants reached RMB363/mwh, representing an increase of RMB17/mwh as compared with RMB346/mwh of the same period of last year.

In the first half of 2012, the thermal coal consumption of the power segment of the Group was 46.0 million tonnes, of which 39.3 million tonnes or 85.4% were purchased from internal coal segment of Shenhua, representing an increase of 2.4 percentage points as compared to the same period last year.

The Company continued to strengthen its management and control on production on an ongoing basis and to improve the technological indicators, with key energy consumption indicators such as coal consumption for power output dispatch under effective control. The above initiatives also sharpened the competitive edge and improved the management quality of the power segment. The standard coal consumption for power output dispatch of the Company's coal-fired generators stood at 322g/kwh, which was 4g/kwh below the national average.

In the first half of the year, the Company acquired Taicang Power from its controlling shareholder Shenhua Group Corporation. Through such acquisition, the installed capacity of the Company's coal-fired power generators increased by 1,260 MW. In addition, through the acquisition of the equity interest in Bashu Power, the installed capacity of the Company's coal-fired power generators and hydroelectric generators increased by 1,260 MW and 78 MW respectively. The Company continued to push ahead the approval and construction work of new projects such as the Zhundong Wucaiwan Thermal Power Project. The Beijing Gas Thermal Power Project has obtained the approval from the Beijing Municipal Development and Reform Commission. As at 30 June 2012, the Company controlled and operated a total installed capacity of 39,911 MW, an increase of 3.9% as compared with that of 31 December 2011 (restated), among which the Company controlled and operated 91 coal-fired generators, with the average capacity per unit of 429 MW.

2. Operating results

The operating results of the power segment the Group before elimination on consolidation in the first half of 2012 were as follows:

		For the six months ended 30 June		Changes	Reasons for changes
		2012	2011 (restated)		
Revenues	RMB million	36,027	29,151	23.6%	Increase in power output dispatch and power tariffs
Cost of revenues	RMB million	28,464	22,822	24.7%	Increase in power output dispatch and unit cost of power output dispatch
Gross profit margin	%	21.0	21.7	Decreased by 0.7 percentage point	—
Profit from operations	RMB million	6,386	5,226	22.2%	—
Margin of profit from operations	%	17.7	17.9	Decreased by 0.2 percentage point	—

The unit cost of power output dispatch in the first half of 2012 was RMB293.7/mwh (first half of 2011: RMB271.6/mwh (restated)), representing a year-on-year increase of 8.1%. This increase was mainly attributable to the increase in the cost of raw materials, fuel and power as a result of the rise in coal price, and the higher unit cost of the newly acquired and newly operated power plants as compared with the average level of the power segment.

C. Railway segment

1. Business Progress

Against the backdrop of the drastic changes in the coal market in the first half of 2012, the railway segment further optimized transportation organization, utilized heavy-loaded trains with a capacity of 10,000 tonnes at appropriate time and proactively opened new transportation routes to ensure the smooth delivery of the Company's coal. The transportation turnover of self-owned railway of the Company was 87.0 billion tonne km (first half of 2011: 80.7 billion tonne km (restated)), representing a year-on-year increase of 7.8%, which accounted for 80.0% of the total turnover, an increase of 3.1 percentage points as compared with that of the same period of last year (restated).

In the first half of 2012, the Company significantly intensified the management of locomotives and wagons, with equipment quality improved continuously. The 3,996 railway wagons purchased from the controlling shareholder Shenhua Group Corporation were being progressively put into operation.

The refurbishment and upgrade of the Company's existing railways and the construction of new railways proceeded in an orderly manner. The capacity expansion work of Shenshuo Railway and Shuohuang Railway were carried out as planned. The construction of the new Ganquan Railway is expected to be completed and commence operation during the second half of the year, and the construction of the Bazhun Railway and Zhunchi Railway was under smooth progress.

2. Operating results

In the first half of 2012, the operating results of the railway segment of the Group before elimination on consolidation were as follows:

		For the six months ended 30 June		Changes	Reasons for changes
		2012	2011 (restated)		
Revenues	RMB million	12,312	11,336	8.6%	The volume of railway transportation increased
Cost of revenues	RMB million	6,567	5,855	12.2%	The volume of railway transportation increased, elevating the unit transportation cost
Gross profit margin	%	46.7	48.4	Decreased by 1.7 percentage points	—
Profit from operations	RMB million	5,225	5,009	4.3%	—
Margin of profit from operations	%	42.4	44.2	Decreased by 1.8 percentage points	—

In the first half of 2012, the revenue generated from the internal transportation service provided by the railway segment for the Group amounted to RMB10,821 million (first half of 2011: RMB10,066 million (restated)), representing a year-on-year increase of 7.5%, accounting for 87.9% of the operating revenue of the railway segment. Certain railway lines of the Group provided transportation services to third parties, which generated transportation revenue.

In the first half of 2012, the unit transportation cost in the railway segment was RMB0.075/tonne km (first half of 2011: RMB0.073/tonne km (restated)), representing a year-on-year increase of 2.7%. The increase was mainly due to the increase in personnel expenses as a result of the increase in staff numbers and salaries.

D. Port segment

1. Business Progress

In the first half of 2012, the self-owned ports of the Company, namely Huanghua Port and Shenhua Tianjin Coal Dock, strengthened the coordination with the sales, railway and shipping segments and optimized the storage structure of the coal yard in a reasonable manner so as to effectively enhance the utilization rate of coal storage yard and enable the safe and effective operation of coal storage yard. In the first half of the year, the coal-loaded volume of Huanghua Port amounted to 51.9 million tonnes, representing a year-on-year increase of 7.5% and the coal-loaded volume of Shenhua Tianjin Coal Dock amounted to 14.4 million tonnes, representing a year-on-year increase of 19.0%.

The construction of Huanghua Port Phase III Project with a designed loading capacity of 50.0 million tonnes/year progressed smoothly and is expected to be completed by the end of the year. The Shenhua Tianjin Coal Dock Phase II Project with a designed loading capacity of 35.0 million tonnes/year and the Phase I project of Shenhua Coal Storage and Shipping Centre at Zhuhai Gaolan Port with a designed loading capacity of 20.6 million tonnes/year have been approved by the National Development and Reform Commission.

2. Operating results

In the first half of 2012, the operating results of the port segment of the Group before elimination on consolidation were as follows:

		For the six months ended 30 June		Changes	Reasons for changes
		2012	2011 (restated)		
Revenues	RMB million	1,536	1,395	10.1%	Mainly due to the growth in seaborne coal
Cost of revenues	RMB million	946	883	7.1%	Mainly due to the growth in seaborne coal
Gross profit margin	%	38.4	36.7	Increased by 1.7 percentage points	—
Profit from operations	RMB million	439	385	14.0%	—
Margin of profit from operations	%	28.6	27.6	Increased by 1.0 percentage point	—

In the first half of 2012, the revenues generated from the internal transportation service provided by the port segment for the Group amounted to RMB1,464 million (first half of 2011: RMB1,329 million (restated)), representing a year-on-year increase of 10.2% and accounting for 95.3% of the operating revenue of the port segment. The unit cost of internal transportation service provided for the Group was RMB13.5/tonne (first half of 2011: RMB13.8/tonne (restated)), representing a year-on-year decrease of 2.2%. The decrease was mainly due to a decrease in dredging expenses and the decrease in the unit depreciation and amortisation cost as a result of the increase in volume of operations.

E. Shipping segment

1. Business Progress

In the first half of 2012, despite the depressed transportation market in the coastal region of the PRC, the continued decrease in shipment freight and the loss-making shipping industry as a whole, Shenhua Zhonghai Shipping Company, leveraging on the "integrated operation" edge of Shenhua, arranged shipping operations and coordination of vessels in a scientific manner and achieved a rapid growth. In the first half of the year, the shipping volume amounted to 47.4 million tonnes, representing a year-on-year increase of 26.4%. The shipment turnover amounted to 39.7 billion tonne nautical miles, representing a year-on-year increase of 21.4%.

In addition to sharpening its edge over the transportation market of the coastal regions of the PRC, the Company proactively explored new markets and gradually entered new business areas including international shipping and intermodal transportation. Following the Group's acquisitions of riverside power plants, the business chain of the shipping segment was extended to canals. In the first half of the year, the Company explored the transportation channel of north-south coal transportation extending to Chongqing for the first time.

2. Operating results

In the first half of 2012, the operating results of the shipping segment of the Group before elimination on consolidation were as follows:

		For the six months ended 30 June		Changes	Reasons for changes
		2012	2011 (restated)		
Revenues	RMB million	2,151	2,286	(5.9%)	Mainly due to the decrease in freight
Cost of revenues	RMB million	1,801	1,975	(8.8%)	(1) The decrease in intermodal transport cost as a result of the decrease in freight; (2) The decrease in the cost of shipping operation as a result of the change of business tax to value-added tax ^{Note}
Gross profit margin	%	16.3	13.6	Increased by 2.7 percentage points	—
Profit from operations	RMB million	365	284	28.5%	—
Margin of profit from operations	%	17.0	12.4	Increased by 4.6 percentage points	—

Note: Pursuant to Pilot Program of Levying Value Added Tax in Lieu of Business Tax and the relevant requirements promulgated by Ministry of Finance and State Administration of Taxation, a pilot practice of levying value-added tax in lieu of business tax has been carried out in the transportation industry and part of the modern service industry in Shanghai since 1 January 2012.

In the first half of 2012, the revenues generated from the internal transportation service provided by the shipping segment for the Group amounted to RMB869 million (first half of 2011: RMB892 million (restated)), representing a year-on-year decrease of 2.6% and accounting for 40.4% of the operating revenue of the shipping segment.

In the first half of 2012, the unit transportation cost in the shipping segment was RMB0.045/tonne nautical mile (first half of 2011: RMB0.060/tonne nautical mile (restated)), representing a year-on-year decrease of 25.0%. The decrease was mainly attributable to the increase of shipping turnover which in turn led to a decrease in the unit transportation cost which was higher than that of cost of revenues.

F. Overseas businesses

The Company established the Overseas Investment Company as a platform to promote its internationalization. The progress of the two existing overseas projects in the first half of the year is set out as follows:

1. PT.GH EMM Indonesia Project

The PT.GH EMM Indonesia Project is the first overseas project completed and operated by the Company. Two 150 MW coal-fired generators were put into commercial operation in August and November 2011 respectively. The open-cut mine with an annual production capacity of 2.0 million tonnes commenced mining operation in March 2011. In the first half of 2012, PT.GH EMM Indonesia produced 0.9 million tonne of commercial coal, generated 0.83 billion kwh of power and achieved a power output dispatch of 0.72 billion kwh.

2. Watermark Coal Project in Australia

In the first half of 2012, the Watermark Coal Project had achieved a major breakthrough in obtaining approval that it received guiding opinions from the New South Wales government on environmental assessment.

▼ Management review on consolidated operating results

1. Consolidated operating results

No.	Item	For the six months ended 30 June		Changes	Reasons for changes
		2012	2011 (restated)		
		RMB million	RMB million		
1	Revenues	121,468	101,151	20.1	Mainly due to the increase of sales volume of coal and power output dispatch, as well as the rise of the sales price of long-term coal contract and power tariff
	Of which: Domestic market	119,591	98,997	20.8	
	Asia Pacific market	1,877	2,154	(12.9)	
2	Cost of revenues	78,505	59,247	32.5	The increase in volume of coal and power operations resulted in the increase in relevant expenses, of which the cost of coal purchased from third parties recorded a significant increase
3	Other operating income/(expenses), net	115	(568)	(120.2)	Mainly attributable to the increase in government subsidies income and decrease in donation expenses during the reporting period
4	Finance income	508	725	(29.9)	The decrease in interest income from deposit and net foreign exchange gain
5	Income tax	5,275	9,033	(41.6)	The effective income tax rate for the Group was 14.6%, representing a decrease of 10.8 percentage points as compared with that of the first half of 2011 (restated), which was mainly attributable to: <ol style="list-style-type: none"> (1) The approval of the preferential policies for income tax of the major branches and subsidiaries of the Group in Inner Mongolia and Shaanxi was obtained, the income tax expense for the reporting period was calculated at the preferential tax rate of 15%; (2) Due to the foregoing impact of the change in the preferential policies for income tax, the tax payable for 2011 as well as the carrying value of deferred tax assets and liabilities of certain branches and subsidiaries of the Group have been adjusted during the reporting period.

Due to the expiry of the preferential income tax policies for enterprises engaging in the Grand Development of the Western Region (under which the enterprise income tax levied on the encouraged industries located in the Western Region was calculated at a preferential tax rate of 15%) at the end of 2010, the Group's branches and subsidiaries which have been enjoying this policies were required to make provision for income tax expense at the benchmark rate of 25% for the first half of 2011.

According to the Tax Relief Notice (Cai Shui 2011 no. 58) on the In-depth Implementation of Western Region Development Strategy, the Announcement of the State Administration of Taxation (2012 No.12) on Issues of Enterprise Income Tax Concerning In-depth Implementation of Western Region Development Strategy and other related documents, the Group's major branches and subsidiaries in Inner Mongolia and Shaanxi can continue to enjoy the 15% preferential tax rate from 2011 to 2020.

2. Consolidated assets and liabilities

No.	Item	As at 30 June 2012	As at 31 December 2011 (restated)	Changes	Reasons for changes
		RMB million	RMB million	%	
1	Construction in progress	45,290	34,384	31.7	Increase in investment in construction in progress, mainly related to Huangyuchuan mine, the construction of Bazhun Railway and Ganquan Railway, the capacity expansion of Shuohuang Railway, Phase III of Huanghua Port and power plants in construction
2	Inventories	17,386	12,939	34.4	Mainly attributable to the increase in coal inventories as well as the increase in number of ancillary materials, spare parts and small tools resulted from the increase in number of equipment requiring maintenance
3	Accounts and bills receivable, net	18,369	13,618	34.9	Mainly attributable to the increase in receivables from coal and power sales due to income growth. Customers of the Group who trade on credit terms are those long-term customers of larger business scale with good credit history. The increase in receivables for the reporting period mainly represent the receivables due within one year
4	Restricted bank deposits	5,637	4,115	37.0	Mainly attributable to the increase in the statutory deposit reserve deposited in the People's Bank of China by Shenhua Finance Company
5	Time deposits with original maturity over three months	586	3,508	(83.3)	Mainly attributable to the maturity of time deposits
6	Short-term borrowings and current portion of long-term borrowings	11,163	16,489	(32.3)	(1) The Group gave full play to Shenhua Finance Company as the funding platform to strengthen the internal funding mechanism, resulted in the decrease in short-term borrowings; (2) The maturity of a relatively large portion of long-term borrowings during the reporting period
7	Income tax payable	4,001	7,940	(49.6)	Attributable to the extension of the 15% preferential income tax rate granted to certain branches and subsidiaries, the provisions for income tax payable decreased

3. Consolidated cash flows

No.	Item	For the six months ended 30 June		Changes	Reasons for changes
		2012	2011 (restated)		
		RMB million	RMB million	%	
1	Cash generated from operations	44,960	60,759	(26.0)	Mainly attributable to the decreased deposit in Shenhua Finance Company
2	Interest received	444	576	(22.9)	The Group gave full play to Shenhua Finance Company as the funding platform to strengthen the internal funding mechanism and reduced the amount of deposit placed with external financial institutions
3	Lease prepayments	267	75	256.0	Increased purchase of land use rights during the reporting period
4	Payment for the 2011 Acquisitions and 2012 Acquisitions	4,324	8,702	(50.3)	The decrease in related amount paid in relation to acquisition resulted from the smaller scale of equity and assets acquired from Shenhua Group Corporation during the reporting period as compared with that of the first half of 2011
5	Acquisition of subsidiaries	414	-	N/A	The net outflow of cash and cash equivalents resulted from the acquisition of Bashu Power and Shenwan Energy Company
6	Capital injections in associates	298	58	413.8	Increased investment in new energy associates in the reporting period
7	Net increase in restricted bank deposits	1,522	5,585	(72.7)	The statutory deposit reserve of Shenhua Finance Company increased by a lesser amount
8	Contributions from non-controlling interests	3,073	895	243.4	The increase in contributions into subsidiaries of the Group, including Shenwan Energy Company, from non-controlling shareholders during the reporting period

▼ Status of accomplishment of 2012 business targets

Status of accomplishment of the Company's key operational indicators of the first half of 2012 are set out as below:

Item	Unit	Accomplishment in the first half of 2012	Targets of 2012 ^{Note}	Percentage of accomplishment in the first half of 2012 to full-year target (%)
Commercial coal production	million tonnes	155.8	289.9	53.7
Coal sales	million tonnes	222.1	410.5	54.1
Total power output dispatch	billion kwh	95.66	199.6	47.9

Note: The 2012 business target does not include the 2012 business target of the Target Company, the acquisition of which was approved at the 22nd meeting of the second session of the board of the Company held on 1 March 2012.

In the first half of the year, despite the drastic changes in the domestic coal market, the Company achieved its operating goals satisfyingly. Leveraging on its integrated operations, and upholding the sales-orientated approach as the cornerstone, the Company will weather any difficulties and reduce its expenses and consumption by improving the level of management with an aim to further enhance the Company's core competitiveness and risk-resistance capability as well as strive to accomplish the business targets of the year.

▼ Review and prospect of business environment^{note}

I. Macroeconomic conditions

In the first half of 2012, addressing the mixed and severe economic conditions in China and abroad, Chinese government followed the macro policy of "Making Progress While Maintaining Stability" to correctly balance the targets of stabilizing economic growth, upgrading economic structure and managing inflation expectation, with a higher priority placed on stabilizing growth. By implementing proactive fiscal policy and prudent monetary policy, the national economy achieved the overall stability with a sound growth. In the first half of the year, the GDP growth was 7.8% on a year-on-year basis, of which the first quarter and the second quarter recorded an increase of 8.1% and 7.6% respectively.

Looking into the second half of 2012, the central government will adhere to the key note of "Making Progress While Maintaining Stability" to carry forward the proactive fiscal policy and prudent monetary policy, attaching a higher priority to stabilizing growth while emphasizing the role of pre-adjustment and refinement, so as to achieve a steady turnaround of national economy. The macroeconomic improvement will be beneficial for the recovery of energy demand for coal and other fundamental energy resources.

II. Market environment of the coal industry

1. Thermal coal market in China

Review of the first half of 2012

In the first half of 2012, the domestic coal market was characterized by an overall declining trend along with the slower economic paces. Since the beginning of the second quarter, coal prices have experienced a plunge with a dynamic imbalance between coal supply and demand, due to the short-term factors such as the slack season for coal consumption, abundant rainfall and the surge in coal import coupled with the sluggish coal demand. As at the end of June 2012, the price of Shanxi 5,500 kcal premium mixed coal at Qinhuangdao fell to RMB670 per tonne, decreasing by 16% as compared with RMB805 per tonne at the beginning of the year.

Notes: (1) This section is for information 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 in 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.

(2) The data contained in this section is mainly derived from sources such as the National Bureau of Statistics, China Coal Market Network, China Coal Resource Network and China Electricity Council, etc.

As a result of the momentary discharge of production capacity, coal production in the PRC maintained a rapid growth in the first half of 2012. From January to June, China produced a total of 1.95 billion tonnes of raw coal, representing a year-on-year growth of 7.7% which is however 5.3 percentage points lower than the same period in last year. The increase in coal production was mainly contributed from Shanxi, Shaanxi and Inner Mongolia, which produced raw coal of 464 million tonnes, 214 million tonnes and 517 million tonnes from January to June, respectively, representing a year-on-year growth of 12.9%, 10.5% and 14.8%. In the first half of 2012, the downstream industries of thermal power, crude steel, and cement production grew by 2.6%, 1.8% and 5.5% compared with the same period of last year, which were 9.9, 7.8 and 14.1 percentage points lower than that of the same period in last year.

Coal transportation was relatively relaxed during the first half of 2012, smoothly running from west to east, while the bottleneck was unapparent. During the first half of 2012, coal transportation through railways was 1.166 billion tonnes, representing a year-on-year growth of 4.5% which is 8.7 percentage points lower than that of the same period in last year. Coal outbound shipment from major ports nationwide was 310 million tonnes, representing a year-on-year decrease of 4.1%, of which, the outbound shipment in June was 45.23 million tonnes, representing a month-on-month drop of 12.2%.

Since the beginning of the second quarter, major stock indicators have stayed at record highs, including the stockpile at major northern coal ports and thermal coal inventory of power plants under direct supply contracts in the PRC. As at the end of June 2012, the total stockpile at seven northern coal ports exceeded 24.00 million tonnes; the thermal coal inventory of power plants under direct supply contracts in the PRC reached 93.00 million tonnes, which is sufficient to meet consumption for 28 days and a growth of more than 10 days on a year-on-year basis.

During the first half of 2012, the international coal market saw an oversupply due to the dismal global economy, weak coal demand and the increased supply. Accordingly, thermal coal was traded at tumbled prices. As at the end of June 2012, the spot price of 6,000 kcal thermal coal at Newcastle Port, Australia (FOB) dropped to USD85 per tonne, approximately USD30 per tonne lower as compared with that of the beginning of this year. Due to the discount of international coal price as compared to domestic price, the volume of net import to China reached 134 million tonnes in the first half of 2012, representing a year-on-year increase of 77.5%. The soaring coal import led to an oversupply of coal in coastal regions.

Prospect for the second half of 2012

Looking into the second half of 2012, as the macro control tends to go towards “stabilizing growth” from “curbing inflation”, the macro economy is expected to show a sign of stabilization and rebounding. However, as the external uncertainties still exist, there should be no substantial increase in domestic demand in a short term and the economic growth is not expected to exceed the expectation. The forecasted recovery of real economy is expected to stabilise and pull up coal demand from major coal consumers in power, steel, building materials and chemical industries in the second half of 2012.

Due to the coal price plunges, certain loss-making coal producers will have to cut back or suspend production and therefore give up their marginal output. Coal companies featuring low production costs and high coal quality, in order to take over such part of market share, should maintain a production growth.

Given the high stocks at thermal power plants and ports in the second quarter, in the third quarter, coal demand will be satisfied mainly by the stockpile with an absence of a booming coal market in the peak season. The elimination of small coal mines that are unable to meet the standard prescribed by the country and the standardization of the procedure for safe production for coal industry will reduce the growth rate of coal production, which is beneficial for the restoration of the supply and demand balance and the increase in coal price. In the second half of 2012, the actual coal production in the PRC is expected to grow at a slower pace given that there is no significant improvement of the demand, with the supply and demand in the coal market changed from loose to balance during the fourth quarter. Meanwhile, due to weak demand and still high stockpile at downstream, it should be improbable for railway capacity to run tight in the second half of 2012.

As international coal prices are staying at historical lows, certain international coal suppliers with higher operating costs should be unwilling to trade below cost. Coupled with the increasing costs of Australian coal producers and the newly introduced carbon tax, further downside of international coal prices should be limited and their competitive edge against domestic coal prices will decline dramatically. It is expected that in the second half of 2012, the volume of imported coal is to drop as compared with the first half of 2012 as a result of the diminishing price spread.

For the second half of 2012, especially from the beginning of the fourth quarter, industrial power consumption is to rise with a turnaround in economy. At the same time, due to seasonal factors, power consumption by residents and the tertiary industry will grow, while the drop in hydropower output will also lead to an expansion in load of thermal power. It is expected that in the second half of 2012, coal economy will witness a stable operation.

2. Thermal coal market in Asia Pacific region

Review of the first half of 2012

The first half of 2012 saw an oversupply in international coal market due to the sluggish developed economies amid the depression worldwide, weak demand and the increased supply. The contract and market prices of thermal coal both plunged.

The coal market supply in Asia Pacific region faced a shift from the western to the eastern counties in the first half of 2012: non-traditional suppliers expanded coal sales in the Asia Pacific market in response to the economic recession and weak energy demand in traditional coal consuming regions in Europe and America. From January to June 2012, the export from the United States increased by 25% on year-on-year basis to 60.10 million tonnes, of which 4.66 million tonnes were exported to Asia, a year-on-year growth of 88%. From January to June this year, the export from Russia reached 60.00 million tonnes, representing a year-on-year growth of 17.6%. From January to June, Australia exported 147 million tonnes of coal, up 16% year-on-year, and Indonesia exported 164 million tonnes of thermal coal, up by 16% on year-on-year basis.

In contrast with the surging coal import to China, other coal consuming countries including Japan, Korea and India posted modest growth in coal import during the first half of 2012. From January to June, Japan imported 88.80 million tonnes of coal, a year-on-year growth of only 2.9%. From January to June, Korea imported 62.00 million tonnes of coal, a year-on-year decrease of 0.9%. During the first six months of this year, India imported 42.07 million tonnes of thermal coal, representing a year-on-year decrease of 5.5%.

Prospect for the second half of 2012

Looking into the second half of 2012, uncertainties will still exist in the global economy. A further global recession is likely to occur, mainly due to the negatives including the aggravating European debt crisis. The demand in international coal market is expected to grow slowly.

On supply side, the United States will continue to expand coal export in the second half of 2012 in the wake of its decreasing domestic coal consumption. It is estimated that for the whole year of 2012, the export from the United States will exceed the level of last year at 100 million tonnes. On the other hand, coal supply in Asia Pacific region is expected to become sufficient in the second half of 2012, mainly due to low international coal prices and the leaving of certain small coal mines and traders with higher operating costs. China and India will remain as the major importers of coal in the region, albeit with less import compared to the first half of 2012.

In the second half of 2012, international thermal coal prices are expected to remain stable as a result of the slow global recovery, coal prices closer to cost bottom lines of certain coal producers and the competitions of domestic and overseas players.

III. Market environment of the power industry

Review of the first half of 2012

Power consumption in China in the first half of 2012 was 2,375.5 billion kwh, representing a year-on-year growth of 5.5% and 6.7 percentage points lower than that of the same period in last year. It was mainly due to the declined output of the energy intensive heavy industries and the energy conservation and emission reduction campaign. From January to June 2012, power consumption growths were generally slowing down on a month-on-month basis.

The weak growth in industrial power consumption, which accounted for over 70% of power consumption in China, has resulted in the significantly slower growth of total power demand. In the first half of 2012, industrial power consumption only increased by 3.65% year-on-year, which was 8.1 percentage points lower than that of the same period in last year.

Power consumptions of residents and the tertiary industry in the first half of 2012 both recorded a growth of over 12%, and thus drove up the power consumption to some extent. However, the power consumption in June posted a slower momentum as a whole, mainly due to the slower growth of residential power consumption as a result of abundant rainfall and lower temperature in certain southern regions since early June compared to previous years, as well as the higher comparative base in last year.

Due to the slower power consumption growth, power generation from large-scale power plants in the PRC for the first half of 2012 was 2,295 billion kwh, representing a year-on-year growth of 3.7%. The power generation in June was 393.35 billion kwh representing a slight decrease year-on-year.

As a result of the plentiful rainfall, hydropower generation posted a year-on-year growth of 9.9% in the first half of 2012, and coal-fired power generation recorded a year-on-year drop of 2.9% in the second quarter, together with the widening drops month-on-month. In the first half of 2012, the utilization hours of coal-fired equipment were 2,489 hours, representing a year-on-year decrease of 112 hours.

From January to June, new coal-fired installed capacity in the PRC was 15,870 MW, a sharp decline of 31.9% year-on-year. From January to June, RMB40.1 billion was invested in coal-fired power infrastructure, representing a year-on-year decrease of 16.7%.

During the first half of 2012, the power shortage in the PRC was basically mitigated due to the weakened demand. Since early March, there was no administrative restriction on power consumption or power shortage across the country. Most thermal power producers faced high coal inventory and were less interested for coal intakes.

Prospect for the second half of 2012

With the “stabilizing growth” policies to be launched in the second half of 2012, it is estimated that the power consumption in China, especially industrial power consumption, will gradually pick up its momentum, and may be stabilized and rebounded within the year.

Looking ahead, a significant growth is estimated for coal-fired power generation, mainly due to the much stronger willingness in power generation of thermal power producers than previous years as driven by low coal prices, together with the stabilizing economy and diminishing hydropower output due to seasonal factors from the fourth quarter.

In the second half of 2012, the national power supply and demand is expected to maintain an overall balance, where power supply may run tight in some regions during the peak season, yet with much less pressure to sustain the power balance as compared with last year.

▼ **The Company's major risk exposures and their effects**

I. Risk of macroeconomic cyclical fluctuations

The coal and power industries, in which the Company operates, are two of the fundamental sectors of the national economy and are closely correlated to the prosperity of the national economy. Cyclical fluctuations of the economy may affect the sales volume and price of coal of the Company as well as the power generation and power output dispatch which would in turn affect the results of the Company and bring certain risks to the business operations of the Company.

II. Risks of competition in the coal and power industries

The Company's coal business faces competition from other coal producers in both domestic and international markets. In the domestic market, the coal businesses of certain competitors are located nearby coastal regions and thus enjoy the competitive advantage of a lower transportation cost for delivering coal to target markets. The Company's power business mainly competes with the top five power generation corporations in China and other independent power plants. The Company faces competition in various areas, such as acquiring more coal resources, securing favorable dispatch of power and higher on-grid power tariffs, etc. Such competitions may adversely affect the business operations of the Company.

III. Risk of insufficient transportation capacity

Other than the transportation system of self-owned railways and ports, the Company also transports coal through third party railways and ports. During the peak season for coal demand, the third party railways and ports may still be unable to meet all transport demands for domestic coal. The Company has experienced delay in the process of coal transportation to customers by using third party transportation systems. The Company cannot ensure that similar delay in transportation will not occur in the future.

IV. Risk of increasing cost

As the mining process proceeds further, the Company's unit mining cost may increase gradually. Furthermore, potential inflation risk resulting from rapid domestic economic growth and increase of bulk commodity prices may lead to the increase in the Company's costs of raw materials and fuels. In addition, policy-driven cost, such as the potential resource tax reforms, may affect the Company's cost control. All these factors will affect the Company's results.

V. Risk of foreign exchange rates

The business operations of the Company are subject to the impact of fluctuations in the exchange rate of Renminbi. If the exchange rate of Renminbi appreciates or depreciates, the Company's profit or loss for the period may be affected.

VI. Risk of change in national industrial adjustment and control policies

The operating activities of the Company are affected by national industrial adjustment and control policies. Potential resource tax reform, as well as China's increasingly strict policies on safety and environmental protection, may increase the Company's policy-driven cost. Any such measures may have adverse effects on the Company's operations. The uncertainties arising from the implementation of similar national industrial adjustment and control policies may also generate certain risks to the Company's operations.

VII. Risk of natural factors such as natural disasters and bad weather

The production and operation activities of the Company will be affected by factors including natural disasters and bad weather. Certain particularly major natural disasters which occurred in China in recent years had adversely affected the Company's operations to a certain extent. Factors such as unforeseeable natural disasters and bad weather may bring certain risks to the Company's operations.

VIII. Environmental protection responsibility

The Company has been operating in China for many years. Environmental protection laws and regulations are fully enforced in China, which affected the operations of our coal and power generation businesses. At present, it is impossible to anticipate future legislation on environmental protection, which may have significant impact on the Company in the future. Nevertheless, under the existing legislation, the management of the Company believes that, other than those already accounted for in the financial statements, there are currently no environmental protection obligations that may have material adverse effect on the Company's financial position.

IX. Group insurance

In accordance with the industry practices in the PRC mining industry known to the Company, the Company has purchased fire, liability or other property insurance for certain properties, equipment or inventories of our coal operations. The Company has purchased business interruption and third party liability insurance for personal injury or environmental damages arising from accidents occurred on the Company's premises or in connection with certain power plants and vehicles related businesses of the Company. As for the transportation business, the Company has purchased property insurance for trucks and car insurance for some ports. In addition, the Company has purchased insurance against occupational accidents, medical, third party liability and unemployment for its employees in compliance with the requirements of the relevant regulations. The Company has purchased insurance for all of its operating power plants against property, loss of profits, plant and equipment, occupational injury and third party liability. The Company will continue to review and assess its own risk portfolio, and make necessary and appropriate adjustments to the Company's insurance coverage in accordance with the needs of the Company and practices of the insurance industry in China.

The Company's investments

▼ Status of capital expenditure

Capital expenditure plan and its accomplishment status

	Plan in 2012	Completed in first half of 2012	Percentage of accomplishment of the first half of 2012 to full-year target	Percentage of each segment in 2012 to full-year target
	RMB100 million	RMB100 million	%	%
Coal segment	164.4	44.11	26.8	32.8
Power segment	28.1	20.96	74.6	5.6
Transportation segment	298.8	119.71	40.1	59.7
Others	9.3	1.03	11.1	1.9
Total	500.6	185.81	37.1	100.0

The Company's capital expenditure in the first half of 2012 was RMB18.581 billion, accounting for 37.1% of the planned amount for the year, which was mainly used in the capacity expansion and upgrade projects of and the purchase of mining equipment by Shendong Mines and Zhunge'er Mines, the construction of Huangyuchan mine, the capacity expansion and upgrade projects of railways and ports, the construction of and the purchase of open top wagons for the new railways and the construction of Zhundong Wucaiwan Power and Chenjiagang Power, etc.

It is expected that the investment and settlement amount of construction work in the second half of the year will surpass that of the first half of the year due to seasonal factors.

The current plans of the Company in relation to future capital expenditures are subject to development of business plans (including potential acquisitions), progress of investment projects, market conditions, outlook for future operation conditions and obtaining of the requisite permissions and regulatory approval. 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 capital expenditures by cash generated from operating activities, short-term and long-term borrowings, part of the proceeds from the initial public offering and other debt and equity financing.

▼ External equity investments

The equity investments of the Company for the first half of 2012 amounted to RMB9,530 million, representing an increase of RMB830 million or 9.5% from RMB8,700 million (restated) of the same period in last year. The investments were primarily related to the acquisition of the equity interests in Taicang Power, Shenhua HK Company and Bameng Company which are held by Shenhua Group Corporation and its subsidiaries, the capital contributions to entities such as Shenwan Energy, Zhunchi Railway and Shendong Power Company, as well as the acquisition of Bashu Power, etc.

▼ Use of proceeds

In September 2007, the Company issued 1.8 billion A shares via an initial public offering. The net amount of proceeds was RMB65.988 billion. As of 30 June 2012, the accumulated amount of proceeds used by the Company was RMB53.861 billion, of which an accumulated amount of RMB37.861 billion was used for investments. During this reporting period, the Company had used RMB7.594 billion in the proceeds.

On the 18th meeting of the second session of the Board of the Company, the Board considered and approved the using of RMB6.500 billion of the proceeds for temporary liquidity replenishment for a period of six months commencing on 29 September 2011. The Company returned RMB6.500 billion to the designated account for proceeds on 28 March 2012.

On the 23rd meeting of the second session of the Board of the Company, the Board considered and approved using RMB6.500 billion of the proceeds for temporary liquidity replenishment for a period of six months commencing on 29 March 2012, which is liable to be returned to the designated account for proceeds upon expiry.

As at 30 June 2012, the balance of unused proceeds (net of RMB6.500 billion for temporarily replenishment of the Company's working capital) were RMB5.627 billion (balance of the designated account for proceeds was RMB8.174 billion, the difference being interest income from the bank deposit). The unused proceeds were kept in our designated account for proceeds.

For progress of projects funded by the proceeds, please refer to "Special Report on Deposit and Use of Proceeds of China Shenhua Energy Company Limited" dated 25 August 2012.

Name of project committed (including the projects committed for proceeds in the prospectus and subsequent amended projects)	Whether it is an amended project	Amount committed	Actual amount invested from the date of the proceeds received to the end of the reporting period	Of which: amount invested in the reporting period	Return (total profit) generated during the reporting period (total profit)	The percentage of the return generated to the total combined profits of the Group for the same period under Accounting Standards for Business Enterprises	Whether progress is on schedule	Whether the anticipated return is achieved
		RMB'10,000	RMB'10,000	RMB'10,000	RMB'10,000	%		
I. Investments and renovation of coal, power and transportation system	No	1,668,875	1,537,819	–	N/A	N/A	N/A	N/A
Of which: Halagou Mine project	No	169,300	169,300	–	36,127	1.03	Yes	Yes
Buer'tai mine construction project	No	344,815	344,815	–	62,815	1.80	Yes	Yes
Ha'erwusu open-cut mine project	No	538,600	538,600	–	84,663	2.42	Yes	Yes
Baoshen Railway TDCS Dispatching Command System	No	2,028	2,028	–	N/A	N/A	Yes	
The 2nd extension line of Baoshen Railway, from Shigetai to Ciyaowan	No	4,553	4,553	–	N/A	N/A	Yes	
The 2nd extension line of Baoshen Railway, from Dongsheng to Shigetai	No	5,311	5,311	–	N/A	N/A	Yes	
Purchase of locomotives	No	16,800	16,800	–	N/A	N/A	Yes	
Yijing substation, treatment of pollution by power generation	No	3,649	3,649	–	N/A	N/A	Yes	
Truck management information system	No	547	547	–	N/A	N/A	Yes	
Shenshuo Railway infrared detecting encryption works	No	300	300	–	N/A	N/A	Yes	
Purchase coal wagon C70	No	160,000	159,200	–	N/A	N/A	Yes	
Huanghua Port cargo dumper improvement works	No	4,426	–	–	N/A	N/A	Yes	
Hebei Sanhe power plant phase II	No	31,602	–	–	N/A	N/A	Yes	
Inner Mongolia Guohua Zhunge'er power plant expansion project	No	35,400	33,394	–	4,416	0.13	Yes	Yes
Zhejiang Ninghai power plant phase II	No	105,822	91,883	–	38,386	1.10	Yes	Yes
Phase II of Shaanxi Jinjie coal and power integration project	No	64,050	64,050	–	234,178	6.70	Yes	Yes
Hebei Huanghua power plant phase II	No	48,690	40,824	–	15,826	0.45	Yes	Yes
Hebei Dingzhou power plant phase II	No	45,500	41,493	–	9,354	0.27	Yes	Yes
Liaoning Suizhong power plant phase II	No	87,482	21,072	–	26,082	0.75	Yes	Yes
II. Supplement working capital of the Company and for general business purpose	No	1,600,000	1,600,000	–	N/A	N/A	N/A	N/A
III. Acquisition of strategic assets	No	3,329,963	2,248,313	759,415	N/A	N/A	N/A	N/A
Total	/	6,598,838	5,386,132	759,415	/	/	/	/

▼ Significant investments using funds other than proceeds

As at 30 June 2012, the Group has no significant investment using funds other than proceeds, which has a total investment amount exceeding 10% and above of the Group's latest audited net assets.

▼ Entrusted loans

As of 30 June 2012, the Group has neither granted entrusted loans with an amount exceeding 10% and above of the Group's latest audited net assets to any individual party, nor was there entrusted loans that have expired or were involved in litigations. The Company did not utilise the proceed raised to grant entrusted loans.

As at the end of the reporting period, the balance of entrusted loans that the Company granted to its non-wholly owned subsidiaries amounted to RMB32,569 million; the balance of entrusted loans that the Company's subsidiaries granted to its non-wholly owned subsidiaries and associated companies amounted to RMB4,692 million. The relevant interest income generated by the foregoing entrusted loans during the reporting period was RMB1,061 million.

The entrusted loans of the Group forms an integral part of the Group's centralized capital management system. The entrusted loans were provided to subsidiaries and their affiliates which are short of funds to meet construction and operating needs. The borrowers of the entrusted loans are capable to repay and are repaying the principal with interest on schedule.

▼ Derivative transactions

The swap transaction conducted by the Company targets at borrowings denominated in Japanese Yen and aims at hedging the borrowings denominated in Japanese Yen instead of gaining from investment. The specific measures adopted were in the nature of risk-hedging with exposure to liquidity risk under control. Further, the amount of swap transaction only related to a proportion of borrowings denominated in Japanese Yen conducted by the Company.

As at 30 June 2012, the amount of swap contracts of the Company totalled to RMB845 million. Loss from swap contracts for the reporting period amounted to RMB1 million.

Major subsidiaries and associated companies

▼ Operating conditions and results of major subsidiaries and associated companies

No.	Company	Registered capital	Total assets	Net assets	Net profit
		RMB'10,000	RMB'10,000	RMB'10,000	RMB'10,000
1	Shenhua Shendong Coal Group Co., Ltd.	454,770	8,574,949	4,653,247	877,976
2	Shenhua Trading Group Ltd.	120,505	3,433,711	808,545	576,807
3	Shuohuang Railway Development Co., Ltd.	588,000	2,469,562	1,849,486	253,043
4	Shaanxi Guohua Jinjie Energy Co., Ltd.	227,800	1,062,397	635,073	235,930
5	Shenhua Zhunge'er Energy Co., Ltd.	710,234	2,265,624	1,637,834	139,878
6	Guangdong Guohua Yudean Taishan Power Co., Ltd.	270,000	1,649,570	559,087	82,759
7	Zhejiang Guohua Zheneng Power Generation Co., Ltd.	325,478	1,459,105	439,320	62,022
8	Shenhua Baorixile Energy Industrial Co., Ltd.	116,891	542,571	300,687	56,574
9	Yulin Shenhua Energy Co., Ltd.	100,000	450,364	262,441	45,068
10	Shenhua Beidian Shengli Energy Co., Ltd.	118,478	479,734	217,975	41,370

- Notes:
1. The financial information in the above table was prepared in accordance with the Accounting Standards for Business Enterprises.
 2. "Net profit" refers to net profit attributable to the owners of the parent company.
 3. Shenhua Shendong Coal Group Co., Ltd. recorded operating income of RMB28,925.73 million and operating profit of RMB10,230.24 million in the first half of 2012.
 4. Shenhua Trading Group Ltd. recorded operating income of RMB89,963.28 million and operating profit of RMB6,435.99 million in the first half of 2012.
 5. The financial information of the major subsidiaries and associated companies disclosed above has not been audited or reviewed.

▼ Shenhua Finance Company

As of the end of the reporting period, the Company directly and indirectly holds 99.29% equity interest in Shenhua Finance Company. On 25 March 2011, the 12th meeting of the second session of the board of directors of China Shenhua considered and approved Resolution on Matters regarding Shenhua Finance Company. Details of the resolution are set out in the "China Shenhua Energy Company Limited – Announcement on Resolutions of 12th Session of 2nd Directorate Meeting" dated 25 March 2012 (No. Lin 2012-012). Shenhua Finance Company strictly implemented the above resolutions passed at the 12th meeting of the second session of the Board of China Shenhua during the reporting period and no violation of such resolutions had occurred.

During the reporting period, Shenhua Finance Company maintained the safe operation of capital and no non-performing assets nor unlawful events or breach of regulations were recorded. All 16 risk management metrics including capital adequacy ratio, non-performing loan ratio and current ratio outperformed the benchmarks significantly.

I. Board of Directors of Shenhua Finance Company

As at the end of the reporting period, the board of directors of Shenhua Finance Company comprised six members, namely Dr. Ling Wen as chairman, Ms. Mei Xueyan as executive director and general manager, Mr. Che Jianming as executive director and deputy general manager, Mr. Hao Jianxin and Mr. Shao Xiaotong as non-executive directors, and Ms. Zhang Donghui as employee director.

In the first half of 2012, the board of directors of Shenhua Finance Company held two meetings.

II. Board Committees

The board of directors of Shenhua Finance Company has three board committees, namely the Related Party Transaction Control Committee, Risk Management Committee and Credit Approval Committee. The original Strategy Development and Investment Management Committee were dissolved and its duties are undertaken directly by the board of directors.

1. Related Party Transaction Control Committee

To further improve its administration over related party transactions, Shenhua Finance Company established the Related Party Transaction Control Committee on 15 January 2012. The committee is responsible for administration over the related party transactions of the Company, including identification, statistics, forecast, reporting, limit management and recommendations in respect of the related party transactions.

In the first half of 2012, the Related Party Control Transaction Committee held one meeting.

2. Risk Management Committee

To further improve its risk management activities, the original Risk Management Team of Shenhua Finance Company was upgraded to the Risk Management Committee on 15 January 2012.

In the first half of 2012, the Risk Management Committee did not hold any meetings.

3. Credit Approval Committee

To further improve its credit review and decision-making capabilities, the original Credit Approval Team of Shenhua Finance Company was upgraded to the Credit Approval Committee on 15 January 2012. The Credit Approval Committee operates in accordance with the "Rules on Work of the Credit Approval Committee of Shenhua Finance Company Limited". The major duties of the committee are: (1) to review credit issues within its responsibility; and (2) to monitor the implementation of all credit issues by relevant departments upon approval.

In the first half of 2012, the Credit Approval Committee held 14 meetings.

III. Deposits and Borrowings of Shenhua Finance Company during the Reporting Period

1. Total deposits and borrowings at the end of the period

	As at 30 June 2012	As at 31 December 2011	Changes
	RMB million	RMB million	%
Balance of deposits	27,658.8	20,650.6	33.9
Balance of borrowings (including discounted notes)	15,532.2	10,216.1	52.0
Of which: balance of guaranteed borrowings (including discounted notes)	900.0	1,933.9	(53.5)

2. Balance of deposits and borrowings of the top ten customers

(1) Balance of deposits of the top ten customers

No.	Name of customer	As at 30 June 2012	Changes in the first half of 2012
		RMB million	RMB million
1	Shenhua Group Corporation Limited	12,716.9	4,618.3
2	China Shenhua Energy Company Limited	7,813.8	2,829.0
3	Guohua Energy Investment Co., Ltd	1,983.7	1,534.4
4	Shenhua Ningxia Coal Industry Group Co., Ltd.	1,000.3	(158.8)
5	Shenhua Science and Technology Developing Co., Ltd.	951.0	(9.6)
6	Shenhua International Trading Co., Ltd.	893.5	248.6
7	Shenhua Coal Trading Company Limited	487.3	(318.2)
8	China Shenhua Coal Liquefaction and Chemical Company Limited (中國神華有限公司)	374.8	(792.3)
9	Shenhua Real Estates Development Company Limited (神華有限公司)	349.1	165.2
10	Beijing Guohua Power Company Limited	212.6	47.6

(2) Balance of borrowings of the top ten customers

No.	Name of customer	As at 30 June 2012	Changes in the first half of 2012
		RMB million	RMB million
1	Shenhua Ningxia Coal Industry Group Co., Ltd.	2,500.0	1,100.0
2	Shenhua Shendong Power Co., Ltd.	2,178.0	451.0
3	Shaanxi Shenyang Coal Co., Ltd.	1,465.0	–
4	Shenhua Mengxi Coal Chemical Company Limited	1,021.0	(276.2)
5	Guohua Energy Investment Co., Ltd.	1,000.0	–
6	Shenhua Guohua International Power Co., Ltd.	830.0	830.0
7	Shenhua Xinzhen Railway Co., Ltd.	800.0	800.0
8	Shenhua Bayannaer Energy Co., Ltd.	600.0	600.0
9	Guohua (Xuzhou) Power Generation Co., Ltd.	580.0	360.0
10	Shenhua Wuhai Energy Company Limited	500.0	73.3

3. Approval of borrowings during the reporting period

Items	The first half of 2012
	RMB million
Amount of contracted borrowings	14,828.0
Amount of granted borrowings (including discounted assets) ^{Note}	8,455.6
Of which: amount of guaranteed borrowings (including discounted assets) ^{Note}	-
Amount of rejected borrowings	-

Note: The amount of granted borrowings refers to the balance of borrowings granted in the first half of 2012 on 30 June 2012, in connection with the borrowings contracts signed in the first half of 2012.

Major customers and suppliers

No.	Name of top five customers	First half of 2012	
		Revenues	Percentage to operating revenues
		RMB million	%
1	Guangdong Power Grid Corporation	6,400	5.3
2	Zhejiang Electric Power Corporation	5,207	4.3
3	Guangdong Electric Power Industry Fuel Company Limited	3,132	2.6
4	Liaoning Electric Power Corporation	2,939	2.4
5	Anhui Electric Power Corporation	2,597	2.1
Total		20,275	16.7

As of 30 June 2012, the total purchases from the top five suppliers of the Company amounted to RMB9.775 billion, accounting for 13.1% of the total purchases for the reporting period. The purchases from the largest supplier were RMB2.731 billion, accounting for 3.7% of the total purchases for the reporting period.

Reasons for and impacts of the changes in accounting policies, accounting estimates or correction of significant accounting errors

During the report period, the Company has made no change in accounting policies and accounting estimates or correction of significant accounting errors.

Explanation for the selection of major accounting policies and significant accounting estimates

There were no material changes in the Company's significant accounting policies and accounting estimates from those as disclosed in 2011.

Other matters

▼ Charge over assets of the Group

For the six months ended 30 June 2012, the Company has not placed any charges over the assets of the Group.

Major Financial Data and Indicators

Unless otherwise specified, financial data and indicators herein are prepared under the Accounting Standards for Business Enterprises.

▼ Major financial data for the reporting period

Major Financial Data and Indicators	For the six months ended 30 June			Increase/decrease over the same period of last year (after restatement)
	2012	2011 (after restatement)	2011 (before restatement)	
Operating revenues (RMB million)	121,468	101,151	100,692	20.1%
Operating profit (RMB million)	34,827	34,799	34,602	0.1%
Profit before income tax (RMB million)	34,942	34,232	34,035	2.1%
Net profit attributable to equity shareholders of the Company (RMB million)	25,181	21,962	21,868	14.7%
Net profit attributable to holders of ordinary shares of the Company net of extraordinary gain and loss (RMB million)	25,048	21,990	21,961	13.9%
Basic earnings per share (RMB)	1.266	1.104	1.099	14.7%
Diluted earnings per share (RMB)	1.266	1.104	1.099	14.7%
Basic earnings per share net of extraordinary gain and loss (RMB)	1.259	1.106	1.104	13.9%
Fully diluted return on net assets (%)	10.88	10.83	10.91	Increased by 0.05 percentage point
Weighted average return on net assets (%)	11.02	10.80	10.86	Increased by 0.22 percentage point
Fully diluted return on net assets net of extraordinary gain and loss (%)	10.83	10.84	10.95	Decreased by 0.01 percentage point
Weighted average return on net assets net of extraordinary gain and loss (%)	10.96	10.81	10.91	Increased by 0.15 percentage point
Net cash flow from operating activities (RMB million)	35,380	53,718	53,375	(34.1%)
Net cash flow from operating activities per share (RMB)	1.78	2.70	2.68	(34.1%)

	As at 30 June 2012	As at 31 December 2011 (after restatement)	As at 31 December 2011 (before restatement)	Increase/decrease over the end of last year (after restatement)
Total assets (RMB million)	416,701	402,978	397,548	3.4%
Total shareholders' equity (RMB million)	277,585	265,279	261,479	4.6%
Net assets per share attributable to equity shareholders of the listed company (RMB/share)	11.63	11.34	11.22	2.6%

Major Financial Data and Indicators

▼ Items and amounts of extraordinary gain and loss

Unit: RMB million

Items of extraordinary gain and loss	Amount
Non-operating income	
– Subsidy income	99
– Others	159
Investment income	
– Income from entrusted loans	30
Gain on fair value change on held-for-trading financial assets	1
Non-operating expenses	(222)
Net income on business combination of subsidiaries under common control for the period from the beginning of the year to the date of consolidation	85
Tax effect in respect of the above items	(12)
Total	140
Of which: extraordinary gain and loss that affect net profit attributable to equity shareholders of the Company	133
extraordinary gain and loss that affect net profit attributable to minority shareholders	7

▼ Differences between domestic and international accounting standards

Unit: RMB million

Items	Net profit attributable to equity shareholders of the Company		Net assets attributable to equity shareholders of the Company	
	For the six months ended 30 June		As at 30 June 2012	As at 31 December 2011 (restated)
	2012	2011 (restated)		
Under Accounting Standards for Business Enterprises	25,181	21,962	231,364	225,529
Adjustments for:				
Production maintenance, production safety and other related expenditures	1,560	858	3,022	2,670
Under International Financial Reporting Standards	26,741	22,820	234,386	228,199

Explanations for the differences between domestic and international accounting standards:

The Group made provisions for production maintenance, production safety and other related expenditures pursuant to the relevant regulations of the related government authorities in the PRC, recognised the provisions as expenses in profit or loss and separately recorded as a specific reserve in shareholders' equity under Accounting Standards for Business Enterprises. On utilisation of the specific reserve as fixed assets within with the stipulated scope, 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 of deferred tax arising from such difference is also reflected.

Changes in Equity and Shareholdings of Substantial Shareholders

Changes in equity

- ▼ **There has not been any change in the total number of shares and the equity structure of the Company during the reporting period. The equity structure of the Company as at 30 June 2012 is as follows:**

Unit: Shares

	Type	Number of Shares	Percentage %
I.	Shares with selling restrictions		
	1. State-owned shares	180,000,000	0.90
	2. Domestic legal person shares	–	–
	Total number of shares with selling restrictions	180,000,000	0.90
II.	Shares without selling restrictions		
	1. RMB ordinary shares	16,311,037,955	82.01
	2. Overseas-listed foreign shares	3,398,582,500	17.09
	Total number of shares without selling restrictions	19,709,620,455	99.10
III.	Total number of shares	19,889,620,455	100.00

For the six months ended 30 June 2012, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Company's securities as defined under the Hong Kong Listing Rules.

The "Resolution on Approving a General Mandate to the Board of Directors to Repurchase A shares and H shares of the Company" was considered and approved at the annual general meeting for the year 2011, the 2012 first class meeting of the holders of A shares and the 2012 first class meeting of the holders of H shares of the Company held on 25 May 2012. For specific details, please refer to the related announcements published on the website of the Hong Kong Stock Exchange on 25 May 2012 as well as on the Designated Newspapers for Information Disclosure and the website of the Shanghai Stock Exchange on 26 May 2012.

During the reporting period, the Company did not issue any convertible corporate bonds nor were there any existing convertible corporate bonds.

Changes in Equity and Shareholdings of Substantial Shareholders

Shareholders

▼ Total number of shareholders

As at the end of the reporting period, there were a total of 320,420 shareholders of the Company, of which 317,826 were holders of A shares (including Shenhua Group Corporation) and 2,594 were registered holders of H shares.

The Company has fulfilled the minimum public float requirement under Rule 8.08 of the Hong Kong Listing Rules.

▼ Top ten shareholders and top ten shareholders without selling restrictions

Statements on the connected relationships and whether they are parties acting in concert are as follows: the fund trustee of China Construction Bank – Great Wall Brand Merit-chosen Equity Fund and China Construction Bank – Huan Hongli Equity Fund is China Construction Bank and the fund trustee of Industrial & Commercial Bank of China – Shanghai Index 50 Trading Open-end Index Securities Investment Fund and Industrial & Commercial Bank of China – Huatai-PineBridge Hushen Index 300 Trading Open-end Index Securities Investment Fund is Industrial & Commercial Bank of China; other than the above, the Company is not aware of whether any connected relationship exists between the top ten shareholders and the top ten shareholders without selling restrictions, and whether they are parties acting in concert pursuant to the “Measures for the Administration of Acquisition of Listed Companies”.

(1) Shares held by top ten shareholders

Unit: Shares

Name of shareholders	Nature of shareholder	Shareholding percentage	Total number of shares held as at the end of the reporting period	Increase(+)/ decrease(-) during the reporting period	Number of shares with selling restrictions	Number of shares subject to pledge or lock-up
Shenhua Group Corporation Limited	State-owned	73.01%	14,521,846,560	+10,808,605	—	Nil
HKSCC NOMINEES LIMITED	Overseas corporate	17.05%	3,390,754,120	+161,834	—	Unknown
Account No. 1 of National Council for Social Security Fund	State-owned	0.90%	180,000,000	—	180,000,000	Nil
China Life Insurance Company Limited – Bonus – Personal Bonus – 005L – FH002 Shanghai	Others	0.39%	77,047,203	+27,854,596	—	Nil
Industrial & Commercial Bank of China – Shanghai Index 50 Trading Open-end Index Securities Investment Fund	Others	0.15%	29,637,316	-4,053,949	—	Nil
China Construction Bank – Great Wall Brand Merit-chosen Equity Fund	Others	0.12%	24,137,656	—	—	Nil
Bank of Communications – E Fund 50 Index Securities Investment Fund	Others	0.12%	24,108,653	-1,372,640	—	Nil
China Merchants Securities Co. Ltd. – Client Account of Collateral Securities for Margin Trading	Others	0.12%	23,757,640	+11,472,754	—	Nil
Bank of China – Jia Shi Hu Shen 300 Index Securities Investment Fund	Others	0.09%	17,403,865	-643,600	—	Nil
China Construction Bank – Huan Hongli Equity Fund	Others	0.08%	16,799,905	+600,005	—	Nil

Note: H shares held by HKSCC Nominees Limited are held on behalf of a number of its account participants.

Changes in Equity and Shareholdings of Substantial Shareholders

Shenhua Group Corporation increased its shareholding in the A shares of the Company by purchasing 10,808,605 A shares of the Company on 9 January 2012 through the trading system of the Shanghai Stock Exchange. Upon the increase in shareholding, Shenhua Group Corporation held 14,521,846,560 A Shares of the Company, accounting for 73.01% of the total number of share in issue of the Company. Details are set out in the “China Shenhua Energy Company Limited” – Announcement on Increasing Holding of Shares in the Company by the Controlling Shareholder dated 10 January 2012 (No. Lin 2012-001).

(2) Shares held by top ten shareholders without selling restrictions

Unit: Shares

Name of shareholder	Number of shares without selling restrictions	Type of shares
Shenhua Group Corporation Limited	14,521,846,560	RMB ordinary shares
HKSCC NOMINEES LIMITED	3,390,754,120	Overseas-listed foreign shares
China Life Insurance Company Limited – Bonus – Personal Bonus – 005L – FH002 Shanghai	77,047,203	RMB ordinary shares
Industrial & Commercial Bank of China – Shanghai Index 50 Trading Open-end Index Securities Investment Fund	29,637,316	RMB ordinary shares
China Construction Bank – Great Wall Brand Merit-chosen Equity Fund	24,137,656	RMB ordinary shares
Bank of Communications – E Fund 50 Index Securities Investment Fund	24,108,653	RMB ordinary shares
China Merchants Securities Co. Ltd. – Client Account of Collateral Securities for Margin Trading	23,757,640	RMB ordinary shares
Bank of China – Jia Shi Hu Shen300 Index Securities Investment Fund	17,403,865	RMB ordinary shares
China Construction Bank – Huan Hongli Equity Fund	16,799,905	RMB ordinary shares
Industrial and Commercial Bank of China Limited – Huatai PB Hu Shen300 Trading Open-end Index Securities Investment Fund	16,002,572	RMB ordinary shares

▼ Number of shares held by top ten shareholders with selling restrictions and their selling restrictions

Unit: Shares

No.	Name of shareholder with selling restrictions	Number of shares with selling restrictions	Listing and trading of shares with selling restrictions		Selling restrictions
			Date on which trading is permitted	Increase in the number of tradable shares	
1	Account No. 1 of National Council for Social Security Fund	180,000,000	9 October 2013	180,000,000	Article 13 of the “Implementation Measure for the Transfer of Part of the State-owned Shares to the National Social Security Fund in Domestic Securities Market”

Changes in Equity and Shareholdings of Substantial Shareholders

▼ Substantial Shareholders' interests and/or short positions in the shares or underlying shares of the Company

As at 30 June 2012, the persons as shown 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 to be kept pursuant to section 336 of Part XV of the Securities and Futures Ordinance (the "SFO", Chapter 571 of the Laws of Hong Kong):

Name of shareholder	Capacity	H Shares/ Domestic shares	Nature of interest	Number of H shares/domestic shares held	Percentage of H shares/domestic shares over total issued H shares/ domestic shares respectively	Percentage of total share capital of the Company
					%	%
Shenhua Group Corporation Limited	Beneficial owner	Domestic shares	N/A	14,521,846,560	88.06	73.01
JPMorgan Chase & Co.	Beneficial owner Investment manager Custodian-Corporation/ Approved lending agent	H Shares	Long position	272,016,329	8.00	1.37
			Short position	6,154,631	0.18	0.03
			Lending pool	218,671,938	6.43	1.10
Blackrock, Inc.	Interest of corporation controlled by the substantial shareholder	H Shares	Long position	234,194,773	6.89	1.18
			Short position	25,906,591	0.76	0.14

Note: Information disclosed above is based on information available on the website of the Hong Kong Stock Exchange (www.hkex.com.hk).

Save as disclosed above, as at 30 June 2012, in so far as the directors, president and supervisors of the Company are aware, there was no other person had interest and/or short position in the shares or underlying shares of the Company (as the case may be) which is required to be recorded in the register to be kept under section 336 of Part XV of the SFO, or was otherwise a substantial shareholder of the Company.

▼ Changes in controlling shareholder and de facto controller

There was no change in the controlling shareholder and the de facto controller of the Company during the reporting period.

Directors, Supervisors, Senior Management and Employees

Changes in shareholding in the Company of directors, supervisors and senior management

During the reporting period, there were no changes in shareholding in the Company of the directors, supervisors and senior management of the Company that were required to be disclosed pursuant to the “Rules on the Management of Shares Held by Directors, Supervisors and Senior Management of Listed Companies and the Changes Thereof” promulgated by the CSRC.

Appointment or removal of directors, supervisors and senior management

Resolutions on the election of Mr. Kong Dong and Mr. Chen Hongsheng as non-executive directors of the second session of the Board of the Company with a term until 17 June 2013 were approved at the annual general meeting of the Company for the year 2011 held on 25 May 2012. Resolutions on the appointment of Mr. Kong Dong as a member of the Remuneration Committee and Mr. Chen Hongsheng as a member of the Audit Committee under the Board of the Company with a term until 17 June 2013 were approved at the 27th meeting of the second session of the Board of the Company held on 21 June 2012.

Mr. Liu Benren and Mr. Xie Songlin resigned as non-executive directors and members at the Remuneration Committee and Audit Committee upon the conclusion of the annual general meeting of the Company for the year 2011 held on 25 May 2012.

Disclosure of interests by directors, supervisors and senior management

As at 30 June 2012, none of the directors, supervisors or senior management of the Company had any interest or short position in the shares or underlying shares of the Company or any of its associated corporations within the meaning of Part XV of the SFO (Chapter 571 of the Laws of Hong Kong), as recorded in the register required to be kept under Section 352 of the SFO or which was otherwise required to be notified by directors and supervisors to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

For the period ended 30 June 2012, the Company had not granted any equity securities or warrants to its directors, supervisors and senior management or their respective spouses or children under the age of 18.

Employees of the Company

As at 30 June 2012, the Company had 84,298 employees in total. Composition of the employees was as follows:

▼ By function

Function	As at 30 June 2012	As at 31 December 2011	Changes
	Number	Number	%
Operation and maintenance	48,549	55,536	(12.6)
Management and administration	13,967	11,389	22.6
Finance and accounting	1,511	1,421	6.3
R&D and technical support	6,129	6,656	(7.9)
Sales and marketing	1,794	2,629	(31.8)
Others	12,348	4,629	166.8
Total	84,298	82,260	2.5

▼ By educational level

Educational level	As at 30 June 2012	As at 31 December 2011	Changes
	Number	Number	%
Postgraduate and above	1,841	1,522	21.0
University graduate	19,487	18,110	7.6
College graduate	22,038	20,703	6.4
Specialized secondary school graduate	17,142	17,561	(2.4)
Technical school graduate	6,722	6,923	(2.9)
High school graduate	10,848	10,597	2.4
Middle school graduate and below	6,220	6,844	(9.1)
Total	84,298	82,260	2.5

Corporate Governance

During the reporting period, the Company further improved its corporate governance by revising the “Measures for Preventing Insider Dealing of China Shenhua Energy Company Limited”, revising “Articles of Association of China Shenhua Energy Company Limited” and revising “Rules of Procedure of Meetings of the Board of Directors of China Shenhua Energy Company Limited” and refining the approval procedures by general meetings for the “Related Party Transactions Decision Making Systems of China Shenhua Energy Company Limited”, in accordance with domestic and overseas regulations and with reference to the Company’s actual conditions.

During the reporting period, with the establishment of the “Working Proposal on the Regulation and Implementation of Internal Control for the Year 2012 of China Shenhua Energy Company Limited” and the “Development Plan for Overall Internal Control of China Shenhua Energy Company Limited”, the Company analyzed its previous framework of internal control and risk management as well as working practices, and formulated the plan for its internal control in the near term and the objectives, principle and mission for internal control in the long run.

The Company has established a system of corporate governance in accordance with Appendix 14 of the Hong Kong Listing Rules. Save for the provisions on liability insurance for directors, the Company has been in full compliance with the provisions of Appendix 14 of the Hong Kong Listing Rules and most of the recommended best practices as specified therein during the six months ended 30 June 2012. With effect from August 2012, the Company has maintained appropriate liability insurance for its directors, supervisors and senior management.

The Company has appointed independent non-executive directors and established an Audit Committee in accordance with the Hong Kong Listing Rules. As at the end of the reporting period, the Audit Committee of the board comprises Mr. Gong Huazhang (chairman of the Audit Committee of the board, with professional qualifications and experience in accounting and other fields of financial management), Mr. Guo Peizhang and Mr. Chen Hongsheng. On 15 August 2012, the Audit Committee reviewed the Company’s interim financial report for the six months ended 30 June 2012 and approved submission of the interim financial report to the board for approval.

After making enquiries, all the directors and supervisors have confirmed that they have fully complied with the “Model Code for Securities Transactions by Directors of Listed Issuers” set out in Appendix 10 of the Hong Kong Listing Rules adopted by the Company for the six months ended 30 June 2012.

Other than their working relationships in the Company, none of the directors, supervisors or the senior management has any financial, business or family relationship or any relationship in other material aspects with each other.

Significant Events

Save for their service contracts with the Company, none of the directors and supervisors of the Company had any material personal interests, directly or indirectly, in any material contracts entered into by the Company or any of its subsidiaries in the first half of 2012.

China Shenhua has an independent and complete business system as well as a market-oriented self-operation capability. The Company is independent from its controlling shareholder in terms of business, personnel, assets, organization and finance. As a transitional arrangement for the listing of the whole Shenhua Group, the Company was entrusted by Shenhua Group Corporation to provide daily operation management services for the assets and businesses of Shenhua Group pending listing upon the completion of relevant procedures. The Company appointed seven vice general managers of Shenhua Group Corporation as the president and senior vice presidents of the Company. While preserving the independent and complete business system and the market-oriented self-operation capability, the Company shall push forward the listing of the whole Shenhua Group, further regulate related party transactions, avoid competition and strive to maximize the interest of the shareholders.

Making and Implementation of Profit Distribution Policy

On 25 May 2012, the Company's Annual General Meeting of 2011 approved the distribution of a final dividend for the year 2011 of RMB0.90 per share (inclusive of tax) totalling approximately RMB17.901 billion (inclusive of tax) to all of the shareholders, representing 39.9% of the net profit attributable to equity shareholders of the Company for the year 2011 under Accounting Standards for Business Enterprises. The abovementioned final dividend had been distributed before 6 July 2012.

The approval of the abovementioned resolution on dividend distribution was in compliance with the requirements of the Articles of Association of the Company and the decision making process and system were complete. Independent directors of the Company duly considered the resolution on distribution and gave independent opinions of their consent. The Company provided the minority shareholders with plenty of opportunities to express their opinions and make their request via different channels including general meetings so as to safeguard the legitimate rights of the minority shareholders. The final dividend of the Company for the year 2011 was distributed in the manner as resolved by the general meeting of the Company.

Pursuant to the requirements set out in "Notice on Further Implementing Cash Dividend Distribution Policy Among Listed Companies" issued by CSRC and "Notice on Further Optimizing Cash Dividend Distribution Policy Among Listed Companies" issued by Beijing Regulatory Bureau of CSRC, the Board of the Company considered and approved Amendments to Articles of Association of China Shenhua Energy Company Limited to further optimize the relevant profit distribution policies of the Company. Such amendments are subject to the approval at the general meeting of the Company. Details are set out in the "China Shenhua Energy Company Limited – Announcement on Resolutions of 30th Session of 2nd Directorate Meeting" dated 25 August 2012.

Interim Profit Distribution Plan and Conversion of Surplus Reserve into Share Capital

The Company does not have any plan to declare or distribute any interim dividend for the first half of 2012 to its shareholders.

Material Litigation and Arbitration

As at the end of the reporting period, the Group had not been involved in any material litigation or arbitration. As far as the Group was aware, the Group had no material litigation or claim which was pending or threatened against the Group. As at 30 June 2012, the Group was the defendant of certain non-material litigations, and also a party to certain litigations arising from the ordinary course of business. The likely outcome of these contingent liabilities, litigations or other legal proceedings cannot be ascertained at present, but the management of the Group believes that, any possible legal liability which may be incurred from the aforesaid cases will not have any material adverse impact on the financial position of the Group.

Equity Held by the Company in Other Listed Companies and Equity Investment in Financial Institutions

For details about Shenhua Finance Company, please refer to the section headed "Major subsidiaries and associated companies" under the chapter of "Directors' Report" of this report. As at the end of the reporting period, the Company did not hold any equity in other listed companies and had no equity investment in financial institutions.

Acquisition and Disposal of Assets and Merger

At the 21st meeting of the second session of the board of the Company, the capital injection by the Company in Bashu Power, a wholly-owned subsidiary of Sichuan Investment Group Co., Ltd., was approved. Upon completion of the capital injection, the Company will hold 51% equity interest in Bashu Power and become its controlling shareholder. Details are set out in the "China Shenhua Energy Company Limited – Announcement on Resolutions of 21st Session of 2nd Directorate Meeting" dated 16 February 2012 (No. Lin 2012-003). As of the end of the reporting period, the abovementioned transactions have been completed.

The 22nd meeting of the second session of the board of the Company approved the acquisition by the Company of three equity interests in power, coal and related businesses and one railway wagon asset from Shenhua Group Corporation and its subsidiaries. Details are set out in the "China Shenhua Energy Company Limited – Announcement on Connected Transaction of Assets Purchase" dated 2 March 2012 (No. Lin 2012-006). Details of the transactions are set out in the section headed "Material Related Party Transactions" in this chapter.

Save for the aforesaid, the Company did not undertake any other material acquisition and disposal of assets or merger during the reporting period and there was no other material investment.

Equity Incentive Plan

During the reporting period, the Company did not implement any equity incentive plan which will involve the issue of new shares of the Company or which will have an impact on the shareholding structure of the Company.

Material Related Party Transactions

▼ Material related party transactions in relation to acquisition and transfer of assets and equity

On 1 March 2012, the 22nd meeting of the second session of the board of the Company approved the “Resolution on Acquisition by the Company of Certain Assets from the Shenhua Group Corporation (Controlling Shareholder) and its Subsidiaries”, pursuant to which the Company is approved to use the proceeds from its initial public offering of A shares to finance the acquisitions of the following assets and equity held by Shenhua Group Corporation and its subsidiaries (the “Acquisitions”):

- (1) the assets of 3,996 open wagons which are self-owned by Shenhua Group;
- (2) the 50% equity interests in Taicang Power held by Beijing Guohua Power Company Limited (“Guohua Power”);
- (3) the 99.996% and 0.004% equity interests in Shenhua HK Company respectively held by Shenhua Group Corporation and Shenhua International Trading Co., Ltd. (“International Trading Company”); and
- (4) the 60% equity interests in Bameng Company held by Shenhua Group Corporation.

Details are set out in the “China Shenhua Energy Company Limited – Announcement on Connected Transaction of Assets Purchase” dated 2 March 2012 (No. Lin 2012-006).

As of the end of the reporting period, the equity transfer in relation to the Acquisitions together with the update of registration records for the equity transfer thereunder have been completed. Details of which are as follows:

- (1) The consideration is determined at RMB3.449 billion, payable in cash, based on the valuation conclusion of the appraisal report prepared by China United Assets Appraisal Group Co. Ltd. (“China United Appraisal”) for the Acquisitions as of the valuation base date 30 September 2011 and taking into account the individual adjustment factors. The final consideration is subject to the endorsement of the asset appraisal report prepared by China United Appraisal for the Acquisitions as filed by Shenhua Group Corporation with competent authorities and the individual adjustment factors.

Based on the valuation as of 30 September 2011, the Company paid the consideration amounting to RMB3.449 billion during the reporting period.

- (2) Reason for the difference between the consideration and the valuation: Certain subject companies made profit distribution out of the retained profit as of the valuation base date.
- (3) Relationship: Shenhua Group Corporation is a legal entity with direct control over the Company, and all other counterparties are legal entities (excluding the Company and its subsidiaries) under direct control of Shenhua Group Corporation.
- (4) The Acquisitions will allow the Company to expand its business scale, improve its business structure and sharpen its integrated competitiveness. It will also reduce the competition between the Company and its controlling shareholder Shenhua Group Corporation and thus the potential related party transactions, facilitate the centralized property management and safeguard the interests of the Company and shareholders as a whole, demonstrating the support of Shenhua Group for the Company's development.

Other details of the Acquisitions are as follows:

(1) Information of asset the transfer

The assets under the Acquisitions comprise 3,996 open wagons owned by Shenhua Group valued at RMB739.0094 million, with a consideration of RMB739.0094 million.

(2) Information of equity the transfer

No.	Transferor	Target company	Interest to be acquired	Valuation of net assets of Target Company as of 30 September 2011 (RMB'10,000)	Consideration for equity transfer (RMB'10,000)
1	Guohua Power	Taicang Power	50%	283,599.16	133,718.10
2	Shenhua Group Corporation	Shenhua HK Company	99.996%	76,674.76	76,671.69
	International Trading Company		0.004%		3.07
3	Shenhua Group Corporation	Bameng Company	60%	81,028.88	60,612.55

Note: Shenhua Group Corporation is 74.80% interested in the paid-up capital of Bameng Company, and the net assets attributable to such interest were valued at RMB606,125,500.

Significant Events

The acquired companies under the Acquisitions achieved during this reporting period: (1) coal sales of 0.6 million tonne; (2) power generation of 4.15 billion kwh and power output dispatch of 3.97 billion kwh, representing a year-on-year decrease of 1.2%; (3) profit attributable to equity owners of the parent company under Accounting Standards for Business Enterprises totalled RMB159.9 million, representing a year-on-year increase of 4.5%.

Please refer to “2. Business combination under common control during the year” of note 4 to 2012 interim report prepared by the Company under Accounting Standards for Business Enterprises.

▼ Regular related party transactions

(1) Performance of non-competition agreement

The Company entered into a non-competition agreement with Shenhua Group Corporation on 24 May 2005. Pursuant to this agreement, Shenhua Group Corporation agreed not to compete with the Group with respect to the core businesses of the Group and granted to the Group the options and pre-emptive rights to acquire the businesses retained by Shenhua Group and certain future businesses from Shenhua Group.

During the reporting period, the event relating to the options and pre-emptive rights executed by the Company under the above agreement is as follows:

Event: Acquisition of 100% equity interests in State Grid Energy, a subsidiary wholly owned by State Grid Corporation of China

During the reporting period, Shenhua Group Corporation issued a consultative letter to the Company in relation to the option in respect of the acquisition of 100% equity interests in State Grid Energy. In relation to the acquisition, (1) during the negotiations, State Grid Corporation of China has expressly indicated its intent that Shenhua Group Corporation should be the acquirer; (2) certain projects of State Grid Energy are in preliminary stage with low profit and the overall conditions of which do not meet the requirements for being injected into the Company.

In this regard, having been approved by the independent directors of the Company, the Company has decided not to participate in the acquisition, and permit Shenhua Group Corporation to acquire State Grid Energy. Shenhua Group has undertaken to the Company that upon completion of the acquisition, it will grant the Company the option of acquisition and pre-emptive right over State Grid Energy pursuant to the Non-competition Agreement entered into between the Company and Shenhua Group Corporation.

(2) Revision of annual caps

At the 25th meeting of the second session of the board of the Company on 27 April 2012, the following adjustments were approved under the “Resolution on the Revision of Annual Caps of Certain Continuing Connected Transactions for 2012 and 2013 and the Conversion of Certain Continuing Connected Transactions into Exempted Connected Transactions”:

1. In relation to the “Mutual Supplies and Services Agreement”, (1) the annual caps for supplies and services provided by the Group to Shenhua Group for 2012 and 2013 were adjusted to RMB10.400 billion and RMB10.400 billion respectively; and (2) the annual caps for supplies and services provided by Shenhua Group to the Group for 2012 and 2013 were adjusted to RMB10.400 billion and RMB10.400 billion respectively;
2. The annual caps for the coal sales by the Group to Shenhua Group under the Mutual Coal Supply Agreement for 2012 and 2013 were adjusted to RMB10.400 billion and RMB10.400 billion respectively, whilst the caps of other transactions under the agreement remained unchanged;
3. Pursuant to regulatory requirements, the transactions in relation to the coal sales by the Group to Jiangsu Guoxin Asset Management Group Company Limited and China Datang Corporation and the coal purchase by the Group from Shaanxi Province Coal Transportation and Sales (Group) Co Ltd. were exempted from the relevant requirements on connected transactions by Hong Kong Stock Exchange and subject to no restriction on annual caps as approved by the general meeting.

Significant Events

Further details are set out in the announcements dated 27 April 2012 including “Revision of Caps for Continuing Connected Transactions under the Mutual Coal Supply Agreement”, “Revision of Caps for Continuing Connected Transactions under the Mutual Supplies and Services Agreement” and “Application of Exemption under Rules 14A.31(9) and 14A.33(4) of the Hong Kong Listing Rules”, and the “China Shenhua Energy Company Limited – Announcement on Daily Connected Transactions” (Lin 2012-016)” dated 28 April 2012 published by the Company.

(3) The performance of agreements for the respective daily related party transactions during the first half of 2012

As at the end of the reporting period, the implementation of the agreements for related party transactions which are relevant to daily operations of the Company is set out in the table below. The total amount of related party transactions for sale of products and provision of services by the Group to Shenhua Group during the reporting period amounted to RMB2,887.62 million.

No.	Execution basis	Sales of products and provision of services by the Group to related parties and other inflows		Purchase of products and services from related parties by the Group and other outflows	
		Amount of transactions	Percentage of amount to similar transactions	Amount of transactions	Percentage of amount to similar transactions
		RMB million	%	RMB million	%
1	Mutual Coal Supply Agreement between Shenhua Group Corporation Limited and China Shenhua Energy Company Limited	2,229.16	2.7	1,052.54	3.1
2	Mutual Supply of Products and Services Agreement between Shenhua Group Corporation Limited and China Shenhua Energy Company Limited	645.73	15.9	1,257.09	2.8
	Including: (1) Products	162.97	14.6	1,232.66	3.7
	(2) Services	482.76	16.4	24.43	0.2
3	Coal Agency Sales Agreement among Shenhua Group Corporation Limited, China Shenhua Energy Company Limited and Xisanju Company of Inner Mongolia Shenhua Coal Transportation & Sales Company Limited	12.73	100.0	–	–
4	Coal Agency Export Agreement between Shenhua Group Corporation Limited and China Shenhua Energy Company Limited	–	–	17.13	100.0
5	Agreement on Lease of Land Use Right between Shenhua Group Corporation Limited and China Shenhua Energy Company Limited	–	–	–	–
6	Agreement on Property Leasing between Shenhua Group Corporation Limited and China Shenhua Energy Company Limited	–	–	10.32	4.2

The performance of the Financial Services Agreement entered into between the Company and Shenhua Group Corporation on 20 December 2010 is set out in the table below:

No.	Execution basis	Status	Percentage of similar transactions
		RMB million	%
1	Agreement on Financial Service between China Shenhua Energy Company Limited and Shenhua Group Corporation Limited		
	(1) annual total amount of guarantee provided by Shenhua Finance Company to Shenhua Group and its subsidiaries (except for the Company and its subsidiaries)	–	–
	(2) annual total transaction amount of bill acceptance and discount services handled by Shenhua Finance Company for Shenhua Group and its subsidiaries (except for the Company and its subsidiaries)	–	–
	(3) maximum daily balance (including relevant accrued interests incurred) of deposits accepted by Shenhua Finance Company from Shenhua Group and its subsidiaries (except for the Company and its subsidiaries)	27,034.97	–
	(4) maximum balance of loans, consumption credit, buyer's credit and financial leasing (including relevant accrued interests incurred) granted by Shenhua Finance Company to Shenhua Group and its subsidiaries (except for the Company and its subsidiaries)	8,575.00	–
	(5) maximum balance of entrusted loans (including relevant accrued interests incurred) of Shenhua Group and its subsidiaries (except for the Company and its subsidiaries) handled by Shenhua Finance Company	72,564.16	–
	(6) interests paid by the Company and/or its subsidiaries to Shenhua Group and its subsidiaries on entrusted loans	28.75	2.3

From 1 January to 27 April 2012, the daily related party transactions contemplated under the “Coal Supply Framework Agreement” entered into with Jiangsu Guoxin Asset Management Group Company Limited, the “Coal Supply Framework Agreement” entered into with China Datang Corporation and the “Coal Supply Framework Agreement” entered into with Shaanxi Province Coal Transportation and Sales (Group) Co Ltd. are carried out within their respective annual caps.

The above-mentioned related party transactions were carried out in the ordinary course of business of the Company, the prices of which were determined by reference to the prevailing market price. Such transactions were in strict compliance with the procedures of review and approval by independent directors and independent shareholders as well as the relevant disclosure requirements. The Company did not rely on its controlling shareholders for its business as a result of the daily related party transactions.

▼ Debts and liabilities due from/to related parties

Unit: RMB million

Related parties	Related relationship	Funds provided to related parties		Funds provided by related parties to the Company	
		Amount of change	Balance	Amount of change (restated)	Balance
Shenhua Group Corporation and its subsidiaries	Holding company and its subsidiaries	–	–	(843.00)	1,400.00
Other related parties	–	–	813.28	–	–
Total	–	–	813.28	(843.00)	1,400.00

Significant Events

The amount and balance of the above debts and liabilities only include other receivables, other payables, short-term loans, current portion of long-term loans, long-term loans, other non-current assets due within one year, other current assets and other non-current assets of a non-operational nature between the Group and related parties.

The above debts and liabilities due from/to related parties mainly represent entrusted loans provided by the Group to associated companies of subsidiaries of the Company, together with long-term and short-term loans borrowed by the Group from Shenhua Group Corporation and its subsidiaries. The Group performed its internal decision making procedures in accordance with the relevant requirements. Currently, the above-mentioned entrusted loans and loans are under normal repayment plan with repayment on both principal and interests as scheduled.

A provision for impairment of RMB86.72 million has been made for the balance of the above debts and liabilities.

Material Contracts and Their Performance

▼ Material guarantees

Unit: RMB million

Guarantee provided by the Company to external parties (excluding guarantee given by the Company for the benefit of its subsidiaries)						
Guaranteed party	Date of provision of guarantee (execution date of agreement)	Guaranteed amount	Type of guarantee	Period	Whether performance has been completed	Whether the guarantee is for the benefit of related parties (Yes or No)
Shenbao Energy Company	30 August 2008	117.45	joint liabilities guarantee	20 years	No	No
Total guaranteed amount provided during the reporting period						-
Total guaranteed balance at the end of the reporting period						117.45
Guarantee given by the Company for the benefit of its subsidiaries						
Total guaranteed amount provided to the Company's subsidiaries during the reporting period						(78.37)
Total guaranteed balance given to the Company's subsidiaries at the end of the reporting period						1,917.55
Aggregated guaranteed amount given by the Company (including guarantee given by the Company for the benefit of its subsidiaries)						
Total guaranteed amount						2,035.00
Percentage of total guaranteed amount to net assets of the Company						0.88%
Including:						
Amount of guarantees provided for the benefit of shareholders, de facto controller and their related parties						-
Amount of guarantees directly or indirectly provided for the benefit of parties with over 70% in asset-liability ratio						1,584.00
Portion of the total guaranteed amount in excess of 50% of net assets						-
Aggregated guaranteed amount of the above three items						1,584.00

Notes: 1 Of the total guaranteed balance, the guaranteed balance provided by the Company's controlling subsidiaries to external parties at the end of the reporting period represents the guaranteed amount provided by such subsidiary to external parties multiplies the Company's shareholding in such subsidiary.

2 Percentage of total guaranteed amount to net assets of the Company = Guaranteed amount/Equity attributable to equity shareholders of the Company under the Accounting Standards for Business Enterprises.

▼ Details of material guarantees

At the end of the reporting period, the sum of the guaranteed amount provided by the Company for the benefit of its controlling subsidiaries and the guaranteed balance of the Company to external parties amounted to RMB2,035.00 million, including:

- (1) The Company provided guarantee for and accepted joint and several liabilities on four bank loans of Huanghua Harbour Administration Company amounting to RMB451.00 million. Agreements for the above four loans were entered into prior to the establishment of the Company and the original guarantor was Shenhua Group Corporation. When the Company was established as part of the restructuring in November 2004, the guarantor was changed to the Company pursuant to the relevant reorganization arrangement and at the requests of the relevant banks. Huanghua Harbour Administration Company is an important member of the Company responsible for seaborne coal transportation, with a sound financial condition and good profitability. There was no indication that the Company might be required to perform its joint and several liabilities of repayment under the above guarantee.
- (2) The Company provided counter-guarantee to EMM Indonesia for loans of no more than USD231.70 million with a term of 3.5 years. At the end of the reporting period, the actual US loan amount incurred was USD231.70 million (equivalent to RMB1,466.55 million). The guarantee was approved at the 37th meeting of the first session of the Board held on 18 December 2009. Please refer to the "Announcement of China Shenhua Energy Company Limited's External Guarantee" dated 19 December 2009 for details.

The gearing ratio of EMM Indonesia was less than 70% when the provision of the counter-guarantee was approved on 18 December 2009. As the capital ratio of EMM Indonesia decreased, the gearing ratio of EMM Indonesia exceeded 70% as at 30 June 2012. EMM Indonesia has been put into operation and have been operating in a stable manner. There was no indication that the Company will be required to perform its liabilities of repayment under the above counter-guarantee.

- (3) At the end of the reporting period, the guarantee provided by Shenbao Energy Company, a controlled subsidiary owned as to 56.61% by the Company, was: Prior to the acquisition of Shenbao Energy Company by the Company in 2011 and pursuant to the "Guarantee agreement on the syndicated loan in RMB for the cooperative railway project connecting Yimin and Yiershi newly constructed by Hulunbeier Liangyi Railway Company Limited", Shenbao Energy Company, being one of the guarantors, provided joint and several guarantee in 2008 to Hulunbeier Liangyi Railway Company Limited (hereinafter referred to as the "Liangyi Railway Company"), a company owned by Shenbao Energy Company as to 14.22%, 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.

Significant Events

In the first half of 2012, as resolved by the general meeting of Liangyi Railway Company, the capital injection by its shareholders (including Shenbao Energy Company) was approved. Shenbao Energy and other shareholders will work together to supervise the rectification of the operations of Liangyi Railway Company. There is a certain degree of risk of loss from guarantee associated with such guarantee. The gearing ratio of Liangyi Railway Company exceeded 70% as at 30 June 2012.

Apart from the above guarantees, the Company did not provide any other guarantees during the reporting period, and there is no other guarantee of which the performance is pending.

▼ Asset management on trust and entrusted loans

During the reporting period, the Company did not establish any material arrangement on asset management on trust, and none of such arrangement which were established during previous periods subsisted in the reporting period. For information about entrusted loans, please refer to section headed "The Company's investments".

▼ Other material contracts

During the reporting period, save as disclosed above, there was no other material contract of the Company that required disclosure.

Undertakings of the Company or Shareholders Holding More Than 5% Shares

The undertakings made by Shenhua Group Corporation, the controlling shareholder of the Company, subsisting in the reporting period and the performance of such commitments are as follows:

No.	Undertaking	Performance
1	As part of the reorganization and in the course of the establishment of the Company, the Company and Shenhua Group entered into a Non-competition Agreement. Pursuant to such agreement, Shenhua Group undertakes not to compete with the Company in respect of the Company's principal businesses whether in or outside of the PRC, and granted the Company an option and pre-emptive right to acquire from Shenhua Group any potential business in competition.	As of the end of the reporting period, Shenhua Group strictly complied with its undertakings and there was no violation of such undertakings.

Appointment and Removal of Accounting Firms

The interim financial report contained in this report is unaudited. KPMG Huazhen (Special General Partnership) and KPMG were re-appointed as the domestic and international auditors of the Company respectively at the Company's 2011 annual general meeting held on 25 May 2012.

Sanctions and Rectifications Imposed on the Company, its Directors, Supervisors, Senior Management, Controlling Shareholders and De Facto Controller

During the reporting period, none of the Company, its directors, supervisors, senior management, controlling shareholders and de facto controller was subject to any investigations conducted by any competent authorities, mandatory measures imposed by any judicial or discipline inspection departments, judicial authority proceedings, or charged for any criminal liabilities, examination conducted by the CSRC, administrative sanctions imposed by the CSRC, denial of admission to any stock market, regarded as improper person by the CSRC, sanctions imposed by other administrative authorities, or public censure by any stock exchange.

Other Material Matters, the Impact thereof and the Explanations on the Solutions

During the reporting period, there was no material environmental protection or other social security issues for the Company. Save as the information disclosed, there was no other material matter of the Company that required disclosure.

Investor Relations

Effective Market Interaction

In the first half of 2012, China Shenhua continued to communicate extensively and candidly with investors and analysts via multiple channels such as results announcement conference and roadshows. The Company communicated with more than 1,100 analysts and fund managers, among which the Company communicated with more than 500 persons via roadshows, communicated with more than 300 persons via investment forums, communicated with more than 300 persons via company visits and telephone conferences.

Implementation of the Management of Capital Market Expectation

In order to enhance the corporate image of China Shenhua as a blue chip company in the capital market, the Company will continue to prioritize the management of capital market expectation as the focus of investor relations.

By reviewing the past experience and deficiencies of its investor relations in terms of expectation management, drawing reference from successful examples in the capital market and taking into account the actual situation of the Company, the Company enhanced the communications with analysts through selecting valuation methods and establishing valuation models in the capital market. The Company has initially achieved the objective of expectation management.

Dedication to Individual Investors

In order to provide adequate guidance for the individual investors to have a proper interpretation of the information disclosed by the Company through effective communication, China Shenhua enhanced the accessibility of its investors' hotline and installed call recording phones to ensure "every call from investors would be answered, and every inquiry from investors would be patiently and earnestly attended to". Through effective communication with individual investors on information disclosed by the Company, individual investors' confidence in the Company was boosted.

In order to facilitate better communication with minority shareholders, the Company held shareholder forums for minority shareholders in different regions prior to the annual general meeting to hear from the minority shareholders about their request so as to boost the minority shareholders' confidence in the Company.

Index to Information Disclosure

No.	Event	Date of publication	Website and search directory of publication
1	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 December 2011	2012-1-4	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
2	Announcement on Increase of Shareholding in the Company by the Controlling Shareholder	2012-1-9	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
3	Overseas Regulatory Announcement	2012-1-9	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
4	"China Shenhua Energy Company Limited" (the Company) – Announcement on Increasing Holding of Shares in the Company by Controlling Shareholder	2012-1-10	Website of Shanghai Stock Exchange (www.sse.com.cn)
5	Announcement on the Major Operational Data of December and the Year 2011	2012-1-30	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
6	"China Shenhua Energy Company Limited" (the Company) – Announcement on Major Operational Data in December 2011 and in Whole Year of 2011	2012-1-31	Website of Shanghai Stock Exchange (www.sse.com.cn)
7	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 January 2012	2012-1-31	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
8	Overseas Regulatory Announcement	2012-2-15	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
9	"China Shenhua Energy Company Limited" (the Company) – Announcement on Resolutions of 21st Session of 2nd Directorate Meeting	2012-2-16	Website of Shanghai Stock Exchange (www.sse.com.cn)
10	Announcement on the Major Operational Data January of 2012	2012-2-17	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
11	"China Shenhua Energy Company Limited" (the Company) – Announcement on Major Operational Data in January 2012	2012-2-18	Website of Shanghai Stock Exchange (www.sse.com.cn)
12	Monthly Return of Equity Issuer on Movements in Securities for the month ended 29 February 2012	2012-3-1	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
13	Entering into Assets Purchase Agreement and Equity Purchase Agreements	2012-3-1	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
14	Overseas Regulatory Announcement	2012-3-1	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
15	"China Shenhua Energy Company Limited" (the Company) – Announcement on Connected Transaction of Assets Purchase	2012-3-2	Website of Shanghai Stock Exchange (www.sse.com.cn)
16	"China Shenhua Energy Company Limited" (the Company) – Announcement on Resolution of 22nd Session of 2nd Directorate Meeting	2012-3-2	Website of Shanghai Stock Exchange (www.sse.com.cn)
17	Overseas Regulatory Announcement	2012-3-9	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
18	"China Shenhua Energy Company Limited" (the Company) – Announcement on Verification and Approval of Project of Shenhua Guohua Gas Thermolectricity in Beijing	2012-3-10	Website of Shanghai Stock Exchange (www.sse.com.cn)
19	Notice of Board Meeting	2012-3-12	Website of Hong Kong Stock Exchange (www.hkex.com.hk)

Index to Information Disclosure

No.	Event	Date of publication	Website and search directory of publication
20	Announcement on the Major Operational Data February of 2012	2012-3-19	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
21	"China Shenhua Energy Company Limited" (the Company) – Announcement on Major Operational Data in February 2012	2012-3-20	Website of Shanghai Stock Exchange (www.sse.com.cn)
22	Announcement of Annual Results for the Year Ended 31 December 2011	2012-3-23	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
23	Overseas Regulatory Announcement-2011 Annual Report	2012-3-23	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
24	Overseas Regulatory Announcement-2011 CSR Report	2012-3-23	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
25	Overseas Regulatory Announcement	2012-3-23	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
26	"China Shenhua Energy Company Limited" (the Company) – 2011 CSR Report	2012-3-24	Website of Shanghai Stock Exchange (www.sse.com.cn)
27	"China Shenhua Energy Company Limited" (the Company) – Announcement on Resolutions of 11th Session of 2nd Board of Supervisors Meeting	2012-3-24	Website of Shanghai Stock Exchange (www.sse.com.cn)
28	"China Shenhua Energy Company Limited" (the Company) – Summary of the Appropriation of Non-operational Funds and Inflows and Outflows of Other Related Funds for the Year 2011 of China Shenhua	2012-3-24	Website of Shanghai Stock Exchange (www.sse.com.cn)
29	"China Shenhua Energy Company Limited" (the Company) – Annual Report	2012-3-24	Website of Shanghai Stock Exchange (www.sse.com.cn)
30	"China Shenhua Energy Company Limited" – Summary of Annual Report	2012-3-24	Website of Shanghai Stock Exchange (www.sse.com.cn)
31	"China Shenhua Energy Company Limited" (the Company) – Announcement on Resolutions of 23rd Session of 2nd Directorate Meeting	2012-3-24	Website of Shanghai Stock Exchange (www.sse.com.cn)
32	"China Shenhua Energy Company Limited" (the Company) – Working Proposal on the Regulation and Implementation of Internal Control for the Year 2012	2012-3-24	Website of Shanghai Stock Exchange (www.sse.com.cn)
33	"China Shenhua Energy Company Limited" (the Company) – Audit Report on Internal Control	2012-3-24	Website of Shanghai Stock Exchange (www.sse.com.cn)
34	"China Shenhua Energy Company Limited" (the Company) – Measures on Preventing Inside Dealing	2012-3-24	Website of Shanghai Stock Exchange (www.sse.com.cn)
35	"China Shenhua Energy Company Limited" (the Company) – Special Report on Deposit and Actual Use of Proceeds	2012-3-24	Website of Shanghai Stock Exchange (www.sse.com.cn)
36	"China Shenhua Energy Company Limited" (the Company) – Work Report of the Independent Directors for the year 2011	2012-3-24	Website of Shanghai Stock Exchange (www.sse.com.cn)
37	"China Shenhua Energy Company Limited" (the Company) – 2011 Assessment Report on the Internal Control	2012-3-24	Website of Shanghai Stock Exchange (www.sse.com.cn)
38	Articles of Association	2012-3-28	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
39	Positions Held by Current Directors at the Board and the Board Committees	2012-3-28	Website of Hong Kong Stock Exchange (www.hkex.com.hk)

No.	Event	Date of publication	Website and search directory of publication
40	Rules of Procedures of Meetings of the Nomination Committee of the Board of Directors	2012-3-28	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
41	Rules of Procedures of Meetings of the Remuneration Committee of the Board of Directors	2012-3-28	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
42	Rules of Procedures of Meetings of the Audit Committee of the Board of Directors	2012-3-28	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
43	Overseas Regulatory Announcement	2012-3-28	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
44	"China Shenhua Energy Company Limited" (the Company) – Announcement on Repaying Idle Raised Funds Used for Temporarily Supplementing Current Capital upon Expiration and Supplementing Current Capital Again	2012-3-29	Website of Shanghai Stock Exchange (www.sse.com.cn)
45	2011 CSR Report	2012-3-30	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
46	2011 Annual Report	2012-3-30	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
47	Monthly Return of Equity Issuer on Movements in Securities	2012-4-2	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
48	Amendments to the Articles of Association, the Rules of Procedure of Board Meeting and the Related Party Transactions Decision Making Rules and Proposal for General Mandate to Repurchase A Shares and H Shares	2012-4-5	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
49	Notice of Annual General Meeting	2012-4-5	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
50	Notice of 2012 First Class Meeting of the Holders of H Shares	2012-4-5	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
51	Reply Slip Annual General Meeting	2012-4-5	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
52	Reply Slip Class Meeting of the Holders of H Shares	2012-4-5	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
53	Form of proxy for Annual General Meeting	2012-4-5	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
54	Form of proxy for 2012 First Class Meeting of the Holder of H Shares	2012-4-5	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
55	Notification Letter and Request Form to Shareholder	2012-4-5	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
56	Notification Letter and Request Form to Non Registered Holder	2012-4-5	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
57	Overseas Regulatory Announcement	2012-4-5	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
58	"China Shenhua Energy Company Limited" (the Company) – Notice of Convening 1st Shareholders' Meetings of A Shares of 2012	2012-4-6	Website of Shanghai Stock Exchange (www.sse.com.cn)
59	"China Shenhua Energy Company Limited" (the Company) – Notice of Convening Annual General Meeting of 2011	2012-4-6	Website of Shanghai Stock Exchange (www.sse.com.cn)

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No.	Event	Date of publication	Website and search directory of publication
60	Announcement on the Major Operational Data March of 2012	2012-4-13	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
61	"China Shenhua Energy Company Limited" (the Company) – Announcement on Major Operational Data in March 2012	2012-4-14	Website of Shanghai Stock Exchange (www.sse.com.cn)
62	Notice of Board Meeting	2012-4-17	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
63	First Quarterly Report for the Year 2012	2012-4-27	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
64	Application of Exemption under Rules 14A.31(9) and 14A.33(4) of the Hong Kong Listing Rules	2012-4-27	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
65	Revision of Caps for Continuing Connected Transactions under the Mutual Coal Supply Agreement	2012-4-27	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
66	Revision of Caps for Continuing Connected Transactions under the Mutual Supplies and Services Agreement	2012-4-27	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
67	Resignation of Directors	2012-4-27	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
68	Proposed Appointment of Non-executive Directors and Supplemental Notice of Annual General Meeting	2012-4-27	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
69	Supplemental Notice of Annual General Meeting	2012-4-27	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
70	Proposed Appointment of Non-executive Directors and Supplemental Notice of Annual General Meeting	2012-4-27	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
71	Second Form of Proxy for Annual General Meeting	2012-4-27	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
72	Overseas Regulatory Announcement	2012-4-27	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
73	"China Shenhua Energy Company Limited" (the Company) – Announcement on Daily Connected Transactions	2012-4-28	Website of Shanghai Stock Exchange (www.sse.com.cn)
74	"China Shenhua Energy Company Limited" (the Company) – Supplementary Notice of Annual General Meeting of 2011	2012-4-28	Website of Shanghai Stock Exchange (www.sse.com.cn)
75	"China Shenhua Energy Company Limited" (the Company) – First Quarterly Report	2012-4-28	Website of Shanghai Stock Exchange (www.sse.com.cn)
76	"China Shenhua Energy Company Limited" (the Company) – Announcement on Resolutions of 25th Session of 2nd Directorate Meeting and Resignation of Directors	2012-4-28	Website of Shanghai Stock Exchange (www.sse.com.cn)
77	Monthly Return of Equity Issuer on Movements in Securities for the month ended 30/4/2012	2012-4-30	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
78	Overseas Regulatory Announcement	2012-5-10	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
79	"China Shenhua Energy Company Limited" (the Company) – Particulars on 2012 First Class Meeting of the Holders of A Shares	2012-5-11	Website of Shanghai Stock Exchange (www.sse.com.cn)
80	"China Shenhua Energy Company Limited" (the Company) – Particulars on the 2011 Annual General Meeting	2012-5-11	Website of Shanghai Stock Exchange (www.sse.com.cn)
81	Announcement on the Major Operational Data April of 2012	2012-5-14	Website of Hong Kong Stock Exchange (www.hkex.com.hk)

No.	Event	Date of publication	Website and search directory of publication
82	"China Shenhua Energy Company Limited" (the Company) – Announcement on Major Operational Data in April 2012	2012-5-15	Website of Shanghai Stock Exchange (www.sse.com.cn)
83	Announcement Made Pursuant to Rule 13.09 of the Listing Rules	2012-5-23	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
84	Overseas Regulatory Announcement	2012-5-23	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
85	"China Shenhua Energy Company Limited" (the Company) – Announcement on Launching Purchase of Some Assets of Controlling Shareholder	2012-5-24	Website of Shanghai Stock Exchange (www.sse.com.cn)
86	Voting Results of 2011 Annual General Meeting, 2012 First Class Meeting of the Holders of A Shares and 2012 First Class Meeting of the Holders of H Shares	2012-5-25	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
87	Announcement Notice to Creditors in Relation to a General Mandate to Repurchase of Shares of the Company	2012-5-25	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
88	Articles of Association	2012-5-25	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
89	Overseas Regulatory Announcement	2012-5-25	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
90	"China Shenhua Energy Company Limited" (the Company) – Rules of Procedure of Directorate Meeting	2012-5-26	Website of Shanghai Stock Exchange (www.sse.com.cn)
91	"China Shenhua Energy Company Limited" (the Company) – Related Party Transactions Decision Making Systems	2012-5-26	Website of Shanghai Stock Exchange (www.sse.com.cn)
92	"China Shenhua Energy Company Limited" (the Company) – Articles of Association (2012 Revision)	2012-5-26	Website of Shanghai Stock Exchange (www.sse.com.cn)
93	"China Shenhua Energy Company Limited" (the Company) – Legal Opinion on 2011 Annual General Meeting and 2012 First Class Meeting of the Holders of A Shares and H Shares	2012-5-26	Website of Shanghai Stock Exchange (www.sse.com.cn)
94	"China Shenhua Energy Company Limited" (the Company) – Announcement on Notice to Creditors on Obtaining General Authorization of A Shares and H Shares Repurchase by Directorate	2012-5-26	Website of Shanghai Stock Exchange (www.sse.com.cn)
95	"China Shenhua Energy Company Limited" (the Company) – Announcement on Resolutions of 1st Shareholders' Meeting of A shares and 1st Shareholders' Meeting of H shares	2012-5-26	Website of Shanghai Stock Exchange (www.sse.com.cn)
96	"China Shenhua Energy Company Limited" (the Company) – Announcement on Resolutions of Annual General Meeting of 2011	2012-5-26	Website of Shanghai Stock Exchange (www.sse.com.cn)
97	Overseas Regulatory Announcement	2012-5-28	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
98	"China Shenhua Energy Company Limited" (the Company) – Announcement on Obtaining Approval of Phase II Project of Shenhua Tianjin Coaling Quay Project	2012-5-29	Website of Shanghai Stock Exchange (www.sse.com.cn)
99	Overseas Regulatory Announcement	2012-5-31	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
100	"China Shenhua Energy Company Limited" (the Company) – Announcement on Final Dividend Distribution for End of 2011	2012-6-1	Website of Shanghai Stock Exchange (www.sse.com.cn)

Index to Information Disclosure

No.	Event	Date of publication	Website and search directory of publication
101	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 May 2012	2012-6-1	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
102	Overseas Regulatory Announcement	2012-6-12	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
103	Announcement Made Pursuant to Rule 13.09 of the Listing Rules	2012-6-12	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
104	"China Shenhua Energy Company Limited" (the Company) – Announcement	2012-6-13	Website of Shanghai Stock Exchange (www.sse.com.cn)
105	Announcement on the Major Operational Data May of 2012	2012-6-15	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
106	"China Shenhua Energy Company Limited" (the Company) – Announcement on Major Operational Data in May 2012	2012-6-16	Website of Shanghai Stock Exchange (www.sse.com.cn)
107	Overseas Regulatory Announcement	2012-6-21	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
108	Overseas Regulatory Announcement	2012-6-21	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
109	Positions Held by Current Directors at the Board and the Board Committees	2012-6-21	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
110	Appointment of Board Committee Members	2012-6-21	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
111	"China Shenhua Energy Company Limited" (the Company) – Announcement on Resolutions of 27th Session of 2nd Directorate Meeting	2012-6-22	Website of Shanghai Stock Exchange (www.sse.com.cn)
112	"China Shenhua Energy Company Limited" (the Company) – Announcement on Resolutions of 27th Session of 2nd Directorate Meeting (Revised)	2012-6-22	Website of Shanghai Stock Exchange (www.sse.com.cn)



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 82 to 109 which comprises the consolidated statement of financial position of China Shenhua Energy Company Limited as at 30 June 2012 and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and 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" adopted 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 2012 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

24 August 2012

Interim Financial Report

Consolidated statement of comprehensive income

for the six months ended 30 June 2012 – unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2012	2011
		RMB million	RMB million
	Note		<i>(restated – Note 4(a))</i>
Revenues			
Coal revenue		81,151	67,830
Power revenue		35,412	28,701
Other revenues	6	4,905	4,620
Total operating revenues	5	121,468	101,151
Cost of revenues			
Coal purchased		(33,829)	(21,405)
Materials, fuel and power		(9,676)	(6,294)
Personnel expenses		(5,081)	(4,439)
Depreciation and amortisation		(8,496)	(7,147)
Repairs and maintenance		(3,391)	(2,889)
Transportation charges		(8,287)	(8,153)
Others	7	(9,745)	(8,920)
Total cost of revenues		(78,505)	(59,247)
Selling, general and administrative expenses		(5,739)	(5,035)
Other operating income/(expenses), net		115	(568)
Total operating expenses	8	(84,129)	(64,850)
Profit from operations		37,339	36,301
Finance income	9	508	725
Finance expenses	9	(1,792)	(1,589)
Net finance costs		(1,284)	(864)
Investment income		1	–
Share of profits less losses of associates		174	170
Profit before income tax		36,230	35,607
Income tax	10	(5,275)	(9,033)
Profit for the period		30,955	26,574
Other comprehensive income	11		
Exchange differences on translation of financial statements of overseas subsidiaries		(18)	132
Total comprehensive income for the period		30,937	26,706
Profit attributable to:			
Equity shareholders of the Company		26,741	22,820
Non-controlling interests		4,214	3,754
Profit for the period		30,955	26,574
Total comprehensive income attributable to:			
Equity shareholders of the Company		26,729	22,957
Non-controlling interests		4,208	3,749
Total comprehensive income for the period		30,937	26,706
Earnings per share (RMB)	13		
– Basic		1.344	1.147
– Diluted		1.344	1.147

The notes on pages 88 to 109 form part of this interim financial report. Details of dividends paid to equity shareholders of the Company are set out in Note 12.

Consolidated statement of financial position

at 30 June 2012 – unaudited
(Expressed in Renminbi)

	Note	At 30 June 2012 RMB million	At 31 December 2011 RMB million
			(restated – Note 4(a))
Non-current assets			
Property, plant and equipment, net	14	224,904	223,329
Construction in progress		45,290	34,384
Intangible assets		3,650	3,610
Interest in associates		4,718	3,992
Other long-term equity investments		892	835
Other non-current assets	15	18,204	18,915
Lease prepayments	16	12,518	11,983
Deferred tax assets		1,184	933
Total non-current assets		311,360	297,981
Current assets			
Inventories	17	17,386	12,939
Accounts and bills receivable, net	18	18,369	13,618
Prepaid expenses and other current assets	19	15,114	12,694
Restricted bank deposits		5,637	4,115
Time deposits with original maturity over three months		586	3,508
Cash and cash equivalents	20(a)	51,988	61,652
Total current assets		109,080	108,526
Current liabilities			
Short-term borrowings and current portion of long-term borrowings	21	11,163	16,489
Accounts and bills payable	22	28,130	23,763
Accrued expenses and other payables	23	46,778	39,286
Current portion of long-term payables	24	227	271
Income tax payable		4,001	7,940
Total current liabilities		90,299	87,749
Net current assets		18,781	20,777
Total assets less current liabilities		330,141	318,758
Non-current liabilities			
Long-term borrowings, less current portion	21	44,005	45,443
Long-term payables, less current portion	24	2,292	2,346
Accrued reclamation obligations	25	1,783	1,724
Deferred tax liabilities		1,264	1,131
Total non-current liabilities		49,344	50,644
Net assets		280,797	268,114
Equity			
Share capital	26	19,890	19,890
Reserves		214,496	208,309
Equity attributable to equity shareholders of the Company		234,386	228,199
Non-controlling interests		46,411	39,915
Total equity		280,797	268,114

Approved and authorised for issue by the Board of Directors on 24 August 2012.

Zhang Xiwu
Chairman

Ling Wen
Director and President

The notes on pages 88 to 109 form part of this interim financial report.

Consolidated statement of changes in equity

for the six months ended 30 June 2012 – unaudited
(Expressed in Renminbi)

	Equity attributable to equity shareholders of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Exchange reserve	Statutory reserves	Other reserves	Retained earnings	Total		
	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))					
At 1 January 2011 (as previously reported)	19,890	85,001	3,612	680	14,921	3,489	77,520	205,113	32,314	237,427
Adjustment in relation to the 2012 Acquisitions (Note 4(a))	-	-	-	21	-	1,315	365	1,701	1,187	2,888
At 1 January 2011 (as restated)	19,890	85,001	3,612	701	14,921	4,804	77,885	206,814	33,501	240,315
Total comprehensive income:										
Profit for the period	-	-	-	-	-	-	22,820	22,820	3,754	26,574
Other comprehensive income (exchange differences on translation of financial statements of overseas subsidiaries)	-	-	-	137	-	-	-	137	(5)	132
Total comprehensive income for the period	-	-	-	137	-	-	22,820	22,957	3,749	26,706
Other movements:										
Dividend declared (Note 12(b))	-	-	-	-	-	-	(14,917)	(14,917)	-	(14,917)
Appropriation of maintenance and production funds (Note (iii))	-	-	-	-	1,885	-	(1,885)	-	-	-
Utilisation of maintenance and production funds (Note (iii))	-	-	-	-	(578)	-	578	-	-	-
Appropriation of general reserve (Note (iii))	-	-	-	-	242	-	(242)	-	-	-
Contributions from then shareholders in relation to the 2011 Acquisitions and 2012 Acquisitions	-	-	-	-	-	1,055	-	1,055	-	1,055
Distributions to then shareholders in relation to the 2011 Acquisitions and 2012 Acquisitions	-	-	-	-	-	-	(221)	(221)	(190)	(411)
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	895	895
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	(1,599)	(1,599)
Consideration for the 2011 Acquisitions (Note 4(b))	-	-	-	-	-	(10,426)	-	(10,426)	-	(10,426)
Sub-total	-	-	-	-	1,549	(9,371)	(16,687)	(24,509)	(894)	(25,403)
At 30 June 2011 (as restated)	19,890	85,001	3,612	838	16,470	(4,567)	84,018	205,262	36,356	241,618

The notes on pages 88 to 109 form part of this interim financial report.

Consolidated statement of changes in equity (continued)

for the six months ended 30 June 2012 – unaudited
(Expressed in Renminbi)

	Equity attributable to equity shareholders of the Company									Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Exchange reserve	Statutory reserves	Other reserves	Retained earnings	Total			
	RMB million	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))						
At 1 January 2012 (as previously reported)	19,890	85,001	3,612	626	16,013	(6,372)	107,052	225,822	38,492	264,314	
Adjustment in relation to the 2012 Acquisitions (Note 4(a))	-	-	-	34	-	1,915	428	2,377	1,423	3,800	
At 1 January 2012 (as restated)	19,890	85,001	3,612	660	16,013	(4,457)	107,480	228,199	39,915	268,114	
Total comprehensive income:											
Profit for the period	-	-	-	-	-	-	26,741	26,741	4,214	30,955	
Other comprehensive income (exchange differences on translation of financial statements of overseas subsidiaries)	-	-	-	(12)	-	-	-	(12)	(6)	(18)	
Total comprehensive income for the period	-	-	-	(12)	-	-	26,741	26,729	4,208	30,937	
Other movements:											
Dividend declared (Note 12(b))	-	-	-	-	-	-	(17,901)	(17,901)	-	(17,901)	
Appropriation of maintenance and production funds (Note (iii))	-	-	-	-	2,047	-	(2,047)	-	-	-	
Utilisation of maintenance and production funds (Note (iii))	-	-	-	-	(839)	-	839	-	-	-	
Appropriation of general reserve (Note (iii))	-	-	-	-	58	-	(58)	-	-	-	
Contributions from then shareholders in relation to the 2012 Acquisitions	-	-	-	-	-	150	-	150	-	150	
Distributions to then shareholders in relation to the 2012 Acquisitions	-	-	-	-	-	-	(81)	(81)	(81)	(162)	
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	3,073	3,073	
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	(2,169)	(2,169)	
Consideration for the 2012 Acquisitions (Note 4(a))	-	-	-	-	-	(2,710)	-	(2,710)	-	(2,710)	
Acquisition of a subsidiary (Note 4(c))	-	-	-	-	-	-	-	-	1,465	1,465	
Sub-total	-	-	-	-	1,266	(2,560)	(19,248)	(20,542)	2,288	(18,254)	
At 30 June 2012	19,890	85,001	3,612	648	17,279	(7,017)	114,973	234,386	46,411	280,797	

The notes on pages 88 to 109 form part of this interim financial report.

Consolidated statement of changes in equity (continued)

for the six months ended 30 June 2012 – unaudited
(Expressed in Renminbi)

Notes:

- (i) The share premium represents the difference between the total amount of the par value of shares issued and the amount of the net proceeds received upon the global initial public offering of H shares in 2005 and the issue 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 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 a dividend 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 good previous years’ 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.

Specific reserve for maintenance and production funds

Pursuant to the relevant PRC regulations, provision for production maintenance, production safety and other related expenditures are accrued by the Group at fixed rates based on production volume (the “maintenance and production funds”). The Group is required to make a transfer for the provision of maintenance and production funds from retained earnings to a specific reserve. The maintenance and production funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of maintenance and production funds utilised would be transferred from the specific reserve back to retained earnings.

General reserve

Pursuant to relevant regulations issued by the Ministry of Finance, the Group’s subsidiary, Shenhua Finance Co., Ltd., is required to set aside a general reserve through appropriations of profit after tax according to a certain ratio of the ending balance of gross risk-bearing assets to cover potential losses against such assets.

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 have not proposed any appropriation to the discretionary surplus reserve for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

The notes on pages 88 to 109 form part of this interim financial report.

Consolidated statement of cash flows

for the six months ended 30 June 2012 – unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2012 RMB million	2011 RMB million
			(restated – Note 4(a))
Operating activities			
Cash generated from operations	20(b)	44,960	60,759
Interest received		444	576
Interest paid		(1,902)	(1,608)
Income tax paid		(9,580)	(6,989)
Net cash generated from operating activities		33,922	52,738
Investing activities			
Capital expenditure		(15,800)	(17,412)
Lease prepayments		(267)	(75)
Proceeds from disposal of property, plant and equipment		90	10
Payment for the 2011 Acquisitions and 2012 Acquisitions	4	(4,324)	(8,702)
Acquisition of subsidiaries	20(c)	(414)	–
Capital injections in associates		(298)	(58)
Purchase of other long-term equity investments		(4)	–
Dividend received from associates		106	78
Proceeds from trading debt securities		73	–
Net increase in restricted bank deposits		(1,522)	(5,585)
Increase in time deposits with original maturity over three months		(505)	(2,738)
Maturity of time deposits with original maturity over three months		3,427	2,770
Repayment of entrusted loan from a third party		–	3,000
Net cash used in investing activities		(19,438)	(28,712)
Financing activities			
Proceeds from borrowings		4,583	2,506
Repayments of borrowings		(13,595)	(14,160)
Contributions from non-controlling interests		3,073	895
Distributions to non-controlling interests		(3,046)	(1,774)
Dividend paid to equity shareholders of the Company		(15,149)	(14,917)
Contributions from then shareholders in relation to the 2011 Acquisitions and 2012 Acquisitions		150	1,055
Distributions to then shareholders in relation to the 2011 Acquisitions and 2012 Acquisitions		(162)	(275)
Net cash used in financing activities		(24,146)	(26,670)
Net decrease in cash and cash equivalents		(9,662)	(2,644)
Cash and cash equivalents, at the beginning of the period		61,652	77,302
Effect of foreign exchange rate changes		(2)	1
Cash and cash equivalents, at the end of the period		51,988	74,659

The notes on pages 88 to 109 form part of this interim financial report.

Notes to the unaudited interim financial report

for the six months ended 30 June 2012
(Expressed in Renminbi)

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 power in the People’s Republic of China (the “PRC”). The Group operates coal mines as well as an integrated railway network and seaports that are primarily used to transport the Group’s coal. The primary customers of the Group’s coal sales include power plants and metallurgical producers in the PRC. The Group also operates power plants in the PRC, which are engaged in the generation and sale of coal-based power to provincial/regional electric grid companies.

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. Prior to the establishment of the Company, the coal production and power generation operations were carried on by various mining companies and power plant entities wholly owned or controlled by Shenhua Group.

In connection with the Restructuring (as defined below), Shenhua Group’s principal coal production and power generation operations together with the related assets and liabilities that were transferred to the Company were segregated and separately managed effective on 31 December 2003 (the “Restructuring”). Pursuant to the Restructuring, assets and liabilities related to the operations and businesses that were transferred to the Company were revalued by China Enterprise Appraisal Co., Ltd., independent valuers 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 HKD7.50 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 are 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 are listed on the Shanghai Stock Exchange.

2 Basis of preparation

This interim financial report has 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 34, “Interim financial reporting” (“IAS 34”), adopted by the International Accounting Standards Board (“IASB”). It was authorised for issue on 24 August 2012.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2011 annual financial statements.

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2012
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2 Basis of preparation (continued)

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 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 2011 annual financial statements. The consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", issued by the Hong Kong Institute of Certified Public Accountants. KPMG's independent review report to the Board of Directors is included on page 81.

The financial information relating to the financial year ended 31 December 2011 that is included in the interim financial report as being previously reported information does not constitute the Company's annual financial statements prepared under IFRSs for that financial year but is derived from those financial statements. The Company's annual financial statements for the year ended 31 December 2011 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 23 March 2012.

3 New and revised IFRSs

The IASB has issued a few amendments to IFRSs that are first effective for the current accounting period of the Group. None of these developments are relevant to the Group's financial statements and the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 Acquisitions

(a) Acquisitions from Shenhua Group in 2012

Pursuant to a resolution passed at the directors' meeting on 1 March 2012, the Company acquired the equity interests of certain entities held directly or indirectly by Shenhua Group, including:

- 50.00% equity interest in Guohua Taicang Power Co., Ltd.;
- 100.00% equity interest in Shenhua International (Hong Kong) Co., Ltd.; and
- 60.00% equity interest in Shenhua Bayannur Energy Co., Ltd.

, collectively referred to as the "2012 Acquisitions".

During the six months ended 30 June 2012, the Company has paid RMB2,710 million with reference to the valuation of the 2012 Acquisitions as at 30 September 2011 (the "valuation date") as consideration for the 2012 Acquisitions.

As the Group and the entities acquired in the 2012 Acquisitions were under common control of Shenhua Group, the above acquisitions are considered as a combination of entities under common control. Accordingly, the assets and liabilities of these acquisitions have been accounted for at historical cost and the consolidated financial statements of the Group prior to these acquisitions have been restated to include the results of operations of these acquisitions on a combined basis. The consideration paid by the Company for these acquisitions has been accounted for as an equity transaction in the consolidated statement of changes in equity.

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2012
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4 Acquisitions (continued)

(a) Acquisitions from Shenhua Group in 2012 (continued)

As a result of the 2012 Acquisitions, the relevant line items in the consolidated statement of comprehensive income for the six months ended 30 June 2011 and the consolidated statement of financial position as at 31 December 2011 have been restated as follows:

	The Group (as previously reported) RMB million	2012 Acquisitions RMB million	Elimination RMB million	The Group (as restated) RMB million
Consolidated statement of comprehensive income for the six months ended 30 June 2011:				
Revenues	100,692	1,426	(967)	101,151
Profit for the period	26,420	153	1	26,574
Consolidated statement of financial position as at 31 December 2011:				
Non-current assets	293,140	4,841	–	297,981
Current assets	107,937	979	(390)	108,526
Total assets	401,077	5,820	(390)	406,507
Current liabilities	87,549	591	(391)	87,749
Non-current liabilities	49,214	1,430	–	50,644
Total liabilities	136,763	2,021	(391)	138,393
Net assets	264,314	3,799	1	268,114
Equity attributable to equity shareholders of the Company	225,822	3,789	(1,412)	228,199
Non-controlling interests	38,492	10	1,413	39,915
Total equity	264,314	3,799	1	268,114

(b) Acquisitions from Shenhua Group in 2011

Pursuant to a resolution passed at the extraordinary general meeting on 25 February 2011, the Company acquired the equity interests and assets of certain subsidiaries held directly or indirectly by Shenhua Group, including:

- 56.61% equity interest in Shenhua Baorixile Energy Co., Ltd.;
- 80.00% equity interest in Inner Mongolia Guohua Hulunbeier Power Generation Co., Ltd.;
- 60.10% equity interest in Hulunbeier Shenhua Clean Coal Co., Ltd.;
- 95.00% equity interest in Shaanxi Jihua Chaijiagou Mining Co., Ltd.;
- 59.29% equity interest in Shenhua Finance Co., Ltd.;
- 100.00% equity interest in Shenhua Material Trading Co., Ltd.;
- 100.00% equity interest in Shenhua Tianhong Trading Co., Ltd.;
- 80.00% equity interest in Shenhua Hollysys Information Technology Co., Ltd.;
- 100.00% equity interest in Shenhua Geological Exploration Co., Ltd.; and
- Major operating assets and related liabilities of Shenhua Group Baotou Mining Co., Ltd.

, collectively referred to as the “2011 Acquisitions”.

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2012
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4 Acquisitions (continued)

(b) Acquisitions from Shenhua Group in 2011 (continued)

The Company has paid RMB8,702 million during the six months ended 30 June 2011 and RMB1,614 million during the six months ended 30 June 2012 as consideration for the 2011 Acquisitions.

(c) Acquisition from third party

During the six months ended 30 June 2012, the Group acquired 51% equity interest in Sichuan Bashu Power Development Company Limited ("Sichuan Bashu") from Sichuan Provincial Investment Group Company Limited at a cash consideration of RMB1,651 million.

Details of fair values of identifiable assets and liabilities of Sichuan Bashu as at the date of acquisition were as follows:

	<i>RMB million</i>
Cash consideration	1,651
Non-current assets	3,922
Cash and cash equivalents	2,096
Other current assets	693
Current liabilities	(1,780)
Non-current liabilities	(1,971)
Net assets	2,960
Non-controlling interests	(1,465)
	1,495
Goodwill recognised	156

5 Revenues

The Group is principally engaged in the production and sale of coal, generation and sale of power and the provision of transportation services in the PRC. Revenues represent the aggregate of the invoiced value of goods sold and services provided, net of sales taxes.

6 Other revenues

	<i>Six months ended 30 June</i>	
	2012	2011
	<i>RMB million</i>	<i>RMB million</i>
Rendering of transportation and other services	2,942	2,881
Sale of ancillary materials and other goods	1,119	1,115
Others	844	624
	4,905	4,620

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2012
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7 Cost of revenues – others

	Six months ended 30 June	
	2012 RMB million	2011 RMB million
		(restated – Note 4(a))
Coal selection and minery fees	3,518	2,746
Taxes and surcharges	856	817
Dredging expenses	190	221
Relocation compensation expenses	431	380
Resources compensation fees	293	248
Environmental related expenses	1,942	1,751
Cost of sale of ancillary materials and other goods, and provision of other activities	1,403	1,217
Others	1,112	1,540
	9,745	8,920

8 Total operating expenses

	Six months ended 30 June	
	2012 RMB million	2011 RMB million
		(restated – Note 4(a))
Personnel expenses, including	7,635	6,473
– contributions to retirement plans	987	789
– fair value gain on revaluation of share appreciation rights	(1)	(17)
Depreciation and amortisation	8,909	7,598
Net (gain)/loss on disposal of property, plant and equipment	(26)	23
Operating lease charges on properties	244	196
Allowance for accounts receivable and other receivables and write-down of inventories	–	20

9 Finance income/(expenses)

	Six months ended 30 June	
	2012 RMB million	2011 RMB million
		(restated – Note 4(a))
Interest income	444	593
Foreign exchange gain, net	63	132
Gain on remeasurement of derivative financial instruments and trading debt securities	1	–
Finance income	508	725
Interest on loans from banks and other financial institutions, and other borrowings	(1,932)	(1,731)
Less: Interest expense capitalised	140	179
Net interest expense	(1,792)	(1,552)
Loss on remeasurement of derivative financial instruments and trading debt securities	–	(37)
Finance expenses	(1,792)	(1,589)
Net finance costs	(1,284)	(864)

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2012
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10 Income tax

	Six months ended 30 June	
	2012 RMB million	2011 <i>RMB million</i>
Provision for PRC income tax	5,641	(restated – Note 4(a)) 9,330
Deferred taxation	(366)	(297)
	5,275	9,033

The provision for PRC current income tax is based on a statutory rate of 25% (six months ended 30 June 2011: 25%) of the assessable profit of the entities comprising the Group as determined in accordance with the relevant income tax rules and regulations of the PRC, except for certain branches and subsidiaries of the Group, which are taxed at preferential rates.

Pursuant to the grandfathering arrangement under the Corporate Income Tax Law of the PRC and the relevant documents issued by the state tax bureau of the PRC, the Group's branches and subsidiaries with operations in the western developing region of the PRC were entitled to preferential tax rate of 15% until 2010. In accordance with the relevant documents issued by the state and local tax bureau of the PRC in 2011 and 2012, certain of the Group's branches and subsidiaries operating in the western developing region of the PRC previously granted the preferential tax rate of 15% continue to enjoy such preferential tax rate from 2011 to 2020. The Group's other subsidiaries which are entitled to preferential tax rates would be subject to a transitional tax rate beginning in year 2008. The transitional tax rates are 18%, 20%, 22%, 24% and 25% for 2008, 2009, 2010, 2011 and 2012 and after, respectively.

The applicable tax rates of the subsidiaries established in Australia and Indonesia are 30% (six months ended 30 June 2011: 30%) and 25% (six months ended 30 June 2011: 25%) respectively. No provision for income tax was made for these overseas subsidiaries as there were no assessable profits during the current and prior periods.

11 Other comprehensive income

The components of other comprehensive income do not have any significant tax effect for the six months ended 30 June 2012 and 2011.

12 Dividends

(a) Dividends payable to equity shareholders of the Company attributable to the interim period

The directors have not proposed the payment of an interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period

	Six months ended 30 June	
	2012 RMB million	2011 <i>RMB million</i>
Final dividend in respect of the previous financial year approved during the following interim period	17,901	14,917

A final dividend of RMB0.90 per share totalling RMB17,901 million in respect of the year ended 31 December 2011 was approved at the annual general meeting held on 25 May 2012 and was subsequently paid in June and July 2012.

Pursuant to the shareholders' approval at the annual general meeting held on 27 May 2011, a final dividend of RMB0.75 per share totalling RMB14,917 million in respect of the year ended 31 December 2010 was paid in June 2011.

Notes to the unaudited interim financial report (continued)

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13 Earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2012 was based on the profit attributable to ordinary equity shareholders of the Company of RMB26,741 million (six months ended 30 June 2011: RMB22,820 million as restated) and the number of shares in issue during the six months ended 30 June 2012 of 19,890 million (six months ended 30 June 2011: 19,890 million).

The amount of diluted earnings per share is the same as basic earnings per share as there were no dilutive potential ordinary shares in existence during both the current and prior periods.

14 Property, plant and equipment, net

During the six months ended 30 June 2012, the additions of property, plant and equipment (including transferred from construction in progress and acquisition of subsidiary (Note 4(c)) of the Group amounted to RMB10,472 million (six months ended 30 June 2011: RMB8,507 million as restated). Items of property, plant and equipment with net book value totalling RMB64 million were disposed of during the six months ended 30 June 2012 (six months ended 30 June 2011: RMB33 million as restated).

The Group was in the process of applying for the title certificates of certain of its properties with an aggregate carrying amount of RMB5,697 million as at 30 June 2012 (31 December 2011: RMB6,015 million as restated). The directors of the Company are of the opinion that the Group is entitled to lawfully and validly occupy or use the above mentioned properties.

Certain power plants and mines of the Group were in the process of obtaining requisite permits from the relevant government authorities at 30 June 2012. The directors of the Company 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 for the six months ended 30 June 2012 and 2011.

At 30 June 2012, property, plant and equipment with carrying amount of RMB2,107 million (31 December 2011: RMB775 million as restated) were pledged to secure certain long-term borrowings (see Note 21).

15 Other non-current assets

	At 30 June 2012 RMB million	<i>At 31 December 2011 RMB million</i>
		<i>(restated – Note 4(a))</i>
Prepayments in connection with construction work, equipment purchases and others	9,403	10,528
Prepayment for mining projects	4,500	4,500
Loans to Shenhua Group and its affiliates	3,335	3,048
Long-term entrusted loans	50	70
Goodwill	770	614
Others	146	155
	18,204	18,915

16 Lease prepayments

Lease prepayments represent land use rights paid to the PRC's government authorities. The Group was in the process of applying for the title certificates of certain land use rights with an aggregate carrying amount of RMB2,013 million as at 30 June 2012 (31 December 2011: RMB1,916 million as restated). The directors of the Company are of the opinion that the Group is entitled to lawfully and validly occupy or use the above mentioned lands.

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2012
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17 Inventories

	At 30 June 2012 RMB million	<i>At 31 December 2011 RMB million</i>
		<i>(restated – Note 4(a))</i>
Coal	7,048	5,249
Materials and supplies	8,545	6,123
Others (Note)	1,793	1,567
	17,386	12,939

Note: Others mainly represent properties under development.

18 Accounts and bills receivable, net

	At 30 June 2012 RMB million	<i>At 31 December 2011 RMB million</i>
		<i>(restated – Note 4(a))</i>
Accounts receivable		
Shenhua Group and its affiliates	1,326	620
Associates	142	73
Third parties	16,120	12,036
	17,588	12,729
Less: allowance for doubtful debts	(84)	(84)
	17,504	12,645
Bills receivable	865	973
	18,369	13,618

Accounts and bills receivable are expected to be recovered within one year.

Credit of up to 60 days is granted to customers with established trading history, otherwise sales on cash terms are required.

The following is the ageing analysis of accounts and bills receivable, net of allowance for doubtful debts:

	At 30 June 2012 RMB million	<i>At 31 December 2011 RMB million</i>
		<i>(restated – Note 4(a))</i>
Current	18,319	13,533
Less than one year past due	50	85
	18,369	13,618

Notes to the unaudited interim financial report (continued)

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19 Prepaid expenses and other current assets

	At 30 June 2012 RMB million	At 31 December 2011 RMB million
		<i>(restated – Note 4(a))</i>
Fair value of derivative financial instruments	403	467
Trading debt securities	395	466
Prepaid expenses and deposits	3,667	2,562
Loans and advances to Shenhua Group and its affiliates	5,896	4,496
Amounts due from associates	699	673
Advances to staff	149	57
Other receivables	3,905	3,973
	15,114	12,694

20 Cash and cash equivalents

(a) Cash and cash equivalents comprise:

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

(b) Reconciliation of profit before income tax to cash generated from operations:

	Six months ended 30 June	
	2012 RMB million	2011 RMB million
		<i>(restated – Note 4(a))</i>
Profit before income tax	36,230	35,607
Adjustments for:		
Depreciation and amortisation	8,909	7,598
Net (gain)/loss on disposal of property, plant and equipment	(26)	23
Investment income	(1)	–
Interest income	(444)	(593)
Share of profits less losses of associates	(174)	(170)
Net interest expense	1,792	1,552
(Gain)/loss on remeasurement of derivative financial instruments and trading debt securities to fair value	(1)	37
Unrealised foreign exchange gain	(144)	(107)
	46,141	43,947
Increase in accounts and bills receivable	(4,295)	(1,581)
(Increase)/decrease in inventories	(4,339)	33
Increase in prepaid expenses and other assets	(2,286)	(1,575)
Increase in accounts and bills payable	1,184	418
Increase in accrued expenses and other payables, long-term payables and accrued reclamation obligations	8,555	19,517
Cash generated from operations	44,960	60,759

Notes to the unaudited interim financial report (continued)

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20 Cash and cash equivalents (continued)

(c) Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries

During the year ended 31 December 2011, the Group acquired entire equity interests in Anhui Anqing Wanjiang Power Generation Co., Ltd., Anhui Chizhou Jiuhua Power Generation Co., Ltd. and Anhui Ma'anshan Wan'nengda Power Generation Co., Ltd. ("Acquired Power Entities") at a total cash consideration of RMB1,726 million, of which RMB867 million was paid in December 2011 and the remaining RMB859 million was paid in March 2012.

During the six months ended 30 June 2012, the Group acquired 51% equity interest in Sichuan Bashu for cash consideration of RMB1,651 million (Note 4(c)).

Analysis of the net outflow of cash and cash equivalents during the six months ended 30 June 2012 in respect of the acquisition of subsidiaries is as follows:

	<i>RMB million</i>
<i>Acquired Power Entities:</i>	
Cash consideration paid	(859)
<i>Sichuan Bashu:</i>	
Cash and cash equivalents acquired	2,096
Cash consideration paid	(1,651)
	445
	(414)
Net outflow of cash and cash equivalents	(414)

21 Borrowings

Short-term borrowings and long-term borrowings are analysed as follows:

	At 30 June 2012 RMB million	<i>At 31 December 2011 RMB million</i>
		<i>(restated – Note 4(a))</i>
Short-term borrowings		
Borrowings from banks and other financial institutions	3,561	5,011
Current portion of long-term borrowings	7,602	11,478
	11,163	16,489
Long-term borrowings, less current portion	44,005	45,443
	55,168	61,932

The long-term borrowings were repayable as follows:

	At 30 June 2012 RMB million	<i>At 31 December 2011 RMB million</i>
		<i>(restated – Note 4(a))</i>
Within one year	7,602	11,478
After one year but within two years	6,098	7,328
After two years but within five years	15,998	15,280
After five years	21,909	22,835
	51,607	56,921

Notes to the unaudited interim financial report (continued)

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21 Borrowings (continued)

At 30 June 2012, the long-term borrowings were secured as follows:

	At 30 June 2012 RMB million	At 31 December 2011 RMB million
Secured	1,805	(restated – Note 4(a)) 369
Unsecured	49,802	56,552
	51,607	56,921

22 Accounts and bills payable

	At 30 June 2012 RMB million	At 31 December 2011 RMB million
Accounts payable		(restated – Note 4(a))
Shenhua Group and its affiliates	456	385
Associates	1,391	482
Third parties	25,872	22,832
	27,719	23,699
Bills payable	411	64
	28,130	23,763

At 30 June 2012, accounts payable amounting to RMB64 million (31 December 2011: RMB57 million as restated) are expected to be settled after one year.

23 Accrued expenses and other payables

	At 30 June 2012 RMB million	At 31 December 2011 RMB million
Accrued staff wages and welfare benefits	4,976	(restated – Note 4(a)) 3,705
Financial liability for share appreciation rights	–	2
Accrued interest payable	308	257
Taxes payable other than income tax	5,303	4,626
Dividends payable	4,280	2,405
Receipts in advances	4,836	4,864
Consideration payable for the acquisitions	–	2,473
Deposits from Shenhua Group and its affiliates	19,690	15,608
Other accrued expenses and payables	7,385	5,346
	46,778	39,286

Notes to the unaudited interim financial report (continued)

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24 Long-term payables

Long-term payables mainly represent payables for acquisition of mining rights which are to be settled over the period of production or under fixed payment schedules 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 or annual fixed amounts stipulated in the acquisition agreements.

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 in the near term. The Company's board of directors believes that the accrued reclamation obligations at 30 June 2012 are adequate and appropriate. The accrual is necessarily based on estimates and therefore, the ultimate liability may exceed or be less than such estimates.

26 Share capital

	At 30 June 2012 RMB million	<i>At 31 December 2011 RMB million</i>
Registered, issued and fully paid:		
16,491,037,955 domestic listed A shares of RMB1.00 each	16,491	16,491
3,398,582,500 H shares of RMB1.00 each	3,399	3,399
	19,890	19,890

The Company was incorporated on 8 November 2004 with a registered share capital of 15,000,000,000 domestic state-owned ordinary shares with a par value of RMB1.00 each. Such shares were issued to Shenhua Group in consideration for the assets and liabilities transferred from Shenhua Group.

In 2005, the Company issued 3,089,620,455 H shares with a par value of RMB1.00 each, at a price of HKD7.50 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.

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 ("A Shares Issue").

Pursuant to CaiQi 2009 No.94 "Policy regarding transfer of certain state-owned shares to Social Security Fund in domestic securities market" and Pronouncement of 2009 No.63 "Notice of implementation of transfer of state-owned shares in domestic securities market" issued by the relevant government authorities on 19 June 2009, 180,000,000 A shares of the Company previously held by Shenhua Group have been transferred to the National Council for Social Security Fund.

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

Notes to the unaudited interim financial report (continued)

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27 Commitments and contingent liabilities

(a) Capital commitments

As at 30 June 2012, the Group had capital commitments for land and buildings, equipment and investments as follows:

	At 30 June 2012 RMB million	<i>At 31 December 2011 RMB million</i>
		<i>(restated – Note 4(a))</i>
Authorised and contracted for		
– Land and buildings	21,076	21,231
– Machinery and others	21,338	20,351
– Investment in an associate	44	88
	42,458	41,670
Authorised but not contracted for		
– Land and buildings	195,579	192,565
– Machinery and others	149,162	163,281
	344,741	355,846
	387,199	397,516

(b) Operating lease commitments

Operating lease commitments mainly represent business premises leased through non-cancellable operating leases. These operating leases do not contain provisions for contingent lease rentals. As at 30 June 2012, future minimum lease payments under non-cancellable operating leases on business premises having initial or remaining lease terms of more than one year are payable as follows:

	At 30 June 2012 RMB million	<i>At 31 December 2011 RMB million</i>
		<i>(restated – Note 4(a))</i>
Within one year	76	78
After one year but within five years	76	51
After five years	62	59
	214	188

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27 Commitments and contingent liabilities (continued)

(c) Financial guarantees issued

At 30 June 2012, a 57% owned subsidiary of the Group had given a guarantee of RMB207 million (31 December 2011: RMB207 million as restated) to a bank consortium for certain banking facility granted to an entity which the Group held less than 20% equity interest.

In addition to the above guarantee, the Company has issued a guarantee of USD232 million, approximately RMB1,467 million (31 December 2011: USD232 million, approximately RMB1,460 million) to a bank in respect of a 70% owned overseas subsidiary of the Company. Under the guarantee arrangement, the bank provides guarantee to a group of financial institutions for that subsidiary. In addition, the subsidiary provides a counter guarantee to the Company secured by certain of its assets.

(d) 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.

(e) Environmental contingencies

To date, the Group has not incurred any significant expenditures 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.

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2012
(Expressed in Renminbi)

28 Related party transactions

(a) Transactions with Shenhua Group and its affiliates, and associates of the Group

The Group is controlled by Shenhua Group and has significant transactions and relationships with Shenhua Group and its affiliates. Related parties refer to enterprises over which Shenhua 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. Because of the above relationships, it is possible that the terms of these transactions are not the same as those that would result from transactions among wholly unrelated parties.

The Group had the following transactions with Shenhua Group and its affiliates, and associates of the Group that were carried out in the normal course of business:

		Six months ended 30 June	
		2012	2011
		RMB million	RMB million
			<i>(restated – Note 4(a))</i>
Interest income	(i)	243	169
Income from entrusted loans	(ii)	26	24
Interest expense	(iii)	129	99
Purchases of ancillary materials and spare parts	(iv)	583	313
Ancillary and social services	(v)	19	33
Transportation service income	(vi)	253	248
Transportation service expense	(vii)	35	12
Sale of coal	(viii)	2,253	1,984
Purchase of coal	(ix)	2,146	1,325
Property leasing	(x)	10	13
Repairs and maintenance service expense	(xi)	16	6
Coal export agency expense	(xii)	13	18
Purchase of equipment and construction work	(xiii)	813	1,009
Other income	(xiv)	643	315
Granting of loans	(xv)	6,423	5,846
Repayments of loans	(xvi)	4,808	5,634
Deposits received	(xvii)	4,082	14,852

- (i) Interest income represents interest earned from loans to Shenhua Group and its affiliates. The applicable interest rate is determined in accordance with the prevailing borrowings rates published by the People's Bank of China ("PBOC").
- (ii) Income from entrusted loans represents interest earned from entrusted loans to an associate of the Group. The applicable interest rate is determined in accordance with the prevailing bank interest rates published by PBOC.
- (iii) Interest expense represents interest incurred from deposits placed and loans from Shenhua Group and its affiliates. The applicable interest rate is determined in accordance with the prevailing interest rates published by PBOC.

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2012
(Expressed in Renminbi)

28 Related party transactions (continued)

(a) Transactions with Shenhua Group and its affiliates, and associates of the Group (continued)

- (iv) Purchases of ancillary materials and spare parts represent purchase of materials and utility supplies from affiliates of Shenhua Group and an associate of the Group related to the Group's operations.
- (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 affiliates of Shenhua Group and associates of the Group.
- (vi) Transportation service income represents income earned from affiliates of Shenhua Group in respect of coal transportation services.
- (vii) Transportation service expense represents expense related to coal transportation service provided by an affiliate of Shenhua Group and an associate of the Group.
- (viii) Sale of coal represents income from sale of coal to affiliates of Shenhua Group.
- (ix) Purchase of coal represents coal purchased from affiliates of Shenhua Group and an associate of the Group.
- (x) Property leasing represents rental paid or payable in respect of properties leased from affiliates of Shenhua Group.
- (xi) Repairs and maintenance service expense represents expense related to machinery repairs and maintenance services provided by affiliates of Shenhua Group and an associate of the Group.
- (xii) Coal export agency expense represents expense related to coal export agency services provided by an affiliate of Shenhua Group.
- (xiii) Purchase of equipment and construction work represents expenditure related to equipment and construction service provided by affiliates of Shenhua Group and an associate of the Group.
- (xiv) Other income includes agency income, repairs and maintenance service income, sales of ancillary materials and spare parts, management fee income, sales of water and electricity, financial service income, etc.
- (xv) Granting of loans represents loans granted by Shenhua Finance Co., Ltd. ("Shenhua Finance") to Shenhua Group and its affiliates.
- (xvi) Repayment of loans represents loans repaid from Shenhua Group and its affiliates to Shenhua Finance.
- (xvii) Deposits received represents net deposits received by Shenhua Finance from Shenhua Group and its affiliates.

The directors of the Company are of the opinion that the above transactions with related parties were conducted in the ordinary course of business, on normal commercial terms and in accordance with the agreements governing such transactions.

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2012
(Expressed in Renminbi)

28 Related party transactions (continued)

(a) Transactions with Shenhua Group and its affiliates, and associates of the Group (continued)

Amounts due from/to Shenhua Group and its affiliates, and associates of the Group:

	At 30 June 2012 RMB million	At 31 December 2011 RMB million
Accounts and bills receivable, net	1,468	(restated – Note 4(a)) 693
Prepaid expenses and other current assets	7,161	5,806
Other non-current assets	3,501	3,388
	12,130	9,887
Less: allowance for doubtful debts	(208)	(208)
Total amounts due from Shenhua Group and its affiliates, and associates of the Group, net	11,922	9,679
Borrowings	1,400	2,243
Accounts and bills payable	1,847	867
Accrued expenses and other payables	20,504	18,259
Total amounts due to Shenhua Group and its affiliates, and associates of the Group	23,751	21,369

Other than that disclosed in Notes 28(a)(i), 28(a)(ii) and 28(a)(iii) above, amounts due from/to Shenhua Group and its affiliates, and associates of the Group bear no interest, are unsecured and repayable in accordance with normal commercial terms.

(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, share appreciation rights and retirement scheme contributions.

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

	Six months ended 30 June	
	2012 RMB million	2011 RMB million
Short-term employee benefits	3	2
Post-employment benefits	1	1
	4	3
Fair value gain on revaluation of share appreciation rights	(2)	(16)

Total remuneration is included in “personnel expenses” as disclosed in Note 8.

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2012
(Expressed in Renminbi)

28 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 for its employees. Further details of the Group's post-employment benefit plans are disclosed in Note 29.

(d) Transactions with other state-controlled entities in the PRC

The Company is a state-controlled entity and operates in an economic regime currently dominated by entities directly or indirectly controlled by the PRC government ("state-controlled entities") through its government authorities, agencies, affiliations and other organisations.

Other than those transactions with Shenhua Group and its affiliates, and associates of the Group as disclosed above, the Group conducts certain business activities with other state-controlled 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 state-controlled. The Group has established its buying, pricing strategy and approval process for purchases and sales of products and services. Such buying, pricing strategy and approval processes do not depend on whether the counterparties are state-controlled entities or not.

Having considered the potential for transactions to be impacted by related party relationships, the Group's buying, pricing strategy and approval processes, 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 state-controlled entities require disclosure:

- (i) Transactions with other state-controlled entities, including state-controlled banks in the PRC

	Six months ended 30 June	
	2012	2011
	RMB million	RMB million
		<i>(restated – Note 4(a))</i>
Coal revenue	53,829	31,585
Power revenue	34,547	28,387
Transportation costs	6,538	6,300
Interest income	175	400
Interest expenses	1,707	1,545

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2012
(Expressed in Renminbi)

28 Related party transactions (continued)

(d) Transactions with other state-controlled entities in the PRC (continued)

(ii) Balances with other state-controlled entities, including state-controlled banks in the PRC

	At 30 June 2012 RMB million	<i>At 31 December 2011 RMB million</i>
Accounts receivable	12,482	(restated – Note 4(a)) 8,241
Cash and time deposits at banks	52,445	65,107
Restricted bank deposits	5,622	4,100
Borrowings	52,301	58,229
Accrued expenses and other payables	968	798

29 Employee benefits plan

As stipulated by the regulations of the PRC, the Group participates 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 20% of the salaries, bonuses and certain allowances of the employees. A member of the plan is entitled to a pension equal to a fixed proportion of the salary prevailing at the member's retirement date. 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 2012 were RMB987 million (six months ended 30 June 2011: RMB789 million as restated).

On 19 November 2005, the Company's Board of Directors approved a scheme of share appreciation rights for the senior management of the Group with a term of 10 years with effect from 15 June 2005. No shares will be issued under this scheme. The rights were granted in units with each unit representing one H share of the Company.

The rights to the units will have an exercise period of six years from the date of grant and can be exercised after the second, third and fourth anniversary of the date of grant and the total number of the rights exercised by an individual may not in aggregate exceed one-third, two-thirds and 100% respectively, of the total rights granted to the individual.

Upon exercise of the said rights, the exercising participant will, subject to the restrictions under the scheme, receive a payment in RMB, after deducting any applicable withholding tax, equal to the product of the number of rights exercised and the difference between the exercise price and market price of the H shares of the Company at the time of exercise. The exercise price of granted share appreciation rights as approved by the Board of Directors outstanding as at 30 June 2012 was HKD33.80 (31 December 2011: HKD11.80 or HKD33.80) depending on the grant date.

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2012
(Expressed in Renminbi)

29 Employee benefits plan (continued)

The number of granted share appreciation rights outstanding is set out below:

	At 30 June 2012	<i>At 31 December 2011</i>
	Million shares	<i>Million shares</i>
At the beginning of the period/year	2.0	5.9
Exercised during the period/year	(0.2)	(0.7)
Forfeited during the period/year	(0.2)	(3.2)
At the end of the period/year	1.6	2.0

30 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 most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following five reportable segments. No operating segments have been aggregated to form the following reportable segments.

- (1) Coal operations – which produces coal from surface and underground mines, and the sale of coal to external customers and the power segment. The Group sells its coal under long-term coal supply contracts and at spot market. The long-term coal supply contracts typically allow the parties to make annual price adjustments.
- (2) Power operations – which uses coal, sourced from the coal mining segment and purchased from external suppliers, to generate electric power for sale to external power grid companies and to the coal segment. 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 tariff rate as agreed upon with the respective power grid companies which are generally lower than the tariff rates for planned power output.
- (3) Railway operations – which provides railway transportation services to the coal mining segment and external customers. The rates of freight charges billed to the coal mining segment and external customers are consistent and do not exceed the maximum amounts approved by the relevant government authorities.
- (4) Port operations – which provides loading, transportation and storage services to the coal mining 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 provides shipment transportation services to the power segment, the coal mining segment and external customers. The rates of freight charges billed to the power segment, the coal mining segment and external customers are consistent.

(a) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment based on profit before income tax ("reportable segment profit").

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2012
(Expressed in Renminbi)

30 Segment and other information (continued)

(a) Segment results (continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2012 and 2011 is set out below.

	Six months ended 30 June											
	Coal		Power		Railway		Port		Shipping		Total	
	2012 RMB million	2011 RMB million	2012 RMB million	2011 RMB million	2012 RMB million	2011 RMB million	2012 RMB million	2011 RMB million	2012 RMB million	2011 RMB million	2012 RMB million	2011 RMB million
		(restated- Note 4(a))		(restated- Note 4(a))		(restated- Note 4(a))		(restated- Note 4(a))		(restated- Note 4(a))		(restated- Note 4(a))
Revenue from												
external customers	82,484	69,177	35,768	28,937	1,491	1,270	72	66	1,282	1,394	121,097	100,844
Inter-segment revenue	16,847	15,162	259	214	10,821	10,066	1,464	1,329	869	892	30,260	27,663
Reportable segment revenue	99,331	84,339	36,027	29,151	12,312	11,336	1,536	1,395	2,151	2,286	151,357	128,507
Reportable segment profit before income tax	24,965	25,376	5,067	4,216	5,136	4,916	345	278	360	276	35,873	35,062
Including:												
Net interest expense	(268)	(213)	(1,428)	(1,111)	(199)	(168)	(106)	(122)	(11)	(11)	(2,012)	(1,625)
Depreciation and amortisation	(3,287)	(3,054)	(3,981)	(3,062)	(1,186)	(1,100)	(343)	(314)	(47)	(43)	(8,844)	(7,573)
Share of profits less losses of associates	105	108	54	58	-	-	5	4	-	-	164	170

(b) Reconciliations of reportable segment revenues and profit or loss

	Six months ended 30 June	
	2012 RMB million	2011 RMB million
		(restated – Note 4(a))
Revenues		
Reportable segment revenue	151,357	128,507
Elimination of inter-segment revenue	(30,260)	(27,663)
Unallocated head office and corporate items	371	307
Consolidated revenues	121,468	101,151
Profit		
Reportable segment profit	35,873	35,062
Elimination of inter-segment profits	(282)	(97)
Unallocated head office and corporate items	639	642
Consolidated profit before income tax	36,230	35,607

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2012
(Expressed in Renminbi)

30 Segment and other information (continued)

(c) Other information

Certain other information of the Group's segments for the six months ended 30 June 2012 and 2011 is set out below:

	Six months ended 30 June															
	Coal		Power		Railway		Port		Shipping		Unallocated items		Eliminations		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
	million	million	million	million	million	million	million	million	million	million	million	million	million	million	million	million
		(restated- Note 4(a))		(restated- Note 4(a))		(restated- Note 4(a))		(restated- Note 4(a))		(restated- Note 4(a))		(restated- Note 4(a))		(restated- Note 4(a))		(restated- Note 4(a))
Coal purchased	33,829	21,405	-	-	-	-	-	-	-	-	-	-	-	-	33,829	21,405
Cost of coal production	17,458	15,183	-	-	-	-	-	-	-	-	-	-	(5,521)	(4,206)	11,937	10,977
Cost of coal transportation	17,958	17,075	-	-	5,626	5,176	895	836	701	771	-	-	(18,395)	(17,959)	6,785	5,899
Power cost	-	-	28,100	22,540	-	-	-	-	-	-	-	-	(6,251)	(5,451)	21,849	17,089
Others	1,649	1,665	364	282	941	679	51	47	1,100	1,204	-	-	-	-	4,105	3,877
Total cost of revenues	70,894	55,328	28,464	22,822	6,567	5,855	946	883	1,801	1,975	-	-	(30,167)	(27,616)	78,505	59,247
Profit from operations	25,016	25,446	6,386	5,226	5,225	5,009	439	385	365	284	34	54	(126)	(103)	37,339	36,301
Capital expenditure (Note (i))	4,411	5,621	2,096	2,120	9,740	3,211	1,697	497	534	433	103	5	-	-	18,581	11,887
	Coal		Power		Railway		Port		Shipping		Unallocated items		Eliminations		Total	
	At 30	At 31	At 30	At 31	At 30	At 31	At 30	At 31	At 30	At 31	At 30	At 31	At 30	At 31	At 30	At 31
	June	December	June	December	June	December	June	December	June	December	June	December	June	December	June	December
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
	million	million	million	million	million	million	million	million	million	million	million	million	million	million	million	million
		(restated- Note 4(a))		(restated- Note 4(a))		(restated- Note 4(a))		(restated- Note 4(a))		(restated- Note 4(a))		(restated- Note 4(a))		(restated- Note 4(a))		(restated- Note 4(a))
Total assets (Note (ii))	242,339	212,128	152,839	143,498	67,420	65,447	13,992	12,930	5,793	4,101	268,013	266,833	(329,956)	(298,430)	420,440	406,507
Total liabilities (Note (ii))	(111,088)	(107,495)	(93,981)	(92,691)	(34,759)	(33,074)	(6,905)	(6,386)	(1,714)	(742)	(152,481)	(137,244)	261,285	239,239	(139,643)	(138,393)

Notes:

- (i) Segment capital expenditure is the total cost incurred during the period to acquire and construct segment assets that are expected to be used for more than one year.
- (ii) 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.

31 Comparative figures

Certain comparative figures have been adjusted as a result of the 2012 Acquisitions. Further details are disclosed in Note 4(a).

Documents Available for Inspection

1. The interim report for the year 2012 signed by the legal representative;
2. The interim financial statements signed and sealed by the legal representative, the Chief Financial Officer and the General Manager of the Financial Department;
3. The original copy of the review report sealed by the accounting firm and signed and sealed by the certified public accountant;
4. The original copies of all documents and announcements of the Company publicly disclosed in the newspapers designated by the CSRC during the reporting period;
5. The interim report for the year 2012 published on The Stock Exchange of Hong Kong Limited.

Zhang Xiwu

Chairman

China Shenhua Energy Company Limited

24 August 2012

Signing Page for Opinions

Written Confirmation to the 2012 Interim Report

Article 68 of the Securities Law of the People's Republic of China requires that the directors of a listed company shall sign a written confirmation to its regular report, and guarantee the truthfulness, accuracy and completeness of the information disclosed by the listed company.

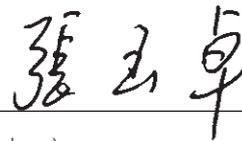
Article 14 of the Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 3 – The Contents and Formats of Interim Report (Revised edition 2007) issued by the CSRC requires that the board of directors of a listed company and its directors shall guarantee the truthfulness, accuracy and completeness of the content of its interim report and warrant that the report does not contain any false representation, misleading statement or material omission, and shall jointly and severally accept full responsibility for this warrant. If there is any director who is unable to guarantee the truthfulness, accuracy and completeness of the interim report or disagrees with the content of the interim report, his reasons and opinion shall be stated separately. The name of any absent director shall be listed separately.

Having fully understood and reviewed the 2012 Interim Report of the Company, the board of directors and all directors are of the opinion that information disclosed in the 2012 Interim Report is true, accurate and complete. We hereby guarantee that the information stated in this report does not contain any false representation, misleading statement or material omission, and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the content thereof.

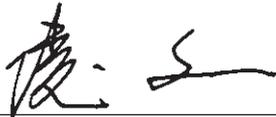
Signature of all directors of the Company:



(Zhang Xiwu)



(Zhang Yuzhuo)



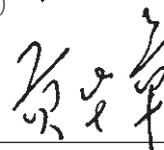
(Ling Wen)



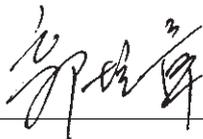
(Han Jianguo)



(Fan Hsu Lai Tai)



(Gong Huazhang)



(Guo Peizhang)



(Kong Dong)



(Chen Hongsheng)

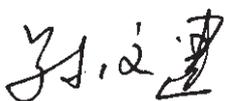
Written Review Opinion on the 2012 Interim Report

Article 68 of the Securities Law of the People's Republic of China requires that the supervisory committee of a listed company shall review the regular report prepared by the board of directors and provide a written review opinion.

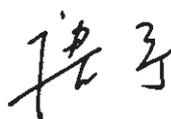
Article 14 of the Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 3 – The Contents and Formats of Interim Report (Revised edition 2007) issued by the CSRC requires that the supervisory committee of a listed company and its supervisors shall guarantee the truthfulness, accuracy and completeness of the content of the interim report and warrant that the report does not contain any false representation, misleading statement or material omission, and shall jointly and severally accept full responsibility for this warrant. If there is any supervisor who is unable to guarantee the truthfulness, accuracy and completeness of the interim report or disagrees with the content of the interim report, his reasons and opinion shall be stated separately.

Having fully understood and reviewed the 2012 Interim Report of the Company, the supervisory committee and all supervisors are of the opinion that information disclosed in the 2012 Interim Report is true, accurate and complete. We hereby guarantee that the information stated in this report does not contain any false representation, misleading statement or material omission, and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the content thereof.

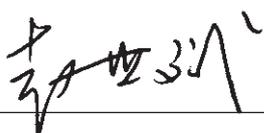
Signature of all supervisors of the Company:



(Sun Wenjian)



(Tang Ning)



(Zhao Shibin)

China Shenhua Energy Company Limited

24 August 2012

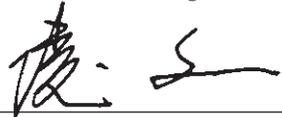
Written Confirmation to the 2012 Interim Report

Article 68 of the Securities Law of the People's Republic of China requires that the senior management of a listed company shall sign a written confirmation to its regular report, and guarantee the truthfulness, accuracy and completeness of the information disclosed by the listed company.

Article 14 of the Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 3 – The Contents and Formats of Interim Report (Revised edition 2007) issued by the CSRC requires that senior management of a listed company shall guarantee the truthfulness, accuracy and completeness of the content of its interim report and warrant that the report does not contain any false representation, misleading statement or material omission, and shall jointly and severally accept full responsibility for this warrant. If there is any senior management member who is unable to guarantee the truthfulness, accuracy and completeness of the interim report or disagrees with the content of the interim report, his reasons and opinion shall be stated separately.

Having fully understood and reviewed the 2012 Interim Report of the Company, all senior management members of the Company are of the opinion that information disclosed in the 2012 Interim Report is true, accurate and complete. We hereby guarantee that the information stated in this report does not contain any false representation, misleading statement or material omission, and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the content thereof.

Signature of all senior management members of the Company:



(Ling Wen)



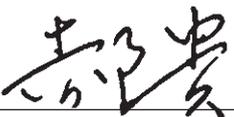
(Han Jianguo)



(Huang Xiaolin)



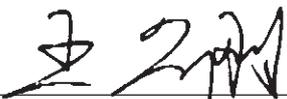
(Li Dong)



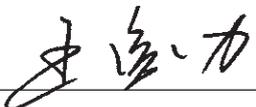
(Hao Gui)



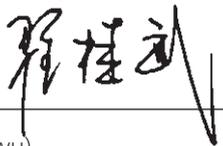
(Xue Jilian)



(Huang Pingang)



(Huang Jinli)



(Zhai Guiwu)



(Huang Qing)



(Zhang Kehui)

Definition

Abbreviation

Shenhua Group Corporation

Shenhua Group

China Shenhua or the Company

The Group

Branches and Subsidiaries

Shenhua Trading Group

Shendong Coal Group Corporation

Shendong Coal Group

Shendong Coal Branch

Zhunge'er Energy Company

Ha'erwusu Coal Branch

Beidian Shengli Energy

Shenbao Energy Company

Baotou Energy Company

Xinjie Energy Company

Yu Shen Energy Company

Chaijiagou Mining

Bameng Company

Guohua Power Branch

Beijing Thermal

Panshan Power

Sanhe Power

Guohua Zhunge'er

Ninghai Power

Shenmu Power

Taishan Power

Huanghua Power

Suizhong Power

Jinjie Energy

Dingzhou Power

Guohua Hulunbeier Power

Taicang Power

Mengjin Power

Full name

Shenhua Group Corporation Limited

Shenhua Group Corporation and its controlling subsidiaries

China Shenhua Energy Company Limited

China Shenhua and its subsidiaries

Branches and subsidiaries of the Company, unless otherwise specified in the context

Shenhua Trading Group Limited

Shenhua Shendong Coal Group Co., Ltd.

the corporation conglomerate consisting of Shenhua Shendong Coal Group Co., Ltd. and its subsidiaries

China Shenhua Energy Company Limited Shendong Coal Branch

Shenhua Zhunge'er Energy Co., Ltd.

China Shenhua Energy Company Limited Ha'erwusu Coal Branch

Shenhua Beidian Shengli Energy Co., Ltd.

Shenhua Baorixile Energy Co., Ltd.

Shenhua Baotou Energy Co., Ltd.

Shenhua Xinjie Energy Co., Ltd.

Yulin Shenhua Energy Co., Ltd.

Shaanxi Jihua Chaijiagou Mining Co., Ltd.

Shenhua Bayannur Energy Co., Ltd.

China Shenhua Energy Company Limited Guohua Power Branch

Shenhua Guohua International Power Company Limited Beijing Thermal Power Branch

Tianjin Guohua Panshan Power Generation Co., Ltd.

Sanhe Power Co., Ltd.

Inner Mongolia Guohua Zhunge'er Power Generation Co., Ltd.

Zhejiang Guohua Zheneng Power Generation Co., Ltd.

CLP Guohua Shenmu Power Co., Ltd.

Guangdong Guohua Yudean Taishan Power Co., Ltd.

Hebei Guohua Cangdong Power Co., Ltd.

Suizhong Power Co., Ltd.

Shaanxi Guohua Jinjie Energy Co., Ltd.

Hebei Guohua Dingzhou Power Generation Co., Ltd.

Inner Mongolia Guohua Hulunbeier Power Generation Co., Ltd.

Guohua Taicang Power Generation Co., Ltd.

Shenhua Guohua Mengjin Power Generation Co., Ltd.

Abbreviation

Yuyao Power

Zhuhai Wind Energy

Huizhou Thermal

Shandong Power Company

Zhunge'er Power

Zhunge'er Coal Gangue Power

Bashu Power

Shenwan Energy Company

Shenfu Energy Company

Shenshuo Railway Branch

Shuohuang Railway Company

Baoshen Railway Company

Xinzhun Railway Company

Zhunchi Railway

Rolling Stock Branch

Huanghua Harbour Administration
Company

Tianjin Coal Dock

Zhuhai Coal Dock

Shenhua Zhonghai Shipping Company

Coal Liquefaction and Chemical Company

Overseas Investment Company

Australia Pty

Watermark

EMM Indonesia

Shenhua Finance Company

Clean Coal Company

Material Company

Tianhong Company

Information Company

Geological Exploration Company

Shenhua HK Company

State Grid Energy

Full name

Zhejiang Guohua Yuyao Gas-fired Power Co., Ltd.

Zhuhai Guohua Huidafeng Wind Energy Development Co., Ltd.

China Shenhua Energy Company Limited Guohua Huizhou
Thermal Power Branch

Shenhua Shandong Power Co., Ltd.

Power-generating arm controlled and operated by Shenhua
Zhunge'er Energy Co., Ltd.

Inner Mongolia Zhunge'er Coal Gangue Power Co., Ltd.

Shenhua Bashu Power Co., Ltd., formerly
"Sichuan Bashu Electric Power Development Co., Ltd."

Shenwan Energy Company Limited

Shenhua Fujian Energy Company Limited

China Shenhua Energy Company Limited Shenshuo Railway Branch

Shuohuang Railway Development Co., Ltd.

Shenhua Baoshen Railway Co., Ltd.

Shenhua Xinzhun Railway Co., Ltd.

Shenhua Zhunchi Railway Company Limited

China Shenhua Energy Company Limited Rolling Stock Branch

Shenhua Huanghua Harbour Administration Co., Ltd.

Shenhua Tianjin Coal Dock Co., Ltd.

Shenhua Yudean Zhuhai Port Coal Dock Co., Ltd.

Shenhua Zhonghai Shipping Co., Ltd.

China Shenhua Coal Liquefaction and Chemical Co., Ltd

China Shenhua Overseas Development & Investment Co., Ltd.

Shenhua Australia Holdings Pty Limited

Shenhua Watermark Coal Pty Limited

PT.GH EMM INDONESIA

Shenhua Finance Co., Ltd.

Hulunbeier Shenhua Clean Coal Co., Ltd.

Shenhua Group Material Trading Co., Ltd.

Shenhua Tianhong Trading Co., Ltd.

Shenhua Hollysys Information Technology Co., Ltd.

Shenhua Geological Exploration Co., Ltd, formerly
"Shenhua (Beijing) Remote Sensing Exploration Co., Ltd."

Shenhua International (Hong Kong) Company Limited

State Grid Energy Development Co., Ltd.

Definition

Abbreviation

Accounting Standards for
Business Enterprises

CSRC

Shanghai Listing Rules

Shanghai Stock Exchange

Hong Kong Listing Rules

Hong Kong Stock Exchange

Designated Newspapers
for Information Disclosure

Full name

Accounting Standards for Business Enterprises – Basic Standard and
38 specific accounting standards issued by the Ministry
of Finance of the People’s Republic of China on 15 February 2006
and the Application Guidance to Accounting Standards
for Business Enterprises, Interpretations of Accounting Standards
for Business Enterprises and other related requirements
subsequently issued

China Securities Regulatory Commission

Rules Governing the Listing of Shares on the Shanghai
Stock Exchange

Shanghai Stock Exchange

Rules Governing the Listing of Securities on The Stock Exchange
of Hong Kong Limited

The Stock Exchange of Hong Kong Limited

China Securities Journal, Shanghai Securities News,
Securities Times and Securities Daily