

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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)**

**FIRST QUARTERLY REPORT FOR THE YEAR 2020**

Pursuant to the rules and regulations of the China Securities Regulatory Commission and the Shanghai Stock Exchange, China Shenhua Energy Company Limited is required to announce the quarterly report. This announcement is made pursuant to Rule 13.09(2) and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company hereby presents the results of the Group for the three months ended 31 March 2020 prepared in accordance with the IFRSs. Such results have not been audited or reviewed by the independent auditors.

## **1. IMPORTANT NOTICE**

- 1.1 The Board and the supervisory committee of the Company together with the directors, supervisors and the senior management of the Company warrant that the contents of the quarterly report are authentic, accurate and complete and do not contain any misrepresentation, misleading statement or material omission, and shall jointly and severally accept legal liability.
- 1.2 This report was considered and approved at the 26th meeting of the fourth session of the Board. Seven out of eight eligible directors attended the meeting in person. Gao Song, a director, asked for leave due to business appointment, and appointed Mi Shuhua, a director, to act as his proxy and vote on behalf of him at the meeting.
- 1.3 Wang Xiangxi, Chairman of the Company, Xu Shancheng, Chief Financial Officer of the Company and Ban Jun, person-in-charge of the accounting department of the Company, warrant the authenticity, accuracy and completeness of the financial statements contained in this quarterly report.
- 1.4 The financial statements in this report are prepared in accordance with IFRSs, but have not been audited. Please refer to section 2.2 of this report for the major differences between the financial statements prepared under IFRSs and those prepared under the China Accounting Standards for Business Enterprises.

## 2. COMPANY PROFILE

### 2.1 Major financial data

	<b>January to March 2020</b>	January to March 2019	Percentage change (%)
Revenue <i>(RMB million)</i>	<b>51,077</b>	57,011	(10.4)
Profit before income tax <i>(RMB million)</i>	<b>15,082</b>	18,592	(18.9)
Profit for the period <i>(RMB million)</i>	<b>12,093</b>	15,227	(20.6)
Profit attributable to equity holders of the Company for the period <i>(RMB million)</i>	<b>9,980</b>	12,865	(22.4)
Basic earnings per share <i>(RMB/ share)</i>	<b>0.502</b>	0.647	(22.4)
Net cash generated from operating activities <i>(RMB million)</i>	<b>29,984</b>	30,964	(3.2)
Net cash per share generated from operating activities <i>(RMB/share)</i>	<b>1.51</b>	1.56	(3.2)
Net cash generated from operating activities excluding the effect of Shenhua Finance Company <i>(RMB million)</i>	<b>15,473</b>	23,631	(34.5)
Net cash per share generated from operating activities excluding the effect of Shenhua Finance Company <i>(RMB/share)</i>	<b>0.78</b>	1.19	(34.5)
	<b>31 March 2020</b>	31 December 2019	Percentage change (%)
Total assets <i>(RMB million)</i>	<b>584,543</b>	563,083	3.8
Total liabilities <i>(RMB million)</i>	<b>152,801</b>	142,865	7.0
Total equity <i>(RMB million)</i>	<b>431,742</b>	420,218	2.7
Equity attributable to equity holders of the Company <i>(RMB million)</i>	<b>365,933</b>	356,077	2.8
Shareholders' equity per share <i>(RMB/share)</i>	<b>18.40</b>	17.90	2.8

## 2.2 Major differences of financial statements prepared under different accounting standards

*Unit: RMB million*

Item	Net profit attributable to equity holders of the Company		Net assets attributable to equity holders of the Company	
	January to March 2020	January to March 2019	As at 31 March 2020	As at 31 December 2019
Under China Accounting Standards for Business Enterprises	<b>9,807</b>	12,587	<b>361,972</b>	351,928
Adjustment:				
Simple production maintenance, production safety and other related expenditures	<b>173</b>	278	<b>3,961</b>	4,149
Under IFRSs	<b>9,980</b>	12,865	<b>365,933</b>	356,077

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

## 2.3 Major operational data

Operational indicators	Unit	January to March 2020	January to March 2019	Percentage change (%)
<b>(I) Coal</b>				
1. Commercial coal production	Million tonnes	<b>74.4</b>	71.5	4.1
2. Coal sales	Million tonnes	<b>98.4</b>	105.1	(6.4)
<b>(II) Transportation</b>				
1. Turnover of self-owned railway	Billion tonne km	<b>65.4</b>	67.8	(3.5)
2. Loading volume at Huanghua Port	Million tonnes	<b>44.8</b>	47.8	(6.3)
3. Loading volume at Shenhua Tianjin Coal Dock	Million tonnes	<b>10.8</b>	9.4	14.9
4. Shipment volume	Million tonnes	<b>22.9</b>	26.4	(13.3)
5. Shipment turnover	Billion tonne nautical miles	<b>18.3</b>	21.1	(13.3)
<b>(III) Power generation</b>				
1. Gross power generation	Billion kWh	<b>27.46</b>	32.62	(15.8)
2. Total power output dispatch	Billion kWh	<b>25.71</b>	30.60	(16.0)
<b>(IV) Coal chemical</b>				
1. Sales of polyethylene	Thousand tonnes	<b>89.0</b>	95.4	(6.7)
2. Sales of polypropylene	Thousand tonnes	<b>80.9</b>	91.6	(11.7)

*Note:* The total power generation and power output dispatch from January to March 2019 in the above table represent the figures after excluding the assets contributed into Beijing GD Power by the Group.

**2.4 Total number of shareholders and shareholding of top ten shareholders and top ten holders of tradable shares (or shares not subject to selling restrictions) at the end of the reporting period**

*Unit: shares*

Total number of shareholders ( <i>accounts</i> )	196,773
Including: Holders of A shares (including China Energy)	194,654
Registered holders of H shares	2,119

Name of shareholder (in full)	Shareholding of top ten shareholders			Shares pledged or frozen	Status of shares	Nature of shareholder
	Number of shares held at the end of the period	Percentage (%)	Number of shares held subject to selling restrictions			
China Energy Investment Corporation Limited	13,812,709,196	69.45	0	Nil	N/A	State-owned corporation
HKSCC NOMINEES LIMITED	3,390,391,222	17.05	0	Unknown	N/A	Overseas corporation
China Securities Finance Corporation Limited	594,718,049	2.99	0	Nil	N/A	Others
Central Huijin Asset Management Ltd.	110,027,300	0.55	0	Nil	N/A	State-owned corporation
Hong Kong Securities Clearing Company Limited	103,222,396	0.52	0	Nil	N/A	Overseas corporation
Industrial Bank Co., Ltd. –AIFMC New Vision Flexible Allocation and Regularly Open Hybrid Initiating Securities Investment Fund	30,068,446	0.15	0	Nil	N/A	Others
Industrial and Commercial Bank of China-Shanghai Index 50 Trading Open-end Index Securities Investment Fund	26,636,191	0.13	0	Nil	N/A	Others
China Merchants Bank Co., Ltd.– Bosera CSI State-Owned Enterprises Innovation-oriented Trading Open-end Index Securities Investment Fund	26,065,888	0.13	0	Nil	N/A	Others
Agricultural Bank of China Limited – China AMC CSI State-Owned Enterprise Structural Adjustment Trading Open-ended Index Securities Investment Fund	22,109,362	0.11	0	Nil	N/A	Others
China Merchants Bank Co., Ltd.–Bosera CSI State-Owned Enterprises Structural Adjustment Trading Open-end Index Securities Investment Fund	21,476,533	0.11	0	Nil	N/A	Others

### Shareholdings of top ten shareholders without selling restrictions

Name of shareholder	Number of shares		Type	Number
	without selling restrictions			
China Energy Investment Corporation Limited	13,812,709,196		RMB ordinary shares	13,812,709,196
HKSCC NOMINEES LIMITED	3,390,391,222		Overseas-listed foreign shares	3,390,391,222
China Securities Finance Corporation Limited	594,718,049		RMB ordinary shares	594,718,049
Central Huijin Asset Management Ltd.	110,027,300		RMB ordinary shares	110,027,300
Hong Kong Securities Clearing Company Limited	103,222,396		RMB ordinary shares	103,222,396
Industrial Bank Co., Ltd. – AIFMC New Vision Flexible Allocation and Regularly Open Hybrid Initiating Securities Investment Fund	30,068,446		RMB ordinary shares	30,068,446
Industrial and Commercial Bank of China-Shanghai Index 50 Trading Open-end Index Securities Investment Fund	26,636,191		RMB ordinary shares	26,636,191
China Merchants Bank Co., Ltd.– Boser CSI State-Owned Enterprises Innovation-oriented Trading Open-end Index Securities Investment Fund	26,065,888		RMB ordinary shares	26,065,888
Agricultural Bank of China Limited –China AMC CSI State-Owned Enterprise Structural Adjustment Trading Open-ended Index Securities Investment Fund	22,109,362		RMB ordinary shares	22,109,362
China Merchants Bank Co., Ltd.–Bosera CSI State-Owned Enterprises Structural Adjustment Trading Open-end Index Securities Investment Fund	21,476,533		RMB ordinary shares	21,476,533

Details regarding the connected relationships among the above shareholders or whether they are parties acting in concert

Both of HKSCC NOMINEES LIMITED and Hong Kong Securities Clearing Company Limited are wholly-owned subsidiaries of Hong Kong Exchanges and Clearing Limited. The trustee bank of China Merchants Bank Co., Ltd.–Bosera CSI State-Owned Enterprises Innovation-oriented Trading Open-end Index Securities Investment Fund and China Merchants Bank Co., Ltd.–Bosera CSI State-Owned Enterprises Structural Adjustment Trading Open-ended Index Securities Investment Fund is China Merchants Bank Co., Ltd. Saved as disclosed above, the Company is not aware of any connected relationships between the top ten shareholders without selling restrictions and the top ten shareholders, and whether they are parties acting in concert as defined in the Measures for Administration of Acquisition of Listed Companies.

Details regarding the holders of preference shares with voting rights restored and the number of shares held

N/A

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

**2.5 Total number of holders of preference shares, and shareholdings of the top ten holders of preference shares and top ten holders of preference shares not subject to selling restrictions as at the end of the reporting period**

Applicable       Not applicable



### **3. SIGNIFICANT EVENTS**

#### **3.1 Change in the consolidation scope of financial statements**

During the reporting period, there was no material change in the consolidation scope of the financial statements of the Company. The transaction relating to establishment of Beijing GD Power, the Joint Venture Company, has been completed on 31 January 2019. From the completion date, the Company conducted subsequent measurement under the equity method in respect of Beijing GD Power.

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

In the first quarter of 2020, the unexpected COVID-19 outbreak brought an unprecedented impact on China's economic and social development. The Group earnestly carried through President Xi Jinping's significant discourse, and focused on "one prevention and three guarantees" to holistically promote pandemic prevention and control as well as corporate development. As a result, we prevented and controlled the pandemic in an orderly way, fully guaranteed the energy supply and leveled up the development quality. Through concerted efforts, the management and employees of the Group exerted the utmost strength to put into practice the great appeal that "socialism can only be achieved through hard work".

The revenue of the Group under the IFRSs was RMB51,077 million (for the corresponding period in 2019: RMB57,011 million), representing a year-on-year decrease of 10.4%. Profit before income tax was RMB15,082 million (for the corresponding period in 2019: RMB18,592 million), representing a year-on-year decrease of 18.9%. The profit attributable to equity holders of the Company for the period was RMB9,980 million (for the corresponding period in 2019: RMB12,865 million), representing a year-on-year decrease of 22.4%.

The decrease in profit before income tax was mainly due to (i) the decrease in the sales volumes of coal, power and coal chemical products, the decrease in average sales prices of coal and coal chemical products, and the decrease in the business volumes of railway and port transportation segments as impacted by the COVID-19 pandemic; (ii) one-off investment income of RMB1,121 million was recognised in the first quarter of 2019 due to completion of settlement for establishing Beijing GD Power, which resulted in a large base for comparison.

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

*Unit: RMB million*

No.	Items of consolidated statement of profit or loss and other comprehensive income	January to March 2020	January to March 2019	Percentage Change (%)	Major reasons for changes
1	Revenue	<b>51,077</b>	57,011	(10.4)	Year-on-year decrease in power output dispatch; and year-on-year decrease in sales volumes of olefins products and coal
2	Cost of sales	<b>(34,511)</b>	(37,699)	(8.5)	Decrease in cost of coal purchased, cost of coal transportation and cost of power output dispatch
3	General and administrative expenses	<b>(1,665)</b>	(1,872)	(11.1)	Decrease in relevant expenses due to completion of settlement of the subject assets for establishing the Joint Venture Company
4	Research and development costs	<b>(91)</b>	(50)	(82.0)	Year-on-year increase in research expenses on informationization project of the Group
5	Other gains and losses	<b>470</b>	1,567	(70.0)	RMB1,121 million of one-off investment income was recognised on the completion date of the Joint Venture Company for the same period last year; year-on-year decrease in amount of bank wealth management products held by the Group resulted in the decrease in gains from changes in fair value as compared with the same period last year

*Unit: RMB million*

No.	Items of consolidated statement of profit or loss and other comprehensive income	January to March 2020	January to March 2019	Percentage Change (%)	Major reasons for changes
6	Loss allowances, net of reversal	98	0	N/A	Reversal of allowance for loan losses for previous years by Shenhua Finance Company in the reporting period
7	Finance costs	(957)	(822)	16.4	Year-on-year increase in exchange loss due to depreciation of Australian dollar for the reporting period
8	Share of results of associates	304	178	70.8	Increase in share of income of Beijing GD Power recognised in the reporting period

*Unit: RMB million*

No.	Items of consolidated statement of financial position	As at 31 March 2020	As at 31 December 2019	Percentage change (%)	Major reasons for changes
1	Inventories	14,218	12,053	18.0	Increase in coal inventory and spare parts
2	Accounts and bills receivable	12,348	10,436	18.3	Increase in receivables for sales of coal by the coal business
3	Prepaid expenses and other current assets	67,353	86,524	(22.2)	Recovery of certain bank wealth management products by the Company upon expiry; recovery of certain short-term loans upon expiry and sale of certain interbank certificates of deposit by Shenhua Finance Company
4	Cash and cash equivalents	80,894	41,827	93.4	Recovery of certain bank wealth management products by the Company upon expiry; increase in deposits taken from customers and increase in balance of inter-bank borrowings of Shenhua Finance Company
5	Short-term borrowings	4,476	4,172	7.3	Increase in bank borrowings of the power business
6	Accrued expenses and other payables	67,910	53,578	26.7	Increase in inter-bank borrowings of Shenhua Finance Company, more deposits taken from customers and more repurchase businesses conducted by Shenhua Finance Company
7	Current portion of bonds	0	3,488	(100.0)	Repayments of bonds upon maturity
8	Current portion of lease liabilities	93	198	(53.0)	Repayments of lease liabilities upon maturity
9	Current portion of long- term liabilities	1,085	1,493	(27.3)	Repayments of long-term liabilities upon maturity
10	Contract liabilities	6,206	4,784	29.7	Increase in proceeds received in advance for the sales of coal by the coal business

*Unit: RMB million*

No.	Items of the consolidated statement of cash flows	January to March 2020	January to March 2019	Percentage change (%)	Major reasons for changes
1	Net cash generated from operating activities	<b>29,984</b>	30,964	(3.2)	
	Of which: Net cash generated from operating activities of Shenhua Finance Company <sup>note</sup>	<b>14,511</b>	7,333	97.9	Increase in cash inflow from interbank borrowings, and increase in cash inflow from conducting repurchase business by Shenhua Finance Company
	Net cash generated from operating activities excluding the effect of Shenhua Finance Company	<b>15,473</b>	23,631	(34.5)	Decrease in revenue, and decrease in cash inflows due to year-on-year increase in receivables
2	Net cash generated from/ (used in) investing activities	<b>14,779</b>	(5,374)	(375.0)	Recovery of certain bank wealth management products of the Group upon expiry
3	Net cash used in financing activities	<b>(5,625)</b>	(7,301)	(23.0)	Decrease in debts repaid in the reporting period as compared with the same period last year

*Note:* Except for services within the Group, Shenhua Finance Company provides financial services, including deposits and loans, to other entities apart from the Group. This item represents the cash flow of deposits and loans, interests, fees and commissions generated from this business.

### 3.3 Operation of the coal segment

#### 3.3.1 Coal sales

##### (1) By contract pricing mechanisms

	January to March 2020			January to March 2019		
	Sales volume <i>Million tonnes</i>	Proportion of total sales %	Price (exclusive of tax) <i>RMB/tonne</i>	Sales volume <i>Million tonnes</i>	Proportion of total sales %	Price (exclusive of tax) <i>RMB/tonne</i>
I. Annual long-term contracts	43.6	44.3	384	51.0	48.5	369
II. Monthly long-term contracts	41.9	42.6	425	42.9	40.8	471
III. Spot commodity	12.9	13.1	436	11.2	10.7	369
<b>Total sales volume/average price(exclusive of tax)</b>	<b>98.4</b>	<b>100.0</b>	<b>409</b>	<b>105.1</b>	<b>100.0</b>	<b>411</b>

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

##### (2) By sales regions

	January to March 2020			January to March 2019			Change	
	Sales volume <i>Million tonnes</i>	Proportion of total sales %	Price (exclusive of tax) <i>RMB/tonne</i>	Sales volume <i>Million tonnes</i>	Proportion of total sales %	Price (exclusive of tax) <i>RMB/tonne</i>	Change Sales volume %	Change Price (exclusive of tax) %
<b>I. Domestic sales</b>	<b>98.1</b>	<b>99.7</b>	<b>408</b>	104.1	99.1	409	(5.8)	(0.2)
(I) Self-produced coal and purchased coal	97.4	99.0	408	102.0	97.0	410	(4.5)	(0.5)
1. Direct arrival	40.1	40.8	326	40.5	38.5	315	(1.0)	3.5
2. Seaborne	57.3	58.2	466	61.5	58.5	473	(6.8)	(1.5)
(II) Sales of domestic trading coal	0.6	0.6	352	1.6	1.6	312	(62.5)	12.8
(III) Sales of imported coal	0.1	0.1	410	0.5	0.5	431	(80.0)	(4.9)
<b>II. Export sales</b>	<b>0.3</b>	<b>0.3</b>	<b>588</b>	0.6	0.5	630	(50.0)	(6.7)
<b>III. Overseas sales</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	0.4	0.4	562	(100.0)	(100.0)
<b>Total sales volume/average price (exclusive of tax)</b>	<b>98.4</b>	<b>100.0</b>	<b>409</b>	<b>105.1</b>	<b>100.0</b>	<b>411</b>	<b>(6.4)</b>	<b>(0.5)</b>

### ***3.3.2 Operating results (before elimination on consolidation)***

		<b>January to March 2020</b>	January to March 2019	<b>Percentage change (%)</b>	<b>Major reasons for changes</b>
Revenue	RMB million	<b>41,069</b>	44,460	(7.6)	Decrease in sales volume and average price of coal
Cost of sales	RMB million	<b>32,010</b>	34,159	(6.3)	Decrease in sales volume and transportation cost of coal
Gross profit	RMB million	<b>9,059</b>	10,301	(12.1)	
Gross profit margin	%	<b>22.1</b>	23.2	Decreased by 1.1 percentage points	

### 3.3.3 Unit production cost of self-produced coal

Unit: RMB/tonne

	January to March 2020	January to March 2019	Percentage change (%)	Major reasons for changes
Unit production cost of self-produced coal	<b>124.1</b>	121.4	2.2	
Raw materials, fuel and power	<b>23.6</b>	22.9	3.1	
Personnel expenses	<b>21.3</b>	22.4	(4.9)	
Repairs and maintenance	<b>9.3</b>	8.0	16.3	Increase in repairs of equipment for certain open-pit mines
Depreciation and amortisation	<b>18.9</b>	18.2	3.8	Impact of change in accounting estimates relevant to the depreciation of property, plant and equipment <sup>note</sup>
Other costs	<b>51.0</b>	49.9	2.2	

*Note:* For details, please refer to the Announcement on Change in Accounting Estimates published on the date of this report.

Other costs consist of the following three components: (1) expenses directly related to production, including expenses for coal washing, selecting and processing expenses, and mining engineering expenses, etc., accounting for approximately 49%; (2) auxiliary production expenses, accounting for approximately 26%; (3) land requisition and surface subsidence compensation, environmental protection expenses, and tax, accounting for approximately 25%.



### 3.4 Operation of the power segment

#### (1) Power generation and power output dispatch

Location/Type of power	Gross power generation (billion kWh)		Power output dispatch (billion kWh)		Average utilisation hours (hours)		Power tariff (RMB/mWh)	
	January to March 2020	January to March 2019	January to March 2020	January to March 2019	January to March 2020	January to March 2019	January to March 2020	January to March 2019
	<b>Domestic</b>	<b>27.08</b>	46.05	<b>25.38</b>	43.31	<b>884</b>	1,123	<b>341</b>
Coal-fired power	<b>26.03</b>	44.63	<b>24.37</b>	41.92	<b>881</b>	1,125	<b>332</b>	314
Gas-fired power	<b>0.97</b>	1.34	<b>0.94</b>	1.31	<b>1,018</b>	1,104	<b>573</b>	577
Hydropower	<b>0.08</b>	0.08	<b>0.07</b>	0.08	<b>609</b>	642	<b>301</b>	297
<b>Overseas</b>	<b>0.38</b>	0.35	<b>0.33</b>	0.30	<b>1,269</b>	1,161	<b>576</b>	516
Coal-fired power	<b>0.38</b>	0.35	<b>0.33</b>	0.30	<b>1,269</b>	1,161	<b>576</b>	516
<b>Total/Weighted average</b>	<b>27.46</b>	46.40	<b>25.71</b>	43.61	<b>888</b>	1,123	<b>344</b>	323

#### (2) Installed power generators

Unit: MW

Power type	Total installed capacity as at 31 December 2019	Installed capacity increased/ (decreased) for the reporting period	Total installed capacity as at 31 March 2020
Coal-fired power	29,954	(100)	<b>29,854</b>
Gas-fired power	950	0	<b>950</b>
Hydropower	125	0	<b>125</b>
<b>Total</b>	<b>31,029</b>	<b>(100)</b>	<b>30,929</b>

During the reporting period, Shenhua Shendong Power Chongqing Wanzhou Harbor Co., Ltd., a subsidiary of the Company, re-assessed the installed capacity of its power generators, which resulted in decrease of 100MW in installed capacity of two power generators in total.

**(3) Operating results (before elimination on consolidation)**

		January to March 2020	January to March 2019	Percentage change (%)	Major reasons for changes
Revenue	RMB million	<b>9,588</b>	15,053	(36.3)	Upon completion of the transaction relating to the establishment of the Beijing GD Power at the end of January 2019, revenue and costs relating to the assets contributed by the Company were no longer consolidated into the Group; the power output dispatch of Taishan, Cangdong and Jinjie power plants decreased due to lower demands
Cost of sales	RMB million	<b>7,635</b>	12,050	(36.6)	
Gross profit	RMB million	<b>1,953</b>	3,003	(35.0)	
Gross profit margin	%	<b>20.4</b>	19.9	Increased by 0.5 percentage point	

From January to March 2020, the Group's average cost of power output dispatch of the power business was RMB289.9/mWh (for the corresponding period in 2019: RMB269.7/mWh), representing a year-on-year increase of 7.5%, mainly due to the increase in fixed cost per unit arising from the decrease in power output dispatch.

### 3.5 Major operation of transportation and coal chemical segments

*Unit: RMB million*

	Railway			Port			Shipping			Coal chemical		
	January	January	Percentage	January	January	Percentage	January	January	Percentage	January	January	Percentage
	to March	to March		to March	to March		to March	to March		to March	to March	
	2020	2019	Change	2020	2019	Change	2020	2019	Change	2020	2019	Change
Revenue	8,921	9,650	(7.6)	1,404	1,369	2.6	623	752	(17.2)	1,152	1,640	(29.8)
Cost of sales	4,309	4,811	(10.4)	719	689	4.4	551	676	(18.5)	1,173	1,392	(15.7)
Gross profit	4,612	4,839	(4.7)	685	680	0.7	72	76	(5.3)	(21)	248	(108.5)
Gross profit margin (%)	51.7	50.1	Increased	48.8	49.7	Decreased	11.6	10.1	Increased	(1.8)	15.1	Decreased
			by 1.6			by 0.9			by 1.5			by 16.9
			percentage			percentage			percentage			percentage
			point			point			point			point

The decrease in revenue and costs of coal chemical segment was mainly due to the year-on-year decrease in sales price and sales volume of olefins products as impacted by the downstream demand and international oil price.

### 3.6 Analysis of industry environment

In the first quarter of 2020, the whole country holistically advanced various works concerning the prevention and control of COVID-19 as well as economic and social development. With the increasingly positive trend in the pandemic prevention and control, the resumption of work and production has been accelerated. Accordingly, people's basic living needs are well met while economic and social development remains generally stable. The gross domestic product (GDP) and the producer price index (PPI) for industrial sector decreased by 6.8% and 0.6% as compared with same period last year, respectively.

In the first quarter, total raw coal production in the PRC was 0.83 billion tonnes, representing a year-on-year decrease of 0.5%. The accumulative coal import amounted to 95.78 million tonnes, representing a year-on-year increase of 28.4%. Thermal power generation by power plants above a designated scale in the PRC decreased by 8.2% as compared with the the corresponding period of last year. The price index of Bohai Bay thermal coal (5,500 kcal) was RMB551/tonne at the end of March, keeping flat as compared with the beginning of the year; the average value of the price index for the first quarter was RMB555/tonne, representing a year-on-year decrease of RMB19/tonne.

In the face of unprecedented challenges in the economic development nowadays, we must give full consideration to the difficulties, risks and uncertainties. On condition that pandemic prevention and control has been brought to the daily routine, the Company will follow the overall work principle of making progress while ensuring stability, uphold the new development idea, focus on the main task of supply-side structural reform, and seek strength from reform and opening-up to drive high-quality development. It will make comprehensive arrangements in respect of production, transportation and sales to maintain stable operation, collaborate with the upstream and downstream sections to stabilise the industry chain and supply chain, and make effort to ensure energy safety, production safety and the promotion of key projects on schedule, thereby securing the fundamentals of the Company and in turn taking control of the development initiatives. Moreover, it will strive for the goals and tasks for the year by resolving the crisis with firm confidence, daring spirit and attitude of accountability.

*Note:* This section is for reference only and does not constitute any investment advice. The information in this section was derived from sources such as the National Bureau of Statistics, China Coal Market Network, China Coal Resource Network and China Electricity Council, etc. The Company has used its best endeavours to ensure the accuracy and reliability of information 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.

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

As considered and approved at the 25th meeting of the fourth session of the Board, on 27 March 2020, China Energy, the Company, Shenhua Finance Company and other shareholders of Shenhua Finance Company entered into the capital increase agreement, pursuant to which China Energy proposed to make capital contribution to Shenhua Finance Company, a subsidiary controlled by the Company. The capital increase is subject to the approval of the general meeting of the Company and the relevant regulatory authorities. Upon completion of the capital increase, China Energy will directly hold 60% equity interest in Shenhua Finance Company, and Shenhua Finance Company will become an associate of the Company and will no longer be consolidated in the consolidated financial statements of the Company. For details, please refer to the H share announcement of the Company dated 27 March 2020 and the A share announcement of the Company dated 28 March 2020.

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

Applicable       Not applicable

**3.9 Warnings and explanations with regard to forecast of a probable loss in respect of the accumulated net profits from the beginning of the year to the end of the next reporting period or any significant changes as compared to the corresponding period of last year**

Applicable      ✓ Not applicable

**3.10 Definitions**

China Shenhua/ the Company	China Shenhua Energy Company Limited
The Group	the Company and its subsidiaries
China Energy	China Energy Investment Corporation Limited
Beijing GD Power/Joint Venture Company	Beijing GD Power Co., Ltd
Shenhua Finance Company	Shenhua Finance Co., Ltd.
China Accounting Standards for Business Enterprises	the Accounting Standards for Business Enterprises, Application Guidance to Accounting Standards for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other related requirements issued by the Ministry of Finance of the People's Republic of China
International Financial Reporting Standards or IFRSs	International Financial Reporting Standards issued by the International Accounting Standards Committee
RMB	Renminbi

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

Beijing, 24 April 2020

*As at the date of this announcement, the Board comprises the following: Mr. Wang Xiangxi, Mr. Gao Song and Mr. Mi Shuhua as executive directors, Mr. Zhao Jibin as non-executive director, and Dr. Tam Wai Chu, Maria, Dr. Peng Suping, Dr. Jiang Bo and Ms. Zhong Yingjie, Christina as independent non-executive directors.*

**APPENDIX**  
**PREPARED UNDER IFRSs**

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

*For the three months ended 31 March*

	<b>2020</b>	2019
	<i><b>RMB million</b></i>	<i>RMB million</i>
	<b>(unaudited)</b>	(unaudited)
Revenue		
Goods and services	<b>51,077</b>	57,011
Cost of sales	<b>(34,511)</b>	(37,699)
	<hr/>	<hr/>
Gross profit	<b>16,566</b>	19,312
Selling expenses	<b>(135)</b>	(174)
General and administrative expenses	<b>(1,665)</b>	(1,872)
Research and development expenses	<b>(91)</b>	(50)
Other gains and losses	<b>470</b>	1,567
Other income	<b>112</b>	163
Loss allowances, net of reversal	<b>98</b>	0
Other expenses	<b>(8)</b>	(82)
Interest income	<b>388</b>	372
Finance costs	<b>(957)</b>	(822)
Share of results of associates	<b>304</b>	178
	<hr/>	<hr/>
<b>Profit before income tax</b>	<b>15,082</b>	18,592
Income tax expense	<b>(2,989)</b>	(3,365)
	<hr/>	<hr/>
<b>Profit for the period</b>	<b>12,093</b>	15,227
	<hr/> <hr/>	<hr/> <hr/>

	2020 <i>RMB million</i> (unaudited)	2019 <i>RMB million</i> (unaudited)
<b>Other comprehensive income for the period</b>		
<i>Item that will not be reclassified to profit or loss, net of income tax:</i>		
Remeasurement of defined benefit obligations	<u>0</u>	<u>34</u>
<i>Item that may be reclassified subsequently to profit or loss, net of income tax:</i>		
Exchange differences	12	(91)
Share of other comprehensive income of associates	<u>(31)</u>	<u>(16)</u>
<b>Other comprehensive income for the period, net of income tax</b>	<u>(19)</u>	<u>(73)</u>
<b>Total comprehensive income for the period</b>	<u><b>12,074</b></u>	<u><b>15,154</b></u>
<b>Profit for the period attributable to:</b>		
Equity holders of the Company	9,980	12,865
Non-controlling interests	<u>2,113</u>	<u>2,362</u>
	<u><b>12,093</b></u>	<u><b>15,227</b></u>
<b>Total comprehensive income for the period attributable to:</b>		
Equity holders of the Company	9,946	12,813
Non-controlling interests	<u>2,128</u>	<u>2,341</u>
	<u><b>12,074</b></u>	<u><b>15,154</b></u>
<b>Earnings per share</b>		
– Basic ( <i>RMB</i> )	<u><b>0.502</b></u>	<u><b>0.647</b></u>

**PREPARED UNDER IFRSs****CONSOLIDATED STATEMENT OF FINANCIAL POSITION***As at 31 March 2020*

	As at 31 March 2020 <i>RMB million</i> (unaudited)	As at 31 December 2019 <i>RMB million</i> (audited)
<b>Non-current assets</b>		
Property, plant and equipment	241,796	245,993
Construction in progress	35,060	34,495
Exploration and evaluation assets	430	484
Intangible assets	3,624	3,648
Right-of-use assets	18,562	18,690
Interests in associates	40,860	40,539
Equity instruments at fair value through other comprehensive income	1,789	1,789
Other non-current assets	54,348	54,006
Deferred tax assets	3,192	2,945
	<hr/>	<hr/>
<b>Total non-current assets</b>	<b>399,661</b>	<b>402,589</b>
	<hr/>	<hr/>
<b>Current assets</b>		
Inventories	14,218	12,053
Accounts and bills receivables	12,348	10,436
Prepaid expenses and other current assets	67,353	86,524
Restricted bank deposits	8,169	7,664
Time deposits with original maturity over three months	1,900	1,990
Cash and cash equivalents	80,894	41,827
	<hr/>	<hr/>
<b>Total current assets</b>	<b>184,882</b>	<b>160,494</b>
	<hr/>	<hr/>



	As at 31 March 2020 <i>RMB million</i> (unaudited)	As at 31 December 2019 <i>RMB million</i> (audited)
<b>Current liabilities</b>		
Borrowings	4,476	4,172
Accounts and bills payable	22,881	25,043
Accrued expenses and other payables	67,910	53,578
Current portion of bonds	0	3,488
Current portion of lease liabilities	93	198
Current portion of long-term liabilities	1,085	1,493
Income tax payable	3,176	2,727
Contract liabilities	6,206	4,784
	<hr/>	<hr/>
<b>Total current liabilities</b>	<b>105,827</b>	95,483
	<hr/>	<hr/>
<b>Net current assets</b>	<b>79,055</b>	65,011
	<hr/>	<hr/>
<b>Total assets less current liabilities</b>	<b>478,716</b>	467,600
	<hr/>	<hr/>
<b>Non-current liabilities</b>		
Borrowings	36,307	36,943
Bonds	3,515	3,460
Long-term liabilities	2,202	2,201
Accrued reclamation obligations	3,412	3,372
Deferred tax liabilities	854	783
Lease liabilities	684	623
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b>46,974</b>	47,382
	<hr/>	<hr/>
<b>Net assets</b>	<b>431,742</b>	420,218
	<hr/> <hr/>	<hr/> <hr/>

	As at 31 March 2020 <i>RMB million</i> (unaudited)	As at 31 December 2019 <i>RMB million</i> (audited)
<b>Equity</b>		
Share capital	19,890	19,890
Reserves	346,043	336,187
	<hr/>	<hr/>
Equity attributable to equity holders of the Company	365,933	356,077
Non-controlling interests	65,809	64,141
	<hr/>	<hr/>
<b>Total equity</b>	<b>431,742</b>	<b>420,218</b>
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2020</b>	2019
	<i><b>RMB million</b></i>	<i>RMB million</i>
	<b>(unaudited)</b>	(unaudited)
<b>Operating activities</b>		
Cash generated from operations	<b>32,700</b>	35,644
Income taxes paid	<b>(2,716)</b>	(4,680)
<b>Net cash generated from operating activities</b>	<b>29,984</b>	30,964
<b>Investing activities</b>		
Acquisition of property, plant and equipment, intangible assets, exploration and evaluation assets, additions to the construction in progress and other non-current assets	<b>(2,843)</b>	(2,850)
Increase in right-of-use assets	<b>(20)</b>	0
Proceeds from disposal of property, plant and equipment, intangible assets, right-of-use assets and other non-current assets	<b>62</b>	133
Proceeds from disposal of wealth management products included in prepaid expenses and other current assets	<b>13,562</b>	0
Proceeds on disposal of derivative financial instruments included in prepaid expenses and other current assets	<b>71</b>	0
Investments in associates	<b>(63)</b>	(1,394)
Dividend received from associates	<b>15</b>	0
Interest received	<b>375</b>	382
Purchase of derivative financial instruments included in prepaid expenses and other current assets	<b>(1)</b>	0
(Increase)/decrease in restricted bank deposits	<b>(506)</b>	1,451

	<b>2020</b>	2019
	<b><i>RMB million</i></b>	<i>RMB million</i>
	<b>(unaudited)</b>	(unaudited)
Placing of time deposits with original maturity over three months	<b>(20)</b>	0
Maturity of time deposits with original maturity over three months	<b>109</b>	0
Disposal of interbank certificate of deposits included in prepaid expenses and other current assets	<b>4,038</b>	0
Decrease in other current assets	<b>0</b>	(3,096)
<b>Net cash generated from/(used in) investing activities</b>	<b>14,779</b>	(5,374)
<b>Financing activities</b>		
Capital element of lease rentals paid	<b>(34)</b>	0
Interest element of lease rentals paid	<b>(26)</b>	0
Interest paid	<b>(863)</b>	(1,292)
Proceeds from borrowings	<b>1,886</b>	2,452
Repayments of borrowings	<b>(2,365)</b>	(8,125)
Repayments of bonds	<b>(3,488)</b>	0
Contributions from non-controlling shareholders	<b>41</b>	0
Distributions to non-controlling shareholders	<b>(776)</b>	(336)
<b>Net cash used in financing activities</b>	<b>(5,625)</b>	(7,301)
<b>Net increase in cash and cash equivalents</b>	<b>39,138</b>	18,289
<b>Cash and cash equivalents, at the beginning of the period</b>	<b>41,827</b>	61,863
<b>Effect of foreign exchange rate changes</b>	<b>(71)</b>	(28)
<b>Cash and cash equivalents, at the end of the period</b>	<b>80,894</b>	80,124