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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)

THIRD QUARTERLY REPORT FOR THE YEAR 2022

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 this 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 of the Company (the “**Board**”) hereby presents the results of the Group for the nine months ended 30 September 2022 prepared in accordance with the International Financial Reporting Standards. Such results have not been audited or reviewed by the independent auditors.

IMPORTANT NOTICE:

- 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.
- This report was approved at the 16th meeting of the fifth session of the Board of the Company.
- Lv Zhiren, person-in-charge of the Company, Song Jinggang, person-in-charge of the accounting function and Yu Yanling, person-in-charge of the accounting department of the Company, warrant the authenticity, accuracy and completeness of the financial information contained in the quarterly report.
- Whether the third quarterly financial statements have been audited: No

China Shenhua is comprehensively and thoroughly studying and implementing the spirit of the 20th CPC National Congress, deeply grasping and adhering to the overall leadership of the Party, deeply promoting the new great project of Party building in the new era, keeping in mind the mission of the Communist Party of China in the new era and new journey, giving top priority to political construction, and unifying thoughts and actions into the decisions and deployments of the Central Committee of the Party; deeply comprehending the decisive significance of the “two establishments”, constantly enhancing the ideological consciousness, political consciousness and action consciousness, resolutely achieving the “two safeguards”, keeping the “National Priorities” in mind, strengthening learning, reforming work styles, ensuring security, stabilizing growth, fixing shortcomings, preventing risks, and focusing on the “dual-carbon goal”; increasing its efforts in acquiring high-quality resources, optimizing the layout of the coal industry, innovating and developing large logistics businesses, improving the scientific and technological innovation mechanism, and accelerating the green transformation, courageously undertaking the “mission of ensuring supply” of energy; strengthening confidence, working hard, forging ahead with courage, striving to promote the construction of a world-class comprehensive energy listed company with “excellent products, outstanding brands, leading innovation and modern governance”, and contributing strength to the comprehensive construction of a modern socialist country and promotion of the great rejuvenation of the Chinese nation.

I. MAJOR FINANCIAL INDICATORS

(I) Major accounting data and financial indicators

Unit: RMB million

| Item | The Reporting Period | The same period last year | | Increase/decrease for the Reporting Period as compared to the same period last year After restatement % | From the beginning of the year to the end of the Reporting Period | The same period last year | | Increase/decrease for the period from the beginning of the year to the end of the Reporting Period as compared to the same period last year After restatement % |
|---------------------------------------------------------------------|----------------------|---------------------------|-------------------|---------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|---------------------------|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | Before restatement | After restatement | | | Before restatement | After restatement | |
| | | | | | | | | |
| Revenue | 84,910 | 88,970 | 89,065 | (4.7) | 250,489 | 232,949 | 233,044 | 7.5 |
| Profit for the period attributable to equity holders of the Company | 20,298 | 14,777 | 14,796 | 37.2 | 62,773 | 41,277 | 41,296 | 52.0 |
| Net cash generated from operating activities | / | / | / | / | 91,090 | 67,506 | 67,528 | 34.9 |
| Basic earnings per share (RMB/share) | 1.022 | 0.744 | 0.745 | 37.2 | 3.159 | 2.078 | 2.078 | 52.0 |

Unit: RMB million

| | As at the end of the Reporting Period | As at the end of last year | | Increase/decrease as at the end of the Reporting Period as compared to the end of last year % |
|---------------------------------------------------------|------------------------------------------|----------------------------|-------------------|--------------------------------------------------------------------------------------------------------------|
| | | Before restatement | After restatement | After restatement |
| | | Total assets | 632,284 | 610,597 |
| Equity attributable to equity holders of the Company | 393,006 | 380,038 | 379,853 | 3.5 |

Reasons for retrospective adjustment or restatement:

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

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

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

The Group had sales on trial operation during the third quarter of 2021, mainly the business related to the sale of electricity of the newly operated power generators during the trial operation. The impact of the retrospective adjustments of the above accounting policy changes on the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows during the nine months ended 30 September 2021, is as follows: Revenue increased by RMB95 million, cost of sales increased by RMB73 million, profit for the period increased by RMB22 million, net cash generated from operating activities increased by RMB22 million, and net cash used in investing activities increased by RMB22 million.

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

(II) Difference in domestic and overseas accounting standards

Unit: RMB million

| | Net profit attributable to equity holders of the Company | | | Net assets attributable to equity holders of the Company | | |
|---------------------------------------------------------------------------------|----------------------------------------------------------|----------------------|--------------------|----------------------------------------------------------|-------------------|--------------------|
| | January to September | January to September | | As at 30 September | As at 31 December | |
| | 2022 | 2021 | | 2022 | 2021 | |
| | | After restatement | Before restatement | | After restatement | Before restatement |
| Under China Accounting Standards for Business Enterprises | 59,131 | 40,770 | 40,751 | 389,940 | 376,690 | 376,875 |
| Adjustments for: | | | | | | |
| Simple production maintenance, safety production and other related expenditures | 3,642 | 526 | 526 | 3,066 | 3,163 | 3,163 |
| Under International Financial Reporting Standards | 62,773 | 41,296 | 41,277 | 393,006 | 379,853 | 380,038 |

Explanation on differences in domestic and overseas accounting standards:

Pursuant to the relevant regulations of the related government authorities in the PRC, the Group accrued provisions for simple production maintenance, safety production and other related expenditures, recognised as expenses in profit or loss for the current period 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 when incurred and depreciated according to the relevant depreciation method. The effect on deferred tax arising from such difference is also reflected.

(III) Changes in major items of the consolidated financial statements and explanations

Unit: RMB million

| No. | Items of consolidated statement of profit or loss and other comprehensive income | January to September 2022 | January to September 2021 (restated) | Change % | Main reasons for changes |
|-----|----------------------------------------------------------------------------------|---------------------------|--------------------------------------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Revenue | 250,489 | 233,044 | 7.5 | Increase in power output dispatch and average power tariff, resulting in increase in income of power output dispatch |
| 2 | Cost of sales | (160,895) | (167,143) | (3.7) | Decrease in purchased cost of purchased coal resulting from the decrease in sales volume of purchased coal |
| 3 | Research and development costs | (1,617) | (804) | 101.1 | Increase in R&D costs of the projects such as smart mines and smart railways |
| 4 | Other income | 753 | 502 | 50.0 | Increase in government subsidies related to daily activities obtained by certain coal-fired power plants of the Group |
| 5 | Other expenses | (189) | (514) | (63.2) | Decrease in donation expenses; the accrual of estimated losses due to the withdrawal of development interest of the Watermark project during the same period last year and no such matters incurred in this year |
| 6 | Share of results of associates | 1,990 | 169 | 1,077.5 | Increase in the investment gains recognized by the Group for associates |
| 7 | Income tax expense | (10,517) | (10,720) | (1.9) | The main reason for the year-on-year decrease in the average income tax rate of this year is certain coal subsidiaries of the Group settled and paid the income tax at a preferential tax rate of 15% in accordance with the corporate income tax policy of the Western Development, and the overpaid tax in previous years was offset against the current income tax. |

Unit: RMB million

| No. | Items of consolidated statement of financial position | As at 30 September 2022 | As at 31 December 2021 | Change % | Main reasons for changes |
|-----|-------------------------------------------------------------------|-------------------------------|------------------------------|-------------|-------------------------------------------------------------------------------------------------------------------------------|
| 1 | Financial assets at fair value through other comprehensive income | 19 | 376 | (94.9) | Decrease in bank acceptances proposed to be used for discounting or endorsement |
| 2 | Restricted bank deposits | 6,153 | 4,479 | 37.4 | Contribution to the fund of the mine environment treatment and rehabilitation under regulations |
| 3 | Time deposits with original maturity over three months | 7,819 | 1,701 | 359.7 | Increase in time deposits in banks |
| 4 | Cash and cash equivalents | 169,108 | 156,706 | 7.9 | Increase of net cash generated from operating activities |
| 5 | Assets classified as held for sale | 38 | 294 | (87.1) | Disposal of assets of Watermark Project in this year |
| 6 | Income tax payable | 5,474 | 9,028 | (39.4) | Decrease in average corporate income tax rate, resulting in decrease in income tax payable at the end of the Reporting Period |

Unit: RMB million

| No. | Items of consolidated statement of cash flow | January to September 2022 | January to September 2021 (restated) | Change % | Main reasons for changes |
|-----|---------------------------------------------------------|---------------------------------|-----------------------------------------------|-------------|------------------------------------------------------------------------|
| 1 | Net cash generated from operating activities | 91,090 | 67,528 | 34.9 | Increase in revenue |
| 2 | Net cash (used in)/ generated from investing activities | (21,998) | 187 | (11,863.6) | Increase in time deposits in banks |
| 3 | Net cash used in financing activities | (57,245) | (39,082) | 46.5 | Higher dividend payments and repayments of borrowings during this year |

II. SHAREHOLDER INFORMATION

Total number of ordinary shareholders and number of preference shareholders with restored voting rights and shareholdings of top ten shareholders:

| | |
|----------------------------------------------------------------------------------------------|---------|
| Total number of ordinary shareholders at the end of the Reporting Period (<i>accounts</i>) | 140,875 |
| Including: Holders of A shares (including China Energy) (<i>accounts</i>) | 138,960 |
| Registered holders of H shares (<i>accounts</i>) | 1,915 |

Unit: shares

| Name of shareholders | Nature of shareholder | Shareholdings of top ten shareholders | | Number of shares held subject to selling restrictions | Status of shares | Shares pledged, marked or frozen Number |
|----------------------------------------------------------------------------------------------------------|-------------------------|---------------------------------------------------|--------------|-------------------------------------------------------|------------------|--------------------------------------------|
| | | Number of shares held as at the end of the period | Percentage % | | | |
| China Energy Investment Corporation Limited | State-owned corporation | 13,812,709,196 | 69.52 | 0 | Nil | N/A |
| HKSCC NOMINEES LIMITED | Overseas corporation | 3,369,410,407 | 16.96 | 0 | Unknown | N/A |
| China Securities Finance Corporation Limited | Others | 594,718,004 | 2.99 | 0 | Nil | N/A |
| Hong Kong Securities Clearing Company Limited | Overseas corporation | 384,184,678 | 1.93 | 0 | Nil | N/A |
| Central Huijin Asset Management Ltd. | State-owned corporation | 106,077,400 | 0.53 | 0 | Nil | N/A |
| China Life Insurance Company Limited – Dividends – Individual Dividends – 005L – FH002 Hu | Others | 64,311,867 | 0.32 | 0 | Nil | N/A |
| Du Qiao (杜橋) | Others | 57,393,307 | 0.29 | 0 | Nil | N/A |
| Industrial and Commercial Bank of China – SSE 50 Trading Index Securities Investment Open-ended Fund | Others | 30,591,464 | 0.15 | 0 | Nil | N/A |
| Zhuhai Ruifeng Huibang Asset Management Co., Ltd. – Ruifeng Huibang No. 3 Private Equity Investment Fund | Others | 22,233,848 | 0.11 | 0 | Nil | N/A |
| Portfolio 106 of the National Social Security Fund | Others | 21,011,097 | 0.11 | 0 | Nil | N/A |

Unit: shares

Shareholdings of top 10 shareholders without selling restrictions

| Name of shareholders | Number of shares | | Type and number of shares |
|----------------------------------------------------------------------------------------------------------|------------------------------|--------------------------------|---------------------------|
| | without selling restrictions | Type of shares | |
| China Energy Investment Corporation Limited | 13,812,709,196 | RMB ordinary shares | 13,812,709,196 |
| HKSCC NOMINEES LIMITED | 3,369,410,407 | Overseas-listed foreign shares | 3,369,410,407 |
| China Securities Finance Corporation Limited | 594,718,004 | RMB ordinary shares | 594,718,004 |
| Hong Kong Securities Clearing Company Limited | 384,184,678 | RMB ordinary shares | 384,184,678 |
| Central Huijin Asset Management Ltd. | 106,077,400 | RMB ordinary shares | 106,077,400 |
| China Life Insurance Company Limited – Dividends – Individual Dividends – 005L – FH002 Hu | 64,311,867 | RMB ordinary shares | 64,311,867 |
| Du Qiao (杜橋) | 57,393,307 | RMB ordinary shares | 57,393,307 |
| Industrial and Commercial Bank of China – SSE 50 Trading Index Securities Investment Open-ended Fund | 30,591,464 | RMB ordinary shares | 30,591,464 |
| Zhuhai Ruifeng Huibang Asset Management Co., Ltd. – Ruifeng Huibang No. 3 Private Equity Investment Fund | 22,233,848 | RMB ordinary shares | 22,233,848 |
| Portfolio 106 of the National Social Security Fund | 21,011,097 | RMB ordinary shares | 21,011,097 |

Statements on the connected relationships among the above shareholders and whether they are parties acting in concert

HKSCC NOMINEES LIMITED and Hong Kong Securities Clearing Company Limited are wholly-owned subsidiaries of Hong Kong Exchanges and Clearing Limited. Save for the information disclosed above, the Company is not aware of whether any connected relationship existing among the top 10 shareholders without selling restrictions and the top 10 shareholders, and whether they are parties acting in concert as defined in the “Measures for the Administration of Acquisition of Listed Companies”.

Details of top 10 shareholders and top 10 shareholders without selling restrictions participating in margin trading and securities lending and refinancing business

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.

III. OTHER REMINDERS

Other important information concerning the operating conditions of the Company for the Reporting Period that need to remind investors:

(I) Major operational data

| Operational indicators | Unit | 2022 | | 2021 | | Change | |
|---------------------------------------------------|------------------------------|-------------------|----------------------|-------------------|----------------------|-------------------|----------------------|
| | | July to September | January to September | July to September | January to September | July to September | January to September |
| (I) Coal | | | | | | | |
| 1. Commercial coal production | Million tonnes | 77.8 | 235.4 | 71.8 | 224.2 | 8.4 | 5.0 |
| 2. Coal sales | Million tonnes | 99.1 | 309.2 | 120.8 | 361.6 | (18.0) | (14.5) |
| Of which: Sales of self-produced coal | Million tonnes | 77.2 | 237.2 | 76.1 | 228.3 | 1.4 | 3.9 |
| Sales of purchased coal | Million tonnes | 21.9 | 72.0 | 44.7 | 133.3 | (51.0) | (46.0) |
| (II) Transportation | | | | | | | |
| 1. Transportation turnover of self-owned railways | Billion tonne km | 72.5 | 217.7 | 71.6 | 221.6 | 1.3 | (1.8) |
| 2. Loading volume at Huanghua Port | Million tonnes | 48.3 | 151.5 | 49.1 | 158.5 | (1.6) | (4.4) |
| 3. Loading volume at Shenhua Tianjin Coal Dock | Million tonnes | 12.0 | 32.3 | 11.6 | 34.4 | 3.4 | (6.1) |
| 4. Shipment volume | Million tonnes | 37.3 | 103.1 | 31.8 | 91.1 | 17.3 | 13.2 |
| 5. Shipment turnover | Billion tonne nautical miles | 37.3 | 101.7 | 29.9 | 82.9 | 24.7 | 22.7 |
| (III) Power | | | | | | | |
| 1. Gross power generation | Billion kWh | 57.58 | 142.37 | 45.99 | 123.03 | 25.2 | 15.7 |
| 2. Total power output dispatch | Billion kWh | 54.17 | 133.77 | 43.25 | 115.29 | 25.2 | 16.0 |
| (IV) Coal chemical | | | | | | | |
| 1. Polyethylene sales | Thousand tonnes | 84.8 | 268.5 | 80.5 | 270.7 | 5.3 | (0.8) |
| 2. Polypropylene sales | Thousand tonnes | 82.8 | 257.4 | 78.6 | 259.5 | 5.3 | (0.8) |

(II) Operation of the coal segment

1. Coal sales

(1) By contract pricing mechanisms

Currency: RMB

| | January to September 2022 | | | January to September 2021 | | | Change | |
|------------------------------------------------------------|---------------------------------------|---------------------------------------|----------------------------------------------|---------------------------------------|---------------------------------------|----------------------------------------------|--------------------------|--------------------------------------|
| | Sales volume <i>Million tonnes</i> | Proportion of total sales <i>%</i> | Price (exclusive of tax) <i>RMB/tonne</i> | Sales volume <i>Million tonnes</i> | Proportion of total sales <i>%</i> | Price (exclusive of tax) <i>RMB/tonne</i> | Sales volume <i>%</i> | Price (exclusive of tax) <i>%</i> |
| I. Sales through Trading Group | 293.0 | 94.8 | 647 | 344.7 | 95.3 | 552 | (15.0) | 17.2 |
| 1. Annual long-term contracts | 165.3 | 53.5 | 516 | 153.8 | 42.5 | 433 | 7.5 | 19.2 |
| 2. Monthly long-term contracts | 99.5 | 32.2 | 820 | 148.3 | 41.0 | 679 | (32.9) | 20.8 |
| 3. Spot commodity | 28.2 | 9.1 | 801 | 42.6 | 11.8 | 536 | (33.8) | 49.4 |
| II. Direct sales by coal mines | 16.2 | 5.2 | 318 | 16.9 | 4.7 | 235 | (4.1) | 35.3 |
| Total sales volume/average price (exclusive of tax) | 309.2 | 100.0 | 629 | 361.6 | 100.0 | 537 | (14.5) | 17.1 |

Notes:

- (i) Sales prices of coal of the Group in this report are all exclusive of tax, similarly hereinafter.
- (ii) Customers of coal products of the Group are involved in various industries, such as power, metallurgy and chemical industry.

(2) *By sales regions*

Currency: RMB

| | January to September 2022 | | | January to September 2021 | | | 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> | Sales volume % | Price (exclusive of tax) % |
| I. Domestic sales | 305.5 | 98.8 | 624 | 356.3 | 98.6 | 537 | (14.3) | 16.2 |
| (I) Self-produced coal and purchased coal | 291.6 | 94.3 | 615 | 338.2 | 93.6 | 536 | (13.8) | 14.7 |
| 1. Direct arrival | 137.1 | 44.3 | 470 | 138.8 | 38.4 | 405 | (1.2) | 16.0 |
| 2. Seaborne | 154.5 | 50.0 | 744 | 199.4 | 55.2 | 627 | (22.5) | 18.7 |
| (II) Sales of domestic trading coal | 9.9 | 3.2 | 773 | 8.6 | 2.4 | 649 | 15.1 | 19.1 |
| (III) Sales of imported coal | 4.0 | 1.3 | 902 | 9.5 | 2.6 | 465 | (57.9) | 94.0 |
| II. Export sales | 0.4 | 0.1 | 1,160 | 0.5 | 0.1 | 768 | (20.0) | 51.0 |
| III. Overseas sales | 3.3 | 1.1 | 1,071 | 4.8 | 1.3 | 525 | (31.3) | 104.0 |
| Total sales volume/average price (exclusive of tax) | 309.2 | 100.0 | 629 | 361.6 | 100.0 | 537 | (14.5) | 17.1 |

2. Operating results (before elimination on consolidation)

Currency: RMB

| | | January to September 2022 | January to September 2021 | Change % | Main reasons for changes |
|--------------------------|-------------|---------------------------------|---------------------------------|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| Revenue | RMB million | 199,801 | 199,771 | 0.0 | |
| Cost of sales | RMB million | (136,681) | (158,521) | (13.8) | Shortage of purchased coal resources and decrease in sales volume of purchased coal |
| Gross profit | RMB million | 63,120 | 41,250 | 53.0 | |
| Gross profit margin | % | 31.6 | 20.6 | Increased by 11.0 percentage points | Decrease in sales volume of purchased coal with relatively low gross profit margin and decrease in its proportion of total coal sales accordingly |
| Profit before income tax | RMB million | 59,320 | 37,155 | 59.7 | |

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

Currency: RMB

| Types of source of coal | January to September 2022 | | | Gross profit margin % |
|----------------------------|----------------------------------------|----------------------------------------|---------------------------------------|--------------------------------|
| | Sales revenue <i>RMB million</i> | Cost of Sales <i>RMB million</i> | Gross profit <i>RMB million</i> | |
| Self-produced coal | 139,545 | 65,432 | 74,113 | 53.1 |
| Purchased coal | <u>55,078</u> | <u>53,116</u> | <u>1,962</u> | <u>3.6</u> |
| Total | <u><u>194,623</u></u> | <u><u>118,548</u></u> | <u><u>76,075</u></u> | <u><u>39.1</u></u> |

The coal purchased from third parties by the Group includes coal purchased from the surrounding areas of the self-owned mines and railways, domestic trading coal, imported and re-exported coal. The cost of sales of purchased coal includes the purchase cost of purchased coal, as well as the transportation and port charges incurred to realise the sales.

4. Unit production cost of self-produced coal

Unit: RMB/tonne

| | January to September 2022 | January to September 2021 | Change % | Main reasons for changes |
|-----------------------------------------------------|---------------------------------|---------------------------------|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Unit production cost of self-produced coal | 155.4 | 136.5 | 13.8 | |
| Raw materials, fuel and power | 29.8 | 27.4 | 8.8 | |
| Personnel expenses | 40.4 | 27.9 | 44.8 | Increase in provision of employee unpaid wages and bonuses; increase in the number of employees resulting in an increase in wages and social security contributions |
| Repairs and maintenance | 11.4 | 10.7 | 6.5 | |
| Depreciation and amortization | 21.2 | 19.7 | 7.6 | |
| Other costs | 52.6 | 50.8 | 3.5 | |

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 59%; (2) auxiliary production expenses, accounting for approximately 21%; (3) land requisition and surface subsidence compensation, environmental protection expenses, tax, etc., accounting for approximately 20%.

5. Progress of key coal projects

During the Reporting Period, the Overall Plan for Inner Mongolia Xinjie Taigemiao Mine (as amended) obtained approval from the National Development and Reform Commission. The overall plan for mining area serves as the guidance document on the reasonable development of coal resources in the mining area and the basis for approval, construction and production of coal mine projects in the mining area. According to the approval, Xinjie Taigemiao Mine covers an area of approximately 681 square kilometers, with coal resources of approximately 12.3 billion tonnes (under PRC standard). The mining area is divided into eight well fields and one exploration area, with a total designed production capability of 56 million tonnes per year for the planned wells of the eight well fields (including each 8 million tonnes per year of Xinjie Mine 1 and Xinjie Mine 2), and further exploration is needed in determining the mode of developing the exploration area. In September 2022, the production capacity replacement plans of Xinjie Mine 1 and Xinjie Mine 2 were approved by the National Energy Administration. The Company will continue to push forward the project approval of Xinjie Mine 1 and Xinjie Mine 2.

(III) Operation of the power segment

1. Power generation and power output dispatch

| Location/ Type of power | Gross power generation <i>billion kWh</i> | | | Power output dispatch <i>billion kWh</i> | | | Average utilization hours <i>hours</i> | | | Power tariff <i>RMB/MWh</i> | | |
|----------------------------|----------------------------------------------|----------------------|-------------|---------------------------------------------|----------------------|-------------|-------------------------------------------|----------------------|------------|--------------------------------|----------------------|-------------|
| | July to September | July to September | Change | July to September | July to September | Change | July to September | July to September | Change | July to September | July to September | Change |
| | 2022 | 2021 | % | 2022 | 2021 | % | 2022 | 2021 | % | 2022 | 2021 | % |
| Domestic | 57.18 | 45.50 | 25.7 | 53.82 | 42.82 | 25.7 | 1,496 | 1,450 | 3.2 | 422 | 339 | 24.5 |
| Coal-fired power | 56.08 | 43.87 | 27.8 | 52.75 | 41.24 | 27.9 | 1,512 | 1,447 | 4.5 | 421 | 333 | 26.4 |
| Gas-fired power | 0.86 | 1.39 | (38.1) | 0.84 | 1.35 | (37.8) | 899 | 1,458 | (38.3) | 554 | 554 | 0.0 |
| Hydropower | 0.22 | 0.24 | (8.3) | 0.21 | 0.23 | (8.7) | 1,715 | 1,921 | (10.7) | 181 | 179 | 1.1 |
| Photovoltaic power | 0.02 | / | / | 0.02 | / | / | 485 | / | / | 462 | / | / |
| Overseas | 0.40 | 0.49 | (18.4) | 0.35 | 0.43 | (18.6) | 1,355 | 1,636 | (17.2) | 573 | 460 | 24.6 |
| Coal-fired power | 0.40 | 0.49 | (18.4) | 0.35 | 0.43 | (18.6) | 1,355 | 1,636 | (17.2) | 573 | 460 | 24.6 |
| Total/Weighted average | <u>57.58</u> | <u>45.99</u> | <u>25.2</u> | <u>54.17</u> | <u>43.25</u> | <u>25.2</u> | <u>1,495</u> | <u>1,451</u> | <u>3.0</u> | <u>423</u> | <u>340</u> | <u>24.4</u> |

| Location/ Type of power | Gross power generation <i>billion kWh</i> | | | Power output dispatch <i>billion kWh</i> | | | Average utilization hours <i>hours</i> | | | Power tariff <i>RMB/MWh</i> | | |
|-------------------------------|----------------------------------------------|---------------------------------|-------------|---------------------------------------------|---------------------------------|-------------|-------------------------------------------|---------------------------------|-------------|---------------------------------|---------------------------------|-------------|
| | January to September 2022 | January to September 2021 | Change % | January to September 2022 | January to September 2021 | Change % | January to September 2022 | January to September 2021 | Change % | January to September 2022 | January to September 2021 | Change % |
| | Domestic | 141.20 | 121.69 | 16.0 | 132.75 | 114.11 | 16.3 | 3,695 | 3,877 | (4.7) | 416 | 334 |
| Coal-fired power | 137.90 | 118.20 | 16.7 | 129.53 | 110.70 | 17.0 | 3,717 | 3,899 | (4.7) | 414 | 329 | 25.8 |
| Gas-fired power | 2.77 | 2.94 | (5.8) | 2.70 | 2.87 | (5.9) | 2,911 | 3,091 | (5.8) | 563 | 563 | 0.0 |
| Hydropower | 0.50 | 0.55 | (9.1) | 0.49 | 0.54 | (9.3) | 3,982 | 4,422 | (10.0) | 224 | 219 | 2.3 |
| Photovoltaic power | 0.03 | / | / | 0.03 | / | / | 701 | / | / | 451 | / | / |
| Overseas | 1.17 | 1.34 | (12.7) | 1.02 | 1.18 | (13.6) | 3,912 | 4,463 | (12.3) | 541 | 456 | 18.6 |
| Coal-fired power | 1.17 | 1.34 | (12.7) | 1.02 | 1.18 | (13.6) | 3,912 | 4,463 | (12.3) | 541 | 456 | 18.6 |
| Total/Weighted average | 142.37 | 123.03 | 15.7 | 133.77 | 115.29 | 16.0 | 3,697 | 3,882 | (4.8) | 417 | 336 | 24.1 |

2. Installed power generators

Unit: MW

| Power Type | Total installed capacity as at 31 December 2021 | Installed capacity increased/ (decreased) during January to September 2022 | Total Installed capacity as at 30 September 2022 |
|--------------------|-------------------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------|
| Coal-fired power | 36,824 | 1,000 | 37,824 |
| Gas-fired power | 950 | 0 | 950 |
| Hydropower | 125 | 0 | 125 |
| Photovoltaic power | / | 38 | 38 |
| Total | 37,899 | 1,038 | 38,937 |

From January to September 2022, the Group's installed capacity increased by 1,038 MW. Among them, the No. 2 unit of Fujian Luoyuanwan Port Power Storage Integration Project Power Plant Construction was put into operation, and the installed capacity of coal-fired generators increased by 1,000 MW; the photovoltaic power projects of the Group based in Fujian and Shandong were successively put into operation, with the grid-connected photovoltaic power generation capacity increasing by 38 MW.

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

Currency: RMB

| | | January to September 2022 | January to September 2021 (Restated) | Change % | Main reasons for changes |
|--------------------------|-------------|---------------------------------|-----------------------------------------------|------------------------------------|--------------------------------------------------------------------|
| Revenue | RMB million | 62,343 | 45,414 | 37.3 | Increase in power output dispatch and average power tariff |
| Cost of sales | RMB million | (53,436) | (40,185) | 33.0 | Increase in power output dispatch; increase in coal purchase price |
| Gross profit | RMB million | 8,907 | 5,229 | 70.3 | |
| Gross profit margin | % | 14.3 | 11.5 | Increased by 2.8 percentage points | |
| Profit before income tax | RMB million | 7,499 | 3,926 | 91.0 | |

From January to September 2022, the Group's average cost of power output dispatch of the power business was RMB373.1/MWh (for the same period in 2021: RMB313.6/MWh, restated), representing a year-on-year increase of 19.0%, mainly due to the increase in the coal purchase price.

4. Progress of key power generation projects

In October 2022, Generator Unit No. 1 of China Energy Guangtou Beihai Power Generation Co., Ltd. (“**Beihai Power Generation**”), a subsidiary of the Company, has successfully passed the 168-hour trial operation test and been officially delivered for commercial operation. Beihai Power Generation, located in Tieshan’gang Industrial Park, Beihai City, Guangxi Zhuang Autonomous Region, is a key coal-fired power project set out in the 14th Five-Year Plan for energy development of Guangxi Zhuang Autonomous Region. Beihai Power Generation plans to construct two 1,000MW double-reheat ultra-supercritical coal-fired generator units, two 100,000-tonne berths, coal blending yards with an annual storage and transportation capacity of 10 million tonnes and a dedicated railway extension, among which the 650,000-tonne coal storage yard behind Berth No. 2 was listed among the central government-supported coal reserve base construction projects in 2021. The construction of Generator Unit No.2 of Beihai Power Generation and the berth and yard is progressing steadily.

In October 2022, the Phase II $2 \times 1,000$ MW Expansion Project (the “**Project**”) of China Energy Qingyuan Power Generation Co. Ltd., a subsidiary of the Company, obtained the approval from the Guangdong Provincial Development and Reform Commission. The Project is located in Shakou Town Development Zone, Yingde City, Qingyuan City, Guangdong Province, and plans to construct two 1,000MW double-reheat ultra-supercritical coal-fired generator units, with a total project investment of RMB7.249 billion.

(IV) Major operation of transportation and coal chemical segments

Unit: RMB million

| | Railway | | | Port | | | Shipping | | | Coal chemical | | |
|--------------------------|---------------------------------|---------------------------------|---------------------------------------------|---------------------------------|---------------------------------|---------------------------------------------|---------------------------------|---------------------------------|---------------------------------------------|---------------------------------|---------------------------------|---------------------------------------------|
| | January to September 2022 | January to September 2021 | Change % |
| Revenue | 31,728 | 29,930 | 6.0 | 4,768 | 4,832 | (1.3) | 4,629 | 4,323 | 7.1 | 4,890 | 4,734 | 3.3 |
| Cost of sales | (17,934) | (14,929) | 20.1 | (2,512) | (2,467) | 1.8 | (3,979) | (3,427) | 16.1 | (4,165) | (3,634) | 14.6 |
| Gross profit | 13,794 | 15,001 | (8.0) | 2,256 | 2,365 | (4.6) | 650 | 896 | (27.5) | 725 | 1,100 | (34.1) |
| Gross profit margin(%) | 43.5 | 50.1 | Decreased by 6.6 percentage points | 47.3 | 48.9 | Decreased by 1.6 percentage points | 14.0 | 20.7 | Decreased by 6.7 percentage points | 14.8 | 23.2 | Decreased by 8.4 percentage points |
| Profit before income tax | 11,518 | 13,229 | (12.9) | 1,935 | 2,058 | (6.0) | 533 | 776 | (31.3) | 528 | 960 | (45.0) |

From January to September 2022, the year-on-year decrease in gross profit of the Group's shipping segment was mainly due to the increase in fuel costs, ship charter fees and personnel expenses. The year-on-year decrease in gross profit of the Group's coal chemical segment was mainly due to the increase in the price of raw coal and coal.

(V) Analysis of industry environment

In the first three quarters of 2022, in the face of a multiple of unexpected challenges such as grimly complicated global conditions, the sporadic and repeated domestic pandemic outbreaks and extreme heat, the Chinese government, under the leadership of the Party Central Committee with Comrade Xi Jinping at its core, efficiently coordinated the pandemic prevention and control and economic and social development, stepped up the implementation of a package of policies and successive measures to stabilize the economy, and accelerated the release of policy effectiveness. The national economy sustained recovery against the pressure, the production and demands continued to improve, employment and prices were generally stable and people's livelihood was strongly and effectively safeguarded. The national economy was generally performing within an appropriate range. The growth rate of gross domestic product (GDP) in the first three quarters was 3.0% and in the third quarter was 3.9%.

In the first three quarters of 2022, under the guidance of China's energy supply safeguard and price stabilisation policy, the proportion of medium and long-term contract sales continued to increase, the self-sufficiency of coal was significantly enhanced, the domestic coal supply and demand were generally stable and orderly, and the seasonal fluctuations in consumption were evident. From January to September, the price of medium and long-term contracts for thermal coal (5,500 kcal, seaborne coal at northern ports) was stable within a reasonable range, with an average price of approximately RMB720/tonne; The Bohai Bay Thermal Coal Price Index (5,500 kcal) was RMB736/tonne for the first three quarters, representing an increase of RMB98/tonne as compared to the same period last year. From January to September, the raw coal production volume of up-scale industries in China was 3.32 billion tonnes, representing a year-on-year increase of 11.2%, and imported 0.201 billion tonnes of coal, representing a year-on-year decrease of 12.7%. The power generation from up-scale power plants in China was 6,300 billion kWh, representing a year-on-year increase of 2.2%, of which coal-fired power generation was 4,400 billion kWh, representing a year-on-year increase of 0.5%.

In the fourth quarter, the energy supply and demand situation is expected to be generally stable under the policy guidance. Affected by extreme weather and other factors, a tight supply may be witnessed in certain periods and regions.

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, 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.

IV. THIRD QUARTERLY FINANCIAL STATEMENTS (PREPARED IN ACCORDANCE WITH IFRS)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 30 September

| | 2022 | 2021 |
|-------------------------------------|---------------------------|--------------------|
| | <i>RMB million</i> | (restated) |
| | <i>(unaudited)</i> | <i>RMB million</i> |
| | | <i>(unaudited)</i> |
| Revenue | | |
| Goods and services | 250,489 | 233,044 |
| Cost of sales | (160,895) | (167,143) |
| | <hr/> | <hr/> |
| Gross profit | 89,594 | 65,901 |
| Selling expenses | (458) | (409) |
| General and administrative expenses | (6,765) | (5,672) |
| Research and development costs | (1,617) | (804) |
| Other gains and losses | 320 | 431 |
| Loss allowances, net of reversal | 81 | 40 |
| Other income | 753 | 502 |
| Other expenses | (189) | (514) |
| Interest income | 2,256 | 1,769 |
| Finance costs | (2,165) | (1,808) |
| Share of results of associates | 1,990 | 169 |
| | <hr/> | <hr/> |
| Profit before income tax | 83,800 | 59,605 |
| Income tax expense | (10,517) | (10,720) |
| | <hr/> | <hr/> |
| Profit for the period | 73,283 | 48,885 |
| | <hr/> <hr/> | <hr/> <hr/> |

| | 2022 | 2021 |
|----------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| | <i>RMB million</i> | (restated) |
| | (unaudited) | <i>RMB million</i> |
| | | (unaudited) |
| Other comprehensive income for the period | | |
| <i>Item that will not be reclassified subsequently to profit or loss, net of income tax:</i> | | |
| Fair value changes on investments in equity instruments at fair value through other comprehensive income | (14) | 72 |
| Share of other comprehensive income of associates | 326 | (2) |
| | <hr/> | <hr/> |
| <i>Item that may be reclassified subsequently to profit or loss, net of income tax:</i> | | |
| Exchange differences | 637 | (76) |
| Share of other comprehensive income of associates | (6) | 24 |
| | <hr/> | <hr/> |
| Other comprehensive income for the period, net of income tax | 943 | 18 |
| | <hr/> | <hr/> |
| Total comprehensive income for the period | 74,226 | 48,903 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Profit for the period attributable to: | | |
| Equity holders of the Company | 62,773 | 41,296 |
| Non-controlling interests | 10,510 | 7,589 |
| | <hr/> | <hr/> |
| | 73,283 | 48,885 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Total comprehensive income for the period attributable to: | | |
| Equity holders of the Company | 63,501 | 41,327 |
| Non-controlling interests | 10,725 | 7,576 |
| | <hr/> | <hr/> |
| | 74,226 | 48,903 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Earnings per share | | |
| – Basic (<i>RMB</i>) | 3.159 | 2.078 |
| | <hr/> <hr/> | <hr/> <hr/> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

| | As at 30 September 2022 | As at 31 December 2021 (restated) |
|----------------------------------------------------------------------|-----------------------------------|--------------------------------------------|
| | <i>RMB million</i> (unaudited) | <i>RMB million</i> (unaudited) |
| Non-current assets | | |
| Property, plant and equipment | 260,134 | 263,431 |
| Construction in progress | 28,152 | 26,201 |
| Exploration and evaluation assets | 4,000 | 4,000 |
| Intangible assets | 4,066 | 4,651 |
| Right-of-use assets | 22,775 | 22,240 |
| Interests in associates | 49,407 | 47,708 |
| Financial assets at fair value through other comprehensive income | 2,160 | 2,174 |
| Other non-current assets | 30,077 | 28,089 |
| Deferred tax assets | 4,008 | 3,568 |
| | <hr/> | <hr/> |
| Total non-current assets | 404,779 | 402,062 |

| | As at 30 September 2022 <i>RMB million</i> (unaudited) | As at 31 December 2021 (restated) <i>RMB million</i> (unaudited) |
|-------------------------------------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------------------------------|
| Current assets | | |
| Inventories | 12,413 | 12,633 |
| Accounts and bills receivables | 13,122 | 13,607 |
| Financial assets at fair value through other comprehensive income | 19 | 376 |
| Prepaid expenses and other current assets | 18,833 | 18,514 |
| Restricted bank deposits | 6,153 | 4,479 |
| Time deposits with original maturity over three months | 7,819 | 1,701 |
| Cash and cash equivalents | 169,108 | 156,706 |
| Assets classified as held for sale | 38 | 294 |
| Total current assets | <u>227,505</u> | <u>208,310</u> |
| Current liabilities | | |
| Borrowings | 11,246 | 9,917 |
| Accounts and bills payables | 33,561 | 35,216 |
| Accrued expenses and other payables | 34,351 | 29,109 |
| Current portion of lease liabilities | 241 | 187 |
| Current portion of long-term liabilities | 1,167 | 1,427 |
| Income tax payable | 5,474 | 9,028 |
| Contract liabilities | 8,775 | 6,864 |
| Total current liabilities | <u>94,815</u> | <u>91,748</u> |
| Net current assets | <u>132,690</u> | <u>116,562</u> |
| Total assets less current liabilities | <u>537,469</u> | <u>518,624</u> |

| | As at 30 September 2022 <i>RMB million</i> (unaudited) | As at 31 December 2021 (restated) <i>RMB million</i> (unaudited) |
|---------------------------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------------------------------|
| Non-current liabilities | | |
| Borrowings | 44,820 | 49,193 |
| Bonds | 3,502 | 3,172 |
| Lease liabilities | 1,422 | 1,510 |
| Long-term liabilities | 7,572 | 8,025 |
| Accrued reclamation obligations | 7,317 | 6,754 |
| Deferred tax liabilities | 1,065 | 974 |
| | <hr/> | <hr/> |
| Total non-current liabilities | 65,698 | 69,628 |
| | <hr/> | <hr/> |
| Net assets | 471,771 | 448,996 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Equity | | |
| Share capital | 19,869 | 19,869 |
| Reserves | 373,137 | 359,984 |
| | <hr/> | <hr/> |
| Equity attributable to equity holders of the Company | 393,006 | 379,853 |
| Non-controlling interests | 78,765 | 69,143 |
| | <hr/> | <hr/> |
| Total equity | 471,771 | 448,996 |
| | <hr/> <hr/> | <hr/> <hr/> |

CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 30 September

| | 2022 | 2021 (restated) |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|--------------------|
| | <i>RMB million</i> | <i>RMB million</i> |
| | (unaudited) | (unaudited) |
| Operating activities | | |
| Cash generated from operations | 105,517 | 79,931 |
| Income taxes paid | (14,427) | (12,403) |
| | <hr/> | <hr/> |
| Net cash generated from operating activities | 91,090 | 67,528 |
| Investing activities | | |
| Acquisition of property, plant and equipment, intangible assets, exploration and evaluation assets, additions to construction in progress and other non-current assets | (17,503) | (16,903) |
| Increase in right-of-use assets | (1,264) | (647) |
| Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets | 2,197 | 1,802 |
| Investments in associates | (434) | (383) |
| Net cash received from disposal of assets classified as held for sale | 256 | – |
| Dividend received from associates | 1,062 | 251 |
| Interest received | 1,480 | 1,854 |
| (Increase)/decrease in restricted bank deposits | (1,674) | 1,365 |
| Placing of time deposits with original maturity over three months | (13,621) | (1,361) |
| Maturity of time deposits with original maturity over three months | 7,503 | 10,152 |
| Collection of entrusted loans and financial lease | – | 82 |
| Net cash received from disposal of subsidiaries and other business units | – | 3,975 |
| | <hr/> | <hr/> |
| Net cash (used in)/generated from investing activities | (21,998) | 187 |

| | 2022 | 2021 |
|------------------------------------------------------------------|--------------------|----------------------------------|
| | <i>RMB million</i> | <i>RMB million</i> |
| | (unaudited) | (restated) (unaudited) |
| Financing activities | | |
| Capital element of lease rentals paid | (136) | (140) |
| Interest element of lease rentals paid | (15) | (22) |
| Interest paid | (2,174) | (2,429) |
| Proceeds from borrowings | 16,121 | 12,555 |
| Repayments of borrowings | (20,025) | (12,864) |
| Proceeds from bills discounted | 785 | 624 |
| Contributions from non-controlling shareholders | 298 | 264 |
| Distribution to non-controlling shareholders | (1,272) | (1,311) |
| Dividend paid to equity holders of the Company | (50,827) | (35,759) |
| | <hr/> | <hr/> |
| Net cash used in financing activities | (57,245) | (39,082) |
| | <hr/> | <hr/> |
| Net increase in cash and cash equivalents | 11,847 | 28,633 |
| Cash and cash equivalents as at the beginning of the period | 156,706 | 112,880 |
| Effect of foreign exchange rate changes | 555 | (104) |
| | <hr/> | <hr/> |
| Cash and cash equivalents as at the end of the period | 169,108 | 141,409 |
| | <hr/> <hr/> | <hr/> <hr/> |

V. DEFINITIONS

| | |
|------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| China Shenhua/the Company | China Shenhua Energy Company Limited |
| The Group | The Company and its subsidiaries |
| China Energy | China Energy Investment Corporation Limited |
| Trading Group | China Energy Trading Group Limited |
| 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 Board |
| The Reporting Period | July to September 2022 |

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

Beijing, 28 October 2022

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