



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



Shenhua
delivering the
DREAM

2011
Interim Report

China Shenhua is always an inspiring enterprise in terms of growth, economic return and social efficiency..... China Shenhua has created the legend of a rapid-rising corporation.

Focusing on the world-leading coal mining technology in the initial stage, China Shenhua, after introduction, digestion and absorption, re-innovated and explored new coal mining techniques and new model that suits China.

The integrated business concept of China Shenhua, namely the integration of coal, power, railway, port and shipping, has made it a genuine integrated energy enterprise, which enhanced its anti-risk capacity.

The significance of the “miracle” created by Shenhua is to bring about brand new development ideas and concepts to the traditional extensively-developed coal industry in China, as well as to motivate and speed up the renovation and transformation to the next generation of the coal industry.

Now, China Shenhua endeavors to explore a new way of scientific development and firmly brings forward the strategy of “building the Company into a worldwide first-class coal-based integrated energy enterprise with global competitiveness”. This is the declaration put forward by China Shenhua which begins its new legend at a higher starting point.

— extracted from “How China Shenhua creates miracles”,
published on “People’s Daily” dated 27 July 2011

For more information, please visit
www.csec.com

Beijing Office Address

22 Xibinhe Road, Andingmen
Dongcheng District, Beijing
Postal Code 100011
Tel: (8610) 5813 3399/3355/1088
Fax: (8610) 5813 1804/1814

Hong Kong Office Address

Room B, 60th Floor,
Bank of China Tower,
1 Garden Road,
Central, Hong Kong
Tel: (852) 2578 1635
Fax: (852) 2915 0638

Company Profile	2
Results Highlights	4
Chairman's Statement	5
Directors' Report	11
Major Financial Data and Indicators	49
Changes in Equity and Shareholdings of Substantial Shareholders	52
Directors, Supervisors, Senior Management and Employees	56
Significant Events	58
Investor Relations	76
Review Report	77
Interim Financial Report	78
Documents Available for Inspection	110
Signing Page for Opinions	111
Definitions	114

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 seventeenth meeting of the second session of the Board of the Company. Nine out of nine eligible directors of the Company were present at the meeting.

The interim financial report in this report is 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 financial information prepared in accordance with International Financial Reporting Standards, unless otherwise specified.

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.

As at 25 February 2011, the Company's acquisition of the equity interests or assets of 10 subsidiaries engaged in coal, power and related businesses ("Target Companies") directly or indirectly held by the parent of the Company, Shenhua Group Corporation, and its subsidiaries was approved at the 2011 First Extraordinary General Meeting of the Company. Details are set out in the announcement regarding resolutions of the 2011 First Extraordinary General Meeting of the Company. As at the end of the reporting period, the transactions of the above-mentioned acquisitions were completed. Therefore, the relevant financial and operational data of Target Companies for the first half of 2011 have been included in this report. As the Company and Target Companies are controlled by Shenhua Group Corporation, the above-mentioned acquisitions have been reflected as business combinations under common control. Accordingly, the financial statements of the relevant period prior to the above-mentioned acquisitions have been restated in this report. The operational data of the relevant period prior to the above-mentioned acquisitions are restated in this report in line with the financial data.

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 above-mentioned 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. Statutory Chinese Name: 中國神華能源股份有限公司

Abbreviation: 中國神華

English Name: China Shenhua Energy Company Limited

Abbreviation: CSEC/China Shenhua

Registered and Office Address: 22 Andingmen Xibinhe Road, Dongcheng District, Beijing

Postal Code: 100011

Internet Website: <http://www.csec.com> or <http://www.shenhuachina.com>

E-mail: 1088@csec.com

2. Legal Representative: Zhang Xiwu

3. Authorised Representatives: Ling Wen, Huang Qing

4. Secretary to the Board of Directors, Company Secretary: Huang Qing

Tel: (8610) 5813 3399

Fax: (8610) 5813 1804/1814

E-mail: 1088@csec.com

Address: 22 Andingmen Xibinhe Road, Dongcheng District, Beijing

Representative of Securities Affairs: Chen Guangshui

Tel: (8610) 5813 3355

Fax: (8610) 5813 1804/1814

E-mail: 1088@csec.com

Address: 22 Andingmen Xibinhe Road, Dongcheng District, Beijing

Investor Contacts

Investor Relations Department, China Shenhua Energy Company Limited

Address: 22 Andingmen Xibinhe Road, Dongcheng District, Beijing

Postal Code: 100011

Tel: (8610) 5813 3399/3355/1088

Fax: (8610) 5813 1804/1814

E-mail: 1088@csec.com or ir@csec.com

5. Hong Kong Representative Office

Address: Room B, 60th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong

6. Newspapers for Information Disclosure: China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily
Internet website designated by China Securities Regulatory Commission for publishing A shares interim report:
<http://www.sse.com.cn>
Internet website designated by The Stock Exchange of Hong Kong Limited for publishing H shares interim report:
<http://www.hkex.com.hk>
The above reports are available at: 22 Andingmen Xibinhe Road, Dongcheng District, Beijing

7. A shares listed on: Shanghai Stock Exchange
Stock Short Name for A shares: 中國神華
Stock Code for A shares: 601088
Listing Date: 9 October 2007

H shares listed on: The Stock Exchange of Hong Kong Limited
Stock Short Name for H shares: China Shenhua
Stock Code for H shares: 01088
Listing Date: 15 June 2005

8. Date of first business registration: 8 November 2004
Location of first business registration: Beijing
Date of latest change in business registration: 8 August 2011
Location of latest change in business registration: Beijing
Registration Number of Corporate Business Licence: 100000000039286
Tax Registration Number: Jing Shui Zheng Zi No. 110101710933024
Organization Code: 71093302-4

9. PRC Auditor: KPMG Huazhen
Office address of the PRC Auditor: 8th Floor, Office Tower E2, Oriental Plaza, 1 East Chang An Avenue, Beijing
International Auditor: KPMG
Office address of the International Auditor: 8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong

10. PRC Legal Advisor: King & Wood
Address: 40th Floor, Office Tower A, Beijing Fortune Plaza, 7 Dongsanhuan Zhonglu, Chaoyang District, Beijing

Hong Kong Legal Advisor: Herbert Smith
Address: 23rd Floor, Gloucester Tower, 15 Queen's Road Central, Hong Kong

11. Domestic Share Registrar and Transfer Office: China Securities Depository and Clearing Corporation Limited Shanghai Branch
Address: 36th Floor, China Insurance Building, 166 Lu Jia Zui Dong Lu, Pudong New Area, Shanghai

Hong Kong Share Registrar and Transfer Office: Computershare Hong Kong Investor Services Limited
Address: Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Results Highlights

Operational

For the six months ended 30 June				
		2011	2010 (Restated)	Percentage change %
Commercial coal production	(Million tonnes)	140.4	118.6	18.4
Coal sales	(Million tonnes)	191.2	145.8	31.1
Of which: Export	(Million tonnes)	3.2	5.8	(44.8)
Transportation turnover of self-owned railway	(Billion tonne km)	80.7	73.7	9.5
Seaborne coal	(Million tonnes)	102.7	80.5	27.6
Of which: Huanghua Port	(Million tonnes)	48.3	41.3	16.9
Shenhua Tianjin Coal Dock	(Million tonnes)	12.1	13.1	(7.6)
Shipping volume	(Million tonnes)	37.5	–	N/A
Shipment turnover	(Billion tonne nautical miles)	32.7	–	N/A
Gross power generation	(Billion kwh)	84.81	68.26	24.2
Total power output dispatch	(Billion kwh)	78.97	63.55	24.3

		As at 30 June 2011	As at 31 December 2010	Percentage change %
Recoverable coal reserve (under PRC standard)	(100 million tonnes)	153.68	114.73	33.9
Marketable coal reserve (under JORC standard)	(100 million tonnes)	94.89	72.82	30.3
Coal resources	(100 million tonnes)	241.38	175.32	37.7

Financial

For the six months ended 30 June				
		2011	2010 (Restated)	Percentage change %
Revenues	(RMB million)	100,692	71,668	40.5
Profit for the period	(RMB million)	26,420	22,594	16.9
Profit attributable to equity shareholders of the Company for the period	(RMB million)	22,726	19,509	16.5
Basic earnings per share	(RMB per share)	1.143	0.981	16.5

		As at 30 June 2011	As at 31 December 2010 (Restated)	Percentage change %
Total assets	(RMB million)	380,997	372,131	2.4
Total liabilities	(RMB million)	143,067	134,704	6.2
Total equity	(RMB million)	237,930	237,427	0.2
Of which: Equity attributable to equity shareholders of the Company	(RMB million)	202,938	205,113	(1.1)
Equity attributable to equity shareholders per share	(RMB per share)	10.20	10.31	(1.1)

Unless otherwise specified, in this report:

- Coal production figures are quoted in tonnes of commercial coal;
- All indicative 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 of "Definitions" in this report.



Zhang Xiwu Chairman

Dear Shareholders,

In the first half of 2011, against the backdrop of the steady and relatively fast growth of the overall economy in the PRC, China Shenhua achieved continuously healthy development. Adhering to the development strategy of “build a worldwide first-class coal-based integrated energy enterprise with global competitiveness”, the board of directors of China Shenhua pursued its core philosophy of value creation. With an aim to “pursue scientific development, rebuild Shenhua and double economic aggregate output within five years”, the Company persisted in organic growth and external development simultaneously and strived for a coordination between its business and capital market operation. The Company made great efforts to seize development opportunities, optimize industrial layout, enhance corporate governance and strengthen cost control, and thus realized on-going healthy growth. As at 30 June 2011, the market capitalization of China Shenhua reached USD93.05 billion, ranking the first among listed coal companies worldwide and the fourth among listed integrated mining companies worldwide.

On behalf of the board of directors, I am delighted to present the 2011 interim report of China Shenhua and report to all shareholders on the Company's performance for the period.

Continued to Reach Outperforming Achievements both in Production and Operation and Created More Returns for All Shareholders

In the first half of 2011, with balanced development of its five business segments, namely coal, power, railway, port and shipping, the Company outperformed its operation goals:

- the production volume of commercial coal reached 140.4 million tonnes and sales volume reached 191.2 million tonnes, representing a year-on-year growth of 18.4% and 31.1% respectively;
- the total installed capacity of power generators reached 29,860 MW, increased by 4.3%; the total power output dispatch reached 78.97 billion kwh, representing a year-on-year increase of 24.3%;
- the transportation turnover of self-owned railway was 80.7 billion tonne km, representing a year-on-year increase of 9.5%, and the seaborne coal sales volume reached 102.7 million tonnes, representing a year-on-year increase of 27.6%; shipping volume reached 37.5 million tonnes and shipment turnover amounted to 32.7 billion tonne nautical miles;
- Revenues amounted to RMB100.692 billion, representing a year-on-year increase of 40.5%;
- Profit for the period attributable to equity shareholders of the Company was RMB22.726 billion, representing a year-on-year increase of 16.5%;
- Basic earnings per share was RMB1.143, representing a year-on-year increase of 16.5%;
- Net cash generated from operating activities was RMB52.432 billion, representing a year-on-year increase of 66.7%.

With a goal to achieve balanced and highly efficient coal production, the coal segment optimized the production organization, improved the efficiency of equipment utilization and expanded the production capacity of existing mines. Shendong Mines carried out a number of measures to guarantee stable and efficient output of major mines. Zhunge'er Mines enhanced continuous production and expanded production capacity. Shengli Mines stepped up efforts to explore regional markets and adopted new mining techniques, and thus achieved satisfactory results in both production and sales. The capacity expansion projects in Ha'erwusu and Heidaigou open-cut mines are progressing smoothly; the restructuring and capacity expansion projects in Jinjie Mines (with an aggregate designed production capacity of 20.0 million tonnes/year) and the Phase II project in Shengli Mines (with a designed production capacity of 20.0 million tonnes/year) were expected to be completed by the end of 2011; the mining license and permits application and the pre-construction preparation work of Xinjie Taigemiao Exploration Area for the modernized new mines with a capacity of 100 million tonnes were well in progress.

The power segment strengthened operational management and continued to improve its efficiency. In the first half of 2011, two new coal-fired generators were put into operation, with net increase in installed capacity of 1,227 MW; the coal consumption for power output dispatch of coal-fired generators was 322 g/kwh, 6 g/kwh below the average level in the PRC. The power segment also enhanced its marketing by fully utilizing the integrated advantage of coal and power, sticking to the principle of “every kilowatt-hour counts” and proactively striving for the quota in excess of the planned power output, so as to further increase the utilization hours of power generators. The average utilization hours of coal-fired generators of the Company were 2,957 hours, 365 hours more than the national average level of coal-fired equipment in the PRC.

The transportation segment took various refined management measures to tap the potential of the existing railway, port and shipping systems. Shenshuo Railway further expanded transportation capacity and eased the bottleneck for transportation capacity expansion of the Company by optimizing operational management, launching trains with capacity of 10,000 tonnes and carrying out station renovations; the daily transportation and capacity expansion and restructuring projects of other railways were well in progress. The preparation and construction work of Zhunchi, Bazhun and Ganquan railways were carried out progressively as scheduled, with certain sections of Ganquan Railway to be put into operation in the second half of 2011. The Phase III project of Huanghua Port has commenced construction, with the dual direction dredging project well on track; Tianjin Coal Dock also enhanced its management on operation efficiency. Shenhua Zhonghai Shipping Company managed to realize reasonable allocation and organization of transportation capacity, and realized a shipping volume of 37.5 million tonnes in the first half of 2011.

Asset Injection Achieved Marvelous Results

During the reporting period, the Company completed the acquisition of the assets or equity interests of ten companies which were engaged in coal and power businesses from its controlling shareholder Shenhua Group Corporation. The acquisition expanded the coal resource reserve and business scale of the Company. The commercial coal production of the coal mines acquired reached 14.1 million tonnes in the first half of 2011, representing a year-on-year increase of 50.0%.

Having overcome the adverse effect of weather and large-scale maintenance, Shenbao Energy Company optimized its operation and stepped up coordination, and thus recorded coal production and sales of 12.5 million tonnes and 12.0 million tonnes respectively, representing a year-on-year increase of 56.3% and 62.2%. Upon the completion of asset injection, Shenhua Finance Company fully leveraged on its internal financial service platform and proactively explored businesses, realizing a net profit of 0.225 billion in the first half of 2011, representing a year-on-year increase of 54.1%. Other companies continued to optimize operation and management, and achieved satisfactory operational results.

Optimized the Layout, Pressed Ahead the Development and Continued to Enhance Integrated Competitive Edge

In the first half of 2011, the Company stepped up efforts in external development while maintaining efficient operation and balanced development of each segment. The Company took the initiative to expand various businesses including sales, power generation, transportation and internationalization, seized development opportunities and optimized industrial layout in a bid to constantly strengthen and sharpen its core competitive edge.

The Company implemented a series of measures to proactively advance its mega-sales strategy, including the establishment of Shenhua Trading Group as a regional trading centre, the enhancement of refined sales management and market expansion and the building of a spot coal pricing mechanism with reference to the Bohai Bay Thermal Coal Price Index, which in turn strengthened its dominance and control over the market, resources and logistics and realized a balance among market share, operational efficiency and social responsibility. In order to improve efficiency, expand market share and meet the demand of coal blending, the Company, while stabilizing the volume of coal purchased from third parties in mine mouth areas and areas along the railways, increased the volume of coal purchased from third parties in ports. In the first half of 2011, the sales volume of commercial coal reached 191.2 million tonnes, of which the sales volume of coal purchased from third parties amounted to 48.3 million tonnes, representing a year-on-year increase of 63.2%. The average sales price of commercial coal was RMB428.6/tonne, representing a year-on-year increase of 5.5%.

Fully leveraging on its advantages in securing coal supply, the Company established strategic cooperation with various provinces and cities including Anhui and Zhuhai etc. The construction of coal storage base along the railway, river and coast was proactively carried out. The Company also set up two new companies, namely Shenwan Energy Company and Zhuhai Coal Dock, to pave the way for power business development amidst the favourable industrial atmosphere. Efforts have also been made to obtain the qualification for quality power source such as the acquisition of Mengjin Power Plant, which optimized industrial layout, consolidated and enhanced the integrated operational advantages of the Company.

The Company continued to promote its internationalization. The resource exploration of open-cut mine and the feasibility study report in relation to Watermark Project in Australia have been basically completed. The No. 1 unit of the 2 × 150 MW integrated coal and power project in South Sumatra, Indonesia has been put into trial operation in July. The Company established the Overseas Investment Company as its operational platform for overseas projects, with an aim to proactively participate in overseas projects.

Improved Corporate Governance and Continuously Fulfilled Social Responsibility

The Company continuously improved its corporate governance and standardized operation and adopted various measures for stringent cost control. Adhering to the philosophy of value creation and low-cost operation, the Company continued to strengthen its refined management and accelerated the informatization and the development of the economic value added (EVA)-based performance appraisal system, thereby resulting in further enhancement of quality of operation.

As always, the Company pursued its philosophy of corporate social responsibility as “Energy Contribution, Scientific Development and Mutual Benefit in Harmony” and took the initiative to fulfill social responsibility. Through intensive promotion of the campaign “Year for Comprehensive Implementation of Intrinsic-safety Management System”, the Company strengthened its safety management in all aspects including infrastructure construction, bringing the fatality rate per million tonnes of raw coal output to 0.0066. Emphasis has been laid on environmental protection, energy conservation, emission reduction and technological innovation. The Company also continued to increase its resources utilization rate, intensify staff training, proactively participate in public welfare activities and steadily implement its strategy of safe, environment-friendly and sustainable development.

In the Second Half of 2011: To Seize Opportunities, Speed Up the Implementation and Continue to Advance the Company’s Development Strategy

In the second half of 2011, China Shenhua will continue to implement the annual operational goals established by the board of directors and promote to become a worldwide first-class coal-based integrated energy enterprise with global competitiveness by seizing opportunities and speeding up the implementation. In the second half of 2011, the Company will focus on the followings:

- To accelerate the transition of economy development model. Embracing standards of a world-class enterprise, the Company is committed to optimizing industrial layout and structure and carried out precise adjustments to the industrial structure. The Company will press ahead the clean coal utilization projects, step up technological innovation, informatization and social responsibility related projects and intensify the assessment based on economic value added (EVA) so as to improve the overall management of the Company;
- To seize opportunities for business development and continue to enhance the Company’s competitiveness. Persisting in organic growth and external development simultaneously, the Company will accelerate the development and construction of new mines and new railways, and proactively gain various logistics resources including port, shipping and coal storage bases. Efforts will be made to strengthen the strategic in-depth cooperation with local companies, obtain high-end new power sources and continuously optimize the integrated industry chain of coal, power, railway, port and shipping in a move to further strengthen the Company’s core competitiveness;

Chairman's Statement

- To intensify accountability and continuously maintain production safety. The Company will steadily implement the campaign "Year for Comprehensive Implementation of Intrinsic-safety Management System" with an aim to enhance safety management throughout its operation and unswervingly advance the construction of intrinsic-safety system;
- To continue to implement the mega-sales strategy by closely monitoring the market. The Company will continuously carry out its market, resource and logistics work, and make market segmentation, enrich product mix, improve sales strategy, optimize pricing mode, platform construction and servicing system, and reasonably arrange sales structure and distribution and rationalize the marketing channel in the coal market in order to build the Company into a "Walmart" of the coal industry in the PRC;
- To fully leverage on overseas development opportunities. The Company will proactively promote the existing projects in foreign countries such as Australia and Indonesia and participate in overseas cooperation and competition, and strive to gain resources at home and abroad so as to expand both markets in the PRC and overseas and boost the internationalization of the Company;
- To persist in cost control. The Company will continue to implement its cost control moves, enhance refined management and further enhance the advantage in low-cost operation.

We will unswervingly adhere to its development philosophy, firmly implement its development strategies and actively promote reform with an aim to build China Shenhua into a worldwide first-class coal-based integrated energy enterprise with global competitiveness and create more value for all shareholders.



Chairman
Beijing, PRC
26 August 2011

12 Management discussion and analysis

- 12 Asset Distribution Diagram
- 14 Overview of the Company's Operating Results
- 16 Overview of Consolidated Operating Results
- 18 Overview of Operating Conditions by Segment
- 20 Summary
- 21 Management review on operating results by business segment
 - 21 A. Coal Segment
 - 27 B. Power Segment
 - 30 C. Railway Segment
 - 31 D. Port Segment
 - 33 E. Shipping Segment
- 34 Management review on the Company's consolidated operating results
- 37 Status of accomplishment of 2011 business targets
- 38 Review and prospect of business environment
- 42 The Company's major risk exposures and their effects

44 The Company's investments

- 44 Status of capital expenditure
- 45 Use of proceeds

47 Operating conditions and results of major subsidiaries and investee companies

47 Reasons for and impacts of the changes in the Company's accounting policies or accounting estimates or correction of significant accounting errors

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

48 Other matters

塔本陶勒蓋
Tavan Tolgoi

蒙古國
MONGOLIA

內蒙古自治區
INNER MONGOLIA AUTONOMOUS REGION

北京
BEIJING

河北省
HEBEI

山東省
SHANDONG

陝西省
SHAANXI

山西省
SHANXI

-  自有鐵路
Self-owned Railway
-  自有鐵路（在建）
Self-owned Railway (under construction)
-  國有或地方鐵路
State-owned or local Railway
-  國界
National border
-  省界
Provincial border
-  地名
Place

註：於2011年6月30日之分佈圖，僅做示意。
Note: This map as at 30 June 2011 is for illustrative purpose only.



Overview of the Company's Operating Results

Business Data Master Table				
		The first half of 2011	The first half of 2010 (restated)	Percentage change %
Commercial coal production	(million tonnes)	140.4	118.6	18.4
Coal sales	(million tonnes)	191.2	145.8	31.1
Of which: Export	(million tonnes)	3.2	5.8	(44.8)
Turnover of self-owned railway transportation	(billion tonne km)	80.7	73.7	9.5
Seaborne coal	(million tonnes)	102.7	80.5	27.6
Of which: Huanghua Port	(million tonnes)	48.3	41.3	16.9
Shenhua Tianjin Coal Dock	(million tonnes)	12.1	13.1	(7.6)
Shipping volume	(million tonnes)	37.5	-	N/A
Shipment turnover	(billion tonne nm)	32.7	-	N/A
Gross power generation ⁽¹⁾	(billion kwh)	84.81	68.26	24.2
Total power output dispatch ⁽¹⁾	(billion kwh)	78.97	63.55	24.3

Breakdown of Commercial Coal Production				
	The first half of 2011	The first half of 2010 (restated)	Percentage change %	
Total production	140.4	118.6	18.4	
By Mines				
Shandong Coal Group	79.8	74.9	6.5	
Bullianta	11.7	12.0	(2.5)	
Daliuta-Huojitu	11.3	10.3	9.7	
Yujialiang	8.6	8.6	-	
Shangwan	7.1	6.8	4.4	
Halagou	6.8	6.1	11.5	
Baode (Kangjatan)	5.3	4.4	20.5	
Shigetai	5.8	5.5	5.5	
Wulanmulun	3.5	3.2	9.4	
Buertai	5.9	4.5	31.1	
Wanli No.1 mine (Changhangou)	6.2	4.4	40.9	
Liuta mine	3.3	3.6	(8.3)	
Cuncao No.1 mine	2.0	1.5	33.3	
Cuncao No.2 mine	2.0	1.9	5.3	
Tanggonggou mine	-	1.7	(100.0)	
Others	0.3	0.4	(25.0)	
Zhunge'er Energy	14.5	12.5	16.0	
Heidaigou	14.5	12.5	16.0	
Ha'erwusu Branch	12.2	8.5	43.5	
Shenbao Energy Company	12.5	8.0	56.3	
Beidian Shengli Energy	11.4	6.2	83.9	
Jinjie Energy	8.4	7.1	18.3	
Shuiquan Opencast Mine	0.7	0.5	40.0	
Chaijiagou Mine	0.5	0.4	25.0	
Adaohai Mine	0.4	0.5	(20.0)	
By Regions				
Inner Mongolia Autonomous Region	93.7	76.2	23.0	
Shaanxi Province	41.4	38.0	8.9	
Shanxi Province	5.3	4.4	20.5	

Breakdown of Coal Sales				
	The first half of 2011	Proportion of domestic sales %	The first half of 2010 (restated)	Percentage change %
Domestic sales	188.0	100.0	140.0	34.3
By contract type				
Long-term contract	87.4	46.5	82.7	5.7
Spot market sales	100.6	53.5	57.3	75.6
By transportation mode				
Mine mouth	23.6	12.6	14.5	62.8
Direct arrival (along railway)	64.9	34.5	50.8	27.8
Seaborne	99.5	52.9	74.7	33.2
By customers				
External customers	154.2	82.0	110.2	39.9
Power segment of the Group	33.8	18.0	29.8	13.4
By region				
Northern China	98.8	52.6	71.1	39.0
Eastern China	63.1	33.6	47.6	32.6
Central China and Southern China	23.2	12.3	18.0	28.9
Northeast China	1.4	0.7	1.4	-
Others	1.5	0.8	1.9	(21.1)
By usage				
Thermal coal	153.8	81.8	116.4	32.1
Metallurgy	3.5	1.9	3.2	9.4
Chemical (including coal slurry)	9.5	5.1	6.1	55.7
Others	21.2	11.2	14.3	48.3
Export Sales	3.2	100.0	5.8	(44.8)
South Korea	1.2	37.5	2.3	(47.8)
China Taiwan	0.6	18.8	1.3	(53.8)
Japan	1.4	43.7	1.9	(26.3)
Others	-	-	0.3	(100.0)
Total sales	191.2		145.8	31.1

Breakdown of Railway Turnover				
No.		The first half of 2011	The first half of 2010 (restated)	Percentage change %
	Self-owned railways	80.7	73.7	9.5
C1	Shenshuo Railway	19.7	18.3	7.7
C2-C3	Shuohuang - Huangwan Railway	47.9	43.6	9.9
C4	Dazhun Railway	8.5	8.0	6.3
C5	Baoshen Railway	4.6	3.8	21.1
	State-owned railways	24.2	20.2	19.8
	Total turnover	104.9	93.9	11.7

Breakdown of Seaborne Coal in Port				
No.		The first half of 2011	The first half of 2010 (restated)	Percentage change %
	Self-owned ports	60.4	54.4	11.0
D1	Huanghua Port	48.3	41.3	16.9
D2	Shenhua Tianjin Coal Dock	12.1	13.1	(7.6)
	Third-party ports	42.3	26.1	62.1
	Total seaborne coal	102.7	80.5	27.6

Other Assets			
No.	Name	Length km	Commencement Date
A7	Watermark Coal Project in Australia (under construction)		
A8	Xinjie Taigemiao Exploration Area (applying for permits)		
B18	PT.GH EMM Indonesia Project (under construction)		
D3	Shenhua Yudean Zhuhai Port Coal Terminal (under preparation)		
C6	Bazhun Railway (under construction)	128	December 2010
C7	Zhunchi Railway (under preparation)	180	to be commenced
C8	Ganquan Railway (under construction)	367	August 2010

Breakdown of Coal-fired Generation Business									
No.	Power plants	Regional grid	Location	Gross power generation	Total power output dispatch	Average utilisation	Standard coal consumption rate for power	Power tariff	Total installed capacity as at 30 June 2011
				100 million kwh	100 million kwh	hours	g/kwh	RMB/mwh	MW
B1	Huanghua Power	North China Power Grid	Hebei	84.8	80.9	3,364	311	329	2,520
B2	Sanhe Power	North China Power Grid	Hebei	35.7	33.2	2,745	321	346	1,300
B3	Dingzhou Power	North China Power Grid	Hebei	74.3	69.1	2,947	319	318	2,520
B4	Panshan Power	North China Power Grid	Tianjin	28.8	26.9	2,799	327	382	1,030
B5	Zhunge'er Power	North China Power Grid	Inner Mongolia	10.2	9.1	3,410	413	203	300
B6	Shandong Power	Northwest/North China							
		Shaanxi Provincial Local Power Grid	Inner Mongolia	79.4	71.4	2,696	368	250	3,194
B7	Guohua Zhunge'er	North China Power Grid	Inner Mongolia	35.4	32.2	2,680	321	240	1,320
B8	Guohua Hulunbeier Power	Northeast Power Grid	Inner Mongolia	24.2	21.7	2,016	346	235	1,200
B9	Beijing Thermal	North China Power Grid	Beijing	11.6	10.3	2,901	255	403	400
B10	Suizhong Power	Northeast Power Grid	Liaoning	94.3	88.4	2,621	319	337	3,600
B11	Ninghai Power	East China Power Grid	Zhejiang	138.4	132.1	3,148	303	394	4,400
B12	Jinjie Energy	North China Power Grid	Shaanxi	82.1	75.6	3,421	333	270	2,400
B13	Shenmu Power	Northwest Power Grid	Shaanxi	7.3	6.5	3,315	379	304	220
B14	Taishan Power	South China Power Grid	Guangdong	110.1	103.1	3,127	311	427	4,000
B15	Huizhou Thermal	South China Power Grid	Guangdong	21.3	19.4	3,221	328	428	660
Total for coal-fired power plants/Weighted average				837.9	779.9	2,957	322	346	29,064
Other power plants									
B16	Zhuhai Wind	South China Power Grid	Guangdong	0.2	0.1	966	-	699	16
B17	Yuyao Power ⁽²⁾	East China Power Grid	Zhejiang	10.0	9.7	1,290	235	637	780

Notes: (1) The figures include the operating results of coal-fired power generation business and other power generation businesses.
 (2) Yuyao Power Station is a gas-fired power plant, thus the coal consumption for power output dispatch of coal-fired generators is a converted amount.

Breakdown of Shipping Volume				
No.		The first half of 2011	The first half of 2010 (restated)	Percentage change %
	Shenhua Zhonghai Shipping Company			
	The Group's internal customers	14.9	-	N/A
	External customers	22.6	-	N/A
	Total of shipping volume	37.5	-	N/A

Breakdown of Coal Resources/Reserve										
No.	Mines	Recoverable coal reserve (under PRC standard)			Marketable coal reserve (under JORC standard)			Coal resources		
		As at 30 June 2011	As at 31 December 2010	Percentage change	As at 30 June 2011	As at 31 December 2010	Percentage change	As at 30 June 2011	As at 31 December 2010	
		100 million tonnes	100 million tonnes	%	100 million tonnes	100 million tonnes	%	100 million tonnes	100 million tonnes	
A1	Shandong Mines ⁽³⁾	83.68	74.23	12.7	47.39	45.87	3.3	144.95	126.85	14.3
A2	Zhunge'er Mines	34.99	25.77	35.8	22.11	18.67	18.4	43.39	27.57	57.4
A3	Shengli Mines	14.61	14.73	(0.8)	8.16	8.28	(1.4)	20.78	20.90	(0.6)
A4	Baorixile Mines	13.50	-	-	14.06	-	-	15.65	-	-
A5	Baotou Mines (including Lijahao Mine)	6.84	-	-	3.14	-	-	16.51	-	-
A6	Tongchuan Mines - Chaijiagou Mine	0.06	-	-	0.03	-	-	0.10	-	-
	Total of China Shenhua	153.68	114.73	33.9	94.89	72.82	30.3	241.38	175.32	37.7

Notes: (3) Shandong Mines is formed through the consolidation of original Shandong Mines and Wanli Mines.

Overview of Consolidated Operating Results

Consolidated statement of comprehensive income			
	The first half of 2011	The first half of 2010 (restated)	Percentage change
	RMB million	RMB million	%
Revenues	100,692	71,668	40.5
Less: Cost of revenues	59,013	37,880	55.8
Selling, general and administrative expenses	5,001	4,095	22.1
Other operating expenses, net	506	131	286.3
Profit from operations	36,172	29,562	22.4
Less: Net finance costs	888	1,231	(27.9)
Add: Investment income	-	9	(100.0)
Share of profits less losses of associates	126	280	(55.0)
Profit before income tax	35,410	28,620	23.7
Less: Income tax	8,990	6,026	49.2
Profit for the period	26,420	22,594	16.9
Equity shareholders of the Company	22,726	19,509	16.5
Non-controlling interests	3,694	3,085	19.7
Basic earnings per share (RMB/share)	1.143	0.981	16.5

Breakdown of revenues			
	The first half of 2011	The first half of 2010 (restated)	Percentage change
	RMB million	RMB million	%
Revenues	100,692	71,668	40.5
Coal revenue	68,774	48,063	43.1
Power revenue	27,293	21,372	27.7
Transportation revenue	2,635	1,065	147.4
Sub-total	98,702	70,500	40.0
Other revenues	1,990	1,168	70.4
Total operating revenues	100,692	71,668	40.5

Breakdown of cost of revenues			
	The first half of 2011	The first half of 2010 (restated)	Percentage change
	RMB million	RMB million	%
Coal purchased	21,399	10,970	95.1
Materials, fuel and power	6,263	4,832	29.6
Personnel expenses	4,410	3,306	33.4
Depreciation and amortisation	7,022	6,085	15.4
Repairs and maintenance	2,871	2,154	33.3
Transportation charges	8,153	4,843	68.3
Others	8,895	5,690	56.3
Total cost of revenues	59,013	37,880	55.8

Breakdown of coal sales price					
	The first half of 2011		The first half of 2010 (restated)		Percentage change
	Sales volume million tonnes	Sales price RMB/tonne	Sales volume million tonnes	Sales price RMB/tonne	in sales price %
Domestic sales	188.0	424.5	140.0	401.9	5.6
Long-term contract sales	87.4	333.3	82.7	361.7	(7.9)
Mine mouth	4.7	169.5	3.4	159.0	6.6
Direct arrival (along railway line)	41.0	233.1	36.0	260.3	(10.4)
Seaborne	41.7	450.3	43.3	461.9	(2.5)
Spot market sales	100.6	503.8	57.3	459.9	9.5
Mine mouth	18.9	132.9	11.1	152.8	(13.0)
Direct arrival (along railway line)	23.9	493.5	14.8	429.6	14.9
Seaborne	57.8	629.4	31.4	583.0	8.0
Export sales	3.2	668.6	5.8	514.0	30.1
Total/Weighted average price	191.2	428.6	145.8	406.4	5.5
Of which: Sales to external customers	157.4	436.9	116.0	414.3	5.5
Sales to internal power segment	33.8	390.3	29.8	375.5	3.9

Statement of cash flows from operating activities			
	The first half of 2011	The first half of 2010 (restated)	Percentage change
	RMB million	RMB million	%
Profit before income tax	35,410	28,620	23.7
Adjustments for: Depreciation and amortisation	7,476	6,623	12.9
Impairment provision on other long-term equity investments	-	109	(100.0)
Net loss/(gain) on disposal of property, plant and equipment	23	(10)	(330.0)
Investment income	-	(9)	(100.0)
Interest income	(529)	(400)	32.3
Share of profits less losses of associates	(126)	(280)	(55.0)
Net interest expense	1,513	1,528	(1.0)
Loss/(gain) on remeasurement of derivative financial instruments and trading debt securities at fair value	37	(92)	(140.2)
Unrealised foreign exchange (gain)/loss	(107)	182	(158.8)
Increase in accounts and bills receivable	(1,679)	(1,264)	32.8
Decrease/(Increase) in inventories	12	(1,674)	(100.7)
Increase in prepaid expenses and other assets	(1,499)	(3,122)	(52.0)
Increase in accounts and bills payable	439	1,276	(65.6)
Increase in accrued expenses and other payables, long-term payables and accrued reclamation obligations	19,464	6,637	193.3
Interest received	512	375	36.5
Interest paid	(1,569)	(1,805)	(13.1)
Income tax paid	(6,945)	(5,241)	32.5
Net cash generated from operating activities	52,432	31,453	66.7

Cost of revenues – Breakdown of others			
	The first half of 2011	The first half of 2010 (restated)	Percentage change
	RMB million	RMB million	%
Coal selection and minery fees	2,640	2,163	22.1
Coal extraction service costs	106	79	34.2
Taxes and surcharges	696	605	15.0
Dredging expenses	221	194	13.9
Relocation compensation expenses	380	559	(32.0)
Resources compensation fees	248	221	12.2
Pollutants discharge expenses	435	382	13.9
Cost of sale of ancillary materials and other goods, and provision of other activities	1,223	729	67.8
Others	2,946	758	288.7
Total cost of revenues-others	8,895	5,690	56.3

Overview of Operating Conditions by Segment

Segment results																	
	Coal		Power		Railway		Port		Shipping		Unallocated items		Eliminations		Total		
	The first half of 2011	The first half of 2010 (restated)	The first half of 2011	The first half of 2010 (restated)	The first half of 2011	The first half of 2010 (restated)	The first half of 2011	The first half of 2010 (restated)	The first half of 2011	The first half of 2010 (restated)	The first half of 2011	The first half of 2010 (restated)	The first half of 2011	The first half of 2010 (restated)	The first half of 2011	The first half of 2010 (restated)	
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Revenue from external customers	70,128	48,865	27,518	21,511	1,270	1,076	66	58	1,394	-	316	158	-	-	100,692	71,668	
Revenue from inter-segment transactions	14,205	11,580	214	171	10,066	9,297	1,329	1,215	892	-	62	32	(26,768)	(22,295)	-	-	
Sub-total of segment revenue	84,333	60,445	27,732	21,682	11,336	10,373	1,395	1,273	2,286	-	378	190	(26,768)	(22,295)	100,692	71,668	
Segment cost of revenues	(55,322)	(37,665)	(21,637)	(16,484)	(5,855)	(4,864)	(883)	(811)	(1,975)	-	-	-	26,659	21,944	(59,013)	(37,880)	
Segment profit/(loss) from operations	25,471	19,975	5,048	4,473	5,009	5,214	385	358	284	-	237	51	(262)	(509)	36,172	29,562	
	As at 30 June 2011	As at 31 December 2010 (restated)	As at 30 June 2011	As at 31 December 2010 (restated)	As at 30 June 2011	As at 31 December 2010 (restated)	As at 30 June 2011	As at 31 December 2010 (restated)	As at 30 June 2011	As at 31 December 2010 (restated)	As at 30 June 2011	As at 31 December 2010 (restated)	As at 30 June 2011	As at 31 December 2010 (restated)	As at 30 June 2011	As at 31 December 2010 (restated)	
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	
Segment total assets	187,118	169,373	126,829	122,001	52,006	48,147	10,940	10,302	3,078	2,159	199,377	197,861	(198,351)	(177,712)	380,997	372,131	
Segment total liabilities	(95,409)	(96,418)	(83,297)	(85,212)	(21,253)	(21,559)	(4,905)	(4,981)	(734)	(534)	(133,197)	(101,155)	195,728	175,155	(143,067)	(134,704)	

Cost of revenues of coal segment							
	The first half of 2011			The first half of 2010 (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	21,399	48.3	443.0	10,970	29.6	370.6	19.5
Cost of self-produced coal	15,183	142.9	106.2	11,318	116.2	97.4	9.0
Materials, fuel and power	2,764	142.9	19.3	2,193	116.2	18.9	2.1
Personnel expenses	2,118	142.9	14.8	1,539	116.2	13.2	12.1
Repairs and maintenance	1,014	142.9	7.1	905	116.2	7.8	(9.0)
Depreciation and amortisation	2,744	142.9	19.2	2,276	116.2	19.6	(2.0)
Others	6,543	142.9	45.8	4,405	116.2	37.9	20.8
Cost of coal transportation ⁽¹⁾	17,075	191.2	89.3	14,412	145.8	98.8	(9.6)
Other costs	1,665			965			
Total cost of revenues of coal segment	55,322			37,665			

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

Cost of revenues of railway segment			
	The first half of 2011	The first half of 2010 (restated)	Percentage change %
	Cost RMB million	Cost RMB million	
Cost of internal transportation business	5,176	4,244	22.0
Materials, fuel and power	1,153	1,061	8.7
Personnel expenses	1,052	854	23.2
Repairs and maintenance	1,014	601	68.7
Depreciation and amortisation	975	937	4.1
External transportation charges	146	150	(2.7)
Others	836	641	30.4
Cost of external transportation	679	574	18.3
Sub-total	5,855	4,818	21.5
Other costs	-	46	(100.0)
Total cost of revenues of railway segment	5,855	4,864	20.4

Cost of revenues of power segment							
	The first half of 2011			The first half of 2010 (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	21,357	789.7	270.4	16,299	635.5	256.5	5.4
Materials, fuel and power	16,136	789.7	204.3	11,983	635.5	188.6	8.3
Personnel expenses	992	789.7	12.6	703	635.5	11.1	13.5
Repairs and maintenance	726	789.7	9.2	572	635.5	9.0	2.2
Depreciation and amortisation	2,854	789.7	36.1	2,470	635.5	38.9	(7.2)
Others	649	789.7	8.2	571	635.5	8.9	(7.9)
Other costs	280			185			
Total cost of revenues of power segment	21,637			16,484			

Cost of revenues of port segment			
	The first half of 2011	The first half of 2010 (restated)	Percentage change %
	Cost RMB million	Cost RMB million	
Cost of internal transportation business	836	765	9.3
Materials, fuel and power	125	115	8.7
Personnel expenses	65	54	20.4
Repairs and maintenance	32	30	6.7
Depreciation and amortisation	308	303	1.7
Others	306	263	16.3
Cost of external transportation	41	37	10.8
Sub-total	877	802	9.4
Other costs	6	9	(33.3)
Total cost of revenues of port segment	883	811	8.9

Cost of revenues of shipping segment			
	The first half of 2011	The first half of 2010 (restated)	Percentage change %
	Cost RMB million	Cost RMB million	
Cost of internal transportation	771	-	N/A
Materials, fuel and power	46	-	N/A
Personnel expenses	6	-	N/A
Repairs and maintenance	5	-	N/A
Depreciation and amortisation	16	-	N/A
Transportation charges	681	-	N/A
Others	17	-	N/A
Cost of external transportation	1,204	-	N/A
Sub-total	1,975	-	N/A
Other costs	-	-	N/A
Total cost of revenues of shipping segment	1,975	-	N/A

Management discussion and analysis

▼ Summary

In the first half of 2011, focusing on the development strategy of “building the most competitive, dynamic & world-leading coal-based integrated energy enterprise” and adhering to the strategic target of “pursue scientific development, rebuild Shenhua and double economic aggregate output within five years”, the Company captured development opportunities and optimized industrial layout, which achieved healthy development in each business segment and outperformed the goals of production and operation.

In the first half of 2011, commercial coal production volume of the Company amounted to 140.4 million tonnes (first half of 2010: 118.6 million tonnes (restated)), representing a year-on-year increase of 18.4%; sales volume of coal reached 191.2 million tonnes (first half of 2010: 145.8 million tonnes (restated)), representing a year-on-year increase of 31.1%; gross power generation and total power output dispatch reached 84.81 billion kwh and 78.97 billion kwh respectively, representing a year-on-year increase of 24.2% and 24.3% respectively; transportation turnover of self-owned railway reached 80.7 billion tonne kilometers, representing a year-on-year increase of 9.5%; seaborne coal sales volume reached 102.7 million tonnes, representing a year-on-year increase of 27.6%; shipping volume reached 37.5 million tonnes and shipment turnover amounted to 32.7 billion tonne nautical miles.

The Company realized relatively rapid growth in business results whilst its capability of value creation continuously improved. In the first half of 2011, the Company attached high importance in pushing forward the refined management and continuously improved its strength of low-cost operation, and thus its profitability continued to be enhanced. Pursuant to the International Financial Reporting Standards, the revenues of the Group for the first half of 2011 were RMB100.692 billion (first half of 2010: RMB71.668 billion (restated)), representing a year-on-year increase of 40.5%; profit from operations were RMB36.172 billion (first half of 2010: RMB29.562 billion (restated)), representing a year-on-year increase of 22.4%; profit attributable to equity shareholders of the Company for the period was RMB22.726 billion (first half of 2010: RMB19.509 billion (restated)), representing a year-on-year increase of 16.5%. Basic earnings per share¹ of the Group was RMB1.143 (first half of 2010: RMB0.981 (restated)), representing a year-on-year increase of 16.5%.

As at 30 June 2011, equity attributable to equity shareholders of the Group per share was RMB10.20 (31 December 2010: RMB10.31 (restated)), representing a decrease of 1.1%. At as 30 June 2011, the Group's return on total assets² was 6.9%. Return on net assets³ as at the end of the period was 11.2% (first half of 2010: 10.6% (restated)), representing a year-on-year increase of 0.6 percentage point; EBITDA⁴ was RMB43.648 billion (first half of 2010: RMB36.185 billion (restated)), representing a year-on-year increase of 20.6%. As at 30 June 2011, the Group's total debt to equity ratio⁵ was 19.1%, representing a decrease of 3.1 percentage points as compared to 22.2% (restated) as at 31 December 2010.

¹ Basic earnings per share is 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 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 those of other companies and 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 certain 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

By adopting effective measures, the Company stepped up its efforts in the technical management of production and the continuous mine production, etc., thus promoting a balanced coal production with high efficiency. In the first half of 2011, the production volume of commercial coal of the Company reached 140.4 million tonnes (first half of 2010: 118.6 million tonnes (restated)), representing a year-on-year increase of 18.4%; and the coal sales volume reached 191.2 million tonnes (first half of 2010: 145.8 million tonnes (restated)), representing a year-on-year increase of 31.1%.

Apart from taking several initiatives to ensure stable and efficient production of its major mines, Shendong Mines balanced its production and sales and continued to improve the standardized management on mines. Shendong Mines made constant efforts in advancing mining technologies such as the 7-meter height fully-mechanized and large-sized working face and equipment upgrades in a move to expand production capacity of coal mines. In the first half of 2011, the production volume of commercial coal of Shendong Mines reached 88.2 million tonnes. The construction project of restructuring and capacity expansion of Jinjie Mines (with an aggregate designed production capacity of 20.0 million tonnes/year) is expected to be completed by the end of the year.

Focusing on its strategic target of building a world-leading open-cut coal base with capacity of 100 million tonnes, Zhunge'er Mines closely coordinated coal production and transportation, with production volume of commercial coal amounting to 26.7 million tonnes. The projects of capacity expansion and upgrade for the open-cut coal mines of Ha'erwusu and Heidaigou ran smoothly.

Shengli Mines optimized its mining plan by implementing steep slope mining and explosive technique, resulting in a significant improvement in productivity. In the first half of 2011, the production volume of commercial coal amounted to 11.4 million tonnes. Shengli Mines Phase II project (with a designed production capacity of 20.0 million tonnes/year) is expected to be completed by the end of the year.

Shenbao Energy Company overcame the difficulties such as severe weather and large-scale maintenance of production system, thereby creating a historical record in coal production volume. In the first half of 2011, the production volume of commercial coal of Shenbao Energy Company amounted to 12.5 million tonnes.

In terms of Watermark Coal Project in Australia, the exploration on open-cut mine and the feasibility study have basically completed. The No. 1 generating unit of the integrated coal and power project, with capacity of 2 x 150 MW, in South Sumatra, Indonesia, has been put into trial operation in July. The Company established the Overseas Investment Company as its operational platform for overseas projects, with an aim to proactively take part in overseas projects.

(2) Coal production equipment and technology

In the first half of the year, the Company continued to steadily advance the informatization construction of coal production. By means of adopting the new techniques of 7-meter height fully-mechanized recovery, the Company raised the recovery rate effectively. Moreover, the Company made a series of achievements in technologies including mining on thin coal seam.

(3) Production safety in coal mine

The Company pushed ahead the building of intrinsic-safety management system in full swing. Through a number of measures such as optimizing safety management system, strengthening supervision and inspection and putting greater efforts in training on safety, the Company realized safe production and steady operation. The fatality rate per million tonnes of raw coal output of the Company was 0.0066 in the first half of 2011, lower than the national level of 0.492 for the same period.

(4) Coal resources

As at 30 June 2011, the Group had recoverable coal reserve of 15.368 billion tonnes and coal resource of 24.138 billion tonnes under the PRC Standard; the Group's marketable coal reserve was 9.489 billion tonnes under the JORC Standard.

In the first half of 2011, the Company's coal resource explorations were proceeding in an orderly manner and the exploration expenses amounted to approximately RMB0.08 billion. After the completion of exploration of open-cut mine and feasibility study, the Watermark Coal Project in Australia carried on the exploration work of other coal reserve.

In the first half of 2011, the Company's mining development and exploration works were proceeding in an orderly manner, relevant capital expenditure of which amounted to approximately RMB5.0 billion. Technological upgrade and capacity expansion of certain mines of Shendong Mines, Heidaigou and Ha'erwusu open-cut mines were carried out as scheduled.

2. Coal Sales

In the first half of 2011, the Company continued to implement mega-sales strategy by establishing a mega platform for bringing the Shenhua Trading Group into full play. With a view to establishing and working a market-oriented pricing mechanism of spot coal taking Bohai Bay Thermal Coal Price Index as reference, the Company enhanced the management over coal quality, promoted the construction of coal reserve base along the railway, river and the coastal areas and continuously strengthened its influence and control over the market, resources and logistics.

In the first half of 2011, coal sales volume of the Company amounted to 191.2 million tonnes (first half of 2010: 145.8 million tonnes (restated)), representing a year-on-year increase of 31.1%. In order to strengthen the Company's profitability, expand market share and meet the demand of coal blending, the Company increased the volume of coal purchased from third parties at the ports whilst stabilising the volume of coal purchased from third parties in mine mouth areas and along railway line. The sales of coal purchased from third parties were 48.3 million tonnes (first half of 2010: 29.6 million tonnes (restated)), representing a year-on-year increase of 63.2%. The average coal sales price of the Company amounted to RMB428.6/tonne (first half of 2010: RMB406.4/tonne (restated)), representing a year-on-year increase of 5.5%.

(1) Domestic and export sales

Domestic and export sales	First half of 2011			First half of 2010 (Restated)			Change in price
	Sales volume	Proportion to total sales	Price	Sales volume	Proportion to total sales	Price	
	million tonnes	%	RMB/tonne	million tonnes	%	RMB/tonne	
Domestic sales	188.0	98.3	424.5	140.0	96.0	401.9	5.6
Long-term contract sales	87.4	45.7	333.3	82.7	56.7	361.7	(7.9)
Mine mouth	4.7	2.5	169.5	3.4	2.3	159.0	6.6
Direct arrival (along railway)	41.0	21.4	233.1	36.0	24.7	260.3	(10.4)
Seaborne	41.7	21.8	450.3	43.3	29.7	461.9	(2.5)
Spot sales	100.6	52.6	503.8	57.3	39.3	459.9	9.5
Mine mouth	18.9	9.9	132.9	11.1	7.6	152.8	(13.0)
Direct arrival (along railway)	23.9	12.5	493.5	14.8	10.2	429.6	14.9
Seaborne	57.8	30.2	629.4	31.4	21.5	583.0	8.0
Export Sales	3.2	1.7	668.6	5.8	4.0	514.0	30.1
Total sales volume/ weighted average price	191.2	100.0	428.6	145.8	100.0	406.4	5.5

In the first half of 2011, domestic sales volume of the Company amounted to 188.0 million tonnes (first half of 2010: 140.0 million tonnes (restated)), representing a year-on-year increase of 34.3% and accounting for 98.3% of the sales volume of coal. Among the total, spot sales amounted to 100.6 million tonnes (first half of 2010: 57.3 million tonnes (restated)), accounting for 52.6% of the total sales volume of the first half of 2011, which increased from 39.3% (restated) of the first half of 2010. In the first half of 2011, the Company's domestic seaborne coal sales volume was 99.5 million tonnes while the national coal transshipment volume for domestic coal sales through domestic ports was 325 million tonnes, based on which the market share of China Shenhua in coastal coal markets was estimated at approximately 30.6%. In the first half of 2011, the weighted average domestic coal sales price of the Company amounted to RMB424.5/tonne (first half of 2010: RMB401.9/tonne (restated)), representing a year-on-year increase of 5.6%.

In the first half of 2011, the sales volume of the Company to the top five domestic customers of coal was 22.4 million tonnes, which accounted for 11.9% of the total domestic sales volume, of which, the sales volume to the largest customer was 6.4 million tonnes, which accounted for 3.4% 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 2011, the coal export volume of the Company was 3.2 million tonnes, representing a year-on-year decrease of 44.8%. The proportion of export sales to total sales volume of coal decreased to 1.7% from 4.0% (restated) of the first half of 2010. In the first half of 2011, the coal export sales price was RMB668.6/tonne (first half of 2010: RMB514.0/tonne (restated)), representing a year-on-year increase of 30.1%.

In the first half of 2011, the sales volume of the Company to the top five export coal customers was 2.3 million tonnes, which accounted for 71.9% of the total export sales volume, of which, the sales volume to the largest customer was 0.8 million tonnes, which accounted for 25.0% of total export sales volume. The top five export customers were either power companies or chemical companies.

(2) Sales to external customers and internal power segment

Sales to external customers and internal power segment	For the six months ended 30 June						
	2011			2010 (Restated)			Change in price
	Sales volume	Percentage	Price	Sales volume	Percentage	Price	
	million tonnes	%	RMB/ tonne	million tonnes	%	RMB/ tonne	%
Sales to external customers	157.4	82.3	436.9	116.0	79.6	414.3	5.5
Sales to internal power segment	33.8	17.7	390.3	29.8	20.4	375.5	3.9
Total sales volume/ weighted average price of coal	191.2	100.0	428.6	145.8	100.0	406.4	5.5

In the first half of 2011, the volume of coal sales of the Company to external customers was 157.4 million tonnes (first half of 2010: 116.0 million tonnes (restated)), representing a year-on-year increase of 35.7%. Coal sales price to external customers amounted to RMB436.9/tonne (first half of 2010: RMB414.3/tonne (restated)), representing a year-on-year increase of 5.5%. In the first half of 2011, the sales volume of the Company to the top five external coal customers was 22.4 million tonnes, which accounted for 11.7% of the total sales volume.

In the first half of 2011, the volume of coal sales of the Company to the power segment of the Group was 33.8 million tonnes (first half of 2010: 29.8 million tonnes (restated)), representing a year-on-year increase of 13.4%, its proportion to total sales volume of coal decreased by 2.7 percentage points to 17.7% as compared with that of the same period of last year (restated); the sales price increased by 3.9% to RMB390.3/tonne from RMB375.5/tonne (restated) of the same period of last year. The sales of coal to the power segment of the Group was mainly conducted 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 2011, the coal segment's sales volume of coal purchased from third parties amounted to 48.3 million tonnes (first half of 2010: 29.6 million tonnes (restated)), representing a year-on-year increase of 63.2%.

3. Operating results

The operating results of the coal segment of the Company before elimination on consolidation in the first half of 2011 were as follows:

		For the six months ended 30 June		Changes
		2011	2010 (Restated)	
Revenues	RMB million	84,333	60,445	39.5%
Cost of revenues	RMB million	55,322	37,665	46.9%
Profit from operations	RMB million	25,471	19,975	27.5%
Margin of profit from operations	%	30.2	33.0	Decreased by 2.8 percentage points

(1) Revenues in coal segment

In the first half of 2011, benefiting from the increase in the sales volume and price of coal, revenues in coal segment of the Group before elimination on consolidation were RMB84.333 billion (first half of 2010: RMB60.445 billion (restated)), representing a year-on-year increase of 39.5%.

(2) Cost of revenues in coal segment

In the first half of 2011, cost of revenues in coal segment of the Group before elimination on consolidation was RMB55.322 billion (first half of 2010: RMB37.665 billion (restated)), representing a year-on-year increase of 46.9%. Cost of revenues mainly comprised cost of coal purchased from third parties, production cost of self-produced coal, cost of coal transportation and other costs.

In the first half of 2011, costs of coal purchased from third parties were RMB21.399 billion (first half of 2010: RMB10.970 billion (restated)), representing a year-on-year increase of 95.1%. The increase was mainly due to:

- a. the sales volume of coal purchased from third parties amounted to 48.3 million tonnes in the first half of 2011, representing a year-on-year increase of 63.2%; and
- b. unit purchasing cost of coal purchased from third parties was RMB443.0/tonne, representing an increase of 19.5% from RMB370.6/tonne (restated) for the same period of last year.

Production cost of self-produced coal was RMB15.183 billion (first half of 2010: RMB11.318 billion (restated)), representing a year-on-year increase of 34.1%. Unit production cost of self-produced coal was RMB106.2/tonne (first half of 2010: RMB97.4/tonne (restated)), representing a year-on-year increase of 9.0%. The reasons that affect the unit production cost are mainly as follows:

- a. Materials, fuel and power were RMB19.3/tonne (first half of 2010: RMB18.9/tonne (restated)), representing a year-on-year increase of 2.1%. The increase was mainly due to the price hike in bulk consumables such as diesel and steel;
- b. Personnel expenses were RMB14.8/tonne (first half of 2010: RMB13.2/tonne (restated)), representing a year-on-year increase of 12.1%. The increase was mainly due to the increased number of workers and the increase in salaries;
- c. Repairs and maintenance were RMB7.1/tonne (first half of 2010: RMB7.8/tonne (restated)), representing a year-on-year decrease of 9.0%. The decrease was mainly due to the impact of the growth in production and the arrangement for equipment maintenance;
- d. Depreciation and amortisation were RMB19.2/tonne (first half of 2010: RMB19.6/tonne (restated)), representing a year-on-year decrease of 2.0%. The decrease was mainly because that certain mines with lower depreciation and amortisation have a higher increase in their production volume, which diluted the overall level of that of the Company; and
- e. Other costs were RMB45.8/tonne (first half of 2010: RMB37.9/tonne (restated)), representing a year-on-year increase of 20.8%, which was mainly attributable to the increase in the environment protection expenditures and mining engineering expenses.

Cost of coal transportation was RMB17.075 billion (first half of 2010: RMB14.412 billion (restated)), representing a year-on-year increase of 18.5%. Total unit cost of coal transportation amounted to RMB89.3/tonne (first half of 2010: RMB98.8/tonne (restated)). The decrease was mainly attributable to: (a) the increase in sales volume by mine mouth and direct arrival of the newly acquired coal mines; and (b) the increase in sales volume of coal purchased from third parties from the ports.

(3) Profit from operations in coal segment

In the first half of 2011, profit from operations in coal segment of the Group before elimination on consolidation were RMB25.471 billion (first half of 2010: RMB19.975 billion (restated)), representing a year-on-year increase of 27.5%. In the same period, the ratio of the profit from operations in coal segment/average total assets during the reporting period amounted to 14.3%; margin of profit from operations decreased from 33.0% (restated) of the same period of last year to 30.2%.

B. Power segment

1. Business Progress

In the first half of 2011, the Company acquired Guohua Hulunbeier Power 2 x 600 MW coal-fired generators from its controlling shareholder, Shenhua Group Corporation. Meanwhile, the Company newly established the Shenwan Energy Company. Great efforts were also put into arranging a better layout for power business development leveraging on the favorable timing for industry and acquiring quality power resources such as the acquisition of Mengjin Power Plant. As at 30 June 2011, the total installed capacity of power plants controlled and operated by the Company reached 29,860 MW, representing a 4.3% increase over 31 December 2010, of which 66 units of coal-fired generator were controlled and operated by the Company with an average unit capacity of 440 MW.

In order to further increase the utilization hours of power generators, the Company stuck to the principle of “every kilowatt-hour counts” and proactively strived for excess quota outside of the planned power output. In the first half of 2011, gross power generation of the Group’s coal-fired generators was 83.79 billion kwh, representing a year-on-year increase of 15.78 billion kwh or 23.2%; the total power output dispatch of coal-fired generators was 77.99 billion kwh, representing a year-on-year increase of 14.67 billion kwh or 23.2%.

The coal consumption of the power generation operations of the Group in the first half of 2011 was 37.1 million tonnes, of which 30.5 million tonnes were from internal coal segment, accounting for 82.2%; The coal consumption for power output dispatch of coal-fired generators was 322 g/kwh, 6 g/kwh below the average level in China.

Installed capacity of coal-fired power plants in the first half of 2011

Power plants	Grid location	Geographic location	Total installed capacity as at 31 December 2010 (Restated)	Increase/ (decrease) in installed capacity for the first half of 2011	Total installed capacity as at 30 June 2011	Equity installed capacity as at 30 June 2011
			MW	MW	MW	MW
Huanghua Power	North China Power Grid	Hebei	2,520	–	2,520	1,285
Sanhe Power	North China Power Grid	Hebei	1,300	–	1,300	715
Dingzhou Power	North China Power Grid	Hebei	2,520	–	2,520	2,520
Panshan Power	North China Power Grid	Tianjin	1,030	–	1,030	469
Zhunge'er Power	North China Power Grid	Inner Mongolia	400	(100)	300	300
Shendong Power	Northwest/North China/Shaanxi Provincial Local Power Grid	Inner Mongolia	2,867	327	3,194	2,684
Guohua Zhunge'er	North China Power Grid	Inner Mongolia	1,320	–	1,320	858
Guohua Hulunbeier Power	Northeast Power Grid	Inner Mongolia	1,200	–	1,200	960
Beijing Thermal	North China Power Grid	Beijing	400	–	400	280
Suizhong Power	Northeast Power Grid	Liaoning	3,600	–	3,600	1,800
Ninghai Power	East China Power Grid	Zhejiang	4,400	–	4,400	2,640
Jinjie Energy	North China Power Grid	Shaanxi	2,400	–	2,400	1,680
Shenmu Power	Northwest Power Grid	Shaanxi	220	–	220	111
Taishan Power	South China Power Grid	Guangdong	3,000	1,000	4,000	3,200
Huizhou Thermal	South China Power Grid	Guangdong	660	–	660	660
Total installed capacity			27,837	1,227	29,064	20,162

2. Power sales

In the first half of 2011, the Company adjusted its sales strategy in a timely manner and actively fought for substituted power. The Company leveraged on the advantage of integrated operations of coal and power and stepped up efforts in sales in regional markets such as Jiangsu, Zhejiang and Guangdong. In the first half of 2011, the power output dispatch of the Company was 78.97 billion kwh, representing a year-on-year increase of 24.3%. Power tariff was RMB342/mwh, representing a year-on-year increase of RMB10/mwh. Average utilization hours of coal-fired generators amounted to 2,957 hours, which was 365 hours higher than the national average utilization hours of coal-fired power generating equipment of 2,592 hours for the same period.

3. Operating results

In the first half of 2011, the operating results of the power segment of the Company before elimination on consolidation were as follows:

		For the six months ended 30 June		Changes
		2011	2010 (Restated)	
Revenues	RMB million	27,732	21,682	27.9%
Cost of revenues	RMB million	21,637	16,484	31.3%
Profit from operations	RMB million	5,048	4,473	12.9%
Margin of profit from operations	%	18.2	20.6	Decreased by 2.4 percentage points

(1) Revenues in power segment

In the first half of 2011, revenues in power segment of the Group before elimination on consolidation were RMB27.732 billion (first half of 2010: RMB21.682 billion (restated)), representing a year-on-year increase of 27.9%, which was mainly attributable to the increase of power output dispatch and the rise of on-grid power tariffs of some power plants of the Company.

(2) Cost of revenues in power segment

In the first half of 2011, the cost of revenues in power segment of the Group before elimination on consolidation was RMB21.637 billion (first half of 2010: RMB16.484 billion (restated)), representing a year-on-year increase of 31.3%.

The unit cost of power output dispatch was RMB270.4/mwh (first half of 2010: RMB256.5/mwh (restated)), representing a year-on-year growth of 5.4%. which was mainly attributable to the increase in the cost of materials, fuel and power as a result of the increase in coal price.

(3) Profit from operations in power segment

In the first half of 2011, the profit from operations in power segment of the Group was RMB5.048 billion (first half of 2010: RMB4.473 billion (restated)), representing a year-on-year increase of 12.9%. In the same period, the ratio of the profit from operations in power segment/average total assets during the reporting period amounted to 4.1%; margin of profit from operations decreased from 20.6% (restated) of the same period of last year to 18.2%.

C Railway segment

1. Business Progress

In the first half of 2011, the transportation turnover of self-owned railway of the Company was 80.7 billion tonne km (first half of 2010: 73.7 billion tonne km (restated)), representing a year-on-year increase of 9.5%. The transportation turnover of self-owned railway accounted for 76.9% to the total turnover, representing a decrease of 1.6 percentage points as compared to 78.5% (restated) in the first half of 2010.

In the first half of 2011, the Company further tapped the full potential of the existing railway system by implementing various refined management measures such as reducing train headways, reducing time for turnover of cargo trucks and expediting the launch of heavy-loaded trains with capacity of 10,000 tonnes. By enhancing operational arrangement, speeding up the utilization of trains with capacity of 10,000 tonnes and upgrading train stations, the transportation capacity of Shenshuo Railway was further strengthened. In addition, other operating railways continued their daily transportation and capacity expansion and reform in a sound manner. The preparation and construction work of Bazhun Railway, Zhunchi Railway and Ganquan Railway progressed steadily according to plans. Certain sections of Ganquan Railway were expected to enter operation in the second half of the year.

2. Operating results

In the first half of 2011, the operating results of the railway segment of the Company before elimination on consolidation were as follows:

		For the six months ended 30 June		Changes
		2011	2010 (Restated)	
Revenues	RMB million	11,336	10,373	9.3%
Cost of revenues	RMB million	5,855	4,864	20.4%
Profit from operations	RMB million	5,009	5,214	(3.9%)
Margin of profit from operations	%	44.2	50.3	Decreased by 6.1 percentage points

(1) Revenues in railway segment

In the first half of 2011, revenues in railway segment of the Group before elimination on consolidation were RMB11.336 billion (first half of 2010: RMB10.373 billion (restated)), representing a year-on-year increase of 9.3%. Of which, the revenues from the provision of internal transportation service in the railway segment were RMB10.066 billion (first half of 2010: RMB9.297 billion (restated)), representing a year-on-year increase of 8.3% and accounting for 88.8% of revenues in railway segment. Meanwhile, by utilizing their excessive transportation capacity to provide transportation service to third parties, certain railways of the Group generated transportation revenues.

(2) Cost of revenues in railway segment

In the first half of 2011, the cost of revenues in railway segment of the Group was RMB5.855 billion (first half of 2010: RMB4.864 billion (restated)), representing a year-on-year increase of 20.4%.

Unit transportation cost in railway segment was RMB0.073/tonne km (first half of 2010: RMB0.065/tonne km (restated)), representing a year-on-year increase of 12.3%, which was mainly attributable to:

- a. the increase in repair and maintenance expenditures arising from the overhaul and track replacement in certain sections;
- b. the increase in personnel expenses as a result of the increased number of workers in railway segment and the increase in salaries;
- c. the increase in the cost of materials, fuel and power as a result of the increase in coal price and power tariff; and
- d. the increase in other costs as a result of the increases such as rental for locomotives.

(3) Profit from operations in railway segment

In the first half of 2011, profit from operations in railway segment of the Group before elimination on consolidation was RMB5.009 billion (first half of 2010: RMB5.214 billion (restated)), representing a year-on-year decrease of 3.9%. In the same period, the ratio of the profits from operations in railway segment/average total assets during the reporting period amounted to 10.0%; margin of profit from operations decreased from 50.3% (restated) of the same period of last year to 44.2%.

D. Port segment

1. Business Progress

In the first half of 2011, the Company's seaborne coal volume reached 102.7 million tonnes, accounting for 53.7% of its commercial coal sales volume. Through strengthening the coordination of loading and unloading processes, accelerating the rate of turnover of ships, the Company's self-owned ports of Huanghua Port and Shenhua Tianjin Coal Dock completed seaborne coal volume of 60.4 million tonnes (first half of 2010: 54.4 million tonnes (restated)), accounting for 58.8% of the Company's total seaborne coal volume.

Phase III of Huanghua Port commenced construction and the dredging construction of a two-way channel progressed smoothly. In addition, operating efficiency management of Tianjin Coal Dock was strengthened and the approval process for Phase II construction was expedited. The establishment of Zhuhai Coal Dock Company further enhanced the Company's mega transportation layout.

2. Operating results

In the first half of 2011, the operating results of the port segment of the Company before elimination on consolidation were as follows:

		For the six months ended 30 June		Changes
		2011	2010 (Restated)	
Revenues	RMB million	1,395	1,273	9.6%
Cost of revenues	RMB million	883	811	8.9%
Profit from operations	RMB million	385	358	7.5%
Margin of profit from operations	%	27.6	28.1	Decreased by 0.5 percentage point

(1) Revenues in port segment

In the first half of 2011, revenues in port segment of the Group before elimination on consolidation were RMB1.395 billion (first half of 2010: RMB1.273 billion (restated)), representing a year-on-year increase of 9.6%. Of which, the revenues from internal coal transportation in the port segment were RMB1.329 billion (first half of 2010: RMB1.215 billion (restated)), representing a year-on-year increase of 9.4% and accounting for 95.3% of revenues in port segment.

(2) Cost of revenues in port segment

In the first half of 2011, the cost of revenues in port segment of the Group were RMB883 million (first half of 2010: RMB811 million (restated)), representing a year-on-year increase of 8.9%.

(3) Profit from operations in port segment

In the first half of 2011, the profit from operations in port segment of the Group was RMB385 million (first half of 2010: RMB358 million (restated)), representing a year-on-year increase of 7.5%. In the same period, the ratio of the profit from operations in port segment/average total assets during the reporting period amounted to 3.6%; margin of profit from operations decreased from 28.1% (restated) of the same period of last year to 27.6%.

E. Shipping segment

1. Business Progress

In the first half of 2011, Shenhua Zhonghai Shipping Company, fully leveraging on the integrated business model, with the mega-sales system as platform, continuously consolidated and expanded its presence in the market. By refining vessel management and formulating allocation and transportation plans in a scientific manner, shipping volume reached 37.5 million tonnes and shipment turnover reached 32.7 billion tonne nautical miles.

2. Operating results

In the first half of 2011, the operating results of the shipping segment of the Company before elimination on consolidation were as follows:

		For the six months ended 30 June		Changes
		2011	2010 (Restated)	
Revenues	RMB million	2,286	–	N/A
Cost of revenues	RMB million	1,975	–	N/A
Profit from operations	RMB million	284	–	N/A
Margin of profit from operations	%	12.4	–	N/A

(1) Revenues in shipping segment

In the first half of 2011, the revenues of the Group's shipping segment before elimination on consolidation were RMB2.286 billion, of which the revenues from internal transportation services provided by the shipping segment were RMB892 million, accounting for 39.0% of revenues in shipping segment.

(2) Cost of revenues in shipping segment

In the first half of 2011, the cost of revenues of the Group's shipping segment was RMB1.975 billion. The unit cost of transportation of the shipping segment was RMB0.060/tonne nautical miles.

(3) Profit from operations in shipping segment

In the first half of 2011, the profit from operations of the Group's shipping segment was RMB284 million. In the same period, the ratio of the profit from operations in shipping segment/average total assets during the reporting period amounted to 10.8%; margin of profit from operations was 12.4%.

▼ Management review on the Company's consolidated operating results

I. Consolidated results of operations

In the first half of 2011, the operating results of each business segment of the Company before elimination on consolidation were as follows:

Segment	Revenues	Cost of revenues	Gross profit margin	Increase/decrease in revenues over the same period of last year (Restated)	Increase/decrease in cost of revenues over the same period of last year (Restated)	Increase/decrease in gross profit margin over the same period of last year (Restated)
	RMB million	RMB million	%	%	%	
Coal segment	84,333	55,322	34.4	39.5	46.9	Decreased by 3.3 percentage points
Power segment	27,732	21,637	22.0	27.9	31.3	Decreased by 2.0 percentage points
Railway segment	11,336	5,855	48.4	9.3	20.4	Decreased by 4.7 percentage points
Port segment	1,395	883	36.7	9.6	8.9	Increased by 0.4 percentage point
Shipping segment	2,286	1,975	13.6	N/A	N/A	N/A

Region	Revenues for the first half of 2011	Revenues for the first half of 2010 (Restated)	Increase/decrease in revenues over the same period of last year (Restated)
	RMB million	RMB million	%
Domestic market	98,538	68,708	43.4
Other Asia Pacific markets	2,154	2,880	(25.2)
Other markets	-	80	(100.0)
Total	100,692	71,668	40.5

1. Revenues

In the first half of 2011, the revenues of the Group were RMB100.692 billion (first half of 2010: RMB71.668 billion (restated)), representing a year-on-year increase of 40.5%. The increase was mainly attributable to: (1) a rise in coal sales volume and coal price, resulting in a 43.1% growth in coal sales revenue, the proportion of which to the total revenues increased from 67.1% (restated) of the same period of last year to 68.3%; and (2) a rise in power output dispatch and on-grid power tariffs of certain power plants, resulting in a 27.7% growth in power revenue over the same period of last year.

In the first half of 2011, the total sales revenues from the top five external customers of the Group were RMB9.120 billion, accounting for 9.1% of the Group's total revenues. The total sales revenues from the largest external customer were RMB3.210 billion, which accounted for 3.2% of the Group's total revenues.

2. Cost of revenues

In the first half of 2011, the cost of revenues of the Group was RMB59.013 billion (first half of 2010: RMB37.880 billion (restated)), representing a year-on-year increase of 55.8%. The increase was mainly attributable to: (1) a 63.2% and 19.5% growth in volume and price of coal purchased from third parties respectively, resulting in a 95.1% growth in cost of coal purchased from third parties, the proportion of which to the total cost of revenues increased from 29.0% (restated) of the same period of last year to 36.3%; and (2) an increase in cost of raw materials, fuel and power, transportation charges and personnel expenses as a result of the growth in coal and power businesses.

In the first half of 2011, the amount of purchases from the top five suppliers of the Group reached RMB7.731 billion, accounting for 16.2% of the total purchases of the Group. The total amount of purchase from the largest supplier was RMB2.376 billion, which accounted for 5.0% of the Group's total purchases.

3. Selling, general and administrative expenses

In the first half of 2011, the selling, general and administrative expenses of the Group were RMB5.001 billion (first half of 2010: RMB4.095 billion (restated)), representing a year-on-year increase of 22.1%, mainly attributable to the rise in personnel expenses, depreciation and tax expenses.

4. Other operating expenses, net

In the first half of 2011, other operating expenses, net of the Group was RMB506 million (first half of 2010: RMB131 million (restated)), representing a year-on-year increase of 286.3%, mainly attributable to the rise of RMB504 million in external donation expenses.

5. Profit from operations

In the first half of 2011, the profit from operations of the Group was RMB36.172 billion (first half of 2010: RMB29.562 billion (restated)), representing a year-on-year increase of 22.4%.

6. Income tax

In the first half of 2011, the income tax expenses of the Group were RMB8.990 billion (first half of 2010: RMB6.026 billion (restated)), representing a year-on-year increase of 49.2%. The effective income tax rate was 25%, increasing by 4 percentage points from 21% (restated) as compared with that of the same period of last year. The increase was mainly attributable to the adjustment of income tax rate from 15% to 25% since 2011 for the subsidiaries and branches of the Group, which had previously been entitled to the preferential income tax treatment granted to companies participating in the development of western China.

II. Consolidated financial position

1. Property, plant and equipment, net

As at 30 June 2011, the property, plant and equipment, net of the Group was RMB189.254 billion (31 December 2010: RMB188.061 billion (restated)), a 0.6% increase as compared with the beginning of the year.

2. Construction in progress

As at 30 June 2011, the construction in progress of the Group was RMB36.191 billion (31 December 2010: RMB33.088 billion (restated)), increasing by 9.4%. Construction in progress mainly consists of power generation, mining and railway projects.

3. Inventories

As at 30 June 2011, the inventories of the Group was RMB11.562 billion (31 December 2010: RMB11.574 billion (restated)), decreasing by 0.1% as compared with the beginning of the year, which was attributable to the decrease in the inventories of coal.

4. Accounts and bills receivable, net

As at 30 June 2011, accounts and bills receivable, net of the Group was RMB13.103 billion (31 December 2010: RMB11.424 billion (restated)), increasing by RMB1.679 billion. Accounts and bills receivable are expected to be recovered within one year.

5. Borrowings

As at 30 June 2011, the short-term borrowings and current portion of long-term borrowings of the Group were RMB9.262 billion (31 December 2010: RMB15.317 billion (restated)), decreasing by 39.5%; the long-term borrowings (less the current portion) was RMB46.900 billion (31 December 2010: RMB52.311 billion (restated)), decreasing by 10.3% as the Company raised the capital utilization efficiency and reduced borrowings.

6. Capital structure

As at 30 June 2011, the gearing ratio (total liabilities/total assets) of the Group was 37.6% (31 December 2010: 36.2% (restated)), representing an increase of 1.4 percentage points. The interest cover ratio (profit before interest and tax/interest expenses) was 21.5 times (first half of 2010: 15.6 times (restated)).

III. Consolidated cash flows

As at 30 June 2011, the Group's cash and cash equivalents amounted to RMB73.945 billion (31 December 2010: RMB77.212 billion (restated)), representing a decrease of 4.2%. Net cash generated from operating activities was RMB52.432 billion, representing a year-on-year increase of 66.7% which is mainly attributable to the growth in coal and power businesses and the increase in the amount of deposit placed with Shenhua Finance Company as compared with that of the same period of last year.

▼ Status of accomplishment of 2011 business targets

The Company's key production and operation indicators achieved stable growth in the first half of 2011. The Company's coal sales volume, production volume of commercial coal and total power output dispatch exceeded 50% of the full-year target. In the second half of the year, the Company will make more efforts in coordination to optimize the structure of production and operation as well as seek to outperform the full-year business target set by the Board.

Item	Unit	Accomplishment in the first half of 2011	Targets of 2011	Percentage of accomplishment in the first half of 2011 to full-year target %
Commercial coal production	(Million tonnes)	140.4	258	54.4
Coal sales	(Million tonnes)	191.2	350	54.6
Total power output dispatch	(Billion kwh)	78.97	152	52.0

▼ Review and prospect of business environment^{Note}

I. Macroeconomic conditions

In the first half of the year, the central government adopted active, flexible and yet solid and prudent macro-economic policies, carefully and proactively striking a balance between attaining steady and rapid economic growth, restructuring its economy and controlling inflation. The overall economy of the PRC remained in good shape. In the first half of the year, the rate of GDP growth was 9.6% on a year-on-year basis, of which the first quarter and the second quarter recorded an increase of 9.7% and 9.5%, respectively, suggesting China's rapidly growing economy is keeping its momentum.

In the second half of the year, the central government will stick to a proactive fiscal policy and a prudent monetary policy, placing price stabilisation at the top of its agenda. It is expected that the economy of the PRC will register rapid growth in the second half of the year, with the rate of economic growth surpassing the full-year growth target of 8% formulated by the central government at the beginning of the year. The growth in macro-economy will in turn boost the demand for energy such as coal.

II. Market environment of the coal industry

1. Thermal coal market in China

Review of the first half of 2011

Major coal consuming industries achieved relatively fast growth. The national thermal power generation, steel and cement production volumes grew by 13.0%, 12.8% and 19.6% year-on-year respectively, suggesting the relatively fast growth in coal demand from major coal consuming industries in the first half of the year.

The national production volume of raw coal was 1.77 billion tonnes, representing a year-on-year increase of 12.7%, up 3.8 percentage points as compared to 8.9% of the entire year of 2010. The process of eliminating small coal mines continued.

Note: (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 the information given in this section, but does not assume any liability or provide any form of guarantee for the accuracy, completeness or effectiveness of all or part of its content. The Company does not assume any liability in the case of errors or omissions. The content in this section may contain certain forward looking statements based on subjective assumptions and judgments of future political and economic developments; therefore uncertainties may exist in these statements. The Company does not undertake any responsibility in updating the information or correcting any subsequent error that may appear. The opinions, estimation and other data contained herein may be changed or revoked by the Company at any time without further notification.

(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 and China Electricity Council.

The volume of coal transported by railway was 1.11 billion tonnes nationwide, representing a year-on-year increase of 13.2%, down 3.7 percentage points as compared to 16.9% throughout 2010.

The high coal spot prices in the Asia Pacific markets persisted, leading to a decrease in the national net import. In the first half of the year, China's national net coal import volume was 61.74 million tonnes, representing a year-on-year decrease of 11.5%.

In the first half of 2011, the supply and demand of China's thermal coal market was largely balanced. Due to the growth of economy, the reduction in hydropower output and the decrease of net coal import volume as a result of the ballooning international coal price, the supply of thermal coal was stretched thin in certain regions during April and May. In the first half of the year, the spot price of thermal coal fluctuated at high levels, blurring the distinction between peak and low seasons.

Prospect for the second half of 2011

Major coal consuming industries of China such as the power industry, iron and steel industry and construction materials industry will maintain their growth momentum, driving up the national demand for coal.

Coal production capacity of China will further increase. The continuous consolidation of coal resources in various provinces and regions will restrain the growth in coal production volume. As major coal producing areas are moving to western China gradually, it is expected that the transportation capacity of railways will continue to be stressed in certain periods. Meanwhile, the release of production capacity of coal mines in certain regions of Inner Mongolia, Shaanxi and Ningxia is restrained by railway transportation capacity, and thus the condition of "production determined by transportation capacity" will subsist.

Looking into the second half of the year, the thermal coal spot prices in Asia Pacific markets will remain high and the import volume of thermal coal in China will see a sustained year-on-year decrease.

It is expected that the overall supply and demand of the national thermal coal market will remain balanced in the second half of the year, and given the impact of seasonal and other factors, the condition of thermal coal supply running tight will linger in certain regions and certain time periods. The spot prices of the thermal coal in China will continue to fluctuate at high levels.

2. Thermal coal market in Asia Pacific Regions

Review of the first half of 2011

The economic growth of the Asia Pacific regions boosted the demand for thermal coal. The thermal coal imports of South Korea recorded a year-on-year increase of 10.7% to 51.70 million tonnes; the thermal coal imports of India for the past five months were 39.40 million tonnes, representing a year-on-year increase of 20.0%. Coal imports of Japan took a blow as a result of the earthquake, with thermal coal imports of 61.10 million tonnes in the first half, a year-on-year decrease of 3.6%.

The exports of major exporting countries rose further. Australia's thermal coal exports amounted to 67.10 million tonnes, representing a year-on-year growth of 3.4%; Indonesia's thermal coal exports amounted to 181.60 million tonnes, representing a year-on-year growth of 20.2%.

In the first half, thermal coal supply in the Asia Pacific markets was slightly stressed and the spot price for thermal coal fluctuated at high levels. Australia BJ thermal coal spot price was USD130.85/tonne in the beginning of the year, peaked at USD134.35/tonne and dropped to as low as USD117.45/tonne. It reached USD120.90/tonne at the end of June.

Prospect for the second half of 2011

The demand for thermal coal in the Asia Pacific markets will register a year-on-year increase and the post-earthquake reconstruction in Japan will lead to growing thermal coal import. In the meantime, the thermal coal import of India will show a relatively speedy growth whilst the thermal coal import of China will continue to record year-on-year decrease.

Thermal coal supply in the Asia Pacific markets will increase in the second half of the year. Coal export from Australia in the second half of the year will grow over the first half of the year as the negative effects to coal supply stemming from the flooding at the end of last year gradually subsides. Given the inadequate railway and port transportation facilities in Indonesia and higher price prescribed by the Indonesian government for coal export, growth of coal export will be limited. Vietnam's lifting of its tax rate for coal export will inhibit its growth in coal export.

It is expected that thermal coal supply in the Asia Pacific markets will be slightly stressed and the spot price for thermal coal will fluctuate at high levels in the second half of the year.

III. Market environment of the power industry

Review of the first half of 2011

Power consumption in China increased by 12.2% on a year-on-year basis with the growth of power consumption returning to normal.

The country's newly installed power generation capacity (officially entered operation) reached 34.78 million KW, 23.31 million KW of which was contributed from the installed capacity of coal-fired generators. The national power supply capacity further increased and works on closure of small coal-fired power generation units had continued.

The national average utilization hours of power generating equipments accumulated to 2,306 hours, representing a year-on-year increase of 44 hours. Among which, the hours for coal-fired power generating equipments was 2,592 hours, representing an increase of 59 hours. These indicated that the power demand grew further as compared with that of last year.

The supply and demand of power in China was balanced on the whole in the first half of the year, yet supply ran tight in certain regions during April and May due to factors such as the growth of power demand and the reduction of hydropower output in several provinces and regions.

Prospect for the second half of 2011

The economic growth in China will further boost the demand for power. Stimulated by the ongoing construction of security housing and numerous new projects under the Twelfth Five-Year Plan, the national demand for power will keep growing steadily and rapidly in the second half of the year.

China's installed capacity of power generation will continue to expand. Among which, the expansion of the installed capacity of coal-fired generators will slow down, while that of new energy and clean energy generators such as wind power generators will increase further.

It is expected that the supply and demand of power in China will be balanced in general in the second half of the year. The average utilization hours of power generating equipments will see modest increase on a year-on-year basis. Given the impact of factors such as seasonality, supply will run tight in some regions and during certain periods.

▼ 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 the fundamental sectors of the national economy and are closely correlated with the prosperity of the national economy. Cyclical fluctuations of the economy may 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 coal business of the Company faces competitions from other coal manufacturers in both domestic and international markets. In domestic market, some of our competitors in coal business developed a competitive edge through a lower transportation cost for shipment of coal to target markets as a result from its geographical proximity to the coast. For power business, the Company mainly competes with the top five power generation corporations in China and other independent power plants. The Company faces competitions in various areas, such as acquiring more coal resources, securing favourable 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 are unable to fully meet domestic demand for coal transportation. The Company has experienced delay in the process of coal transportation to customers when using third party transportation systems. The Company cannot ensure that similar problems will not occur in the future.

IV. Risk of increasing cost

As the mining process proceeds further, the Company's mining cost may increase gradually. Furthermore, potential inflation risk resulting from macro-economic growth and increase of bulk commodity prices may lead to an 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 will be affected. There is currently a lack of financial instruments that can be used in hedging exchange risk within the nation, and thus, to a certain extent, restricted the Company's ability to manage exchange risk.

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, affecting the operations of 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 or third party liability insurance for personal injury or environmental damages arising from accidents occurring 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 auto insurance in 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

Capital expenditure plan and its accomplishment status	Plan in 2011	Completed in first half of 2011	Percentage of accomplishment of the plans in the first half of 2011	Percentage of each segment in 2011
	RMB100 million	RMB100 million	%	%
Coal segment	155	56.10	36.2	42.8
Power segment	46	21.15	46.0	12.7
Transportation segment	159	41.41	26.0	43.9
Others	2	0.05	2.5	0.6
Total	362	118.71	32.8	100.0

The Company's capital expenditure in the first half of 2011 was RMB11.871 billion, accounting for 32.8% of the planned amount for the year. The capital expenditure was mainly used in the restructuring and capacity expansion of certain mines in Shendong Mines and Zhunge'er Mines, as well as the construction works in relation to projects such as Ganquan railways and Bazhun railways.

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. As construction enters peak season in the third quarter, a number of the Company's projects has broken ground. Thus, it is expected that the accomplishment of the capital expenditure plan for the year will be further improved.

The current plans of the Company in relation to future capital expenditures are subject to development of business plans (including potential acquisitions), progress of 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 of A Shares and other debt and equity financing.

▼ 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 2011, the accumulated amount of proceeds used was RMB45.327 billion, of which an accumulated amount of RMB29.327 billion was used for investments. The amount of proceeds used during the reporting period was RMB11.547 billion.

The Company approved the temporary use of RMB6.500 billion of the proceeds for liquidity replenishment for a period of six months starting from 26 July 2010 at the 3rd meeting of the second session of Board of Directors of the Company held on 23 July 2010. The Company returned the RMB6.500 billion to the designated account of the proceeds on 24 January 2011.

The Company approved the temporary use of RMB6.500 billion of the proceeds for liquidity replenishment for a period of six months starting from 21 March 2011 at the 11th meeting of the second session of Board of Directors of the Company held on 18 March 2011. The sum shall be returned when due to the designated account of the proceeds.

As at 30 June 2011, the balance of proceeds unused (excluding the temporary use of RMB6.500 billion for liquidity replenishment) was RMB14.161 billion (balance in the designated account of the proceeds was RMB16.498 billion, the difference being the interest income of the bank deposit). The unused proceeds are deposited to the designated account for the 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” published on 27 August 2011.

Directors' Report

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 generated in the reporting period (total profits generated from the beginning of the year to the end of the reporting period)	The percentage of the return generated to the total consolidated profits of the Company for the same period	Whether progress is on schedule	Whether the anticipated return is achieved
		RMB ten thousand	RMB ten thousand	RMB ten thousand	RMB ten thousand	%		
I. Investments and renovation of coal, power and transportation system	No	1,668,875	1,537,819	–	N/A			
Of which: Halagou Mine project	No	169,300	169,300	–	50,856	1.50	Yes	Yes
Buertai mine construction project	No	344,815	344,815	–	57,749	1.70	Yes	Yes
Ha'erwusu open-cut mine project	No	538,600	538,600	–	83,290	2.45	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 gondola car C70	No	160,000	159,200	–	N/A	N/A	Yes	
Huanghua Port cargo dumper improvement works	No	4,426	–	–	N/A	N/A		
Hebei Sanhe power plant Phase II	No	31,602	–	–	N/A	N/A		
Inner Mongolia Guohua Zhunge'er power plant expansion project	No	35,400	33,394	–	4,361	0.13	Yes	Yes
Zhejiang Ninghai power plant Phase II	No	105,822	91,883	–	39,673	1.17	Yes	Yes
Phase II of Shaanxi Jinjie coal and power integration project	No	64,050	64,050	–	41,779	1.23	Yes	Yes
Hebei Huanghua power plant Phase II	No	48,690	40,824	–	17,505	0.51	Yes	Yes
Hebei Dingzhou power plant Phase II	No	45,500	41,493	–	6,943	0.20	Yes	Yes
Liaoning Suizhong power plant Phase II	No	87,482	21,072	–	N/A	N/A	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	1,394,867	1,154,665	N/A	N/A	N/A	N/A
Total	–	6,598,838	4,532,686	1,154,665	–	–	–	–

Operating conditions and results of major subsidiaries and investee companies

No.	Company	Registered capital	Total assets	Net assets	Net profit (attributable to owners of the parent company)
		RMB million	RMB million	RMB million	RMB million
1	Shendong Coal Group	215	48,651	27,174	7,722
2	Shuohuang Railway Development Co., Ltd.	5,880	22,660	16,688	2,230
3	Shenhua Zhunge'er Energy Co., Ltd.	7,102	19,124	13,708	1,494
4	Shaanxi Guohua Jinjie Energy Co., Ltd.	2,278	11,036	4,597	1,289
5	Beijing Shenhua Hengyun Energy Technology Co., Ltd.	50	2,045	1,223	826
6	Guangdong Guohua Yudean Taishan Power Co., Ltd.	2,700	16,739	5,231	677
7	Zhejiang Guohua Zheneng Power Generation Co., Ltd.	3,189	15,454	4,322	673
8	Yulin Shenhua Energy Co., Ltd.	1,000	3,288	1,703	576
9	Shenhua Baorixile Energy Co., Ltd.	1,169	4,734	2,424	322
10	Hebei Guohua Cangdong Power Co., Ltd.	1,779	8,410	2,159	268

- Notes:
1. The financial information in the above table was prepared in accordance with the Accounting Standards for Business Enterprises.
 2. Shendong Coal Group recorded operating income of RMB27,351 million and operating profit of RMB10,269 million in the first half of 2011.
 3. Shuohuang Railway Development Co., Ltd. recorded operating income of RMB5,249 million and operating profit of RMB3,018 million in the first half of 2011.
 4. The financial information of the major subsidiaries and investee companies disclosed above has not been audited or reviewed.

Reasons for and impacts of the changes in the Company's accounting policies or accounting estimates or correction of significant accounting errors

During the reporting period, the Company changed its accounting policies in accordance with the requirements of revised IFRS 1. For details, please refer to note 3 to the interim financial report.

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

Apart from the above changes in significant accounting policies, there was no material changes in the principle accounting policies and major accounting estimates of the Company as compared with that of 2010.

Other matters

▼ Charge over assets of the Group

For the six months ended 30 June 2011, the Company has not placed any material charges over the assets of the Group.

▼ Material acquisitions and disposals

Please refer to the section of "Significant Events" in this report for details.

Major Financial Data and Indicators

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

▼ Major Financial Data for the Reporting Period

Unit: RMB million

Items	Amount
Operating profit	34,602
Profit before income tax	34,035
Net profit attributable to equity shareholders of the Company	21,868
Net profit attributable to holders of ordinary shares of the Company net of extraordinary gain and loss	21,961
Net cash flow from operating activities	53,375

▼ 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 2011	As at 31 December 2010 (Restated)
	2011	2010 (Restated)		
Under Accounting Standards for Business Enterprises	21,868	18,836	200,513	202,202
Adjustments for:				
Adjustment for production maintenance, production safety and other related expenditures, and others	858	673	2,425	2,911
Under International Financial Reporting Standards	22,726	19,509	202,938	205,113

Major Financial Data and Indicators

Explanations for the differences between domestic and international accounting standards:

Pursuant to the relevant regulations of the related government authorities in the PRC, provision for production maintenance, production safety and other related expenditures is accrued by coal mining companies based on coal production volume, recognised as expense in profit or loss and separately recorded as a specific reserve in shareholders' equity. On utilisation of the specific reserve as fixed assets in accordance with the stipulated scope, full amount of 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 on production maintenance and safety facilities are 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.

▼ Items and amounts of extraordinary gain and loss

Unit: RMB million

Items of extraordinary gain and loss	Amount
Non-operating income	
– Subsidy income	43
– Others	112
Investment income	
– Income from entrusted loans	62
Net income for the period of subsidiaries from the beginning of the year to the date of consolidation aroused from business combination under common control	322
Non-operating expenses	(725)
Tax effect in respect of the above items	127
Total	(59)
Of which: Extraordinary gain and loss that affect net profit attributable to equity shareholders of the Company	(93)
Extraordinary gain and loss that affect net profit attributable to minority shareholders	34

▼ Major Financial Data and Indicators

Major Financial Data and Indicators		For the six months ended 30 June			Increase/decrease over the same period of last year (After restatement)
		2011	2010 (After restatement)	2010 (Before restatement)	
Operating income	(RMB million)	100,692	71,668	69,731	40.5%
Profit before income tax	(RMB million)	34,035	27,535	27,189	23.6%
Net profit attributable to equity shareholders of the Company	(RMB million)	21,868	18,836	18,632	16.1%
Net profit attributable to holders of ordinary shares of the Company net of extraordinary gain and loss	(RMB million)	21,961	18,630	18,654	17.9%
Basic earnings per share	(RMB)	1.099	0.947	0.937	16.1%
Diluted earnings per share	(RMB)	1.099	0.947	0.937	16.1%
Basic earnings per share net of extraordinary gain and loss	(RMB)	1.104	0.937	0.938	17.9%
Fully diluted return on net assets	(%)	10.91	10.34	10.47	Increased by 0.57 percentage point
Weighted average return on net assets	(%)	10.86	10.61	10.73	Increased by 0.25 percentage point
Fully diluted return on net assets net of extraordinary gain and loss	(%)	10.95	10.23	10.48	Increased by 0.72 percentage point
Weighted average return on net assets net of extraordinary gain and loss	(%)	10.91	10.49	10.74	Increased by 0.42 percentage point
Net cash flow from operating activities	(RMB million)	53,375	33,188	30,556	60.8%
Net cash flow from operating activities per share	(RMB)	2.68	1.67	1.54	60.8%

Major Financial Data and Indicators		As at 30 June 2011	As at 31	As at 31	Increase/decrease over the end of last year (After restatement)
			December 2010 (After restatement)	December 2010 (Before restatement)	
Total assets	(RMB million)	377,057	367,689	339,268	2.5%
Equity attributable to equity shareholders of the Company	(RMB million)	200,513	202,202	196,917	(0.8%)
Net assets per share attributable to equity shareholders of the Company	(RMB)	10.08	10.17	9.90	(0.8%)

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 2011 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. Foreign shares listed overseas	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 period ended 30 June 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities as defined in 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 2010, the 2011 first class meeting of the holders of A shares and the 2011 first class meeting of the holders of H shares of the Company held on 27 May 2011. For specific details, please refer to the related announcements published on the website of the Hong Kong Stock Exchange on 27 May 2011 as well as on the Designated Newspapers for Information Disclosure and the website of the Shanghai Stock Exchange on 28 May 2011.

Shareholders

▼ Total number of Shareholders

As at the end of the reporting period, there were a total of 327,377 shareholders of the Company, of which 324,671 are holders of A shares (including Shenhua Group Corporation) and 2,706 are registered holders of H shares.

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

▼ Top ten shareholders and top ten shareholders without selling restrictions

Statement on the connected relationships and whether they are parties acting in concert are as follows: the fund trustees of China Construction Bank – Yinhua – Dow Jones 88 Selected Securities Investment Fund and China Construction Bank – Huabao Industrial Prime Equity Securities Investment Fund are China Construction Bank; 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 shareholders	Shareholding percentage	Total number of shares held at the end of the reporting period	Increase(+) or 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	72.96%	14,511,037,955	–	–	Nil
HKSCC NOMINEES LIMITED	Overseas corporate	17.04%	3,389,321,991	-873,341	–	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	0.17%	33,932,230	+9,784,549	–	Nil
Bank of Communications – E Fund 50 Index Securities Investment Fund	Others	0.14%	28,298,102	-6,216,918	–	Nil
Industrial & Commercial Bank of China – Shanghai Index 50 Trading Open-end Index Securities Investment Fund	Others	0.14%	27,926,058	-2,717,913	–	Nil
China Construction Bank – Yinhua – Dow Jones 88 Selected Securities Investment Fund	Others	0.14%	27,101,864	+27,091,864	–	Nil
Bank of China – Jia Shi Hu Shen 300 Index Securities Investment Fund	Others	0.09%	17,375,151	-1,531,349	–	Nil
China Construction Bank – Huabao Industrial Prime Equity Securities Investment Fund	Others	0.07%	14,828,340	+14,828,340	–	Nil
Baosteel Group Corporation Limited	State-owned corporate	0.07%	14,342,665	–	–	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

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

Unit: Shares

Name of shareholders	Number of shares without selling restrictions	Type of shares
Shenhua Group Corporation Limited	14,511,037,955	RMB ordinary shares
HKSCC NOMINEES LIMITED	3,389,321,991	Foreign shares listed overseas
China Life Insurance Company Limited – Bonus – Personal Bonus – 005L – FH002 Shanghai	33,932,230	RMB ordinary shares
Bank of Communications – E Fund 50 Index Securities Investment Fund	28,298,102	RMB ordinary shares
Industrial & Commercial Bank of China – Shanghai Index 50 Trading Open-end Index Securities Investment Fund	27,926,058	RMB ordinary shares
China Construction Bank – Yinhuo – Dow Jones 88 Selected Securities Investment Fund	27,101,864	RMB ordinary shares
Bank of China – Jia Shi Hu Shen 300 Index Securities Investment Fund	17,375,151	RMB ordinary shares
China Construction Bank – Huabao Industrial Prime Equity Securities Investment Fund	14,828,340	RMB ordinary shares
Baosteel Group Corporation Limited	14,342,665	RMB ordinary shares
China Merchants Bank Co., Ltd. – Everbright Pramerica Strength Allocation Equity Securities Investment Fund	14,147,693	RMB ordinary shares

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

Unit: Shares

No	Name of shareholders with selling restrictions	Number of shares with selling restrictions	Trading and listing 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	As at 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”

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

As at 30 June 2011, 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 shareholders	Capacity	H shares/ domestic shares	Nature of interest	Number of H shares/ domestic shares	Percentage of H shares/domestic shares over total issued H/domestic shares respectively	Percentage of total issued share capital of the Company
					%	%
Shenhua Group	Beneficial owner	Domestic shares	N/A	14,511,037,955	87.99	72.96
Blackrock, Inc.	Interest of corporation controlled by the substantial shareholder	H Shares	Long position	235,711,492	6.94	1.19
			Short position	11,284,922	0.33	0.06
JPMorgan Chase & Co.	Beneficial owner	H Shares	Long position	224,745,888	6.61	1.13
	Investment manager		Short position	5,434,799	0.16	0.03
	Custodian		Lending pool	186,015,165	5.47	0.94

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 2011, in so far as the directors, president and supervisors of the Company are aware, there was no other interest and/or short position held by any other person 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.

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

During the reporting period, there were no changes in shareholding of the Company held by 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 China Securities Regulatory Commission.

Appointment or removal of directors, supervisors and senior management

Mr. Hua Zeqiao resigned as the vice president of the Company on 16 March 2011 on account of his statutory retirement age.

The fifteenth meeting of the second session of the Board of the Company elected director Zhang Yuzhuo as vice chairman of the Company as at 24 May 2011 with a term until 17 June 2013; Mr. Han Jianguo, Mr. Wang Xiaolin, Dr. Li Dong, Dr. Hao Gui, Mr. Xue Jilian and Mr. Wang Pingang have been appointed as senior vice presidents of the Company with a term of three years and Mr. Zhai Guiwu has been appointed as vice president of the Company with a term of three years. Due to his duties in the Company, Mr. Han Jianguo was appointed as an executive director of the Company.

Disclosure of interests by directors, supervisors and senior management

As at 30 June 2011, none of the directors, supervisors or senior management 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 2011, 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 2011, the Company had 74,949 employees. Composition of the employees was as follows:

▼ By function

Functions	As at 30 June 2011	As at 31 December 2010	Percentage change
			%
Operation and maintenance	51,003	44,712	14.1
Management and administration	10,512	9,029	16.4
Finance and accounting	1,302	1,026	26.9
R&D and technical support	6,088	5,015	21.4
Sales and marketing	1,830	1,402	30.5
Others	4,214	3,970	6.1
Total	74,949	65,154	15.0

▼ By education level

Degrees of education	As at 30 June 2011	As at 31 December 2010	Percentage change
			%
Postgraduate or above	1,318	1,030	28.0
University graduate	15,212	13,744	10.7
College graduate	18,280	16,665	9.7
Specialized secondary school graduate	16,360	13,922	17.5
Technical school graduate	4,742	4,497	5.4
High school graduate	10,861	9,785	11.0
Middle school graduate or below	8,176	5,511	48.4
Total	74,949	65,154	15.0

Corporate Governance

During the reporting period, the Company further improved its corporate governance by establishing, among others, “The Accountability System for Material Errors of Information Disclosure in Annual Report of China Shenhua Energy Company Limited”, “Rules on Work of the Secretary to the Board of China Shenhua Energy Company Limited” and “Management System Governing Transactions with Related Parties of China Shenhua Energy Company Limited” in accordance with domestic and overseas regulations.

During the reporting period, with the establishment of “Rules for the Implementation of the Internal Control System of China Shenhua Energy Company Limited for the Year 2011”, the Company analyzed its previous framework of internal control and risk management as well as working practices and formulated the plan and objectives for its internal control in 2011.

The Company has established a system of corporate governance practices in accordance with the “Code on Corporate Governance Practices” as set out in Appendix 14 of the Hong Kong Listing Rules. The Company has been in full compliance with the provisions of the “Code on Corporate Governance Practices” and most of the recommended best practices as specified therein during the six months ended 30 June 2011.

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. Xie Songlin and Mr. Guo Peizhang. On 19 August 2011, the Audit Committee reviewed the Company’s interim financial report for the six months ended 30 June 2011 and approved submission of the interim financial report to the board for approval.

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “Model Code”) set out in Appendix 10 of the Hong Kong Listing Rules, which requires the securities transactions of the directors of the Company to be carried out in accordance with the Model Code. The Model Code is also applicable to the senior management of the Company. After specific enquiries made by the Company, all directors have confirmed that they had fully complied with the Model Code for the six months ended 30 June 2011.

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

Save for their service contracts with the Company, none of the directors and supervisors of the Company had any actual personal interest, directly or indirectly, in any material contracts entered into by the Company or any of its subsidiaries in the first half of 2011.

In 2010, China Shenhua and Shenhua Group Corporation entered into the Management Services Agreement for 2011-2013, which serves as one of the specific implementation agreements for the Agreement on Mutual Supply of Products and Services, an agreement entered into between the two parties for continuing related party transactions. Pursuant to the Management Services Agreement, China Shenhua provides various daily administration services and other relevant services assisting production (excluding financial management and services) to the headquarters of Shenhua Group.

On 26 August 2011, the Company's entering into of "Assets and Business Management Services Agreement" for 2011 to 2013, as one of the specific implementation agreements for the "Agreement on Mutual Supply of Products and Services", with Shenhua Group Corporation was approved by the 17th Meeting of the Second Session of the Board. The Company will be engaged by Shenhua Group Corporation to provide daily operating management services for its unlisted assets and business. The "Management Services Agreement" dated 21 December 2010 between the Company and Shenhua Group Corporation lapses since the effective date of the "Agreement on Mutual Supply of Products and Services".

Upon completion of relevant procedures, six vice general managers of Shenhua Group Corporation were appointed as senior vice presidents of the Company for a term of 3 years, effective from 24 May 2011. Details are set out in the Announcement on Resolutions of the 15th Meeting of the Second Session of the Board and Changes of the Directors' Duties and Changes in the Composition of Senior Management of China Shenhua Energy Company Limited dated 25 May 2011 (Lin 2011-023).

The Company will promote for the listing of the entire Shenhua Group while maintaining its independent and complete system of businesses and the capability for independent market-oriented operation. The initiative will further tighten the regulation of related party transactions and avoid horizontal competition, which is beneficial for maximizing the returns for shareholders.

Implementation of Profit Distribution Policy

On 27 May 2011, the Annual General Meeting of 2010 approved the distribution of a final dividend for the year 2010 of RMB0.750 per share (inclusive of tax) to all of the shareholders. The abovementioned final dividend had been distributed before 26 August 2011. For the arrangements related to the distribution of dividends, please refer to the Announcement Regarding the Payment of Final Dividend For the Year 2010 of China Shenhua Energy Company Limited (Lin 2011-027) dated 2 June 2011, Further Information on the Payment of Final Dividends dated 24 June and Further Announcement on the Payment of Final Dividend dated 27 July.

The Company does not have any plan for declaring or distributing any interim dividend to its shareholders.

Material Litigation and Arbitration

As at the end of the reporting period, the Group had not 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 2011, 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 Controlled Financial Institutions

Name of the company in which the Company holds equity interest	Amount of initial investment ^{Note}	Number of shares held	Percentage of the direct and indirect shareholding in the company	Book value at the end of the period	Gain or loss during the reporting period	Change in equity held during the reporting period	Account caption
	RMB million	shares	%	RMB million	RMB million	RMB million	
Shenhua Finance Company	1,197	–	99.29	1,067	225	225	Long-term equity investment

Note: The amount of initial investment was RMB161 million. During the reporting period, additional amount of RMB1,036 million was invested for the acquisition of equity interests in Shenhua Finance Company held by Shenhua Group Corporation and its subsidiaries.

The acquisition of 39.29%, 12.86% and 7.14% equity interest in Shenhua Finance Company by the Company from Shenhua Group Corporation, Guohua Energy and Coal Liquefaction Company respectively was approved at the 2011 first extraordinary general meeting of the Company held on 25 February 2011. The acquisition has completed by the end of the reporting period, and the Company is directly and indirectly holding 99.29% equity interest in Shenhua Finance Company.

During the reporting period, according to the board resolution of Shenhua Finance Company, Shenhua Finance Company stringently complied with the resolution passed at the 12th meeting of the second session of the board of China Shenhua. The deposits placed by China Shenhua and its subsidiaries or branches with Shenhua Finance Company were only used for the credit facilities of China Shenhua and its subsidiaries or branches and for deposits with the People's Bank of China and the top five commercial banks (namely Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China, China Construction Bank and Bank of Communications), which were not for the purpose of investment in public/private markets and properties, etc.

During the reporting period, the deposits and borrowings of Shenhua Finance Company were as follows:

▼ Total deposits and borrowings at the end of the period

	As at 30 June 2011	As at 31 December 2010	Percentage change
	RMB million	RMB million	%
Balance of deposits	45,938.4	15,227.6	201.7
Balance of borrowings	9,853.4	6,421.8	53.4
Of which: balance of guaranteed borrowings	3,664.8	2,194.5	67.0

▼ Balance of deposits and borrowings of top ten customers

(1) Balance of deposits of top ten customers

No.	Name of customer	As at 30 June 2011	Change in the first half of 2011
		RMB million	RMB million
1	China Shenhua Energy Company Limited	17,159.2	15,567.0
2	Shenhua Group Corporation Limited	15,089.5	6,105.1
3	Shenhua Group Baotou Mining Co., Ltd.	3,013.2	2,939.3
4	Beijing Guohua Power Company Limited	1,661.7	1,636.0
5	China Shenhua Coal Liquefaction Chemical Co Ltd	1,557.1	924.3
6	Guohua Energy Investment Co Ltd	1,463.8	1,120.4
7	Shenhua Coal Trading Co., Ltd.	1,011.3	583.1
8	Shenhua Science and Technology Developing Co., Ltd. (神華科技發展有限公司)	976.1	976.1
9	Shenhua Ningxia Coal Industry Group Co., Ltd	655.2	(100.9)
10	Shenhua International Trading Co Ltd	536.7	(241.4)

(2) Balance of borrowings of top ten customers

No.	Name of customer	As at 30 June 2011	Change in the first half of 2011
		RMB million	RMB million
1	Shenhua Wuhai Energy Company Limited	2,474.8	1,720.3
2	Shenhua Mengxi Coal Chemical Company Limited	1,582.0	296.0
3	Shenhua Shendong Power Co., Ltd.	1,147.0	–
4	Guohua Energy Investment Co Ltd	1,000.0	1,000.0
5	Shaanxi Shenyang Coal Co., Ltd. (陝西神延煤炭有限責任公司)	700.0	700.0
6	Inner Mongolia Guohua Hulunbeier Power Generation Co., Ltd.	610.0	300.2
7	Shenhua Hangjin Energy Company Limited	400.0	–
8	Shenhua Baorixile Energy Co Ltd	400.0	–
9	Guohua Taicang Power Co., Ltd.	345.0	124.0
10	Ningxia Guohua Ningdong Power Generation Co., Ltd.	322.6	122.6

Significant Events

▼ Approval of borrowings during the reporting period

Item	The first half of 2011
	RMB million
Amount of contracted borrowings	11,977.5
Amount of granted borrowings	5,278.9
Amount of guaranteed borrowings	1,670.3
Amount of rejected borrowings	–

As of the end of the reporting period, the Company did not hold any equity in other listed companies and had no equity investment in controlled financial institutions, except those disclosed above.

Acquisition and Disposal of Assets and Combination

On 25 February 2011, the 2011 first extraordinary general meeting of the Company approved the acquisition by the Company of the equity interests or assets of 10 subsidiaries engaged in coal, power and related businesses directly or indirectly held by Shenhua Group Corporation (the parent) and its subsidiaries. Details of the acquisitions are set out in the announcement on the resolutions passed at the 2011 first extraordinary general meeting of the Company. As of the end of the reporting period, the abovementioned acquisitions have been completed. 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 have any material acquisition and disposal of assets or merger during the reporting period.

Equity Incentive Plan

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

Material Related Party Transactions

The Company has established a related party transaction team under the direct leadership of the Chief Financial Officer, which is responsible for the management of related party transactions; and has formulated the operation process which properly delineates the responsibilities of the Company, its subsidiaries and branches in the management of related party transactions. In addition, the systems of routine examinations, reporting and accountability have been set up in the subsidiaries and branches of the Company.

In accordance with the relevant requirements of securities regulatory authorities of the PRC, related party transactions under the listing rules of the Shanghai Stock Exchange are disclosed as follows:

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

On 25 February 2011, the 2011 first extraordinary general meeting of the Company approved the acquisition by the Company of the equity interests or assets of 10 subsidiaries ("Target Companies") engaged in coal, power and related businesses directly or indirectly held by Shenhua Group Corporation (the parent) and its subsidiaries. Details of the acquisitions are set out in the announcement on the resolutions passed at the 2011 first extraordinary general meeting of the Company. As of the end of the reporting period, the abovementioned acquisitions had completed with certain assets still in the transfer process. Details of the transactions are as follows:

- (1) All the transactions were settled in cash. The pricing principles for the assets acquired were determined based on the valuation which had been filed, subject to certain price adjustments items;
- (2) Explanation on the discrepancy between the transaction price and the valuation: a. the consideration for the transfer of the target equity is equal to the valuation of the target equity less the accumulated profit allocated to the transferor; or b. the consideration for the transfer of the target equity is equal to the valuation of the equity in the target company held by the transferor on the reference date of the valuation plus the additional capital injected by the shareholders of the target company;
- (3) Related relationship: Shenhua Group Corporation is a legal person which directly or indirectly controlled the listed company; all of the other transaction parties are legal persons directly or indirectly controlled by Shenhua Group Corporation (other than the listed company and its controlled subsidiaries).

Significant Events

Other information about the transaction is as follows:

No.	Counterparty or its ultimate controller	Transaction	Valuation as at the end of 30 June 2010	Price of assets acquisition
			RMB million	RMB million
1	Shenhua Group Corporation	56.61% equity interest in Shenbao Energy Company	2,451.9	2,409.2
2	Guohua Power	80% equity interest in Guohua Hulunbeier Power	500.5	733.7
3	International Trading Company	39.10% equity interest in Clean Coal Company	55.9	55.9
	Shenbao Energy Company	21% equity interest in Clean Coal Company		
4	Guohua Energy	80% equity interest in Chaijiagou Mining	521.0	448.8
	Jihua Industry	15% equity interest in Chaijiagou Mining		
5	Shenhua Group Corporation	39.29% equity interest in Shenhua Finance Company	1,206.4	1,035.9
	Guohua Energy	12.86% equity interest in Shenhua Finance Company		
	Coal Liquefaction Company	7.14% equity interest in Shenhua Finance Company		
6	Shenhua Group Corporation	98.71% equity interest in Material Company	628.3	527.7
	International Trading Company	1.29% equity interest in Material Company		
7	Shenhua Group Corporation	100% equity interest in Tianhong Company	330.3	330.3
8	Shenhua Group Corporation	80% equity interest in Information Company	67.4	67.4
9	Shenhua Group Corporation	100% equity interest in Beiyao Company	23.8	23.8
10	Baotou Mining	Major operating assets and related liabilities in Baotou Mining	3,069.4	3,069.4
	Total	–	8,854.9	8,702.1

Note: According to the valuation made on 30 June 2010, the Company has paid the acquisition consideration of RMB8.702 billion during the reporting period. Such consideration will be further adjusted in accordance with the value of equity being acquired and the assets on the completion date. As at 30 June 2011, the Company was negotiating with Shenhua Group to determine the adjustment on the acquisition consideration.

For the details of the transaction, please refer to the Announcement regarding the Acquisition of Assets And Related Party Transactions of China Shenhua Energy Company Limited (Lin 2010-043) dated 21 December 2010.

The operations of the acquired assets above during the reporting period are as follows:

Operations		Six months ended 30 June		Percentage change %
		2011	2010	
Production of commercial coal	million tonnes	14.1	9.4	50.0
Shenbao Energy Company	million tonnes	12.5	8.0	56.3
Baotou Mining	million tonnes	1.1	1.0	10.0
Chaijiagou Mining	million tonnes	0.5	0.4	25.0
Sales volume of commercial coal	million tonnes	15.0	9.2	63.0
Shenbao Energy Company	million tonnes	12.0	7.4	62.2
Baotou Mining	million tonnes	2.4	1.5	60.0
Chaijiagou Mining	million tonnes	0.6	0.3	100.0
Power generation				
Guohua Hulunbeier Power	100 million kwh	24.2	–	N/A
Power output dispatch				
Guohua Hulunbeier Power	100 million kwh	21.7	–	N/A

No.	Projects	Net profit/(loss)			
		First half of 2011	Percentage to net profit of the Company	First half of 2010	Year-on-year change
		RMB million	%	RMB million	%
1	Shenbao Energy Company	322	1.26	120	168.3
2	Guohua Hulunbeier Power	14	0.05	(10)	(240.0)
3	Clean Coal Company	(2)	(0.01)	(3)	(33.3)
4	Chaijiagou Company	62	0.24	22	181.8
5	Material Company	41	0.16	26	57.7
6	Tianhong Company	4	0.02	(1)	(500.0)
7	Information Company	1	0.00	–	N/A
8	Beiyao Company	(8)	(0.03)	(17)	(52.9)
9	Shenhua Finance Company	225	0.88	130	73.1
10	Major operating assets and related liabilities in Baotou Mining	99	0.39	46	115.2
	Total	758	2.98	313	142.2

Note: The financial information in the above table was prepared in accordance with the Accounting Standards for Business Enterprises. Please refer to the paragraph headed "2. Business combination under common control for the year" under note 4 "Business combination and combined financial statements" of the 2011 interim financial report prepared by the Company in accordance with the Accounting Standards for Business Enterprise for details.

Significant Events

▼ Regular related party transactions

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 and have been implemented 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 Corporation and its subsidiaries during the reporting period amounted to RMB3,497.70 million.

No.	Basis for Execution	Provision of products and 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	2,932.92	4.3	931.62	4.4
2	Mutual Supply of Products and Services Agreement between Shenhua Group Corporation Limited and China Shenhua Energy Company Limited	550.90	13.8	1,009.10	7.3
	Including: (1) Products	115.57	10.4	994.37	7.5
	(2) Services	435.33	15.1	14.73	0.1
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	13.88	100.0	–	–
4	Coal Agency Export Agreement between Shenhua Group Corporation Limited and China Shenhua Energy Company Limited	–	–	17.59	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	–	–	12.94	6.6

On 25 February 2011, the 2011 first extraordinary general meeting of the Company considered and approved the following: the Financial Services Agreement entered into by the Company and Shenhua Group on 20 December 2010 that shall be effective from 1 January 2011 to 31 December 2013. The Financial Services Agreement provides for matters related to the financial services provided by Shenhua Finance Company to Shenhua Group and its subsidiaries (except for the Company and its subsidiaries) upon completion of the equity transfer of Shenhua Finance Company.

The implementation of the agreement above is set out in the table below:

No.	Basis for Execution	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)	1,563.29	68.5
	(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)	33,593.70	–
	(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)	6,305.12	–
	(5) maximum balance of entrusted loans (including relevant accrued interests incurred) among Shenhua Group and its subsidiaries (except for the Company and its subsidiaries) handled by Shenhua Finance Company	42,520.83	–
	(6) interests paid by the Company and/or its subsidiaries to Shenhua Group and its subsidiaries on entrusted loans	2.99	0.7

The above-mentioned related party transactions were carried out in the ordinary course of business of the Company and were subject to strict procedures of review and approval by independent directors and independent shareholders and disclosure requirement. The regular related party transactions did not result in the reliance of the Company on its controlling shareholder for its business operation.

▼ Debts and liabilities due from/owed to related parties

Related parties	Related relationship	Funds provided to related parties		Funds provided by related parties to the Company	
		Amount	Balance	Amount	Balance
		RMB million	RMB million	RMB million	RMB million
Shenhua Group and its subsidiaries	Holding company and its subsidiaries	–	–	(362.07)	1,800.00
Other related parties	–	–	713.28	–	–
Total	–	–	713.28	(362.07)	1,800.00

Pursuant to Accounting Standards for Business Enterprises, the balance of the above debts and liabilities only include other receivables, other payables, short-term borrowings, long-term borrowings due within one year, long-term borrowings, other current assets and other non-current assets of a non-operational nature between the Group and related parties.

Significant Events

The above debts and liabilities due from/to related parties mainly represent entrusted loans provided by the Group to associated companies of the subsidiaries of the Company, together with long-term and short-term loans borrowed by the Group from Shenhua Group and its subsidiaries. Repayment on both principal and interests of the abovementioned entrusted loans and borrowings are made as scheduled.

Material contracts and performance thereof

▼ During the reporting period, the Company had not established any material trust arrangement on, acted as contractor for or leased assets of other companies and no other company had established any material trust arrangement on, acted as contractor for or leased any of the Company's assets. Further, none of such arrangement subsisted in the reporting period.

▼ Material guarantees

Unit: RMB million

Guarantee provided by the Company to external parties (excluding guarantee provided by the Company for the benefit of its subsidiaries)						
Name of the guaranteed party	Date of provision of guarantee (execution date of agreement)	Guaranteed amount	Type of guarantee	Period of guarantee	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 and several guarantee obligation	20 years	No	No
Total guaranteed amount provided during the reporting period						–
Total balance of the guarantees at the end of the reporting period ^{Note 1}						117.45
Guarantee provided by the Company for the benefit of its subsidiaries						
Total guaranteed amount provided for the benefit of the Company's subsidiaries during the reporting period						102.91
Total balance of the guarantees provided for the benefit of the Company's subsidiaries at the end of the reporting period						2,120.47
Aggregate guaranteed amount provided by the Company (including guarantee provided by the Company for the benefit of its subsidiaries)						
Total guaranteed amount						2,237.92
Percentage of total guaranteed amount to net assets of the Company ^{Note 2}						1.1%
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 the gearing ratio over 70%						1,616.92
Portion of the total guaranteed amount in excess of 50% of net assets						–
Total of the above three guaranteed amount						1,616.92

Notes: (1) Total balance of the guarantees at the end of the reporting period: guarantee provided by the controlled subsidiary to external parties is the guaranteed amount provided by the subsidiary to external parties multiplied by the shareholding of the Company in the subsidiary;

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

At the end of the reporting period, the total balance of the above guarantees amounted to RMB2,237.92 million, including:

- (1) The Company has provided the guarantee for joint and several liabilities on four bank loans of Huanghua Harbour Administration amounting to RMB621.00 million. The agreements for the above loans were signed prior to the incorporation of the Company and the original guarantor was Shenhua Group. When the Company was established as part of the restructuring in November 2004, the guarantor was changed to the Company pursuant to relevant reorganization arrangement and at the requests of the relevant banks. Huanghua Harbour Administration is indispensable for the seaborne coal transportation of the Company, with sound financial conditions and good profitability. There is no clear indication that the Company might be required to perform its joint and several liabilities under the above guarantee.
- (2) The Company has provided counter-guarantee to EMM Indonesia for loans of no more than US\$231.7 million with a term of 3.5 years. At the end of the reporting period, the actual amount of the loan drawdown was US\$231.7 million (equivalent to RMB1,499.47 million). The guarantee was approved at the 37th meeting of the first session of the Board of the Company 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 did not exceed 70% when the counter-guarantee was approved on 18 December 2009. The project progress resulted in an increase in payables arising from equipment purchase and the construction works. The gearing ratio of EMM Indonesia exceeded 70% as at 30 June 2011. The above payables were incurred under normal commercial arrangements during the procurement process and were non-recurring in nature. EMM Indonesia will settle the above payables in accordance with relevant commercial arrangements. There is no clear indication that the Company will be required to perform its liabilities 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: 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, as a guarantor, provided joint and several guarantee to Hulunbeier Liangyi Railway Company Limited, 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. As of the end of the reporting period, the gearing ratio of Hulunbeier Liangyi Railway Company Limited was over 70% and the above company will settle the aforementioned amount in accordance with relevant commercial arrangements.

Apart from the above guarantees provided for the benefit of the Company's controlled subsidiaries, the Company had not provided any other guarantee during the reporting period, and there is no other guarantee of which performance is pending.

▼ Finance by mandate

During the reporting period, there was no occurrence of any finance by mandate of the Company that would require disclosure.

Significant Events

▼ Material investments

During the reporting period, there were no new material investments of the Group.

▼ Other material contracts

During the reporting period, save for disclosed above, there was no other material contract of the Company that would require disclosure.

Commitments by the Company or shareholders with over 5% shareholding

The commitments 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:

Commitment	Performance
As part of the reorganization and in the course of establishing the Company, the Company and Shenhua Group Corporation have entered into a Non-competition Agreement. Pursuant to such agreement, Shenhua Group Corporation has committed 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 Corporation any potential business in competition.	As of the end of the reporting period, Shenhua Group has strictly complied with its commitment and there has not been any violation of such commitment.

Appointment and removal of accounting firms

The interim financial report contained in this interim report is unaudited. KPMG Huazhen and KPMG were re-appointed as the domestic and international auditors of the Company respectively at the Company's 2010 annual general meeting held on 27 May 2011.

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 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, save as disclosed above, there was no other material matter of the Company that would require disclosure.

Index to information disclosure

No.	Event	Date of publication	Website and search directory of publication
1	Announcement on the Major Operational Data of December and the Year 2010	2011-1-24	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
2	Overseas Regulatory Announcement	2011-1-24	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
3	"China Shenhua Energy Company Limited" – Announcement on Repaying Raised Funds Used for Temporarily Supplementing Current Capital upon Expiration	2011-1-25	Website of Shanghai Stock Exchange (www.sse.com.cn)
4	"China Shenhua Energy Company Limited" – Announcement on Major Operational Data in December 2010 and in Whole Year of 2010	2011-1-25	Website of Shanghai Stock Exchange (www.sse.com.cn)
5	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 January 2011	2011-1-31	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
6	Announcement on Preliminary Financial Data for the Year 2010	2011-2-8	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
7	"China Shenhua Energy Company Limited" – Express on Annual Performance of 2010	2011-2-9	Website of Shanghai Stock Exchange (www.sse.com.cn)
8	Announcement on the Major Operational Data of January 2011	2011-2-14	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
9	"China Shenhua Energy Company Limited" – Announcement on Major Operational Data in January 2011	2011-2-15	Website of Shanghai Stock Exchange (www.sse.com.cn)
10	Overseas Regulatory Announcement	2011-2-17	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
11	"China Shenhua Energy Company Limited" – Particulars of 2011 First Special Shareholders' Meeting	2011-2-18	Website of Shanghai Stock Exchange (www.sse.com.cn)
12	Voting Results of 2011 First Extraordinary General Meeting	2011-2-25	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
13	Overseas Regulatory Announcement	2011-2-25	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
14	"China Shenhua Energy Company Limited" – Legal Opinion of 2011 First Special Shareholders' Meeting	2011-2-26	Website of Shanghai Stock Exchange (www.sse.com.cn)
15	"China Shenhua Energy Company Limited" – Announcement on Resolutions of 2011 First Special Shareholders' Meeting	2011-2-26	Website of Shanghai Stock Exchange (www.sse.com.cn)
16	Monthly Return of Equity Issuer on Movements in Securities for the month ended 28 February 2011	2011-2-28	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
17	Overseas Regulatory Announcement	2011-3-4	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
18	"China Shenhua Energy Company Limited" – Announcement on the Coal Resources of Taige Temple Exploration Area in Xinjie	2011-3-5	Website of Shanghai Stock Exchange (www.sse.com.cn)
19	Overseas Regulatory Announcement	2011-3-14	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
20	"China Shenhua Energy Company Limited" – Announcement on Name Change of Affiliated Geological Exploration Company	2011-3-15	Website of Shanghai Stock Exchange (www.sse.com.cn)

Significant Events

No.	Event	Date of publication	Website and search directory of publication
21	Announcement on the Major Operational Data of February 2011	2011-3-15	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
22	Notice of Board Meeting	2011-3-15	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
23	"China Shenhua Energy Company Limited" – Announcement on Major Operational Data in February 2011	2011-3-16	Website of Shanghai Stock Exchange (www.sse.com.cn)
24	Overseas Regulatory Announcement	2011-3-17	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
25	"China Shenhua Energy Company Limited" – Announcement on Resignation of Vice President Hua Zeqiao	2011-3-18	Website of Shanghai Stock Exchange (www.sse.com.cn)
26	Overseas Regulatory Announcement	2011-3-18	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
27	"China Shenhua Energy Company Limited" – Announcement on Temporarily Using Idle Raised Funds to Supplement Current Capital	2011-3-19	Website of Shanghai Stock Exchange (www.sse.com.cn)
28	"China Shenhua Energy Company Limited" – Announcement on the Company Being Shortlisted for the Tender for the Western Block in Tsankhi Mining Area, Tavan Tolgoi Coal field, Mongolia	2011-3-19	Website of Shanghai Stock Exchange (www.sse.com.cn)
29	Announcement of Annual Results for the year ended 31 December 2010	2011-3-25	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
30	Overseas Regulatory Announcement	2011-3-25	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
31	Overseas Regulatory Announcement	2011-3-25	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
32	2010 CSR Report	2011-3-25	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
33	2010 Annual Report	2011-3-25	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
34	"China Shenhua Energy Company Limited" – The Accountability System for Material Errors in Annual Report Information Disclosure	2011-3-26	Website of Shanghai Stock Exchange (www.sse.com.cn)
35	"China Shenhua Energy Company Limited" – Management System for Regulating Fund Transfers with Connected Parties	2011-3-26	Website of Shanghai Stock Exchange (www.sse.com.cn)
36	"China Shenhua Energy Company Limited" – Explanatory Notes on the Self-Assessment Report (2010) for Internal Control by the Board	2011-3-26	Website of Shanghai Stock Exchange (www.sse.com.cn)
37	"China Shenhua Energy Company Limited" – Rules of Work for the Secretary to the Board	2011-3-26	Website of Shanghai Stock Exchange (www.sse.com.cn)
38	"China Shenhua Energy Company Limited" – Explanatory Notes on the Appropriation of Non-operational Funds and Inflows and Outflows of Other Related Funds for the Year 2010 of China Shenhua	2011-3-26	Website of Shanghai Stock Exchange (www.sse.com.cn)
39	"China Shenhua Energy Company Limited" – Abstract of Annual Report	2011-3-26	Website of Shanghai Stock Exchange (www.sse.com.cn)
40	"China Shenhua Energy Company Limited" – Annual Report	2011-3-26	Website of Shanghai Stock Exchange (www.sse.com.cn)

No.	Event	Date of publication	Website and search directory of publication
41	"China Shenhua Energy Company Limited" – Announcement on Resolutions of the 6th Meeting of the 2nd Session of Board of Supervisors	2011-3-26	Website of Shanghai Stock Exchange (www.sse.com.cn)
42	"China Shenhua Energy Company Limited" – Announcement on Resolutions of the 12th Meeting of the 2nd Session of Board of Directors	2011-3-26	Website of Shanghai Stock Exchange (www.sse.com.cn)
43	"China Shenhua Energy Company Limited" – 2010 CSR Report	2011-3-26	Website of Shanghai Stock Exchange (www.sse.com.cn)
44	Monthly Return of Equity Issuer on Movements in Securities as of 31/3/2011	2011-3-31	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
45	Notice of Annual General Meeting	2011-4-10	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
46	Notice of 2011 First Class Meeting of the Holders of H Shares	2011-4-10	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
47	Proposal for General Mandate to Repurchase A Shares and H Shares	2011-4-10	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
48	Form of Proxy for Annual General Meeting	2011-4-10	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
49	Form of Proxy for 2011 First Class Meeting of the Holder of H Shares	2011-4-10	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
50	Annual General Meeting Reply Slip	2011-4-10	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
51	Class Meeting of the Holders of H Shares Reply Slip	2011-4-10	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
52	Overseas Regulatory Announcement	2011-4-10	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
53	"China Shenhua Energy Company Limited" – Notice of Convening 2011 First Class Meeting of the Holder of A Shares	2011-4-11	Website of Shanghai Stock Exchange (www.sse.com.cn)
54	"China Shenhua Energy Company Limited" – Notice of Convening 2010 Annual General Meeting	2011-4-11	Website of Shanghai Stock Exchange (www.sse.com.cn)
55	Notice of Board Meeting	2011-4-17	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
56	Announcement on the Major Operational Data of March 2011	2011-4-19	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
57	"China Shenhua Energy Company Limited" – Announcement on Major Operational Data in March 2011	2011-4-20	Website of Shanghai Stock Exchange (www.sse.com.cn)
58	Overseas Regulatory Announcement	2011-4-20	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
59	"China Shenhua Energy Company Limited" – Announcement on State Coal Contingency Reserve Plan	2011-4-21	Website of Shanghai Stock Exchange (www.sse.com.cn)
60	Overseas Regulatory Announcement	2011-4-21	Website of Hong Kong Stock Exchange (www.hkex.com.hk)

Significant Events

No.	Event	Date of publication	Website and search directory of publication
61	"China Shenhua Energy Company Limited" – Announcement on Approval of Pilot of National Green Mines	2011-4-22	Website of Shanghai Stock Exchange (www.sse.com.cn)
62	Overseas Regulatory Announcement	2011-4-27	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
63	"China Shenhua Energy Company Limited" – Announcement on Purchasing 51% Equity of Huayang (Luoyang) Electric Power Co., Ltd	2011-4-28	Website of Shanghai Stock Exchange (www.sse.com.cn)
64	First Quarterly Report for the Year 2011	2011-4-29	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
65	Overseas Regulatory Announcement	2011-4-29	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
66	Overseas Regulatory Announcement	2011-4-29	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
67	Continuing Connected Transaction	2011-4-29	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
68	"China Shenhua Energy Company Limited" – H Shares Announcement	2011-4-30	Website of Shanghai Stock Exchange (www.sse.com.cn)
69	"China Shenhua Energy Company Limited" – Announcement on Resolutions of the 14th Meeting of the 2nd Session of Board of Directors	2011-4-30	Website of Shanghai Stock Exchange (www.sse.com.cn)
70	"China Shenhua Energy Company Limited" – First Quarterly Report	2011-4-30	Website of Shanghai Stock Exchange (www.sse.com.cn)
71	Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 April 2011	2011-5-3	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
72	Overseas Regulatory Announcement	2011-5-13	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
73	Overseas Regulatory Announcement	2011-5-13	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
74	"China Shenhua Energy Company Limited" – Particulars on 2011 First Class Meeting of the Holders of A Shares	2011-5-14	Website of Shanghai Stock Exchange (www.sse.com.cn)
75	"China Shenhua Energy Company Limited" – Particulars on the 2010 Annual General Meeting	2011-5-14	Website of Shanghai Stock Exchange (www.sse.com.cn)
76	"China Shenhua Energy Company Limited" – Announcement on Launching Trial Production of Lijiahao Coal Mine	2011-5-14	Website of Shanghai Stock Exchange (www.sse.com.cn)
77	Announcement on the Major Operational Data of April 2011	2011-5-16	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
78	"China Shenhua Energy Company Limited" – Announcement on Major Operational Data in April 2011	2011-5-17	Website of Shanghai Stock Exchange (www.sse.com.cn)
79	Appointment of Vice Chairman of the Board, Re-designation of Non-executive Director and Appointment of Senior Management	2011-5-24	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
80	Overseas Regulatory Announcement	2011-5-24	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
81	"China Shenhua Energy Company Limited" – Announcement on Resolutions of the 15th Meeting of the 2nd Session of the Board in relation to Re-designation of Directors and senior management	2011-5-25	Website of Shanghai Stock Exchange (www.sse.com.cn)
82	Notice to Creditors in Relation to Repurchase of Shares of the Company	2011-5-27	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
83	Voting Results of 2010 Annual General Meeting, 2011 First Class Meeting of the Holders of H Shares and 2011 First Class Meeting of the Holders of A Shares	2011-5-27	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
84	Overseas Regulatory Announcement	2011-5-27	Website of Hong Kong Stock Exchange (www.hkex.com.hk)

No.	Event	Date of publication	Website and search directory of publication
85	"China Shenhua Energy Company Limited" – Notice to Creditors of Shares Repurchase	2011-5-28	Website of Shanghai Stock Exchange (www.sse.com.cn)
86	"China Shenhua Energy Company Limited" – Legal Opinion on 2010 Annual General Meeting and 2011 First Class Meeting of the Holders of A Shares and H Shares	2011-5-28	Website of Shanghai Stock Exchange (www.sse.com.cn)
87	"China Shenhua Energy Company Limited" – Announcement on Resolutions of 2010 Annual General Meeting	2011-5-28	Website of Shanghai Stock Exchange (www.sse.com.cn)
88	"China Shenhua Energy Company Limited" – Announcement on Resolutions of 2011 First Class Meeting of the Holders of A Shares and H Shares	2011-5-28	Website of Shanghai Stock Exchange (www.sse.com.cn)
89	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 May 2011	2011-5-31	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
90	Overseas Regulatory Announcement	2011-6-2	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
91	"China Shenhua Energy Company Limited" – Announcement Regarding the Payment of Final Dividend for the Year 2010	2011-6-3	Website of Shanghai Stock Exchange (www.sse.com.cn)
92	Unusual Price and Trading Volume Movements	2011-6-3	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
93	Unusual Price and Trading Volume Movements	2011-6-7	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
94	Overseas Regulatory Announcement	2011-6-10	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
95	"China Shenhua Energy Company Limited" – Announcement on Adjustments to Power Prices	2011-6-11	Website of Shanghai Stock Exchange (www.sse.com.cn)
96	Announcement on the Major Operational Data of May 2011	2011-6-15	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
97	"China Shenhua Energy Company Limited" – Announcement on Major Operational Data in May 2011	2011-6-16	Website of Shanghai Stock Exchange (www.sse.com.cn)
98	Further Information on the Payment of Final Dividends	2011-6-24	Website of Hong Kong Stock Exchange (www.hkex.com.hk)
99	Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 June 2011	2011-6-30	Website of Hong Kong Stock Exchange (www.hkex.com.hk)

- Notes:
1. Hong Kong Stock Exchange has implemented the "Electronic Disclosure Scheme" since 25 June 2007. According to this scheme, the full text of any H Share announcement of the Company is not required to be published in the newspapers from 25 June 2007. The Designated Newspapers for Information Disclosure by the Company in China are: China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily. According to the Listing Rules of Shanghai Stock Exchange, certain A Share announcements can be disclosed on the websites and are not required to be published in newspapers.
 2. The Company's A Shares have been listed on Shanghai Stock Exchange since 9 October 2007. In compliance with the disclosure requirements of the listing rules in the places of listing, the Company will disclose, simultaneously in both places of listing, the contents of the announcements issued, both of which are hereby listed.

Solid Market Performance

On 4 January 2011, the closing share price of China Shenhua's A Shares was RMB25.18 and the Shanghai Stock Index closed at 2856.25 points; on 30 June 2011, the closing share price of China Shenhua's A Shares increased by 21.97% to RMB30.14, though the Shanghai Stock Index decreased by 1.64% to close at 2762.08 points. On 3 January 2011, the closing share price of China Shenhua's H Shares was HK\$33.20, the Hang Seng Index closed at 23436.05 points, the China Enterprises Index closed at 12884.85 points; on 30 June 2011, the closing share price of China Shenhua's H Shares increased by 13.80% to HK\$37.10 whereas the Hang Seng Index decreased by 2.77% to close at 22398.1 points and the China Enterprises Index dropped by 0.91% to close at 12576.68 points.

The share prices of China Shenhua outperformed the indexes of major stock markets in the first half year of 2011, demonstrating its unparalleled market position and influence as a blue chip company.

Continuous Market Interaction

In order to establish the corporate image of China Shenhua as a blue chip company in the capital market, the Company has prioritized the expectation management of the capital market as the focus of investor relations for the first half of 2011.

In the first half of 2011, the Company communicated with investors and analysts in an active and honest manner through various channels such as results announcement conference, global roadshows, A-Share roadshow, investment fora, company visits and teleconference. The Company met over 1,100 analysts and fund managers, of which, the Company met over 500 analysts and fund managers through roadshows; met over 400 analysts and fund managers through participation in investment fora; met over 200 analysts and fund managers through company visits and teleconference.

By reviewing previous experience, the Company made improvements to its work regarding investor relations. Starting with selection of valuation methods and the establishment of valuation models in the capital market, the Company enhanced the communications with analysts and provided them with necessary data for establishing valuation models in compliance with relevant regulations, in order to facilitate the capital market to correctly understand and estimate the investment value of China Shenhua.

Making Persistent Efforts

As guided by "integration of market capitalization management and expectation management", the Company will conduct investor relations activities on a monthly basis according to predetermined quantitative schedules in the second half of 2011. In particular, the Company will collate market feedback, analyze market trends and steer market valuation and expectation to mirror operating results of the Company.



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 78 to 109 which comprises the consolidated statement of financial position of China Shenhua Energy Company Limited as at 30 June 2011 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 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim financial reporting".

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

26 August 2011

Interim Financial Report

Consolidated statement of comprehensive income

for the six months ended 30 June 2011 – unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2011	2010
		RMB million	RMB million
		<i>(restated – Note 4)</i>	
	Note		
Revenues			
Coal revenue		68,774	48,063
Power revenue		27,293	21,372
Other revenues	6	4,625	2,233
Total operating revenues	5	100,692	71,668
Cost of revenues			
Coal purchased		(21,399)	(10,970)
Materials, fuel and power		(6,263)	(4,832)
Personnel expenses		(4,410)	(3,306)
Depreciation and amortisation		(7,022)	(6,085)
Repairs and maintenance		(2,871)	(2,154)
Transportation charges		(8,153)	(4,843)
Others	7	(8,895)	(5,690)
Total cost of revenues		(59,013)	(37,880)
Selling, general and administrative expenses		(5,001)	(4,095)
Other operating expenses, net		(506)	(131)
Total operating expenses	8	(64,520)	(42,106)
Profit from operations		36,172	29,562
Finance income	9	662	492
Finance expenses	9	(1,550)	(1,723)
Net finance costs		(888)	(1,231)
Investment income		–	9
Share of profits less losses of associates		126	280
Profit before income tax		35,410	28,620
Income tax	10	(8,990)	(6,026)
Profit for the period		26,420	22,594
Other comprehensive income			
Exchange differences on translation of financial statements of overseas subsidiaries	11	118	(287)
Total comprehensive income for the period		26,538	22,307
Profit attributable to:			
Equity shareholders of the Company		22,726	19,509
Non-controlling interests		3,694	3,085
Profit for the period		26,420	22,594
Total comprehensive income attributable to:			
Equity shareholders of the Company		22,849	19,223
Non-controlling interests		3,689	3,084
Total comprehensive income for the period		26,538	22,307
Earnings per share (RMB)			
– Basic	13	1.143	0.981
– Diluted		1.143	0.981

The notes on pages 84 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 2011 – unaudited
(Expressed in Renminbi)

	Note	At 30 June 2011 RMB million	At 31 December 2010 RMB million (restated – Note 4)
Non-current assets			
Property, plant and equipment, net	14	189,254	188,061
Construction in progress		36,191	33,088
Intangible assets		3,350	3,248
Interest in associates		2,909	2,818
Other long-term equity investments		971	971
Other non-current assets	15	14,725	12,605
Lease prepayments	16	11,174	11,411
Deferred tax assets		777	468
Total non-current assets		259,351	252,670
Current assets			
Inventories	17	11,562	11,574
Accounts and bills receivable, net	18	13,103	11,424
Prepaid expenses and other current assets	19	12,481	14,250
Restricted bank deposits		7,638	2,052
Time deposits with original maturity over three months		2,917	2,949
Cash and cash equivalents	20(a)	73,945	77,212
Total current assets		121,646	119,461
Current liabilities			
Short-term borrowings and current portion of long-term borrowings	21	9,262	15,317
Accounts payable	22	19,597	19,661
Accrued expenses and other payables	23	54,553	36,893
Current portion of long-term payables	24	333	497
Income tax payable		6,900	4,558
Total current liabilities		90,645	76,926
Net current assets		31,001	42,535
Total assets less current liabilities		290,352	295,205
Non-current liabilities			
Long-term borrowings, less current portion	21	46,900	52,311
Long-term payables, less current portion	24	2,220	2,133
Accrued reclamation obligations	25	1,658	1,702
Deferred tax liabilities		1,644	1,632
Total non-current liabilities		52,422	57,778
Net assets		237,930	237,427
Equity			
Share capital	26	19,890	19,890
Reserves		183,048	185,223
Equity attributable to equity shareholders of the Company		202,938	205,113
Non-controlling interests		34,992	32,314
Total equity		237,930	237,427

Approved and authorised for issue by the Board of Directors on 26 August 2011.

Zhang Xiwu
Chairman

Ling Wen
Director and President

The notes on pages 84 to 109 form part of this interim financial report.

Consolidated statement of changes in equity

for the six months ended 30 June 2011 – unaudited
(Expressed in Renminbi)

Equity attributable to equity shareholders of the Company

	Share capital RMB million (Note 26)	Share premium RMB million (Note (i))	Capital reserve RMB million (Note (ii))	Revaluation reserve RMB million	Exchange reserve RMB million	Statutory reserves RMB million (Note (iii))	Other reserves RMB million	Retained earnings RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2010 (as previously reported)	19,890	85,001	(6,591)	7,135	610	13,658	124	50,834	170,661	26,757	197,418
Adjustment in relation to the Acquisitions (Note 1)	-	-	-	-	(2)	296	2,738	714	3,746	994	4,740
Change in accounting policy (Note 3)	-	-	10,203	(7,135)	-	-	(755)	(807)	1,506	830	2,336
At 1 January 2010 (as restated)	19,890	85,001	3,612	-	608	13,954	2,107	50,741	175,913	28,581	204,494
Total comprehensive income:											
Profit for the period	-	-	-	-	-	-	-	19,509	19,509	3,085	22,594
Other comprehensive income (exchange differences on translation of financial statement of overseas subsidiaries)	-	-	-	-	(286)	-	-	-	(286)	(1)	(287)
Total comprehensive income for the period	-	-	-	-	(286)	-	-	19,509	19,223	3,084	22,307
Other movements:											
Dividend declared (Note 12(b))	-	-	-	-	-	-	-	(10,541)	(10,541)	-	(10,541)
Appropriation of maintenance and production funds (Note (iii))	-	-	-	-	-	1,535	-	(1,535)	-	-	-
Utilisation of maintenance and production funds (Note (iii))	-	-	-	-	-	(634)	-	634	-	-	-
Appropriation of general reserve (Note (iii))	-	-	-	-	-	120	-	(120)	-	-	-
Contributions from then shareholders in relation to the Acquisitions	-	-	-	-	-	-	301	-	301	-	301
Distributions to then shareholders in relation to the Acquisitions	-	-	-	-	-	-	-	(172)	(172)	(132)	(304)
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	83	83
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,353)	(1,353)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	733	733
Sub-total	-	-	-	-	-	1,021	301	(11,734)	(10,412)	(669)	(11,081)
At 30 June 2010	19,890	85,001	3,612	-	322	14,975	2,408	58,516	184,724	30,996	215,720

The notes on pages 84 to 109 form part of this interim financial report.

Consolidated statement of changes in equity (continued)

for the six months ended 30 June 2011 – unaudited
(Expressed in Renminbi)

<i>Equity attributable to equity shareholders of the Company</i>											
	<i>Share capital</i>	<i>Share premium</i>	<i>Capital reserve</i>	<i>Revaluation reserve</i>	<i>Exchange reserve</i>	<i>Statutory reserves</i>	<i>Other reserves</i>	<i>Retained earnings</i>	<i>Total</i>	<i>Non-controlling interests</i>	<i>Total equity</i>
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	<i>(Note 26)</i>	<i>(Note (i))</i>	<i>(Note (ii))</i>			<i>(Note (iii))</i>					
At 1 January 2011 (as previously reported)	19,890	85,001	(6,591)	7,115	683	14,409	105	77,713	198,325	30,463	228,788
Adjustment in relation to the Acquisitions (Note 1)	-	-	-	-	(3)	512	4,115	698	5,322	1,047	6,369
Change in accounting policy (Note 3)	-	-	10,203	(7,115)	-	-	(731)	(891)	1,466	804	2,270
At 1 January 2011 (as restated)	19,890	85,001	3,612	-	680	14,921	3,489	77,520	205,113	32,314	237,427
Total comprehensive income:											
Profit for the period	-	-	-	-	-	-	-	22,726	22,726	3,694	26,420
Other comprehensive income (exchange differences on translation of financial statements of overseas subsidiaries)	-	-	-	-	123	-	-	-	123	(5)	118
Total comprehensive income for the period	-	-	-	-	123	-	-	22,726	22,849	3,689	26,538
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 Acquisitions	-	-	-	-	-	-	455	-	455	-	455
Distributions to then shareholders in relation to the Acquisitions	-	-	-	-	-	-	-	(136)	(136)	(105)	(241)
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	693	693
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,599)	(1,599)
Consideration for the Acquisitions (Note 1)	-	-	-	-	-	-	(10,426)	-	(10,426)	-	(10,426)
Sub-total	-	-	-	-	-	1,549	(9,971)	(16,602)	(25,024)	(1,011)	(26,035)
At 30 June 2011	19,890	85,001	3,612	-	803	16,470	(6,482)	83,644	202,938	34,992	237,930

The notes on pages 84 to 109 form part of this interim financial report.

Consolidated statement of changes in equity (continued)

for the six months ended 30 June 2011 – 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 for coal mining companies, provision for production maintenance, production safety and other related expenditures are accrued by the Group at fixed rates based on coal production volume (the “maintenance and production funds”). Provision for maintenance and production funds is recognised as expense in profit or loss with a corresponding adjustment to the 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 2011 and 2010.

The notes on pages 84 to 109 form part of this interim financial report.

Consolidated statement of cash flows

for the six months ended 30 June 2011 – unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2011 RMB million	2010 RMB million (restated – Note 4)
Operating activities			
Cash generated from operations	20(b)	60,434	38,124
Interest received		512	375
Interest paid		(1,569)	(1,805)
Income tax paid		(6,945)	(5,241)
Net cash generated from operating activities		52,432	31,453
Investing activities			
Capital expenditure		(17,395)	(13,349)
Lease prepayments		(75)	(1,251)
Acquisition of a subsidiary	20(c)	–	473
Payment for the Acquisitions	1	(8,702)	–
Capital injection in an associate		–	(16)
Purchase of other long-term equity investments		–	(265)
Proceeds from disposal of property, plant and equipment		10	75
Dividend received from associates		17	26
Increase in restricted bank deposits		(5,594)	(530)
Decrease in restricted bank deposits		9	398
Increase in time deposits with original maturity over three months		(2,738)	(11,015)
Maturity of time deposits with original maturity over three months		2,770	7,015
Repayment of entrusted loan from a third party		3,000	30
Net cash used in investing activities		(28,698)	(18,409)
Financing activities			
Proceeds from borrowings		2,486	24,187
Repayments of borrowings		(13,845)	(22,643)
Contributions from non-controlling interests		693	83
Distributions to non-controlling interests		(1,774)	(1,367)
Dividend paid to equity shareholders of the Company		(14,917)	–
Contributions from then shareholders in relation to the Acquisitions		455	301
Distributions to non-controlling interests in relation to the Acquisitions		(105)	–
Net cash (used in)/generated from financing activities		(27,007)	561
Net (decrease)/increase in cash and cash equivalents		(3,273)	13,605
Cash and cash equivalents, at the beginning of the period		77,212	72,321
Effect of foreign exchange rate changes		6	(30)
Cash and cash equivalents, at the end of the period		73,945	85,896

The notes on pages 84 to 109 form part of this interim financial report.

Notes to the unaudited interim financial report

for the six months ended 30 June 2011
(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 sales. 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 were listed on the Stock Exchange of Hong Kong Limited.

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

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2011
(Expressed in Renminbi)

1 Principal activities and organisation (continued)

Acquisitions during the period

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:

- 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 "Acquisitions".

According to the valuation of the Acquisitions as of 30 June 2010 (the "valuation date"), the Company has paid RMB8,702 million as consideration for the Acquisitions which is subject to adjustment with reference to the valuation of the Acquisitions at the completion date. As at 30 June 2011, the Company was still in the process of discussion with Shenhua Group in determining the adjustment of consideration for the Acquisitions. The directors estimate that the additional consideration payable for the adjustment would be amounted to approximately RMB1,724 million and have recorded such amount as an liability in the financial statements.

As the Acquisitions were under common control of Shenhua Group, they have been reflected as a combination of entities under common control and accounted for in a manner similar to a pooling-of-interests. Accordingly, the assets and liabilities of the Acquisitions have been accounted for at historical cost and the consolidated financial statements of the Group prior to the Acquisitions have been restated to include the results of operations of these entities on a combined basis. The consideration paid and payable by the Company for the Acquisitions has been accounted for as an equity transaction in the consolidated statement of changes in equity.

Please refer to Note 4 for the reconciliation of the results of operations for the six months ended 30 June 2010 and the financial conditions as at 31 December 2010 previously reported by the Group and the restated amounts presented in this interim financial report.

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2011
(Expressed in Renminbi)

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 26 August 2011.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2010 annual financial statements, except from the accounting policy changes that are expected to be reflected in the 2011 annual financial statements. Details of these changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The 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 2010 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 77.

The financial information relating to the financial year ended 31 December 2010 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 2010 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 25 March 2011.

3 Changes in accounting policies

The IASB has issued a number of amendments to IFRSs and one new Interpretation that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- IAS 24 (Revised), Related party disclosure
- Improvements to IFRSs (2010)
- IFRIC 19, Extinguishing financial liabilities with equity instruments
- Amendments to IFRIC 14, IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction – Prepayments of a minimum funding requirement

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2011
(Expressed in Renminbi)

3 Changes in accounting policies (continued)

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Except for the amendment to IFRS 1, First-time adoption of International Financial Reporting Standards, which is part of Improvements to IFRSs (2010), the amendments to IFRSs and the new Interpretation have had no or not yet had a material impact on the Group's financial statements as they were consistent with policies already adopted by the Group or these changes will first be effective as and when the Group enters a relevant transaction.

The remaining developments related primarily to clarification of certain disclosure requirements applicable to the Group's financial statements. These developments have had no material impact on the contents of this interim financial report.

As a result of amendment to IFRS 1, a first-time adopter of IFRSs is allowed to use an event-driven fair value measurement as deemed cost for its assets and liabilities, even when the measurement date is after the IFRS transition date, provided that the measurement date is before the end of the period covered by the entity's first IFRS financial statements. This amendment can also be adopted retrospectively by existing IFRS reporters at the latest in the first annual period beginning on or after 1 January 2011.

Pursuant to the Restructuring and as required by the applicable laws and regulations of the PRC, the Group's financial statements prepared under the China Accounting Standards included property, plant and equipment and lease prepayments at deemed cost based on the valuation performed by China Enterprise Appraisal Co., Ltd. as of 31 December 2003. The accounting period covered by the Group's first IFRS financial statements is from 1 January 2002 to 31 December 2004. As the valuation was performed as of a date later than the date of transition to IFRSs (i.e. 1 January 2002), the Group was not permitted at that time to adopt these valuations as deemed cost for the purposes of its first IFRS financial statements and instead adopted the following IFRS accounting policies:

- property, plant and equipment were recognised at the revalued amount based on the revaluation performed in 2003 and have been subsequently measured at fair value using the revaluation method; and
- lease prepayments were recognised at historical cost and therefore, the related revaluation gains arising from the valuation in 2003 as mentioned above have not been recognised.

As a result of adoption of amendment to IFRS 1, the Group has adopted the event-driven fair value measurement as of 31 December 2003 as deemed cost for its property, plant and equipment and lease prepayments. In addition, the Group changed its IFRS accounting policy in respect of property, plant and equipment from the revaluation model to the historical cost model in order to align the Group's accounting policy with industry peers to provide more relevant financial information to the users of the Group's financial statements. The change in accounting policy has been applied retrospectively with comparatives restated.

Please refer to Note 4 for details of adjustments made to the amounts reported for previous periods and the effect of the changes on the current period, as presented in this interim financial report.

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2011
(Expressed in Renminbi)

4 Restatement

As a result of the Acquisitions (Note 1) and the change in accounting policy as a result of adoption of amendment to IFRS 1 (Note 3), the relevant line items in the consolidated statement of comprehensive income and the consolidated statement of financial position have been restated as follows:

	The Group (as previously reported) RMB million	The Acquisitions RMB million	Elimination RMB million	Change in accounting policy RMB million	The Group (as restated) RMB million
Consolidated statement of comprehensive income for the six months ended 30 June 2010:					
Revenues	69,731	2,974	(1,037)	–	71,668
Profit for the period	22,287	395	(55)	(33)	22,594
Consolidated statement of financial position as at 31 December 2010:					
Non-current assets	236,865	14,042	(507)	2,270	252,670
Current assets	103,995	18,293	(2,827)	–	119,461
Total assets	340,860	32,335	(3,334)	2,270	372,131
Current liabilities	58,900	20,842	(2,816)	–	76,926
Non-current liabilities	53,172	4,650	(44)	–	57,778
Total liabilities	112,072	25,492	(2,860)	–	134,704
Net assets	228,788	6,843	(474)	2,270	237,427
Equity attributable to equity shareholders of the Company					
Non-controlling interests	198,325	6,767	(1,445)	1,466	205,113
Total equity	30,463	76	971	804	32,314
	228,788	6,843	(474)	2,270	237,427

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2011
(Expressed in Renminbi)

4 Restatement (continued)

In addition, the effect of the change in accounting policy on the financial statement line items is as follows:

	At 30 June 2011 RMB million	<i>At 31 December 2010 RMB million</i>
Increase/(decrease) on items of consolidated statement of financial position		
Lease prepayments	2,896	2,948
Deferred tax assets	(659)	(678)
Reserves	1,445	1,466
Non-controlling interests	792	804
	Six months ended 30 June 2011 RMB million	<i>2010 RMB million</i>
Increase/(decrease) on items of consolidated statement of comprehensive income		
Cost of revenues	52	52
Income tax	(19)	(19)
Profit attributable to equity shareholders of the Company	(21)	(21)
Profit attributable to non-controlling interests	(12)	(12)
Basic and diluted earnings per share (RMB)	(0.001)	(0.001)

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

	Six months ended 30 June	
	2011 RMB million	<i>2010 RMB million (restated – Note 4)</i>
Rendering of transportation and other services	2,881	1,279
Sale of ancillary materials and other goods	1,111	663
Others	633	291
	4,625	2,233

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2011
(Expressed in Renminbi)

7 Cost of revenues – others

	Six months ended 30 June	
	2011 RMB million	2010 RMB million (restated – Note 4)
Coal selection and minery fees	2,640	2,163
Coal extraction service costs	106	79
Taxes and surcharges	696	605
Dredging expenses	221	194
Relocation compensation expenses	380	559
Resources compensation fees	248	221
Pollutants discharge expenses	435	382
Cost of sale of ancillary materials and other goods, and provision of other activities	1,223	729
Others	2,946	758
	8,895	5,690

8 Total operating expenses

	Six months ended 30 June	
	2011 RMB million	2010 RMB million (restated – Note 4)
Personnel expenses, including	6,416	4,959
– contributions to retirement plans	763	598
– fair value gain on revaluation of share appreciation rights	(17)	(32)
Depreciation and amortisation	7,476	6,623
Net loss/(gain) on disposal of property, plant and equipment	23	(10)
Operating lease charges on properties	196	140
Allowance for accounts receivable and other receivables and write down of inventories	23	7
Impairment losses on other long-term equity investments	–	109

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2011
(Expressed in Renminbi)

9 Finance income/(expenses)

	Six months ended 30 June	
	2011 RMB million	2010 RMB million (restated – Note 4)
Interest income	529	400
Foreign exchange gain, net	133	–
Gain on remeasurement of derivative financial instruments and trading debt securities	–	92
Finance income	662	492
Interest on loans from banks and other financial institutions, and other borrowings	(1,692)	(1,913)
Less: Interest expense capitalised	179	385
Net interest expense	(1,513)	(1,528)
Foreign exchange loss, net	–	(195)
Loss on remeasurement of derivative financial instruments and trading debt securities	(37)	–
Finance expenses	(1,550)	(1,723)
Net finance costs	(888)	(1,231)

10 Income tax

	Six months ended 30 June	
	2011 RMB million	2010 RMB million (restated – Note 4)
Provision for PRC income tax	9,287	5,880
Deferred taxation	(297)	146
	8,990	6,026

The provision for PRC current income tax is based on a statutory rate of 25% (six months ended 30 June 2010: 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 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, whereas 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 2010: 30%) and 25% (six months ended 30 June 2010: 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.

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2011
(Expressed in Renminbi)

11 Other comprehensive income

The components of other comprehensive income do not have any significant tax effect for the six months ended 30 June 2011 and 2010.

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 2011 (six months ended 30 June 2010: Nil).

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

	Six months ended 30 June	
	2011	2010
	RMB million	RMB million
Final dividend in respect of the previous financial year, approved and paid during the following interim period	14,917	10,541

A final dividend of RMB0.75 per share totalling RMB14,917 million in respect of the year ended 31 December 2010 was approved at the annual general meeting held on 27 May 2011 and was subsequently paid on 24 June 2011.

Pursuant to the shareholders' approval at the annual general meeting held on 18 June 2010, a final dividend of RMB0.53 per share totalling RMB10,541 million in respect of the year ended 31 December 2009 was paid on 20 July 2010.

13 Earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2011 was based on the profit attributable to ordinary equity shareholders of the Company of RMB22,726 million (six months ended 30 June 2010: RMB19,509 million as restated) and the number of shares in issue during the six months ended 30 June 2011 of 19,890 million (six months ended 30 June 2010: 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.

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2011
(Expressed in Renminbi)

14 Property, plant and equipment, net

During the six months ended 30 June 2011, the additions of property, plant and equipment (including transferred from construction in progress) of the Group amounted to RMB8,504 million (six months ended 30 June 2010: RMB15,679 million as restated). Items of property, plant and equipment with net book value totalling RMB33 million were disposed of during the six months ended 30 June 2011 (six months ended 30 June 2010: RMB63 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 RMB5,029 million as at 30 June 2011 (31 December 2010: RMB5,264 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 2011. 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 2011 and 2010.

15 Other non-current assets

	At 30 June 2011 RMB million	<i>At 31 December 2010 RMB million (restated – Note 4)</i>
Prepayments in connection with construction work, equipment purchases and others	7,181	6,166
Prepayment for mining projects	4,097	3,500
Loans and advances to Shenhua Group and its affiliates	2,666	2,158
Long-term entrusted loans	626	626
Others	155	155
	14,725	12,605

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2011
(Expressed in Renminbi)

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 RMB1,952 million as at 30 June 2011 (31 December 2010: RMB2,069 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.

17 Inventories

	At 30 June 2011 RMB million	<i>At 31 December 2010 RMB million (restated – Note 4)</i>
Coal	3,669	4,242
Materials and supplies	6,566	6,082
Others (Note)	1,327	1,250
	11,562	11,574

Note: Others mainly represent properties under development.

18 Accounts and bills receivable, net

	At 30 June 2011 RMB million	<i>At 31 December 2010 RMB million (restated – Note 4)</i>
Accounts receivable		
Shenhua Group and its affiliates	528	351
Associates	–	3
Third parties	11,137	8,968
	11,665	9,322
Allowance for doubtful debts	(82)	(81)
	11,583	9,241
Bills receivable	1,520	2,183
	13,103	11,424

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

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2011
(Expressed in Renminbi)

18 Accounts and bills receivable, net (continued)

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 2011 RMB million	<i>At 31 December 2010 RMB million (restated – Note 4)</i>
Current	12,982	11,332
Less than one year past due	121	92
	13,103	11,424

19 Prepaid expenses and other current assets

	At 30 June 2011 RMB million	<i>At 31 December 2010 RMB million (restated – Note 4)</i>
Fair value of derivative financial instruments	453	480
Trading debt securities	461	471
Prepaid expenses and deposits	2,219	2,183
Loans and advances to Shenhua Group and its affiliates	5,244	4,399
Amounts due from associates	138	118
Entrusted loan to a third party	–	3,000
Advances to staff	118	66
Other receivables	3,848	3,533
	12,481	14,250

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2011
(Expressed in Renminbi)

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	
	2011 RMB million	<i>2010</i> <i>RMB million</i> <i>(restated – Note 4)</i>
Profit before income tax	35,410	28,620
Adjustments for:		
Depreciation and amortisation	7,476	6,623
Impairment losses on other long-term equity investments	–	109
Net loss/(gain) on disposal of property, plant and equipment	23	(10)
Investment income	–	(9)
Interest income	(529)	(400)
Share of profits less losses of associates	(126)	(280)
Net interest expense	1,513	1,528
Loss/(gain) on remeasurement of derivative financial instruments and trading debt securities to fair value	37	(92)
Unrealised foreign exchange (gain)/loss	(107)	182
	43,697	36,271
Increase in accounts and bills receivable	(1,679)	(1,264)
Decrease/(increase) in inventories	12	(1,674)
Increase in prepaid expenses and other assets	(1,499)	(3,122)
Increase in accounts and bills payable	439	1,276
Increase in accrued expenses and other payables, long-term payables and accrued reclamation obligations	19,464	6,637
Cash generated from operations	60,434	38,124

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2011
(Expressed in Renminbi)

20 Cash and cash equivalents (continued)

(c) Net inflow of cash and cash equivalents in respect of the acquisition of a subsidiary

On 25 June 2010, the Group increased its equity interest in Shenhua Zhonghai Shipping Company Limited ("Zhonghai Shipping") from 50% to 51% by additional capital injection of RMB222 million. Prior to the capital injection, Zhonghai Shipping was an associate of the Group.

Details of fair values of identifiable assets and liabilities of Zhonghai Shipping as at 25 June 2010 were as follows:

	<i>RMB million</i>
Non-current assets	1,269
Cash and cash equivalents	695
Other current assets	136
Current liabilities	(189)
Non-current liabilities	(416)
Net assets	1,495
Non-controlling interests	(733)
Fair value of previous interest in the acquiree	(540)
Cash consideration	222

Analysis of the net inflow of cash and cash equivalents in respect of the acquisition of a subsidiary:

	<i>RMB million</i>
Cash and cash equivalents acquired	695
Cash consideration	(222)
Net inflow of cash and cash equivalents	473

21 Borrowings

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

	At 30 June 2011 RMB million	<i>At 31 December 2010 RMB million (restated – Note 4)</i>
Short-term borrowings		
Borrowings from banks and other financial institutions	3,120	8,767
Current portion of long-term borrowings	6,142	6,550
	9,262	15,317
Long-term borrowings, less current portion	46,900	52,311
	56,162	67,628

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2011
(Expressed in Renminbi)

21 Borrowings (continued)

The long-term borrowings were repayable as follows:

	At 30 June 2011 RMB million	<i>At 31 December 2010 RMB million (restated – Note 4)</i>
Within one year	6,142	6,550
After one year but within two years	10,762	11,530
After two years but within five years	13,264	13,964
After five years	22,874	26,817
	53,042	58,861

22 Accounts payable

	At 30 June 2011 RMB million	<i>At 31 December 2010 RMB million (restated – Note 4)</i>
Shenhua Group and its affiliates	320	109
Associates	476	409
Third parties	18,801	19,143
	19,597	19,661

Accounts payable amounting to RMB230 million (31 December 2010: RMB38 million as restated) are expected to be settled after one year.

23 Accrued expenses and other payables

	At 30 June 2011 RMB million	<i>At 31 December 2010 RMB million (restated – Note 4)</i>
Accrued staff wages and welfare benefits	4,462	3,406
Financial liability for share appreciation rights	55	75
Accrued interest payable	184	175
Taxes payable other than income tax	6,686	6,856
Dividends payable	1,652	1,691
Receipts in advances	4,289	3,953
Deposits from Shenhua Group and its affiliates	27,943	13,091
Consideration payable for the Acquisitions	1,724	–
Other accrued expenses and payables	7,558	7,646
	54,553	36,893

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2011
(Expressed in Renminbi)

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 2011 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 2011 RMB million	<i>At 31 December 2010 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").

Following the A Shares Issue and pursuant to the requirements of the relevant authorities, all the 14,691,037,955 domestic state-owned ordinary shares existing before the A Shares Issue (i.e. ordinary shares of the Company held by Shenhua Group) have become circulative. Shenhua Group has undertaken that for a period of 36 months commencing on the date on which the A shares are listed on the Shanghai Stock Exchange, it did not transfer, put on trust or allow any A shares to be repurchased by the Company.

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.

The selling restriction period for the 14,511,037,955 A shares held by Shenhua Group was expired on 11 October 2010.

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

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2011
(Expressed in Renminbi)

27 Commitments and contingent liabilities

(a) Capital commitments

As at 30 June 2011, the Group had capital commitments for land and buildings, equipment and investments as follows:

	At 30 June 2011 RMB million	<i>At 31 December 2010 RMB million (restated – Note 4)</i>
Authorised and contracted for		
– Land and buildings	26,602	19,694
– Machinery and others	20,461	17,538
– Investment in an associate	176	176
	47,239	37,408
Authorised but not contracted for		
– Land and buildings	83,644	79,589
– Machinery and others	57,312	70,556
	140,956	150,145
	188,195	187,553

(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 2011, 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 2011 RMB million	<i>At 31 December 2010 RMB million (restated – Note 4)</i>
Within one year	86	39
After one year but within five years	55	61
After five years	60	63
	201	163

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2011
(Expressed in Renminbi)

27 Commitments and contingent liabilities (continued)

(c) Financial guarantees issued

At 30 June 2011, a 57% owned subsidiary of the Group had given a guarantee of RMB207 million (31 December 2010: 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 given a guarantee of USD232 million, approximately RMB1,499 million (31 December 2010: USD192 million, approximately RMB1,272 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 the 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 PRC government, however, has 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.

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:

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2011
(Expressed in Renminbi)

28 Related party transactions (continued)

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

		Six months ended 30 June	
		2011	2010
		RMB million	RMB million
			<i>(restated – Note 4)</i>
Interest income	(i)	177	79
Income from entrusted loans	(ii)	24	21
Interest expense	(iii)	92	77
Purchases of ancillary materials and spare parts	(iv)	313	488
Ancillary and social services	(v)	33	136
Transportation service income	(vi)	248	236
Transportation service expense	(vii)	12	588
Sale of coal	(viii)	2,933	1,573
Purchase of coal	(ix)	1,325	1,498
Property leasing	(x)	13	12
Repairs and maintenance service expense	(xi)	6	11
Coal export agency expense	(xii)	18	24
Purchase of equipment and construction work	(xiii)	1,006	410
Other income	(xiv)	322	285

- (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, and an associate of the Group. The applicable interest rate is determined in accordance with the prevailing interest rates published by PBOC.
- (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 and an associate of the Group in respect of coal transportation services.
- (vii) Transportation service expense represents expense related to coal transportation service provided by an associate of the Group.
- (viii) Sale of coal represents income from sale of coal to affiliates of Shenhua Group.

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2011
(Expressed in Renminbi)

28 Related party transactions (continued)

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

- (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 affiliates 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.

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.

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

	At 30 June 2011 RMB million	<i>At 31 December 2010 RMB million (restated – Note 4)</i>
Accounts and bills receivable, net	528	354
Prepaid expenses and other current assets	5,843	4,988
Other non-current assets	4,212	3,390
Total amounts due from Shenhua Group and its affiliates, and associates of the Group	10,583	8,732
Borrowings	1,800	1,943
Accounts payable	796	518
Accrued expenses and other payables	30,665	13,515
Total amounts due to Shenhua Group and its affiliates, and associates of the Group	33,261	15,976

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 are repayable in accordance with normal commercial terms.

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2011
(Expressed in Renminbi)

28 Related party transactions (continued)

(b) Key management personnel emoluments

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

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

	Six months ended 30 June	
	2011	2010
	RMB million	RMB million
Short-term employee benefits	2	2
Post-employment benefits	1	1
	3	3
Fair value gain on revaluation of share appreciation rights	(16)	(13)

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

(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.

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2011
(Expressed in Renminbi)

28 Related party transactions (continued)

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

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	
	2011	2010
	RMB million	RMB million (restated – Note 4)
Coal revenue	31,585	31,791
Power revenue	26,994	21,110
Transportation costs	6,300	2,816
Interest income	529	400
Interest expenses	1,605	1,793

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

	At 30 June	At 31 December
	2011	2010
	RMB million	RMB million (restated – Note 4)
Accounts receivable	9,232	6,865
Prepaid expenses and other current assets	–	3,000
Cash and time deposits at banks	76,859	80,158
Restricted bank deposits	7,638	2,052
Borrowings	54,362	65,685
Accrued expenses and other payables	673	415

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2011
(Expressed in Renminbi)

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 2011 were RMB763 million (six months ended 30 June 2010: RMB598 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 2011 is HKD11.80 or HKD33.80 (31 December 2010: HKD7.90, HKD11.80 or HKD33.80) depending on the grant date.

The fair value of the financial liability for share appreciation rights was remeasured as at 30 June 2011 of RMB55 million (31 December 2010: RMB75 million) and an income of RMB17 million (six months ended 30 June 2010: RMB32 million) was recognised for the six months ended 30 June 2011.

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

	At 30 June 2011	<i>At 31 December 2010</i>
	Million shares	<i>Million shares</i>
At the beginning of the period/year	5.9	6.1
Exercised during the period/year	(0.7)	(0.1)
Forfeited during the period/year	(0.6)	(0.1)
At the end of the period/year	4.6	5.9

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2011
(Expressed in Renminbi)

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 primarily sells its coal under coal supply contracts which 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").

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 2011 and 2010 is set out below.

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2011
(Expressed in Renminbi)

30 Segment and other information (continued)

(a) Segment results (continued)

	Six months ended 30 June											
	Coal		Power		Railway		Port		Shipping		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
	million	million	million	million	million	million	million	million	million	million	million	million
		(restated- Note 4)		(restated- Note 4)		(restated- Note 4)		(restated- Note 4)		(restated- Note 4)		(restated- Note 4)
Revenue from												
external customers	70,128	48,865	27,518	21,511	1,270	1,076	66	58	1,394	-	100,376	71,510
Inter-segment revenue	14,205	11,580	214	171	10,066	9,297	1,329	1,215	892	-	26,706	22,263
Reportable segment revenue	84,333	60,445	27,732	21,682	11,336	10,373	1,395	1,273	2,286	-	127,082	93,773
Reportable segment profit before income tax	25,375	19,879	4,020	3,360	4,916	4,851	278	227	276	-	34,865	28,317
Including:												
Net interest expense	(213)	(249)	(1,064)	(1,178)	(168)	(177)	(122)	(123)	(11)	-	(1,578)	(1,727)
Depreciation and amortisation	(3,054)	(2,743)	(2,937)	(2,510)	(1,100)	(1,026)	(314)	(331)	(43)	-	(7,448)	(6,610)
Share of profits less losses of associates	108	141	14	56	-	-	4	3	-	-	126	200

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

	Six months ended 30 June	
	2011 RMB million	2010 RMB million (restated – Note 4)
Revenues		
Reportable segment revenue	127,082	93,773
Elimination of inter-segment revenue	(26,706)	(22,263)
Unallocated head office and corporate items	316	158
Consolidated revenues	100,692	71,668
Profit		
Reportable segment profit	34,865	28,317
Elimination of inter-segment profits	(97)	(355)
Unallocated head office and corporate items	642	658
Consolidated profit before income tax	35,410	28,620

Notes to the unaudited interim financial report (continued)

for the six months ended 30 June 2011
(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 2011 and 2010 is set out below:

	Six months ended 30 June															
	Coal		Power		Railway		Port		Shipping		Unallocated items		Eliminations		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	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)	(restated- Note 4)	(restated- Note 4)	(restated- Note 4)	(restated- Note 4)	(restated- Note 4)	(restated- Note 4)	(restated- Note 4)	(restated- Note 4)	(restated- Note 4)	(restated- Note 4)	(restated- Note 4)	(restated- Note 4)	(restated- Note 4)	(restated- Note 4)	(restated- Note 4)
Coal purchased	21,399	10,970	-	-	-	-	-	-	-	-	-	-	-	-	21,399	10,970
Cost of coal production	15,183	11,318	-	-	-	-	-	-	-	-	-	-	(4,206)	(3,781)	10,977	7,537
Cost of coal transportation	17,075	14,412	-	-	5,176	4,244	836	765	771	-	-	-	(16,929)	(12,406)	6,929	7,015
Power cost	-	-	21,357	16,299	-	-	-	-	-	-	-	-	(5,159)	(5,486)	16,198	10,813
Others	1,665	965	280	185	679	620	47	46	1,204	-	-	-	(365)	(271)	3,510	1,545
Total cost of revenues	55,322	37,665	21,637	16,484	5,855	4,864	883	811	1,975	-	-	-	(26,659)	(21,944)	59,013	37,880
Profit/(loss) from operations	25,471	19,975	5,048	4,473	5,009	5,214	385	358	284	-	237	51	(262)	(509)	36,172	29,562
Capital expenditure (Note (i))	5,610	3,637	2,115	3,162	3,211	1,361	497	282	433	-	5	106	-	-	11,871	8,548
	Coal		Power		Railway		Port		Shipping		Unallocated items		Eliminations		Total	
	At 30 June	At 31 December	At 30 June	At 31 December	At 30 June	At 31 December	At 30 June	At 31 December	At 30 June	At 31 December	At 30 June	At 31 December	At 30 June	At 31 December	At 30 June	At 31 December
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	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)	(restated- Note 4)	(restated- Note 4)	(restated- Note 4)	(restated- Note 4)	(restated- Note 4)	(restated- Note 4)	(restated- Note 4)	(restated- Note 4)	(restated- Note 4)	(restated- Note 4)	(restated- Note 4)	(restated- Note 4)	(restated- Note 4)	(restated- Note 4)	(restated- Note 4)
Total assets (Note (ii))	187,118	169,373	126,829	122,001	52,006	48,147	10,940	10,302	3,078	2,159	199,377	197,861	(198,351)	(177,712)	380,997	372,131
Total liabilities (Note (ii))	(95,409)	(96,418)	(83,297)	(85,212)	(21,253)	(21,559)	(4,905)	(4,981)	(734)	(534)	(133,197)	(101,155)	195,728	175,155	(143,067)	(134,704)

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 or re-classified as a result of the application of pooling-of-interests method on the Acquisitions and the change in accounting policy. Further details are disclosed in Note 4.

Documents Available for Inspection

1. The interim report for the year 2011 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 2011 published on the website of The Stock Exchange of Hong Kong Limited.

China Shenhua Energy Company Limited

Zhang Xiwu

Chairman

26 August 2011

Written Confirmation to the 2011 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.

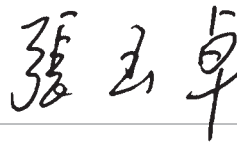
Article 14 of the Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 3 – The Contents and Formats of Interim Report (as revised in 2007) issued by CSRC requires that the board of directors of a listed company and its directors shall guarantee the truthfulness, accuracy and completeness of the content of 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 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 2011 Interim Report of the Company, the Board and all Directors are of the opinion that information disclosed in the 2011 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.

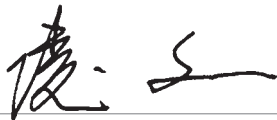
Signature of all Directors of the Company:



(Zhang Xiwu)



(Zhang Yuzhuo)



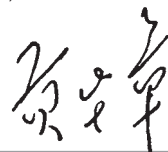
(Ling Wen)



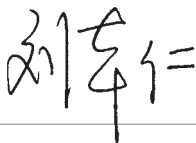
(Han Jianguo)



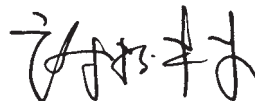
(Fan Hsu Lai Tai)



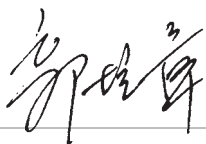
(Gong Huazhang)



(Liu Benren)



(Xie Songlin)



(Guo Peizhang)

China Shenhua Energy Company Limited

26 August 2011

Signing Page for Opinions

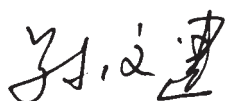
Written Review Opinion on the 2011 Interim Report

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.

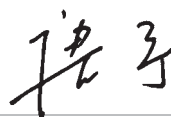
Article 14 of the Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 3 – The Contents and Formats of Interim Report (as revised in 2007) issued by CSRC requires that the supervisory committee of a listed company and its supervisors 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 2011 Interim Report of the Company, the supervisory committee and all supervisors are of the opinion that information disclosed in the 2011 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.

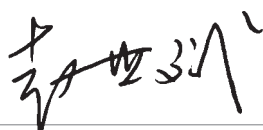
Signature of all supervisors of the Company:



(Sun Wenjian)



(Tang Ning)



(Zhao Shibin)

China Shenhua Energy Company Limited

26 August 2011

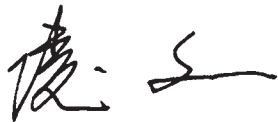
Written Confirmation to the 2011 Interim Report

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 (as revised in 2007) issued by 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 2011 Interim Report of the Company, all senior management members of the Company are of the opinion that information disclosed in the 2011 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)



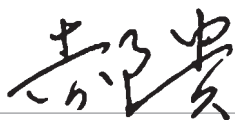
(Han Jianguo)



(Wang Xiaolin)



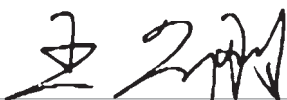
(Li Dong)



(Hao Gui)



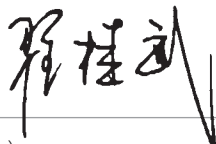
(Xue Jilian)



(Wang Pingang)



(Wang Jinli)



(Zhai Guiwu)



(Huang Qing)



(Zhang Kehui)

Definitions

Abbreviation

Shenhua Group Corporation
Shenhua Group
China Shenhua or the Company
The Group
Branches and Subsidiaries

Shenhua Trading Group
Shenhua Trading Company
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
Guohua International
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
Yuyao Power
Huizhou Thermal

Shendong Power Company

Full name

Shenhua Group Corporation Limited
Shenhua Group Corporation and its 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 Coal Trading Co., Ltd.
Shenhua Shendong Coal Group Co., Ltd.
The corporation conglomerate consisting 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 Guohua International Power 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.
Zhejiang Guohua Yuyao Gas-fired Power Co., Ltd.
China Shenhua Energy Company Limited Guohua Huizhou Thermal Power Branch
Shenhua Shendong Power Co., Ltd.

Abbreviation	Full name
Zhunge'er Power	Power-generating arm controlled and operated by Shenhua Zhunge'er Energy Co., Ltd.
Zhunge'er Coal Gangue Power	Inner Mongolia Zhunge'er Coal Gangue Power Co., Ltd.
Shenwan Energy Company	Shenwan Energy Company Limited
Shenshuo Railway Branch	China Shenhua Energy Company Limited Shenshuo Railway Branch
Shuohuang Railway Company	Shuohuang Railway Development Co., Ltd.
Baoshen Railway Company	Shenhua Baoshen Railway Co., Ltd.
Xinzhun Railway Company	Shenhua Xinzhun Railway Co., Ltd.
Rolling Stock Branch	China Shenhua Energy Company Limited Rolling Stock Branch
Huanghua Harbour Administration Company	Shenhua Huanghua Harbour Administration Co., Ltd.
Tianjin Coal Dock	Shenhua Tianjin Coal Dock Co., Ltd.
Zhuhai Coal Dock	Shenhua Yudean Zhuhai Port Coal Dock Co., Ltd.
Shenhua Zhonghai Shipping Company	Shenhua Zhonghai Shipping Co., Ltd.
Shenhua Finance Company	Shenhua Finance Co., Ltd.
Overseas Investment Company Australia Pty	China Shenhua Overseas Development & Investment Co., Ltd.
Watermark	Shenhua Australia Holdings Pty Limited
EMM Indonesia	Shenhua Watermark Coal Pty Limited
International Trading Company	PT.GH EMM INDONESIA
Clean Coal Company	Shenhua International Trading Co Ltd
Guohua Energy	Hulunbeier Shenhua Clean Coal Co., Ltd.
Wuhai Energy Company	Guohua Energy Investment Co Ltd
Jihua Industry	Shenhua Wuhai Energy Company Limited
Coal Liquefaction Company	Beijing Jihua Industry Coal Co., Ltd.
Material Company	China Shenhua Coal Liquefaction Chemical Co Ltd
Tianhong Company	Shenhua Group Material Trading Co., Ltd.
Information Company	Shenhua Tianhong Trading Co., Ltd.
Geological Exploration Company, formerly "Beiyao Company"	Shenhua Hollysys Information Technology Co., Ltd.
Baotou Mining	Shenhua Geological Exploration Co., Ltd, formerly "Shenhua (Beijing) Remote Sensing Exploration Co., Ltd."
Guohua Power	Shenhua Group Baotou Mining Co., Ltd.
Accounting Standards for Business Enterprises	Beijing Guohua Power Company Limited
Accounting Standards for Business Enterprises	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
Shanghai Listing Rules	Rules Governing the Listing of Shares on the Shanghai Stock Exchange

Definitions

Abbreviation

Shanghai Stock Exchange

Hong Kong Listing Rules

Hong Kong Stock Exchange

Designated Newspapers for

Information Disclosure

Full name

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