



中国神华能源股份有限公司
CHINA SHENHUA ENERGY COMPANY LIMITED
*(a joint stock limited company incorporated in
the People's Republic of China with limited liability)*
(Stock Code: 01088)

Third Quarterly Report for the Year 2008

Pursuant to the regulations and rules of the China Securities Regulatory Commission and the Shanghai Stock Exchange, China Shenhua Energy Company Limited (the "Company") is required to announce quarterly report.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors of the Company is pleased to announce the results of the Company and its subsidiaries (the "Group") for the nine months ended 30 September 2008 prepared in accordance with the International Financial Reporting Standards ("IFRSs"). Such results have not been audited by the independent auditors.

1. IMPORTANT NOTICE

- 1.1 The board of directors and the supervisory committee of the Company together with the directors, supervisors thereof and the senior management guarantee that the information contained in this report does not contain any false statements, misleading representations or material omissions. All of them jointly and severally accept responsibility as to the truthfulness, accuracy and completeness of the content of this report.
- 1.2 All directors of the Company attended the board meeting.
- 1.3 Mr. Chen Biting, Chairman of the board of directors of the Company, Ms. Zhang Kehui, Chief Financial Officer of the Company and Mr. Hao Jianxin, General Manager of Finance Department of the Company warrant the truthfulness and completeness of the content of this report.
- 1.4 This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
- 1.5 Pursuant to a resolution passed at the extraordinary general meeting on 24 August 2007, the Company acquired the entire equity interests in Shenhua Shenfu Dongsheng Coal Company Limited ("Shendong Coal") and Shenhua Shendong Power Company Limited ("Shendong Power") from Shenhua Group Corporation Limited ("Shenhua Group"). The acquisition was completed on 31 August 2007. As the Company,

Shendong Coal and Shendong Power were under common control of Shenhua Group, the above acquisitions have been reflected as a combination of entities under common control. Accordingly, the consolidated financial statements of the Group for the nine months ended 30 September 2007 have been accounted for at historical cost and included the results of operations of Shendong Coal and Shendong Power on a combined basis.

2. COMPANY PROFILE

2.1 Major financial indicators prepared in accordance with IFRSs

	For the nine months ended 30 September 2008	For the nine months ended 30 September 2007	Change %
Per share (RMB)			
Earnings per share	1.142	0.867	31.7
Net cash flow from operating activities per share	1.56	1.27	22.8
Current period (RMB million)			
Revenues	77,511	60,083	29.0
Profit from operations	33,095	25,283	30.9
Profit for the period attributable to equity shareholders of the Company	22,709	15,682	44.8
Net cash flow from operating activities	31,105	22,934	35.6

	As at 30 September 2008	As at 31 December 2007	Change %
	RMB million	RMB million	
Total assets	266,883	239,038	11.6
Total liabilities	99,518	89,234	11.5
Total equity	167,365	149,804	11.7
Of which: Equity attributable to equity shareholders of the Company	143,244	129,788	10.4
Shareholders' equity per share (RMB)	7.20	6.53	10.3

2.2 Major operational data

		For the nine months ended 30 September 2008	For the nine months ended 30 September 2007 *	Change %
Commercial coal production	(Million tonnes)	137.9	117.3	17.6
Commercial coal sales	(Million tonnes)	171.7	152.0	13.0
of which: Export	(Million tonnes)	15.4	18.3	(15.8)
Turnover of coal transported by self-owned railways	(Billion tonne km)	94.0	86.3	8.9
Seaborne coal	(Million tonnes)	101.8	97.4	4.5
of which: Huanghua Port	(Million tonnes)	61.8	60.9	1.5
Shenhua Tianjin Coal Dock	(Million tonnes)	16.3	14.7	10.9
Gross power generation	(Billion kwh)	75.55	59.40	27.2
Total power output dispatch	(Billion kwh)	70.25	55.40	26.8

* The Company completed the acquisition of Shendong Coal and Shendong Power in August 2007. The operational data of 2007 herein included the results of Shendong Coal and Shendong Power in the first three quarters of 2007.

2.3 Major differences of financial statements prepared under different accounting standards

Unit: RMB million

Items	Net profit attributable to equity shareholders of the Company		Total equity attributable to equity shareholders of the Company	
	For the nine months ended 30 September 2008	For the nine months ended 30 September 2007	As at 30 September 2008	As at 31 December 2007
Under China Accounting Standards for Business Enterprises (2006) and its relevant regulations and interpretations issued by Ministry of Finance of the PRC ("China Accounting Standards for Business Enterprises")	21,938	14,921	140,935	128,250
Items as adjusted under IFRSs:				
Adjustment for production maintenance and safety production expenses	828	993	4,421	3,593
Adjustment for transformation fund and environmental restoration fund	200	-	200	-

Revaluation of land use rights and others	54	41	(1,995)	(2,049)
Tax effects and others	(311)	(273)	(317)	(6)
Under IFRSs	22,709	15,682	143,244	129,788

Notes on the differences between domestic and international accounting standards:

(1) Adjustment for production maintenance and safety production expenses

Pursuant to the relevant regulations of the related government authorities in the PRC, provision for production maintenance and safety production is accrued by coal mining companies based on coal production volume, which is recognised as expense in the income statement. On acquisition of production maintenance and safety facilities, fixed assets and accumulated depreciation for the same amounts are recognised upon purchase. Under IFRSs, these expenses are recognised in the income statement as and when incurred. Capital expenditure on production maintenance and safety facilities are recognised as property, plant and equipment, which are depreciated according to the relevant depreciation method.

(2) Adjustment for transformation fund and environmental restoration fund

Pursuant to the relevant regulations of the related government authorities in the PRC, provision for transformation fund and environmental restoration fund is accrued by coal mining companies in Shanxi Province based on coal production volume, which is recognised as expense in the income statement. Under IFRSs, expenses are recognised in the income statement as and when incurred.

(3) Revaluation of land use rights and others

Under China Accounting Standards for Business Enterprises, land use rights are carried at revalued amounts pursuant to the Restructuring. Under IFRSs, land use rights are carried at cost. Accordingly, the unamortised surplus on revaluation of the land use rights was reversed against the equity. After the date of revaluation, the amortisation of land use rights is different as a result of the differences in the carrying amounts.

(4) Tax effects and others

This adjustment mainly represents the deferred tax adjustments arise from the tax effects of differences in the accounting standards.

2.4 Total number of shareholders and shareholding of the top ten shareholders of shares without selling restrictions at the end of the reporting period

(1) Total number of shareholders

As at the end of the reporting period, there were a total of 461,660 shareholders of the Company, of which there were 459,119 holders of A shares (including Shenhua Group) and 2,541 holders of H shares.

(2) *Top ten shareholders of shares without selling restrictions*

Unit: number of shares

Name of shareholder	Number of shares without selling restrictions	Type of shares
HKSCC NOMINEES LIMITED *	3,392,875,630	Foreign shares listed overseas
Industrial & Commercial Bank of China-Shanghai Index 50 Trading Open - end Index Securities Investment Fund	49,538,888	RMB ordinary shares
Bank of Communications - E Fund 50 Index Securities Investment Fund	43,811,207	RMB ordinary shares
China Construction Bank - Bosera Theme Industry Stock Investment Fund	37,417,756	RMB ordinary shares
Bosera Value Growth Stock Investment Fund	25,999,491	RMB ordinary shares
Industrial & Commercial Bank of China-Southern Composition Selected Stock Securities Investment Fund	25,302,987	RMB ordinary shares
China Life Insurance Company Limited - traditional- ordinary insurance product - 005L - CT001 Hu	25,251,100	RMB ordinary shares
Bank of China - Jia Shi Hu Shen 300 Index Securities Investment Fund	23,991,542	RMB ordinary shares
China Life Insurance Company Limited - bonus - personal bonus - 005L - FH002 Hu	21,847,683	RMB ordinary shares
China Construction Bank - Hua An HongLi Securities Investment Fund	18,999,980	RMB ordinary shares

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

3. SIGNIFICANT EVENTS

3.1 *Material changes in accounting items and financial indicators of the Company and the underlying reasons*

Applicable Not Applicable

For the nine months ended 30 September 2008, revenues of the Group was RMB77,511 million (for the nine months ended 30 September 2007: RMB60,083 million) in accordance with IFRSs, representing an increase of 29.0%. Profit from operations was RMB33,095 million (for the nine months ended 30 September 2007: RMB25,283 million), representing an increase of 30.9%. Profit for the period was RMB25,715 million (for the nine months ended 30 September 2007: RMB18,470 million), representing an increase of 39.2%. Profit for the period attributable to equity shareholders of the Company was RMB22,709 million (for the nine months ended 30 September 2007: RMB15,682 million), representing an increase of 44.8%.

During the reporting period, fluctuations in major accounting items of the consolidated balance sheet under IFRSs and explanations thereof are as follows:

Unit : RMB million

Items	As at 30 September 2008	As at 31 December 2007	Change (%)	Major reasons for fluctuations
Construction in progress	34,575	22,358	54.6	Increase in investments in coal and power segments
Other non-current financial assets	3,976	2,878	38.2	Increase in prepayments for construction work and large-scale equipment
Time deposit with original maturity over three months	199	32	521.9	Increase in time deposit
Short-term borrowings and current portion of long-term borrowings	16,595	10,196	62.8	New borrowings to supplement working capital and start-up capital for certain projects
Short-term bonds	-	1,453	(100.0)	Redemption of short-term bonds
Current portion of long-term payables	331	873	(62.1)	Payment made for acquisition of mining rights
Deferred tax liabilities	1,558	1,165	33.7	Increase in the unutilized production maintenance and safety production expenses

During the reporting period, fluctuations in major accounting items of the consolidated income statement under IFRSs and explanations are as follows:

Unit : RMB million

Items	For the nine months ended 30 September 2008	For the nine months ended 30 September 2007	Change (%)	Major reasons for fluctuations
Finance income	574	247	132.4	Increase in bank deposits
Investment income	5	38	(86.8)	Profit from fund management in 2007
Profit for the period attributable to equity shareholders of the Company	22,709	15,682	44.8	Increase in profitability of coal segment

For the nine months ended 30 September 2008, sales volume and price of the coal segment were as follows:

	For the nine months ended 30 September 2008			For the year ended 31 December 2007			Change in sales price
	Sales volume	Percentage to total sales volume	Sales price	Sales volume	Percentage to total sales volume	Sales price	
	Million tonnes	(%)	RMB/tonne	Million tonnes	(%)	RMB/tonne	
Domestic sales	156.3	91.0	354.8	185.1	88.5	301.8	17.6
Long-term contract sales	128.6	74.9	334.3	147.5	70.5	311.2	7.4
Mine mouth	12.3	7.2	109.5	-	-	-	N/A
Direct arrival (along railway line)	44.5	25.9	259.3	55.1	26.3	228.9	13.3
Seaborne (FOB)	71.8	41.8	419.0	92.4	44.2	360.2	16.3
Spot sales	27.7	16.1	450.1	37.6	18.0	265.2	69.7
Mine mouth	3.9	2.3	159.8	13.0	6.2	101.5	57.4
Direct arrival (along railway line)	9.2	5.3	382.6	10.7	5.1	289.2	32.3
Seaborne (FOB)	14.6	8.5	571.3	13.9	6.7	399.3	43.1
Export sales	15.4	9.0	525.8	24.0	11.5	398.1	32.1
Total sales volume / weighted average price	171.7	100.0	370.2	209.1	100.0	312.9	18.3

Note: The above prices are quoted exclusive of value-added tax.

Benefited from robust demand of the coal market, the Group's weighted average price for coal sales was RMB370.2/tonne for the nine months ended 30 September 2008 (for the year ended 31 December 2007: RMB312.9/tonne), representing an increase of 18.3%. Among which, export sales weighted average price was RMB525.8/tonne (for the year ended 31 December 2007: RMB398.1/tonne), representing an increase of 32.1%. Domestic sales weighted average price was RMB354.8/tonne (for the year ended 31 December 2007: RMB301.8/tonne), representing an increase of 17.6%.

For the nine months ended 30 September 2008, the unit cost of production for self-produced coal operations of the coal segment under IFRSs was as follows:

	For the nine months ended 30 September 2008	For the year ended 31 December 2007	Change
	RMB/tonne	RMB/tonne	%
Unit production cost of self-produced coal	77.0	75.3	2.3
Materials, fuel and power	16.9	18.3	(7.7)
Personnel expenses	10.9	10.3	5.8
Repairs and maintenance	7.6	9.4	(19.1)
Depreciation and amortisation	17.0	16.9	0.6
Others	24.6	20.4	20.6

The unit production cost of self-produced coal of the coal segment of the Group under IFRSs was RMB77.0/tonne for the nine months ended 30 September 2008 (for the year ended 31 December 2007: RMB75.3/tonne), representing an increase of 2.3%. The main reason for the decrease in unit cost of materials, fuel and power was that upon the significant increase in the production of our Wanli Mines and Shengli Mines, due to their lower unit cost compared to other mines of the Group, the overall unit cost of materials, fuel and power dropped. The main reason for the decrease in repairs and maintenance was that some maintenance projects of coal segment had not completed by the end of reporting period in 2008. The increase in others expenses was mainly attributable to the increase in coal selection and minery fees and coal extraction service costs, and the increase of land use tax applied in Inner Mongolia and Shaanxi Province of China as well as other tax expenses.

It is estimated that the percentage increase of unit production cost of self-produced coal of the Group under IFRSs for the year 2008 as compared with that for the year 2007 will be higher than the percentage increase of that for the nine months ended 30 September 2008 as compared with that for the year 2007.

The uncertain factors relating to the Group's business environment for the fourth quarter of the year 2008 may have a effect on results of operations of the Group.

3.2 The progress of significant events and their impact as well as the analysis and explanations for the solutions

Applicable Inapplicable

3.3 Status of performance of undertakings given by the Company, shareholders and de facto controller

Applicable Inapplicable

During/up to the reporting period, undertakings made by Shenhua Group, a controlling shareholder of the Company and the performance thereof are as follows:

Undertakings	Performance
Agreement on Avoidance of Competition within the Industry between Shenhua Group and the Company	Complied with and there has been no violation of the undertaking
To obtain relevant land use rights certificates and building ownership certificates etc	Actively pursuing and in the process of applying for the building ownership certificates for the last three outstanding properties
Shenhua Group committed not to transfer or entrust others to manage its shares in the Company, which it directly and indirectly holds, for 36 months from the date when the Company's shares were listed on the Shanghai Stock Exchange, nor to allow the Company to acquire those shares	Complied with and there has been no violation of commitments

Note: For details of the undertakings, please refer to "Chapter 14 Significant Events" in the 2007 Annual Report of the Company.

3.4 *Disclosure as to, and reasons for, the warning in respect of forecast of a probable loss in respect of the accumulated net profits from the beginning of the financial year to the end of the next reporting period or any significant changes in profit as compared with that of the corresponding period of last year*

Applicable Inapplicable

3.5 *Investment in securities*

Applicable Inapplicable

3.6 *During the reporting period, the Company did not implement any cash dividend plan, , and does not have any plan to declare or distribute dividend (including cash dividend) for the third quarter of 2008 to its shareholders.*

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

Beijing, 28 October 2008

As at the date of this announcement, the Board comprises Mr. Chen Biting and Dr. Ling Wen, as executive Directors, Dr. Zhang Xiwu, Dr. Zhang Yuzhuo and Mr. Han Jianguo, as non-executive Directors, and Mr. Huang Yicheng, Mr. Anthony Francis Neoh and Dr. Chen Xiaoyue, as independent non-executive Directors.

Appendix

Prepared under International Financial Reporting Standards

Consolidated income statement

For the nine months ended 30 September 2008 (Unaudited)

Unit: RMB million

Items	The third quarter for 2008	The third quarter for 2007	For the nine months ended 30 September 2008	For the nine months ended 30 September 2007
Revenues	28,229	21,226	77,511	60,083
Total cost of revenues	(15,133)	(11,323)	(39,975)	(30,864)
Selling, general and administrative expenses	(1,565)	(943)	(4,066)	(3,534)
Other operating expense, net	(44)	(197)	(375)	(402)
Total operating expenses	(16,742)	(12,463)	(44,416)	(34,800)
Profit from operations	11,487	8,763	33,095	25,283
Finance income	175	(181)	574	247
Finance expenses	(927)	(635)	(2,797)	(2,381)
Net finance costs	(752)	(816)	(2,223)	(2,134)
Investment income	3	2	5	38
Share of profits less losses of associates	86	174	402	412
Profit before income tax	10,824	8,123	31,279	23,599
Income tax	(1,855)	(2,016)	(5,564)	(5,129)
Profit for the period	8,969	6,107	25,715	18,470
Attributable to:				
Equity shareholders of the Company	7,892	5,319	22,709	15,682
Minority interests	1,077	788	3,006	2,788
Earnings per share(RMB)				
-Basic	0.397	0.294	1.142	0.867
-Diluted	0.397	0.294	1.142	0.867

Legal representative: Mr.Chen Biting Chief Financial Officer: Ms.Zhang Kehui
General Manager of Finance Department: Mr.Hao Jianxin

Prepared under International Financial Reporting Standards

Consolidated balance sheet
As at 30 September 2008 (Unaudited)

Unit: RMB million

Items	As at 30 September 2008	As at 31 December 2007
Non-current assets		
Property, plant and equipment, net	135,894	131,059
Construction in progress	34,575	22,358
Intangible assets	1,006	1,162
Interest in associates	2,840	2,754
Other investments	1,031	1,031
Lease prepayments	6,418	5,931
Deferred tax assets	1,787	1,679
Other non-current financial assets	3,976	2,878
Total non-current assets	187,527	168,852
Current assets		
Inventories	7,895	6,337
Accounts and bills receivable, net	7,681	6,642
Prepaid expenses and other current assets	2,924	3,771
Time deposits with original maturity over three months	199	32
Cash and cash equivalents	60,657	53,404
Total current assets	79,356	70,186
Current liabilities		
Short-term borrowings and current portion of long-term borrowings	16,595	10,196
Short-term bonds	-	1,453
Current portion of long-term payables	331	873
Accounts and bills payable	8,759	9,074
Income tax payable	2,637	2,198
Accrued expenses and other payables	11,256	9,577
Total current liabilities	39,578	33,371
Net current assets	39,778	36,815
Total assets less current liabilities	227,305	205,667
Non-current liabilities		
Long-term borrowings, less current portion	54,383	49,718
Long-term payables, less current portion	2,787	3,962
Accrued reclamation obligations	1,212	1,018
Deferred tax liabilities	1,558	1,165
Total non-current liabilities	59,940	55,863
Net assets	167,365	149,804
Equity		
Share capital	19,890	19,890
Reserves	123,354	109,898
Equity attributable to equity shareholders of the Company	143,244	129,788
Minority interests	24,121	20,016
Total equity	167,365	149,804

Legal representative: Mr.Chen Biting Chief Financial Officer: Ms.Zhang Kehui
General Manager of Finance Department: Mr.Hao Jianxin

Prepared under International Financial Reporting Standards

Consolidated cash flow statement

For the nine months ended 30 September 2008 (Unaudited)

Unit: RMB million

Items	For the nine months ended 30 September 2008	For the nine months ended 30 September 2007
Net cash generated from operating activities	31,105	22,934
Investing activities		
Capital expenditure	(22,237)	(19,171)
Lease prepayments	(217)	(839)
Acquisition of subsidiary	(367)	(3,328)
Purchase of associates	(84)	(33)
Purchase of other investments	-	(878)
Proceeds from disposal of other investments	-	2,036
Proceeds from disposal of property, plant and equipment	36	78
Dividend received from associates	207	308
Dividend received from other investments	2	11
Increase in time deposits with original maturity over three months	(169)	(206)
Maturity of time deposits with original maturity over three months	2	108
Net cash used in investing activities	(22,827)	(21,914)
Financing activities		
Proceeds from bank and other borrowings	29,847	37,520
Repayments of bank and other borrowings	(19,466)	(25,307)
Proceeds from bonds issued	-	1,449
Repayments of bonds	(1,453)	-
Distributions to minority shareholders	(1,741)	(1,732)
Contributions from minority shareholders	1,113	337
Contributions from shareholders of Shendong Power	-	199
Dividend paid to equity shareholders of the Company	(9,325)	(6,150)
Net proceeds from issuance of A shares	-	65,988
Net cash (used in)/from financing activities	(1,025)	72,304
Net increase in cash and cash equivalents	7,253	73,324
Cash and cash equivalents, at the beginning of the period	53,404	15,758
Cash and cash equivalents, at the end of the period	60,657	89,082

Legal representative: Mr.Chen Biting Chief Financial Officer: Ms.Zhang Kehui
General Manager of Finance Department: Mr.Hao Jianxin

Prepared under China Accounting Standards for Business Enterprises

Consolidated income statement

For the nine months ended 30 September 2008 (Unaudited)

Unit: RMB million

Items	The third quarter for 2008	The third quarter for 2007	For the nine months ended 30 September 2008	For the nine months ended 30 September 2007
Operating income	28,229	21,226	77,511	60,083
Less: Operating costs	13,740	10,622	37,570	29,256
Business taxes and surcharges	635	479	1,676	1,353
Selling expenses	173	168	493	388
Administrative expenses	2,358	1,495	5,387	4,299
Financial expenses	765	816	2,286	2,025
Impairment loss	80	85	279	476
Add: Gain/(loss) from changes in fair value	13	-	63	(109)
Investment income	97	184	431	455
(Including: Income from investment in associates)	87	179	403	412
Operating profit	10,588	7,745	30,314	22,632
Add: Non-operating income	54	29	125	147
Less: Non-operating expenses	55	72	323	282
(Including: Loss from disposal of non-current assets)	9	62	87	168
Profit before income tax	10,587	7,702	30,116	22,497
Less: Income tax expenses	1,733	1,840	5,237	4,828
Net profit	8,854	5,862	24,879	17,669
Net profit attributable to equity shareholders of the Company	7,792	5,067	21,938	14,921
Minority interests	1,062	795	2,941	2,748
Earnings per share:				
(1) Basic earnings per share (RMB)	0.392	0.280	1.103	0.825
(2) Diluted earnings per share (RMB)	0.392	0.280	1.103	0.825

Legal representative: Mr.Chen Biting Chief Financial Officer: Ms.Zhang Kehui
General Manager of Finance Department: Mr.Hao Jianxin

Prepared under China Accounting Standards for Business Enterprises

Income statement

For the nine months ended 30 September 2008 (Unaudited)

Unit: RMB million

Items	The third quarter of 2008	The third quarter of 2007	For the nine months ended 30 September 2008	For the nine months ended 30 September 2007
Operating income	22,875	16,763	63,296	47,849
Less: Operating costs	14,000	11,277	39,232	32,170
Business taxes and surcharges	407	267	1,022	742
Selling expenses	157	137	424	316
Administrative expenses	1,409	619	2,858	1,911
Financial expenses	63	208	196	516
Impairment loss	77	16	167	217
Add: Gain/(loss) from changes in fair value	13	-	63	(109)
Investment income	315	62	1,271	2,813
(Including: Income from investment in associates)	57	62	194	224
Operating profit	7,090	4,301	20,731	14,681
Add: Non-operating income	28	6	59	23
Less: Non-operating expenses	39	37	265	184
(Including: Loss from disposal of non-current assets)	-	33	67	106
Profit before income tax	7,079	4,270	20,525	14,520
Less: Income tax expenses	1,047	680	3,103	1,833
Net profit	6,032	3,590	17,422	12,687

Legal representative: Mr.Chen Biting Chief Financial Officer: Ms.Zhang Kehui
 General Manager of Finance Department: Mr.Hao Jianxin

Prepared under China Accounting Standards for Business Enterprises

Consolidated balance sheet
As at 30 September 2008 (Unaudited)

Unit: RMB million

Items	As at 30 September 2008	As at 31 December 2007
Current assets:		
Cash at bank and on hand	60,856	53,436
Financial assets held for trading	100	37
Bills receivable	482	756
Accounts receivable	7,199	5,886
Prepayments	783	920
Other receivables	2,041	2,390
Inventories	7,895	6,337
Other current assets	-	424
Total current assets	79,356	70,186
Non-current assets:		
Long-term equity investments	3,897	3,811
Fixed assets	121,331	116,370
Construction in progress	26,873	18,713
Construction materials	7,702	3,645
Intangible assets	21,568	21,310
Long-term deferred expenses	963	1,007
Deferred tax assets	998	901
Other non-current assets	3,976	2,878
Total non-current assets	187,308	168,635
Total assets	266,664	238,821

Legal representative: Mr.Chen Biting Chief Financial Officer: Ms.Zhang Kehui
General Manager of Finance Department: Mr.Hao Jianxin

Prepared under China Accounting Standards for Business Enterprises

Consolidated balance sheet (continued)

As at 30 September 2008 (Unaudited)

Unit: RMB million

Items	As at 30 September 2008	As at 31 December 2007
Current liabilities:		
Short-term loans	12,293	4,903
Short-term bonds payable	-	1,453
Bills payable	1	169
Accounts payable	8,758	8,905
Receipts in advance	2,540	1,228
Staff costs payable	2,049	1,537
Taxes payable	4,914	4,244
Interest payable	135	151
Dividends payable	338	1,538
Other payables	3,917	3,077
Current portion of long-term loans	4,302	5,293
Current portion of long-term payables	331	873
Total current liabilities	39,578	33,371
Non-current liabilities:		
Long-term loans	54,383	49,718
Long-term payables	5,242	5,239
Estimated liabilities	1,212	1,018
Deferred tax liabilities	713	659
Total non-current liabilities	61,550	56,634
Total liabilities	101,128	90,005
Shareholders' equity:		
Share capital	19,890	19,890
Capital reserve	87,773	87,701
Surplus reserves	6,263	6,263
Retained earnings	27,009	14,396
Total equity attributable to equity shareholders of the Company	140,935	128,250
Minority interests	24,601	20,566
Total shareholders' equity	165,536	148,816
Total liabilities and shareholders' equity	266,664	238,821

Legal representative: Mr.Chen Biting Chief Financial Officer: Ms.Zhang Kehui

General Manager of Finance Department: Mr.Hao Jianxin

Prepared under China Accounting Standards for Business Enterprises

Balance sheet
As at 30 September 2008 (Unaudited)

Unit: RMB million

Items	As at 30 September 2008	As at 31 December 2007
Current assets:		
Cash at bank and on hand	57,723	51,914
Financial assets held for trading	100	37
Bills receivable	144	543
Accounts receivable	3,161	2,026
Prepayments	335	820
Dividends receivable	453	2,465
Other receivables	5,262	6,957
Inventories	5,335	4,453
Other current assets	11,938	10,537
Total current assets	84,451	79,752
Non-current assets:		
Long-term equity investments	33,028	29,319
Fixed assets	29,405	26,135
Construction in progress	13,094	8,847
Construction materials	453	287
Intangible assets	11,539	11,646
Long-term deferred expenses	299	316
Deferred tax assets	455	430
Other non-current assets	2,717	1,637
Total non-current assets	90,990	78,617
Total assets	175,441	158,369

Legal representative: Mr.Chen Biting Chief Financial Officer: Ms.Zhang Kehui
General Manager of Finance Department: Mr.Hao Jianxin

Prepared under China Accounting Standards for Business Enterprises

Balance sheet (continued)
As at 30 September 2008 (Unaudited)

Unit: RMB million

Items	As at 30 September 2008	As at 31 December 2007
Current liabilities:		
Short-term loans	4,102	1,500
Accounts payable	5,989	5,085
Receipts in advance	2,207	1,047
Staff costs payable	1,254	953
Taxes payable	3,647	2,379
Interest payable	49	54
Other payables	2,193	1,764
Current portion of long-term loans	1,737	1,822
Current portion of long-term payables	331	873
Other current liabilities	4,339	679
Total current liabilities	25,848	16,156
Non-current liabilities:		
Long-term loans	12,203	12,897
Long-term payables	4,650	4,756
Estimated liabilities	653	624
Deferred tax liabilities	350	296
Total non-current liabilities	17,856	18,573
Total liabilities	43,704	34,729
Shareholders' equity:		
Share capital	19,890	19,890
Capital reserve	87,621	87,621
Surplus reserves	6,263	6,263
Retained earnings	17,963	9,866
Total shareholders' equity	131,737	123,640
Total liabilities and shareholders' equity	175,441	158,369

Legal representative: Mr.Chen Biting Chief Financial Officer: Ms.Zhang Kehui
General Manager of Finance Department: Mr.Hao Jianxin

Prepared under China Accounting Standards for Business Enterprises

Consolidated cash flow statement

For the nine months ended 30 September 2008 (Unaudited)

Unit: RMB million

Items	For the nine months ended 30 September 2008	For the nine months ended 30 September 2007
1. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	84,264	67,418
Refund of taxes	31	15
Other cash received relating to operating activities	808	724
Sub-total of cash inflows from operating activities	85,103	68,157
Cash paid for goods and services	(30,908)	(23,229)
Cash paid to and for employees	(4,533)	(3,572)
Cash paid for all types of taxes	(14,928)	(13,533)
Other cash paid relating to operating activities	(1,812)	(1,930)
Sub-total of cash outflows from operating activities	(52,181)	(42,264)
Net cash flow from operating activities	32,922	25,893
2. Cash flows from investing activities:		
Cash received from disposal of investments	424	2,126
Cash received from return on investments	225	319
Net cash received from disposal of fixed assets and intangible assets	36	78
Cash received on maturity of time deposits with financial institutions	2	108
Other cash received relating to investing activities	576	246
Sub-total of cash inflows from investing activities	1,263	2,877
Cash paid for acquisition of fixed assets and intangible assets	(22,454)	(20,010)
Cash paid for acquisition of investments	(244)	(1,997)
Net cash paid for acquisition of subsidiaries	(367)	(3,328)
Cash paid for time deposits within financial institutions	(169)	(206)
Sub-total of cash outflows from investing activities	(23,234)	(25,541)
Net cash flow from investing activities	(21,971)	(22,664)
3. Cash flows from financing activities:		
Cash received from investments	1,113	337
Net proceeds from issuance of A shares	-	65,988
Cash received from shareholders as capital contributions	-	199
Cash received from loans	29,847	37,520
Cash received from issuances of bonds	-	1,449
Sub-total of cash inflows from financing activities	30,960	105,493
Cash repayments of loans	(19,466)	(25,307)
Cash paid for redemption of bonds	(1,453)	-
Cash paid for dividends, profits distribution or interest	(13,739)	(10,091)
Including: Dividends and profits paid to minority shareholders by subsidiaries	(1,741)	(1,732)
Sub-total of cash outflows from financing activities	(34,658)	(35,398)
Net cash flow from financing activities	(3,698)	70,095
4. Effect of foreign exchange rate changes on cash and cash equivalents	-	-
5. Net increase in cash and cash equivalents	7,253	73,324
Add: Cash and cash equivalents at the beginning of the period	53,404	15,758
Cash and cash equivalents at the end of the period	60,657	89,082

Legal representative: Mr.Chen Biting Chief Financial Officer: Ms.Zhang Kehui
General Manager of Finance Department: Mr.Hao Jianxin

Prepared under China Accounting Standards for Business Enterprises

Cash flow statement

For the nine months ended 30 September 2008 (Unaudited)

Unit: RMB million

Items	For the nine months ended 30 September 2008	For the nine months ended 30 September 2007
1. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	68,356	53,167
Other cash received relating to operating activities	775	421
Sub-total of cash inflows from operating activities	69,131	53,588
Cash paid for goods and services	(35,304)	(29,093)
Cash paid to and for employees	(2,077)	(1,404)
Cash paid for all types of taxes	(7,763)	(6,738)
Other cash paid relating to operating activities	(829)	(641)
Sub-total of cash outflows from operating activities	(45,973)	(37,876)
Net cash flow from operating activities	23,158	15,712
2. Cash flows from investing activities:		
Cash received from disposal of investments	762	3,742
Cash received from return on investments	3,159	2,347
Net cash received from disposal of fixed assets and intangible assets	19	32
Cash received on maturity of time deposits with financial institutions	10	-
Other cash received relating to investing activities	529	130
Sub-total of cash inflows from investing activities	4,479	6,251
Cash paid for acquisition of fixed assets and intangible assets	(9,275)	(8,954)
Cash paid for acquisition of investments	(7,065)	(4,367)
Net cash paid for acquisition of subsidiaries	-	(3,328)
Cash paid for time deposits with financial institutions	(80)	(78)
Sub-total of cash outflows from investing activities	(16,420)	(16,727)
Net cash flow from investing activities	(11,941)	(10,476)
3. Cash flows from financing activities:		
Net proceeds from issuance of A shares	-	65,988
Cash received from loans	22,924	16,063
Sub-total of cash inflows from financing activities	22,924	82,051
Cash repayments of loans	(18,577)	(7,456)
Cash paid for dividends, profit distribution or interest	(9,825)	(6,512)
Sub-total of cash flows from financing activities	(28,402)	(13,968)
Net cash flow from financing activities	(5,478)	68,083
4. Effect of foreign exchange rate changes on cash and cash equivalents	-	-
5. Net increase in cash and cash equivalents	5,739	73,319
Add: Cash and cash equivalents at the beginning of the period	51,904	13,937
Cash and cash equivalents at the end of the period	57,643	87,256

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