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中国神华能源股份有限公司
CHINA SHENHUA ENERGY COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 01088)

First Quarterly Report for the Year 2009

Pursuant to the rules and regulations of the China Securities Regulatory Commission and the Shanghai Stock Exchange, China Shenhua Energy Company Limited (the “**Company**” and together with its subsidiaries, collectively the “**Group**”) is required to announce this 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 (the “**Board**”) of directors of the Company is pleased to announce the results of the Company and its subsidiaries for the three months ended 31 March 2009 prepared in accordance with the International Financial Reporting Standards (“**IFRSs**”). Such results have not been audited or reviewed by the independent auditors.

1. IMPORTANT NOTICE

- 1.1 The Board, the supervisory committee of the Company together with the directors and supervisors and the senior management of the Company guarantee that this report does not contain any false representations, misleading statements or material omissions, and shall jointly and severally accept responsibility as to the truthfulness, accuracy and completeness of the content in this report.
- 1.2 Six directors of the Company attended the Board meeting in person. In addition, Dr. Zhang Yuzhuo, a non-executive Director appointed Dr. Zhang Xiwu, Chairman of the Board as his proxy to attend and act and vote on his behalf at the Board meeting.
- 1.3 The Company’s first quarterly financial report for the year 2009 has not been audited or reviewed. The Company's first quarterly financial report for the year 2009 is prepared in accordance with IFRSs. Please refer to 3.3 for the major differences of financial statements

prepared in accordance with the Accounting Standards for Business Enterprises (2006) issued by the Ministry of Finance of the People's Republic of China, and relevant regulations and interpretations ("Accounting Standards for Business Enterprises") and IFRSs.

- 1.4 Dr. Zhang Xiwu, 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 guarantee the truthfulness and completeness of the content of the financial statement of this first quarterly report.

2. REVIEW OF OPERATIONS OF THE COMPANY DURING THE REPORTING PERIOD

During the first quarter of 2009, adhering to the annual business operational guideline of “proactive and prudent development in a cautious manner and laying solid foundation”, the Board and senior management team of the Company led the entire staff to follow closely the production and operation targets set at the beginning of the year and strived to identify business opportunities in the financial crisis and explore its potential in the face of various kinds of challenges. In addition, the Company launched the campaign of “increasing production and reducing cost, increasing revenue and saving expenditure”. As a result, the Company achieved a good result in the first quarter in 2009.

In the first quarter in 2009, the Company realized basic earnings per share of RMB0.399, representing an increase of 17.4% over the same period of last year.

The commercial coal output of the Company reached 51.8 million tonnes which is representing 26.3% of the annual operational targets. Coal sales volume reached 57.0 million tonnes which is representing 25.9% of the annual operational targets. Gross power generation was 21.17 billion kwh which is representing 22.5% of the annual operational targets. Total power output dispatch reached 19.65 billion kwh which is representing 22.6% of the annual operational targets.

During the reporting period, the Company primarily achieved results in five aspects:

i. Striving to explore and strengthen the coal sales

Faced with the downturn of the downstream industries, the Company strived to explore the coal market. The Company strengthened the relationship with major customers and explored small and medium customers. The Company optimized and balanced the coal price, coal source, coal quality and logistics flow as well as flexibly and prudently reinforced sales work. As at the end of the first quarter of 2009, the Company had accomplished its target of signing the domestic long-term contracts for the year. Taking the domestic long-term sales contract price of seaborne 5,500 kcal/kg thermal coal as an example, the contract price of 2009 increased to RMB540/tonne (inclusive of VAT). In addition, adjustments were made to the price of other types of domestic long-term sales contract.

ii. Commencing the new business of railway in two-way transportation business

The railway segment actively explored new business while performed well in coal transportation. During the reporting period, the Company made use of return empty train

wagons to transport approximately 170,000 tonnes of ore for third parties. The Company plans to expand the capacity of two-way railway transportation and forge new profit growth point in the future.

iii. Achieving good results of sales and marketing in power market

Working hard to overcome the difficulties of the decrease of power demand in the domestic market as well as the severe reduction in demand and load during the Chinese Lunar New Year, the power segment strengthened sales and marketing and seized market shares. The Company adopted the measures of being responsible for certain sales on the basis of different power grid to enhance the sales and marketing work in high-loaded area. At the same time, the Company strived to increase power revenue by taking the initiative to get other types of power right transactions such as the substitution transactions of power generation. Despite the fact that the Company encountered with the difficulties of the increase in fuel costs and the decrease in power utilization hours, the power segment still maintained profitable.

iv. Launching the campaign of “double increase and double decrease” to enhance the Company’s profitability

In order to cope with the financial crisis, the entire staff of the Company launched the campaign of “increasing production and reducing cost, increasing revenue and saving expenditure”, strengthened internal management, enhanced cost control and save cost and expenditure, so as to improve the Company’s profitability.

v. Reinforcing the preliminary work and applying the development strategies into practice

Each segment of the Company has progressed its projects and capital expenditure as scheduled. Particularly the Company took its great efforts on the preliminary work for the huge coal resource in Yulin area of Shaanxi province and in Xinjie area of Inner Mongolia Autonomous Region. Meanwhile, the Company also launched the environmental assessment and exploration work of Watermark project in Australia as scheduled.

3. COMPANY PROFILE

3.1 Major financial indicators prepared in accordance with IFRSs

	For the three months ended 31 March 2009	For the three months ended 31 March 2008	Percentage change
Per share (RMB)			
Earnings per share	0.399	0.340	17.4%
Net cash flow from operating activities per share	0.882	0.453	94.6%
Current period (RMB million)			
Revenues	27,157	23,788	14.2%
Profit for the period attributable to equity shareholders of	7,936	6,772	17.2%

the Company			
Net cash flow from operating activities	17,534	9,010	94.6%
	As at 31 March 2009	As at 31 December 2008	Percentage change
Total assets (RMB million)	289,211	275,540	5.0%
Total liabilities (RMB million)	108,383	103,797	4.4%
Total equity (RMB million)	180,828	171,743	5.3%
Of which: Equity attributable to equity shareholders of the Company (RMB million)	155,439	147,432	5.4%
Shareholders' equity per share (RMB)	7.81	7.41	5.4%

3.2 Major operational data

Operational indicator	For the first quarter of 2009	For the first quarter of 2008	Percentage change
Commercial coal production (Million tonnes)	51.8	44.6	16.1%
Coal sales (Million tonnes)	57.0	56.7	0.5%
Of which: Export (Million tonnes)	3.9	4.6	(15.2%)
Turnover of coal transported by self-owned railways (Billion tonne km)	33.5	31.7	5.7%
Seaborne coal (Million tonnes)	36.7	33.9	8.3%
Of which: Huanghua Port (Million tonnes)	18.6	20.5	(9.3%)
Shenhua Tianjin Coal Dock (Million tonnes)	5.8	5.2	11.5%
Gross power generation (Billion kwh)	21.17	23.59	(10.3%)
Total power output dispatch (Billion kwh)	19.65	22.08	(11.0%)

Operational indicator	March 2009	March 2008	Percentage change (compared to March 2008)	Percentage change (compared to February 2009)
Commercial coal production (Million tonnes)	19.2	15.3	25.5%	28.0%
Coal sales (Million tonnes)	22.7	19.0	19.5%	51.3%
Of which: Export (Million tonnes)	1.5	0.6	150.0%	25.0%
Turnover of coal transported by self-owned railways (Billion tonne km)	11.9	11.2	6.3%	13.3%
Seaborne coal (Million tonnes)	13.5	10.6	27.4%	18.4%
Of which: Huanghua Port (Million tonnes)	6.3	6.5	(3.1%)	5.0%
Shenhua Tianjin Coal	0.9	1.3	(30.8%)	(65.4%)

Dock (Million tonnes)				
Gross power generation (Billion kwh)	8.16	8.27	(1.3%)	21.8%
Total power output dispatch (Billion kwh)	7.59	7.80	(2.7%)	19.2%

3.3 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 three months ended 31 March 2009	For the three months ended 31 March 2008 (Restated)	As at 31 March 2009	As at 31 December 2008
Under the Accounting Standards for Business Enterprises	7,921	6,763	156,959	148,967
Items as adjusted under IFRSs:				
Revaluation of land use rights and others	15	9	(1,520)	(1,535)
Under IFRSs	7,936	6,772	155,439	147,432

Explanation on the differences between domestic and international accounting standards:

Under the Accounting Standards for Business Enterprises, land use rights are carried at revalued amounts upon the Restructuring. Under IFRSs, land use rights are carried at the historical cost less accumulated amortisation. Accordingly, the equity attributable to equity shareholders of the Company and the profit attributable to equity shareholders of the Company under IFRSs have not included the valuation surplus of land use rights and any subsequent amortisation and the effect of deferred taxation arisen from the related differences.

Pursuant to Cai Kuai Han [2008] No.60 “Notice for preparation of 2008 annual report in accordance with the accounting standards” issued in December 2008 and the requirements in “China Accounting Standards for Business Enterprises Explanatory Notice No.2” newly issued by the Ministry of Finance in 2008, the Company adjusted the accounting treatment on production maintenance, production safety and other related expenditures. As a result, the Company’s financial statements for the first quarter of 2008 prepared in accordance with the Accounting Standards for Business Enterprises was restated accordingly.

3.4 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 485,514 shareholders of the Company, of which there were 482,628 holders of A shares (including Shenhua Group Corporation Limited (“Shenhua Group”)) and 2,886 holders of H shares.

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

Unit: number of shares

Name of shareholders	Number of shares without selling restrictions	Type of shares
HKSCC NOMINEES LIMITED (*)	3,391,464,720	Listed foreign shares
Bank of Communication – E Fund 50 Index Securities Investment Fund	43,811,207	RMB ordinary shares
Industrial & Commercial Bank of China – Shanghai Index 50 Trading Open-end Index Securities Investment Fund	31,578,339	RMB ordinary shares
China Life Insurance Company Limited – Bonus – Personal Bonus - 005L – FH002 Shanghai	24,547,275	RMB ordinary shares
Bank of China – China AMC Return Securities Investment Fund	23,084,673	RMB ordinary shares
Bank of China – Jia Shi Hu Shen 300 Index Securities Investment Fund	21,212,838	RMB ordinary shares
China Construction Bank – China AMC Dividend Mixed Open-end Securities Investment Fund	19,356,803	RMB ordinary shares
China Construction Bank –Fortune SGAM Selected Industry Stock Securities Investment Fund	17,596,846	RMB ordinary shares
China Construction Bank – Bosera Theme Industry Stock Securities Investment Fund	17,000,000	RMB ordinary shares
Industrial & Commercial Bank of China – Southern Longyuan Industry Theme Stock Securities Investment Fund	16,353,990	RMB ordinary shares

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

4. SIGNIFICANT EVENTS

4.1 Material changes in major items of accounting statements and financial indicators of the Company and the underlying reasons

Applicable Not Applicable

During the reporting period, in accordance with IFRSs, revenues of the Group was RMB27,157 million (for the three months ended 31 March 2008: RMB23,788 million), representing an increase of 14.2%. Profit for the period attributable to equity shareholders of the Company was RMB7,936 million (for the three months ended 31 March 2008: RMB6,772 million), representing an increase of 17.2%.

During the reporting period, fluctuations in major items of the consolidated financial statements and explanations are set out below:

Unit: RMB million

Items of consolidated income statement	For the three months ended 31 March 2009	For the three months ended 31 March 2008	Change	Major reasons of changes
Selling, general and administrative expenses	(1,940)	(1,204)	61.1%	Expansion of business operations led to increase in tax expenses, and custom duty was imposed on export coal with effect from the second half year of 2008

Finance expenses	(603)	(1,310)	(54.0%)	Increase in foreign exchange gain of foreign currency borrowings
Share of profits less losses of associates	128	78	64.1%	Increase in the profits of associates which are accounted for under equity method
Minority interests	1,218	870	40.0%	Increase in profits of subsidiaries

Unit: RMB million

Items of consolidated cash flow statement	For the three months ended 31 March 2009	For the three months ended 31 March 2008	Change	Major reasons of changes
Net cash generated from operating activities	17,534	9,010	94.6%	Increase in coal sales price and receipt in advance for coal sales
Lease prepayments	(81)	(237)	(65.8%)	Decrease in purchase of land use rights
Purchase of investments	-	(121)	(100.0%)	Acquisition of Zhunge'er Coal Gangue Power by Zhunge'er Energy and issued entrusted loans to associates through financial institutions in the first quarter of 2008
Proceeds from disposal of property, plant and equipment	-	29	(100.0%)	Certain property, plant and equipment disposed in the first quarter of 2008
Repayment of bank and other borrowings	(12,729)	(7,059)	80.3%	Increase in repayment of borrowings during the reporting period
Contributions from minority shareholders	294	50	488.0%	Increase in contributions from minority shareholders of certain power plants
Distributions to minority shareholders	(279)	(461)	(39.5%)	Certain subsidiaries have not declared dividends

4.2 Analysis of key operational indicators of the coal segment

(1) Coal sales volume and price are set out below (The coal prices as set out below are quoted exclusive of VAT):

	For the first quarter of 2009			For the first quarter of 2008			Change in price
	Sales volume	Percentage to total sales volume	Price	Sales volume	Percentage to total sales volume	Price	
	Million tonnes		RMB/tonne	Million tonnes		RMB/tonne	
Domestic sales	53.1	93.2%	375.0	52.1	91.9%	334.9	12.0%
Long-term contract sales	33.7	59.1%	368.1	40.8	72.0%	354.2	3.9%
Mine mouth	1.2	2.1%	134.7	-	-	-	N/A
Direct arrival (along railway line)	12.3	21.6%	269.2	14.8	26.1%	254.7	5.7%
Seaborne (FOB)	20.2	35.4%	441.8	26.0	45.9%	410.8	7.5%
Spot sales	19.4	34.1%	387.0	11.3	19.9%	265.2	45.9%
Mine mouth	3.5	6.2%	121.0	5.3	9.3%	102.8	17.7%
Direct arrival (along railway line)	4.1	7.2%	399.0	2.7	4.8%	329.5	21.1%
Seaborne (FOB)	11.8	20.7%	462.7	3.3	5.8%	471.4	(1.8%)
Export sales	3.9	6.8%	694.0	4.6	8.1%	461.0	50.5%
Total sales volume / weighted average price	57.0	100.0%	396.8	56.7	100.0%	345.1	15.0%

Benefited from the sales strategy of expanding market share, optimizing the products and sales structure as well as price rising, the weighted average price for coal sales was RMB396.8 per tonne during the reporting period (for the first quarter of 2008: RMB345.1 per tonne), representing an increase of 15.0%. Among which, the weighted average price for domestic sales was RMB375.0 per tonne (for the first quarter of 2008: RMB334.9 per tonne), representing an increase of 12.0%; domestic long-term contract sales price was RMB368.1 per tonne (for the first quarter of 2008: RMB354.2 per tonne), representing an increase of 3.9%; domestic spot sales price was RMB387.0 per tonne (for the first quarter of 2008: RMB265.2 per tonne), representing an increase of 45.9%. As the Company continued to implement the contract price of 2008 for export sales during the reporting period, the weighted average price for export sales was RMB694.0 per tonne (for the first quarter of 2008: RMB461.0 per tonne), representing an increase of 50.5%.

Compared to the realized average weighted coal sales price in 2008, the average weighted coal sales price for the reporting period increased by 4.8%, of which, the long-term contract sales price increased by 9.7%, the domestic spot sales price decreased by 11.7% and the export sales price increased by 20.2%.

Important notes: the above weighted average coal price was affected by sales structure, product quality and the sales volume of various types of sales. The above long-term contract price was realized weighted average price, which cannot be regarded as standard contract price of the long-term contract of the Company.

(2) Unit production cost of self-produced coal of the coal segment:

	For the first quarter of 2009	For the first quarter of 2008	Change
	RMB/tonne	RMB/tonne	
Unit production cost of self-produced coal	92.6	74.0	25.1%
Materials, fuel and power	20.9	15.7	33.1%
Personnel expenses	11.0	9.2	19.6%
Depreciation and amortisation	19.0	17.6	8.0%
Repairs and maintenance	11.5	8.2	40.2%
Others	30.2	23.3	29.6%

During the reporting period, the unit production cost of self-produced coal of the coal segment was RMB92.6 per tonne (for the three months ended 31 March 2008: RMB74.0 per tonne), representing an increase of 25.1%. Among which, unit cost of materials, fuel and power increased, which was mainly due to an increase of materials and fuel consumption along with extension of panel, working on thin coal seam and changes in geological condition of mining area. In addition, the output of high cost mines increased, such as Jinjie mine, Bu'ertai mine and Haerwusu mine, which also drove up the unit cost. The increase of unit cost of repairs and maintenance was mainly due to the increase of work load of mining equipment and auxiliary equipment as a result of further extension of panel and mining on thin coal seam. The increase of unit cost of others was mainly due to the increase of the mining engineering expense resulted from changes of geological conditions, and the increase of coal selection fees.

Compared to the realized unit production cost of self-produced coal of the coal segment of 2008, the unit production cost of self-produced coal of the coal segment decreased by 2.4% during the reporting period.

It is expected that the unit production cost of self-produced coal of the coal segment for the next 3 quarters of 2009 will continue to rise and may be higher than the average unit production cost of self-produced coal of the coal segment of 2008.

4.3 Overview of the industry

During the first quarter of 2009, driven by the State's economic stimulus policies, the economy of China showed positive signs. The GDP increased by 6.1% over the same period of last year, and the GDP growth rate decreased by 0.7 percentage point as compared to the fourth quarter of 2008. The proactive change in macro-economic situation provided conditions to the stable operation of the coal market. Total national raw coal production in the first quarter of 2009 reached 602 million tonnes, representing an increase of 6.3% over the same period of last year. Total national coal consumption in the first quarter of 2009 reached 674 million tonnes, representing a decrease of 4.0% over the same period of last year and an increase of 5.4% over the fourth quarter of 2008.

National coal export reached 7.4 million tonnes, representing a decrease of 27.6% over the same period of last year. Coal import reached 13.6 million tonnes, representing an increase of 20.1% over the same period of last year. Net coal import was 6.2 million tonnes. As at the end of March of 2009, national coal inventory was approximately 206 million tonnes, representing a decrease of 12.7% as compared to the level as at the beginning of January of 2009. The general demand and supply of domestic thermal coal maintained its balance in the first quarter of 2009. The spot price of thermal

coal was stable.

Chart of inventory and consumption of coal of power grid for direct supply for the first quarter of 2009

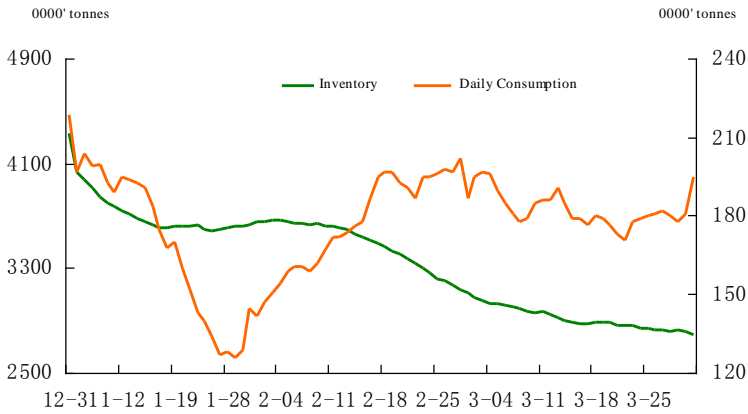
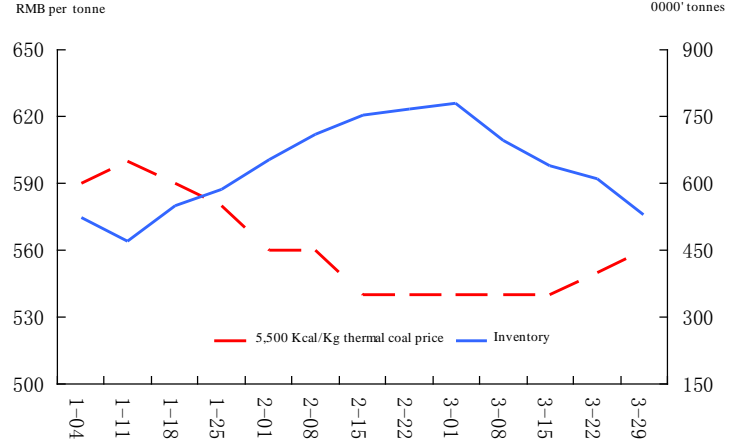


Chart of the coal price and inventory of Qinhuangdao Port for the first quarter of 2009



(Source: National Development and Reform Commission, National Statistics Bureau of China, China Custom, China National Coal Association)

4.4 The progress of significant events and the impact thereof as well as the analysis and explanations for the solutions

Applicable Inapplicable

4.5 The commitments by the Company, shareholders and de facto controller and the performance thereof

Applicable Inapplicable

During and/or subsisting in the reporting period, the commitments made by Shenhua Group, a controlling shareholder of the Company and the performance thereof are set out below:

Commitments	Performance
Non-competition agreement between Shenhua Group and the Company	Complied with its commitments and there has been no violation of such commitments
To obtain relevant land use rights certificates and building ownership certificates etc	In the process of applying for the building ownership certificates for three properties
Shenhua Group agreed not to transfer or entrust others to manage its shares in the Company, which it directly and indirectly holds, within 36 months from the date when the Company's shares were listed on the Shanghai Stock Exchange, nor to allow the Company to repurchase such shares	Complied with its commitments and there has been no violation of such commitments

Note: For details of the commitments, please refer to the section “Significant Events” in the 2008 annual report of the Company

4.6 Explanations and warnings 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 as compared to the corresponding period of last year

Applicable Inapplicable

4.7 Investment in securities

Applicable Inapplicable

4.8 During the reporting period, the Board recommended payment of final dividend for 2008 in the amount of RMB0.46, per share (inclusive of tax), and the Company does not have any plan to declare or distribute dividend (including cash dividend) for the first quarter of 2009 to its shareholders.

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

Beijing, 28 April 2009

As at the date of this announcement, the Board comprises Dr. Zhang Xiwu and Dr. Ling Wen, as executive Directors, 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 three months ended 31 March 2009 (Unaudited)

Unit: RMB million

Items	For the three months ended 31 March 2009	For the three months ended 31 March 2008
Revenues	27,157	23,788
Total cost of revenues	(13,991)	(12,262)
Selling, general and administrative expenses	(1,940)	(1,204)
Other operating expenses, net	(89)	(119)
Total operating expenses	(16,020)	(13,585)
Profit from operations	11,137	10,203
Finance income	337	263
Finance expenses	(603)	(1,310)
Net finance costs	(266)	(1,047)
Investment income	2	2
Share of profits less losses of associates	128	78
Profit before income tax	11,001	9,236
Income tax	(1,847)	(1,594)
Profit for the period	9,154	7,642
Attributable to:		
Equity shareholders of the Company	7,936	6,772
Minority interests	1,218	870
Earnings per share (RMB):		
- Basic	0.399	0.340
- Diluted	0.399	0.340

Legal representative: Zhang Xiwu Chief Financial Officer: Zhang Kehui
General Manager of Finance Department: Hao Jianxin

Prepared under International Financial Reporting Standards

Consolidated balance sheet
As at 31 March 2009 (Unaudited)

Unit: RMB million

Items	As at 31 March 2009	As at 31 December 2008
Non-current assets		
Property, plant and equipment, net	145,204	145,253
Construction in progress	34,295	33,017
Intangible assets	2,501	2,435
Interest in associates	3,073	3,045
Other investments	921	831
Other non-current assets	6,178	6,373
Lease prepayments	5,980	6,011
Deferred tax assets	666	669
Total non-current assets	198,818	197,634
Current assets		
Inventories	8,680	7,842
Accounts and bills receivable, net	6,571	8,236
Prepaid expenses and other current assets	2,852	2,337
Restricted bank deposits	259	241
Time deposits with original maturity over three months	13,342	196
Cash and cash equivalents	58,689	59,054
Total current assets	90,393	77,906
Current liabilities		
Short-term borrowings and current portion of long-term borrowings	18,540	18,213
Accounts and bills payable	10,102	9,642
Accrued expenses and other payables	16,000	12,410
Current portion of long-term payables	264	264
Income tax payable	2,514	2,127
Total current liabilities	47,420	42,656
Net current assets	42,973	35,250
Total assets less current liabilities	241,791	232,884
Non-current liabilities		
Long-term borrowings, less current portion	55,801	56,045
Long-term payables, less current portion	2,778	2,765
Accrued reclamation obligations	1,906	1,869
Deferred tax liabilities	478	462
Total non-current liabilities	60,963	61,141
Net assets	180,828	171,743
Equity		
Share capital	19,890	19,890
Reserves	135,549	127,542
Equity attributable to equity shareholders of the Company	155,439	147,432
Minority interests	25,389	24,311
Total equity	180,828	171,743

Legal representative: Zhang Xiwu Chief Financial Officer: Zhang Kehui
General Manager of Finance Department: Hao Jianxin

Prepared under International Financial Reporting Standards

Consolidated cash flow statement
For the three months ended 31 March 2009 (Unaudited)

Unit: RMB million

Items	For the three months ended 31 March 2009	For the three months ended 31 March 2008
Net cash generated from operating activities	17,534	9,010
Investing activities		
Capital expenditure	(4,717)	(5,274)
Lease prepayments	(81)	(237)
Purchase of investments	-	(121)
Proceeds from disposal of property, plant and equipment	-	29
Increase in restricted bank deposits	(18)	-
Increase in time deposits with original maturity over three months	(13,256)	(22)
Maturity of time deposits with original maturity over three months	110	-
Net cash used in investing activities	(17,962)	(5,625)
Financing activities		
Proceeds from bank and other borrowings	12,777	10,677
Repayments of bank and other borrowings	(12,729)	(7,059)
Contributions from minority shareholders	294	50
Distributions to minority shareholders	(279)	(461)
Net cash from financing activities	63	3,207
Net (decrease)/increase in cash and cash equivalents	(365)	6,592
Cash and cash equivalents, at the beginning of the period	59,054	53,404
Cash and cash equivalents, at the end of the period	58,689	59,996

Legal representative: Zhang Xiwu Chief Financial Officer: Zhang Kehui
General Manager of Finance Department: Hao Jianxin

Prepared under Accounting Standards for Business Enterprises

Consolidated income statement
For the three months ended 31 March 2009 (Unaudited)

Unit: RMB million

Items	For the three months ended 31 March 2009	For the three months ended 31 March 2008 (restated)
Operating income	27,157	23,788
Less: Operating costs	12,651	11,295
Business taxes and surcharges	964	493
Selling expenses	168	202
Administrative expenses	2,125	1,499
Financial expenses	83	1,166
Impairment loss	122	117
Add: (Loss)/gain from changes in fair value	(183)	119
Investment income	130	81
(Including: Income from investment in associates)	129	78
Operating profit	10,991	9,216
Add: Non-operating income	12	26
Less: Non-operating expenses	28	28
(Including: Loss from disposal of non-current assets)	5	-
Profit before income tax	10,975	9,214
Less: Income tax expenses	1,845	1,593
Net profit	9,130	7,621
Net profit attributable to equity shareholders of the Company	7,921	6,763
Minority interests	1,209	858
Earnings per share:		
(1) Basic earnings per share (RMB)	0.398	0.340
(2) Diluted earnings per share (RMB)	0.398	0.340

Legal representative: Zhang Xiwu Chief Financial Officer: Zhang Kehui
General Manager of Finance Department: Hao Jianxin

Prepared under Accounting Standards for Business Enterprises

Income statement

For the three months ended 31 March 2009 (Unaudited)

Unit: RMB million

Items	For the three months ended 31 March 2009	For the three months ended 31 March 2008 (restated)
Operating income	22,473	19,186
Less: Operating costs	13,438	12,075
Business taxes and surcharges	737	277
Selling expenses	163	168
Administrative expenses	1,195	685
Financial (income)/expenses	(174)	126
Impairment loss	73	17
Add: (Loss)/gain from changes in fair value	(183)	119
Investment income	1,064	211
(Including: Income from investment in associates)	44	51
Operating profit	7,922	6,168
Add: Non-operating income	4	15
Less: Non-operating expenses	8	7
(Including: Loss from disposal of non-current assets)	-	-
Profit before income tax	7,918	6,176
Less: Income tax expenses	1,104	932
Net profit	6,814	5,244

Legal representative: Zhang Xiwu Chief Financial Officer: Zhang Kehui
General Manager of Finance Department: Hao Jianxin

Prepared under Accounting Standards for Business Enterprises

Consolidated balance sheet
As at 31 March 2009 (Unaudited)

Unit: RMB million

Items	As at 31 March 2009	As at 31 December 2008
Current assets		
Cash at bank and on hand	72,290	59,491
Financial assets held for trading	326	509
Bills receivable	440	711
Accounts receivable	6,131	7,525
Prepayments	632	687
Other receivables	1,894	1,141
Inventories	8,680	7,842
Total current assets	90,393	77,906
Non-current assets		
Long-term equity investments	4,020	3,902
Fixed assets	132,114	132,069
Construction in progress	28,408	27,544
Construction materials	5,887	5,473
Intangible assets	23,752	23,806
Long-term deferred expenses	924	955
Deferred tax assets	381	379
Other non-current assets	6,178	6,373
Total non-current assets	201,664	200,501
Total assets	292,057	278,407

Legal representative: Zhang Xiwu Chief Financial Officer: Zhang Kehui
General Manager of Finance Department: Hao Jianxin

Prepared under Accounting Standards for Business Enterprises

Consolidated balance sheet (continued)

As at 31 March 2009 (Unaudited)

Unit: RMB million

Items	As at 31 March 2009	As at 31 December 2008
Current liabilities		
Short-term loans	14,461	13,119
Bills payable	1	1
Accounts payable	10,101	9,641
Receipts in advance	4,168	2,033
Staff costs payable	2,825	2,539
Tax payables	6,288	5,753
Interest payable	164	179
Dividends payable	314	143
Other payables	4,755	3,890
Current portion of long-term loans	4,079	5,094
Current portion of long-term payables	264	264
Total current liabilities	47,420	42,656
Non-current liabilities		
Long-term loans	55,801	56,045
Long-term payables	2,778	2,765
Estimated liabilities	1,906	1,869
Deferred tax liabilities	947	932
Total non-current liabilities	61,432	61,611
Total liabilities	108,852	104,267
Shareholders' equity		
Share capital	19,890	19,890
Capital reserve	88,169	88,144
Surplus reserves	10,677	10,064
Retaining earnings	38,291	30,984
Exchange difference on translation of financial statements of overseas subsidiaries	(68)	(115)
Total equity attributable to equity shareholders of the Company	156,959	148,967
Minority interests	26,246	25,173
Total shareholders' equity	183,205	174,140
Total liabilities and shareholders' equity	292,057	278,407

Legal representative: Zhang Xiwu Chief Financial Officer: Zhang Kehui
General Manager of Finance Department: Hao Jianxin

Prepared under Accounting Standards for Business Enterprises

Balance sheet

As at 31 March 2009 (Unaudited)

Unit: RMB million

Items	As at 31 March 2009	As at 31 December 2008
Current assets		
Cash at bank and on hand	67,907	56,551
Financial assets held for trading	326	509
Bills receivable	239	488
Accounts receivable	2,601	3,657
Prepayments	139	344
Dividends receivable	327	303
Other receivables	4,969	5,301
Inventories	5,251	4,531
Other current assets	13,430	12,772
Total current assets	95,189	84,456
Non-current assets		
Long-term equity investments	35,193	34,932
Fixed assets	37,631	38,114
Construction in progress	7,612	6,945
Construction materials	680	533
Intangible assets	12,342	12,458
Long-term deferred expenses	295	298
Other non-current assets	5,708	5,714
Total non-current assets	99,461	98,994
Total assets	194,650	183,450

Legal representative: Zhang Xiwu Chief Financial Officer: Zhang Kehui
 General Manager of Finance Department: Hao Jianxin

Prepared under Accounting Standards for Business Enterprises

Balance sheet (continued)
As at 31 March 2009 (Unaudited)

Unit: RMB million

Items	As at 31 March 2009	As at 31 December 2008
Current liabilities		
Short-term loans	3,600	4,100
Accounts payable	5,947	5,797
Receipts in advance	3,104	1,730
Staff costs payable	2,064	1,770
Tax payables	5,164	4,636
Interest payable	16	83
Other payables	3,654	2,712
Current portion of long-term loans	894	941
Current portion of long-term payables	264	264
Other current liabilities	6,288	4,169
Total current liabilities	30,995	26,202
Non-current liabilities		
Long-term loans	12,370	12,828
Long-term payables	2,578	2,561
Estimated liabilities	1,440	1,406
Deferred tax liabilities	618	617
Total non-current liabilities	17,006	17,412
Total liabilities	48,001	43,614
Shareholders' equity		
Share capital	19,890	19,890
Capital reserve	87,621	87,621
Surplus reserves	10,677	10,064
Retaining earnings	28,461	22,261
Total shareholders' equity	146,649	139,836
Total liabilities and shareholders' equity	194,650	183,450

Legal representative: Zhang Xiwu Chief Financial Officer: Zhang Kehui
General Manager of Finance Department: Hao Jianxin

Prepared under Accounting Standards for Business Enterprises

Consolidated cash flow statement

For the three months ended 31 March 2009 (Unaudited)

Unit: RMB million

Items	For the three months ended 31 March 2009	For the three months ended 31 March 2008
1. Cash flows from operating activities		
Cash received from sale of goods and rendering of services	35,011	26,374
Refund of taxes	1	7
Other cash received relating to operating activities	470	356
Sub-total of cash inflows from operating activities	35,482	26,737
Cash paid for goods and services	(9,031)	(11,056)
Cash paid to and for employees	(1,786)	(1,564)
Cash paid for all types of taxes	(6,112)	(3,845)
Other cash paid relating to operating activities	(539)	(681)
Sub-total of cash outflows from operating activities	(17,468)	(17,146)
Net cash flow from operating activities	18,014	9,591
2. Cash flows from investing activities		
Cash received from disposal of investments	1	-
Cash received from return on investments	24	12
Net cash received from disposal of fixed assets and intangible assets	-	29
Cash received on maturity of time deposits with financial institutions	110	-
Other cash received relating to investing activities	337	263
Sub-total of cash inflows from investing activities	472	304
Cash paid for acquisition of fixed assets and intangible assets	(4,798)	(5,511)
Cash paid for acquisition of subsidiaries and other business units	-	(50)
Cash paid for acquisition of investments	-	(71)
Cash paid for time deposits with financial institutions	(13,256)	-
Cash paid for restricted deposits with financial institutions	(18)	-
Sub-total of cash outflows from investing activities	(18,072)	(5,632)
Net cash flow from investing activities	(17,600)	(5,328)
3. Cash flows from financing activities		
Cash received from investments	294	50
Cash received from loans	12,777	10,677
Sub-total of cash inflows from financing activities	13,071	10,727
Cash repayments of loans	(12,729)	(7,059)
Cash paid for dividends, profit distribution or interest	(1,121)	(1,339)
Including: Dividends and profits paid to minority shareholders by subsidiaries	(279)	(461)
Sub-total of cash outflows from financing activities	(13,850)	(8,398)
Net cash flow from financing activities	(779)	2,329
4. Net (decrease)/increase in cash and cash equivalents	(365)	6,592
Add: Cash and cash equivalents at the beginning of the period	59,054	53,404
Cash and cash equivalents at the end of the period	58,689	59,996

Legal representative: Zhang Xiwu Chief Financial Officer: Zhang Kehui
General Manager of Finance Department: Hao Jianxin

Prepared under Accounting Standards for Business Enterprises

Cash flow statement

For the three months ended 31 March 2009 (Unaudited)

Unit: RMB million

Items	For the three months ended 31 March 2009	For the three months ended 31 March 2008
1. Cash flows from operating activities		
Cash received from sale of goods and rendering of services	27,578	20,081
Other cash received relating to operating activities	521	267
Sub-total of cash inflows from operating activities	28,099	20,348
Cash paid for goods and services	(8,968)	(11,198)
Cash paid to and for employees	(813)	(471)
Cash paid for all types of taxes	(4,651)	(1,573)
Other cash paid relating to operating activities	(213)	(292)
Sub-total of cash outflows from operating activities	(14,645)	(13,534)
Net cash flow from operating activities	13,454	6,814
2. Cash flows from investing activities		
Cash received from disposal of investments	90	-
Cash received from return on investments	970	954
Net cash received from disposal of fixed assets and intangible assets	-	14
Other cash received relating to investing activities	329	255
Sub-total of cash inflows from investing activities	1,389	1,223
Cash paid for acquisition of fixed assets and intangible assets	(1,364)	(1,776)
Cash paid for acquisition of investments	(1,022)	(1,667)
Cash paid for time deposits with financial institutions	(13,200)	-
Cash paid for restricted deposits with financial institutions	(18)	-
Sub-total of cash outflows from investing activities	(15,604)	(3,443)
Net cash flow from investing activities	(14,215)	(2,220)
3. Cash flows from financing activities		
Cash received from loans	500	2,085
Sub-total of cash inflows from financing activities	500	2,085
Cash repayments of loans	(1,506)	(842)
Cash paid for dividends, profit distribution or interest	(95)	(330)
Sub-total of cash outflows from financing activities	(1,601)	(1,172)
Net cash flow from financing activities	(1,101)	913
4. Net (decrease)/increase in cash and cash equivalents	(1,862)	5,507
Add: Cash and cash equivalents at the beginning of the period	56,232	51,904
Cash and cash equivalents at the end of the period	54,370	57,411

Legal representative: Zhang Xiwu Chief Financial Officer: Zhang Kehui
General Manager of Finance Department: Hao Jianxin