



中国神华能源股份有限公司
CHINA SHENHUA ENERGY COMPANY LIMITED
(在中華人民共和國註冊成立的股份有限公司)
(Stock Code: 1088)

2008 First Quarterly Report

Pursuant to the regulations and rules of the China Securities Regulatory Commission and the Shanghai Stock Exchange, China Shenhua Energy Company Limited (the “Company”, together with its subsidiaries, the “Group”) is required to publish 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 for the three months ended 31 March 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 Seven directors of the Company attended the board meeting. In addition, director Yun Gongming appointed director Chen Biting to attend the board meeting and vote on his behalf, and independent non-executive director Huang Yicheng appointed independent non-executive Chen Xiaoyue to attend the board meeting and vote on his behalf.
- 1.3 Financial information set forth in this 2008 first quarterly report is prepared in accordance with the IFRSs, has not been audited by the independent auditors.
- 1.4 Mr. Chen Biting (Chairman 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 quarterly report.
- 1.5 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.
- 1.6 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 three months ended 31 March 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 Information of the Company

A Shares listed in: 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 in: The Stock Exchange of Hong Kong Limited
 Stock Short Name for H Shares: China Shenhua
 Stock Code for H Shares: 1088
 Listing Date: 15 June 2005

The secretary to the Board of Directors: Huang Qing
 Tel: (010) 5813 3399
 Fax: (010) 8488 2107
 E-mail: 1088@csec.com

Contact Address: 4th Floor, Zhouji Tower, 16 Ande Road, Dongcheng District, Beijing, China

Joint Company Secretaries
 Huang Qing, Ng Chai Ngee (Hong Kong Practising Solicitor)

Authorised Representatives
 Ling Wen, Huang Qing

Investor Contacts
 Investor Relations Department, China Shenhua Energy Company Limited
 Address: 4th Floor, Zhouji Tower, 16 Ande Road, Dongcheng District, Beijing, China
 Post code: 100011
 Tel: (010) 5813 3399 or (010) 5813 3355
 Fax: (010) 8488 2107
 E-mail: ir@csec.com or 1088@csec.com

2.2 Major operational data

		For the three months ended 31 March 2008	For the three months ended 31 March 2007 (restated)	Change
Commercial coal production	(Million tonnes)	44.6	37.3	19.6%
Coal sales	(Million tonnes)	56.7	46.6	21.7%
of which: Export	(Million tonnes)	4.6	5.8	(20.7%)
Turnover of coal transported by self-owned railways *	(Billion tonne km)	31.7	29.2	8.6%
Seaborne coal	(Million tonnes)	33.9	32.0	5.9%
of which: Huanghua Port	(Million tonnes)	20.5	19.9	3.0%
Shenhua Tianjin Coal Dock	(Million tonnes)	5.2	4.7	10.6%
Gross power generation	(Billion kwh)	23.59	18.12	30.2%

Total power output dispatch	(Billion kwh)	22.08	16.90	30.7%
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* As the turnover of coal transported by self-owned railways in 2007 was not announced on a quarterly basis by the Company, turnover of coal transported by self-owned railways for 2007 was presented for comparative purpose.

2.3 Major financial indicators prepared in accordance with IFRSs

	For the three months ended 31 March 2008
Per share (RMB)	
Earnings per share	0.340
Shareholders' equity per share	6.58
Net cash flow from operating activities per share	0.45
Current period (RMB million)	
Revenues	23,788
Profit for the period attributable to equity shareholders of the Company	6,772
Net cash flow from operating activities	9,010
As at 31 March 2008 (RMB million)	
Total assets	250,874
Total liabilities	99,046
Total equity	151,828
Of which: Equity attributable to equity shareholders of the Company	130,943

2.4 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 2008	For the three months ended 31 March 2007	As at 31 March 2008	As at 31 December 2007
Under the PRC Accounting Standards for Business Enterprises	6,493	4,631	129,127	128,250
Items as adjusted under IFRSs:				
Production maintenance expense and safety production expense	372	335	3,965	3,593
Revaluation of land use rights and others	9	25	(2,041)	(2,049)
Tax adjustments	(102)	(72)	(108)	(6)
Under IFRSs	6,772	4,919	130,943	129,788

Notes on the differences between domestic and international accounting standards:

(1) Production maintenance expense and safety production expense

According to the relevant rules and regulations in the PRC, provision for production maintenance and production safety 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 production safety facilities, fixed assets and accumulated depreciation for the same amounts are recognised upon purchase. Under IFRSs, expenses relating to production maintenance and safety measures are recognised in the income statement as and when incurred. Capital expenditures on production maintenance and safety facilities are recognised as property, plant and equipment, which are depreciated according to the relevant depreciation method.

(2) Revaluation of land use rights and others

Under the PRC Accounting Standards for Business Enterprises, land use rights are carried at revalued in accordance with 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 revaluation date, the depreciation of land use rights under the PRC Accounting Standards for Business Enterprises and IFRSs are different as their carrying amounts are not the same.

(3) Tax adjustments and others

It mainly represents the deferred tax adjustments on the tax effects of the differences in the accounting standards.

2.5 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 568,813 shareholders of the Company, of which there were 566,354 holders of A shares (including Shenhua Group) and 2,459 holders of H shares.

(2) Top ten shareholders of shares without selling restrictions

Unit: shares

Name of shareholder	Number of shares without selling restrictions	Nature of shares
HKSCC NOMINEES LIMITED <i>(Note)</i>	3,341,585,630	Foreign shares listed overseas
PERFEX OVERSEAS LIMITED	51,870,500	Foreign shares listed overseas
Bank of Communications — E Fund 50 Index Securities Investment Fund	31,261,883	RMB ordinary shares
China Life Insurance Company Limited — traditional — ordinary insurance product — 005L — CT001 Shanghai	28,902,082	RMB ordinary shares
China Life Insurance Company Limited — bonus — personal bonus — 005L — FH002 Shanghai	28,479,277	RMB ordinary shares
China Life Insurance(Group) Company — traditional — ordinary insurance product	24,000,000	RMB ordinary shares
Industrial & Commercial Bank of China- Shanghai Index 50 trading open-end index securities investment fund	23,884,199	RMB ordinary shares

Bank of China - Jia Shi Hu Shen 300 index securities investment fund	21,060,393	RMB ordinary shares
Bank of Communication – Bo shi emerging growth stock investment fund	19,394,824	RMB ordinary shares
CITIC Securities Company Limited	18,835,300	RMB ordinary shares

Note: H-shares of HKSCC Nominees Limited are held by it on behalf of various clients

(3) Other matter

The 540,000,000 shares placed by the Company to places offline should not be traded until expiry of the three months lock-up period from the listing of the Company's A shares on 9 October 2007. Such shares have commenced trading on 9 January 2008. For details, please refer to the relevant announcements published on the website of the Shanghai Stock Exchange on 3 January 2008 and on the China Securities News and Shanghai Securities News on 4 January 2008.

3. SIGNIFICANT EVENTS

3.1 Material changes in accounting items 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 RMB23,788 million (for the three months ended 31 March 2007: RMB18,489 million), representing an increase of 28.7%. Profit for the period attributable to shareholders of the Company was RMB6,772 million (for the three months ended 31 March 2007: RMB4,919 million), representing an increase of 37.7%.

During the reporting period, changes in major items of the financial statements and explanation thereof are as follows:

Unit : RMB million

	As at 31 March 2008	As at 31 December 2007	Change	Reasons for change
Accrued expenses and other payables	16,829	9,577	75.7%	The receipts in advance on sales of coal and the special dividends declared but not yet paid resulted in the ending balance higher than the beginning balance.

Unit : RMB million

	For the three months ended 31 March 2008	For the three months ended 31 March 2007	Change	Reasons for change
Revenues	23,788	18,489	28.7%	Both the quantity and price of coal sales increased during the current period, resulted in the increase in revenues.
Cost of revenues	12,262	9,367	30.9%	The increase in the quantity of

				coal sales resulted in the increase in the cost of revenues.
Other operating expense, net	119	33	260.6%	The impairment loss of property, plant and equipment in Yuyao Power and Zhunge'er Power was higher than the same period in last year.
Finance income	263	61	331.1%	The interest income was higher than the same period in last year.
Finance expenses	1,310	788	66.2%	The fluctuation of exchange rates resulted in the increase in exchange loss.
Investment income	2	11	(81.8%)	The investment income recognised under the cost method decreased when compared with the same period in last year.
Share of profits less losses of associates	78	127	(38.6%)	Certain associates became the subsidiaries of the Company, resulted in the decrease in share of profits less losses of associates as compared with the same period in last year.

During the reporting period, sales volume and price of the coal segment were as follows:

	For the three months ended 31 March 2008			For the year ended 31 December 2007			Change in sales price
	Sales volume	Percentage of total sales volume	Sales price	Sales volume	Percentage of total sales volume	Sales price	
	Million tonnes		RMB/tonne	Million tonnes		RMB/tonne	
Domestic sales	52.1	91.9%	334.9	185.1	88.5%	301.8	11.0%
Long-term contract sales	40.8	72.0%	354.2	147.5	70.5%	311.2	13.8%
Direct arrival (along railway line)	14.8	26.1%	254.7	55.1	26.3%	228.9	11.3%
Seaborne (port FOB)	26.0	45.9%	410.8	92.4	44.2%	360.2	14.0%
Spot market sales	11.3	19.9%	265.2	37.6	18.0%	265.2	-
Mine mouth	5.3	9.3%	102.8	13.0	6.2%	101.5	1.3%
Direct arrival (along railway line)	2.7	4.8%	329.5	10.7	5.1%	289.2	13.9%
Seaborne (port FOB)	3.3	5.8%	471.4	13.9	6.7%	399.3	18.1%
Exported sales	4.6	8.1%	461.0	24.0	11.5%	398.1	15.8%
Total sales volume/weighted average price	56.7	100.0%	345.1	209.1	100.0%	312.9	10.3%

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 was RMB345.1/tonne during the reporting period (for the year ended 31 December 2007: RMB312.9/tonne), representing an increase of 10.3%. Among which, export sales weighted average price was RMB461.0/tonne (for the year ended 31 December 2007: RMB398.1/tonne), representing an increase of 15.8%. Domestic sales weighted average price was RMB334.9/tonne (for the year ended 31 December 2007: RMB301.8/tonne), representing an increase of 11.0%.

The unit cost of production for self-produced coal operations of the coal segment during the reporting period was as follows:

	For the three months ended 31 March 2008	For the three months ended 31 March 2007	Change
	RMB/tonne	RMB/tonne	
Unit cost of production for self-produced coal operations	74.0	69.2	6.9%
Materials, fuel and power	15.7	14.1	11.3%
Personnel expenses	9.2	9.7	(5.2%)
Depreciation and amortisation	17.6	17.1	2.9%
Repairs and maintenance	8.2	8.6	(4.7%)
Others	23.3	19.7	18.3%

During the reporting period, the unit cost of production for self-produced coal operations of the coal segment of the Group was RMB74.0/tonne (for the three months ended 31 March 2007: RMB69.2/tonne), representing an increase of 6.9%. Among which, unit cost of materials, fuel and power increased, was mainly resulted from an increase of materials consumption for expansion of coal mining areas and changes in geological condition of mining area. The decrease in unit personnel expenses was mainly due to the increase in production volume during the reporting period of the Group. The increase of unit cost of others was mainly due to implementation of new government charges on coal business and increases of coal processing expenses during the reporting period.

It is estimated that the unit cost of production for self-produced coal operations of the coal segment of the Group for the remaining three quarters of 2008 will increase further.

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, commitments made by Shenhua Group, a controlling shareholder of the Company and the performance thereof are as follows:

Commitments	Performance
Agreement on Avoidance of Competition within the Industry between Shenhua Group and the Company	Complied with and there has been no violation of commitments
Committed to obtain land use right certificates and building ownership certificates etc	Actively pursuing and in the process of applying for and obtaining 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 commitments, 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

4. ISSUANCE OF QUARTERLY REPORT

This report will be simultaneously published on the websites of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk), the Shanghai Stock Exchange (www.sse.com.cn) and the Company (www.csec.com). The quarterly report 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 its related regulations and interpretation ("the PRC Accounting Standards for Business Enterprises") will also be simultaneously published on the websites of the Shanghai Stock Exchange (www.sse.com.cn), The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Company (www.csec.com).

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

Beijing, 24 April 2008

As at the date of this announcement, the Board comprises Mr. Chen Biting and Dr. Ling Wen, as executive Directors, Mr. Yun Gongmin, 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 three months ended 31 March 2008

Prepared by China Shenhua Energy Company Limited

Unit: RMB million (Unaudited)

Items	The first quarter of 2008	The first quarter of 2007
Revenues	23,788	18,489
Total cost of revenues	(12,262)	(9,367)
Selling, general and administrative expenses	(1,204)	(1,125)
Other operating expense, net	(119)	(33)
Total operating expenses	(13,585)	(10,525)
Profit from operations	10,203	7,964
Finance income	263	61
Finance expenses	(1,310)	(788)
Net finance costs	(1,047)	(727)
Investment income	2	11
Share of profits less losses of associates	78	127
Profit before income tax	9,236	7,375
Income tax	1,594	1,539
Profit for the period	7,642	5,836
Attributable to:		
Equity shareholders of the Company	6,772	4,919
Minority interests	870	917

Legal representative: Chen Biting Chief Financial Office: Zhang Kehui
General Manager of Finance Department: Hao Jianxin

**Prepared under International Financial Reporting Standards
Consolidated balance sheet**

As at 31 March 2008

Prepared by China Shenhua Energy Company Limited

Unit: RMB million (Unaudited)

Items	As at the end of the reporting period	As at the end of last financial year
Non-current assets		
Property, plant and equipment, net	130,768	131,059
Construction in progress	25,298	22,358
Intangible assets	1,207	1,162
Interest in associates	2,851	2,754
Other investments	1,263	1,031
Lease prepayments	6,707	5,931
Deferred tax assets	1,653	1,679
Other non-current financial assets	679	937
Total non-current assets	170,426	166,911
Current assets		
Inventories	7,279	6,337
Accounts and bills receivable, net	6,857	6,642
Prepaid expenses and other current assets	6,306	5,712
Time deposits with original maturity over three months	10	32
Cash and cash equivalents	59,996	53,404
Total current assets	80,448	72,127
Current liabilities		
Short-term borrowings and current portion of long-term borrowings	10,526	10,196
Short-term bonds	1,458	1,453
Current portion of long-term payables	793	873
Accounts and bills payable	8,352	9,074
Income tax payable	2,460	2,198
Accrued expenses and other payables	16,829	9,577
Total current liabilities	40,418	33,371
Net current assets	40,030	38,756
Total assets less current liabilities	210,456	205,667
Non-current liabilities		
Long-term borrowings, less current portion	52,268	49,718
Long-term payables, less current portion	4,043	3,962
Accrued reclamation obligations	1,042	1,018
Deferred tax liabilities	1,275	1,165
Total non-current liabilities	58,628	55,863
Net assets	151,828	149,804
Equity		
Share capital	19,890	19,890
Reserves	111,053	109,898
Equity attributable to equity shareholders of the Company	130,943	129,788
Minority interests	20,885	20,016
Total equity	151,828	149,804

Legal representative: Chen Biting Chief Financial Office: 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 2008

Prepared by China Shenhua Energy Company Limited

Unit: RMB million (Unaudited)

Items	The first quarter of 2008	The first quarter of 2007
Net cash generated from operating activities	9,010	6,868
Investing activities		
Capital expenditure	(5,274)	(6,382)
Lease prepayments	(237)	(420)
Purchase of investments	(121)	(121)
Proceeds from disposal of investments	-	36
Proceeds from disposal of property, plant and equipment	29	-
Maturity of time deposits with original maturity over three months	(22)	-
Net cash used in investing activities	(5,625)	(6,887)
Financing activities		
Proceeds from bank and other borrowings	10,677	16,399
Repayments of bank and other borrowings	(7,059)	(12,403)
Distributions to minority interests	(461)	(330)
Contributions from minority shareholders	50	-
Net cash from financing activities	3,207	3,666
Net increase in cash and cash equivalents	6,592	3,647
Cash and cash equivalents, at the beginning of the period	53,404	15,758
Cash and cash equivalents, at the end of the period	59,996	19,405

Legal representative: Chen Biting Chief Financial Office: Zhang Kehui
General Manager of Finance Department: Hao Jianxin

Prepared under the PRC Accounting Standards for Business Enterprises

Consolidated income statement
For the three months ended 31 March 2008

Prepared by China Shenhua Energy Company Limited

Unit: RMB million (Unaudited)

Items	The first quarter of 2008	The first quarter of 2007
Operating income	23,788	18,489
Less: Operating costs	11,682	9,013
Business taxes and surcharges	493	422
Selling expenses	202	142
Administrative expenses	1,499	1,328
Financial expenses	1,166	745
Impairment loss	117	12
Add: Gain from changes in fair value	119	19
Investment income	81	137
(Including: Income from investment in associates)	78	126
Operating profit	8,829	6,983
Add: Non-operating income	26	15
Less: Non-operating expenses	28	36
(Including: Loss from disposal of non-current assets)	-	12
Profit before income tax	8,827	6,962
Less: Income tax expenses	1,492	1,466
Net profit for the period	7,335	5,496
Net profit attributable to equity shareholders of the Company	6,493	4,631
Minority interests	842	865
Earnings per share:		
(1) Basic earnings per share (RMB)	0.326	0.256
(2) Diluted earnings per share (RMB)	0.326	0.256

Legal representative: Chen Biting Chief Financial Office: Zhang Kehui
General Manager of Finance Department: Hao Jianxin

Prepared under the PRC Accounting Standards for Business Enterprises

Income statement

For the three months ended 31 March 2008

Prepared by China Shenhua Energy Company Limited

Unit: RMB million (Unaudited)

Items	The first quarter of 2008	The first quarter of 2007
Operating income	19,186	14,810
Less: Operating costs	12,405	10,070
Business taxes and surcharges	277	227
Selling expenses	168	120
Administrative expenses	685	549
Financial expenses	126	173
Impairment loss	17	13
Add: Gain from changes in fair value	119	19
Investment income	211	1,142
(Including: Income from investment in associates)	51	86
Operating profit	5,838	4,819
Add: Non-operating income	15	5
Less: Non-operating expenses	7	9
(Including: Loss from disposal of non-current assets)	-	1
Profit before income tax	5,846	4,815
Less: Income tax expenses	883	605
Net profit for the period	4,963	4,210

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

Prepared under the PRC Accounting Standards for Business Enterprises

Consolidated balance sheet

As at 31 March 2008

Prepared by China Shenhua Energy Company Limited

Unit: RMB million (Unaudited)

Items	As at the end of the reporting period	As at the end of last financial year
Current assets:		
Cash at bank and on hand	60,006	53,436
Financial assets held for trading	156	37
Bills receivable	474	756
Accounts receivable	6,383	5,886
Prepayments	3,492	2,682
Other receivables	2,162	2,569
Inventories	7,279	6,337
Other current assets	495	424
Total current assets	80,447	72,127
Non-current assets:		
Long-term equity investments	3,863	3,811
Fixed assets	116,761	116,370
Construction in progress	22,495	18,713
Construction materials	2,871	3,645
Intangible assets	21,403	21,310
Long-term deferred expenses	994	1,007
Deferred tax assets	976	901
Other non-current assets	680	937
Total non-current assets	170,043	166,694
Total assets	250,490	238,821

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

Prepared under the PRC Accounting Standards for Business Enterprises

Consolidated balance sheet (continued)

As at 31 March 2008

Prepared by China Shenhua Energy Company Limited

Unit: RMB million (Unaudited)

Items	As at the end of the reporting period	As at the end of last financial year
Current liabilities:		
Short-term loans	6,319	4,903
Short-term bonds payable	1,747	1,453
Bills payable	369	169
Accounts payable	7,983	8,905
Receipts in advance	1,758	1,228
Staff costs payable	1,751	1,537
Taxes payable	4,552	4,244
Interest payable	126	151
Dividends payable	7,002	1,538
Other payables	3,844	3,077
Current portion of long-term loans	4,207	5,293
Current portion of long-term payables	793	873
Total current liabilities	40,451	33,371
Non-current liabilities:		
Long-term loans	52,268	49,718
Long-term payables	5,717	5,239
Estimated liabilities	1,027	1,018
Deferred tax liabilities	618	659
Total non-current liabilities	59,630	56,634
Total liabilities	100,081	90,005
Shareholders' equity:		
Share capital	19,890	19,890
Capital reserve	87,830	87,701
Surplus reserves	6,263	6,263
Retained earnings	15,144	14,396
Total equity attributable to equity shareholders of the Company	129,127	128,250
Minority interests	21,282	20,566
Total shareholders' equity	150,409	148,816
Total liabilities and shareholders' equity	250,490	238,821

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

Prepared under the PRC Accounting Standards for Business Enterprises

Balance sheet
As at 31 March 2008

Prepared by China Shenhua Energy Company Limited

Unit: RMB million (Unaudited)

Items	As at the end of the reporting period	As at the end of last financial year
Current assets:		
Cash at bank and on hand	57,420	51,914
Financial assets held for trading	156	37
Bills receivable	257	543
Accounts receivable	2,779	2,026
Prepayments	2,856	1,970
Interest receivable	9	-
Dividends receivable	1,489	2,465
Other receivables	6,628	7,067
Inventories	4,608	4,453
Other current assets	11,488	10,537
Total current assets	87,690	81,012
Non-current assets:		
Long-term equity investments	29,939	29,319
Fixed assets	26,320	26,135
Construction in progress	9,489	8,847
Construction materials	332	287
Intangible assets	11,551	11,646
Long-term deferred expenses	311	316
Deferred tax assets	484	430
Other non-current assets	377	377
Total non-current assets	78,803	77,357
Total assets	166,493	158,369

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

Prepared under the PRC Accounting Standards for Business Enterprises

Balance sheet (continued)

As at 31 March 2008

Prepared by China Shenhua Energy Company Limited

Unit: RMB million (Unaudited)

Items	As at the end of the reporting period	As at the end of last financial year
Current liabilities:		
Short-term loans	1,500	1,500
Accounts payable	5,265	5,085
Receipts in advance	1,445	1,047
Staff costs payable	1,128	953
Taxes payable	3,218	2,379
Interest payable	1	54
Dividends payable	5,745	-
Other payables	1,942	1,764
Current portion of long-term loans	1,772	1,822
Current portion of long-term payables	793	873
Other current liabilities	1,783	679
Total current liabilities	24,592	16,156
Non-current liabilities:		
Long-term loans	13,014	12,897
Long-term payables	5,142	4,756
Estimated liabilities	633	624
Deferred tax liabilities	255	296
Total non-current liabilities	19,044	18,573
Total liabilities	43,636	34,729
Shareholders' equity:		
Share capital	19,890	19,890
Capital reserve	87,621	87,621
Surplus reserves	6,263	6,263
Retained earnings	9,083	9,866
Total shareholders' equity	122,857	123,640
Total liabilities and shareholders' equity	166,493	158,369

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

Prepared under the PRC Accounting Standards for Business Enterprises

Consolidated cash flow statement

For the three months ended 31 March 2008

Prepared by China Shenhua Energy Company Limited

Unit: RMB million (Unaudited)

Items	The first quarter of 2008	The first quarter of 2007
1. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	26,374	22,363
Refund of taxes	7	-
Other cash received relating to operating activities	356	199
Sub-total of cash inflows from operating activities	26,737	22,562
Cash paid for goods and services	(11,056)	(9,575)
Cash paid to and for employees	(1,564)	(1,194)
Cash paid for all types of taxes	(3,845)	(3,697)
Other cash paid relating to operating activities	(681)	(516)
Sub-total of cash outflows from operating activities	(17,146)	(14,982)
Net cash flow from operating activities	9,591	7,580
2. Cash flows from investing activities:		
Cash received from disposal of investments	-	36
Cash received from return on investments	12	15
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	29	-
Other cash received relating to investing activities	263	61
Sub-total of cash inflows from investing activities	304	112
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	(5,511)	(6,802)
Cash paid for acquisition of investments	(71)	(121)
Cash paid for acquisition of subsidiaries and other business units	(50)	-
Sub-total of cash outflows from investing activities	(5,632)	(6,923)
Net cash flow from investing activities	(5,328)	(6,811)
3. Cash flows from financing activities:		
Cash received from investment	50	-
Including: Cash received from minority shareholders of subsidiaries	50	-
Cash received from borrowings	10,677	16,399
Sub-total of cash inflows from financing activities	10,727	16,399
Cash repayments of borrowings	(7,059)	(12,403)
Cash paid for dividends, profits distribution or interest	(1,339)	(1,118)
Including: Dividends and profits paid to minority shareholders by subsidiaries	(461)	(330)
Sub-total of cash outflows from financing activities	(8,398)	(13,521)
Net cash flow from financing activities	2,329	2,878
4. Effect of foreign exchange rate changes on cash and cash equivalents	-	-
5. Net increase in cash and cash equivalents	6,592	3,647
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	59,996	19,405

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General Manager of Finance Department: Hao Jianxin

Prepared under the PRC Accounting Standards for Business Enterprises

Cash flow statement

For the three months ended 31 March 2008

Prepared by China Shenhua Energy Company Limited

Unit: RMB million (Unaudited)

Items	The first quarter of 2008	The first quarter of 2007
1. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	20,081	16,309
Other cash received relating to operating activities	267	197
Sub-total of cash inflows from operating activities	20,348	16,506
Cash paid for goods and services	(11,198)	(10,250)
Cash paid to and for employees	(471)	(451)
Cash paid for all types of taxes	(1,573)	(1,819)
Other cash paid relating to operating activities	(292)	(261)
Sub-total of cash outflows from operating activities	(13,534)	(12,781)
Net cash flow from operating activities	6,814	3,725
2. Cash flows from investing activities:		
Cash received from return on investments	954	16
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	14	-
Other cash received relating to investing activities	255	43
Sub-total of cash inflows from investing activities	1,223	59
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	(1,776)	(2,565)
Cash paid for acquisition of investments	(1,667)	(558)
Sub-total of cash outflows from investing activities	(3,443)	(3,123)
Net cash flow from investing activities	(2,220)	(3,064)
3. Cash flows from financing activities:		
Cash received from borrowings	2,085	1,699
Sub-total of cash inflows from financing activities	2,085	1,699
Cash repayments of borrowings	(842)	(625)
Cash paid for dividends, profit distribution or interest	(330)	(205)
Sub-total of cash flows from financing activities	(1,172)	(830)
Net cash flow from financing activities	913	869
4. Effect of foreign exchange rate changes on cash and cash equivalents	-	-
5. Net increase in cash and cash equivalents	5,507	1,530
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	57,411	15,467

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