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

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

Third Quarterly Report for the Year 2010

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 of directors of the Company (the “**Board**”) hereby announces the results of the Company and its subsidiaries for the nine months ended 30 September 2010 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, 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 All directors of the Company attended the Board meeting in person.
- 1.3 The Company’s third quarterly financial report for the year 2010 has not been audited or reviewed. The Company's third quarterly financial report for the year 2010 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 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 financial information contained in this quarterly report.

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

In the third quarter of 2010, led by the Board, all staff of the Company made achievements in production dispatching and overall planning, transportation organization and sales, and hence the coal production and sales realized stable growth, the capacity of railway and port segment achieved sound improvement and the power generation increased significantly, which in turn led to continuous improvement of operation results.

For the nine months ended 30 September 2010, the commercial coal production volume of the Company reached 166.2 million tonnes, accounting for 72.6% of annual target; coal sales volume reached 213.0 million tonnes, accounting for 78.3% of annual target; gross power generation reached 106.73 billion kwh, accounting for 84.7% of annual target; total power output dispatch reached 99.27 billion kwh, accounting for 85.1% of annual target. Under IFRSs, the revenue realised by the Company was RMB110,013 million, representing a year-on-year increase of 24.8%; the profit attributable to equity shareholders of the Company for the period was RMB29,483 million and the basic earnings per share reached RMB1.482, representing a year-on-year increase of 13.3% respectively.

In the third quarter of 2010, aiming to realizing the strategy of ‘pursuing scientific development, rebuilding Shenhua, doubling the aggregate economic output within five years’, the Company made vigorous efforts to enhance the coordination and organization among each segment, strived to transit the development model and firmly reinforce the assessment in economic value added (EVA) so as to promote the industry upgrade and structure optimization. The Company also managed well the production safety and attached importance on eliminating potential risks. Moreover the Company continued to enhance the financial management with focus on cost control and kept carrying on the campaign of ‘double increase and double decrease’ with an aim to further improve the refined management. The Company further facilitated the mega-sales strategy, planned the resource allocation and regional market in an overall way and continued to explore market channels. In addition, the Company comprehensively boosted the construction of information service and accelerated the integration of information service with other business. The joint efforts made by the management team members and all employees further strengthened the core competitiveness of the Company, which laid solid foundation for the sustainable development of the Company.

3. COMPANY PROFILE

3.1 Major financial indicators prepared in accordance with IFRSs

	For the nine months ended 30 September 2010	For the nine months ended 30 September 2009	Percentage change %
Per share (RMB)			
Earnings per share	1.482	1.309	13.3
Net cash generated from operating activities per share	2.23	1.95	14.5
Current period (RMB million)			
Revenues	110,013	88,153	24.8
Profit attributable to equity shareholders of the Company	29,483	26,029	13.3
Net cash generated from operating activities	44,315	38,702	14.5
	As at 30 September 2010	As at 31 December 2009	Percentage change %
Total assets (RMB million)	338,318	311,677	8.5
Total liabilities (RMB million)	118,110	114,259	3.4
Total equity (RMB million)	220,208	197,418	11.5
Of which: Equity attributable to equity shareholders of the Company (RMB million)	189,491	170,661	11.0
Shareholders' equity per share (RMB)	9.53	8.58	11.0

3.2 Major operational data

Operational indicator	2010		2009		Percentage change %	
	For the three months ended 30 September	For the nine months ended 30 September	For the three months ended 30 September	For the nine months ended 30 September	For the three months ended 30 September	For the nine months ended 30 September
Commercial coal production (Million tonnes)	57.0	166.2	53.0	158.8	7.5	4.7
Coal sales (Million tonnes)	75.6	213.0	66.5	189.6	13.7	12.3
Of which: Export (Million tonnes)	2.6	8.4	3.8	9.9	(31.6)	(15.2)
Turnover of self-owned railways transportation (Billion tonne km)	37.7	111.4	34.7	102.6	8.6	8.6
Seaborne coal (Million tonnes)	43.9	124.4	41.9	120.9	4.8	2.9
Of which: Huanghua Port (Million tonnes)	22.0	63.3	19.9	58.6	10.6	8.0
Shenhua Tianjin Coal Dock (Million tonnes)	4.9	18.0	5.2	16.6	(5.8)	8.4
Shipping volume (Million tonnes)	13.5	13.5	-	-	N/A	N/A
Shipment turnover (Billion tonne nautical miles)	11.6	11.6	-	-	N/A	N/A
Gross power generation (Billion kwh)	38.47	106.73	28.46	71.95	35.2	48.3
Total power output dispatch (Billion kwh)	35.72	99.27	26.44	66.78	35.1	48.7

Notes: (1) The accumulated number of indicators for both *Shipping volume* and *Shipment turnover* shown above for the nine months ended 30 September 2010 only includes the corresponding operating results for July, August and September 2010 since the incorporation of Shenhua Zhonghai Shipping Co., Ltd into the consolidation scope of the Company; (2) Shipping volume and shipment turnover of Shenhua Zhonghai Shipping Co., Ltd (formerly Zhuhai New Century Shipping Ltd.) for the six months ended 30 June 2010 reached 23.8 million tonnes and 20.4 billion tonne nautical miles respectively, which had not been incorporated into the consolidation scope of the Company.

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		Net assets attributable to equity shareholders of the Company	
	For the nine months ended 30 September 2010	For the nine months ended 30 September 2009	As at 30 September 2010	As at 31 December 2009
Under the Accounting Standards for Business Enterprises	28,355	24,720	188,511	169,326
Items as adjusted under IFRSs:				
Adjustment for production maintenance, production safety and other related expenditures	1,042	1,219	2,428	2,841
Revaluation of land use rights and others	86	90	(1,448)	(1,506)
Under IFRSs	29,483	26,029	189,491	170,661

Explanation on the differences between domestic and international accounting standards:

(1) *Adjustment for production maintenance, production safety and other related expenditures*

Pursuant to the relevant regulations of the related government authorities in the PRC, provision for production maintenance, production safety and other related expenditures is accrued by coal mining companies based on coal production volume, recognised as expense in profit or loss and separately recorded as a specific reserve in shareholders' equity. On utilisation of the specific reserve as fixed assets in accordance with the stipulated scope, full amount of depreciation is recognised at the same time when the cost of the relevant assets is recorded. Under IFRSs, these expenses are recognised in profit or loss as and when incurred. Relevant capital expenditure on production maintenance and safety facilities are recognised as property, plant and equipment and depreciated according to the relevant depreciation method. The effect of deferred tax arising from such difference is also reflected.

(2) *Revaluation of land use rights and others*

Under the Accounting Standards for Business Enterprises, land use rights under the prepayment for operating leases 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 in the financial statements prepared in accordance with IFRSs have not included the valuation surplus of land use rights and any subsequent amortisation and the effect of deferred tax arising from the related differences.

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 430,178 shareholders of the Company, of which there were 427,355 holders of A shares (including Shenhua Group Corporation Limited (“Shenhua Group”)) and 2,823 registered 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	3,389,736,332	Listed foreign shares
Bank of Communications - Efund 50 Indices Securities Investment Fund	38,015,020	RMB ordinary shares
The Industrial and Commercial Bank of China – Shanghai Stock Exchange Trading Open-end Index Securities Investment Fund	34,468,087	RMB ordinary shares
Baosteel Group Corporation	29,151,928	RMB ordinary shares
China Life Insurance Company Limited – Dividend – Personal Dividend – 005L – FH002 Shanghai	21,261,056	RMB ordinary shares
Bank of China – Harvest Hu Shen 300 Index Securities Investment Fund	20,880,641	RMB ordinary shares
The Industrial and Commercial Bank of China – Huaxia Hu Shen CSI 300 Index Securities Investment Fund	14,600,000	RMB ordinary shares
China Life Insurance Company Limited – Tradition – Common Insurance – 005L – CT001 Shanghai	11,999,818	RMB ordinary shares
China Construction Bank - Guotai Jinding Blending Stock-type Securities Investment Fund	11,660,835	RMB ordinary shares
Ningbo Free Trade Zone Hongguang Trading Co., Ltd.	11,047,666	RMB ordinary shares

Note: 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

For the nine months ended 30 September 2010, revenues of the Group under IFRSs were RMB110,013 million (for the nine months ended 30 September 2009: RMB88,153 million), representing a year-on-year increase of 24.8%. Profit attributable to equity shareholders of the Company for the period was RMB29,483 million (for the nine months ended 30 September 2009: RMB26,029 million), representing a year-on-year increase of 13.3%.

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

Unit: RMB million

Consolidated statement of comprehensive income	For the nine months ended 30 September 2010	For the nine months ended 30 September 2009	Change %	Major reasons of changes
Cost of revenues	60,325	44,824	34.6	Increase of purchasing cost of third party coal, output of self-produced coal and power generation

Unit: RMB million

Consolidated balance sheet	As at 30 September 2010	As at 31 December 2009	Change %	Major reasons of changes
Inventories	11,207	7,727	45.0	Increase of Coal inventory

Unit: RMB million

Consolidated statement of cash flows	For the nine months ended 30 September 2010	For the nine months ended 30 September 2009	Change %	Major reasons of changes
Lease prepayments	(1,240)	(295)	320.3	Land use rights of Zhunge'er Mines increased
Proceeds from disposal of property, plant and equipment	77	57	35.1	Gain on disposal of fixed assets increased

4.2 Analysis on 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 nine months ended 30 September 2010			For the nine months ended 30 September 2009			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	204.6	96.1	420.2	179.7	94.8	377.0	11.5
Long-term contract sales	116.9	54.9	387.9	127.7	67.4	361.1	7.4
Direct arrival (along railway line and at mine mouth)	50.4	23.7	286.8	50.0	26.4	237.3	20.9
Seaborne	66.5	31.2	464.5	77.7	41.0	440.7	5.4
Spot sales	87.7	41.2	463.3	52.0	27.4	416.0	11.4
Direct arrival (along railway line and at mine mouth)	38.2	18.0	303.6	18.7	9.9	330.9	(8.3)
Seaborne	49.5	23.2	586.6	33.3	17.5	463.9	26.4
Export sales	8.4	3.9	552.1	9.9	5.2	578.7	(4.6)
Total sales volume / weighted average price	213.0	100.0	425.4	189.6	100.0	387.5	9.8

	For the nine months ended 30 September 2010			For the year ended 31 December 2009			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	204.6	96.1	420.2	240.7	94.7	378.7	11.0
Long-term contract sales	116.9	54.9	387.9	171.6	67.5	361.8	7.2
Direct arrival (along railway line and at mine mouth)	50.4	23.7	286.8	69.3	27.3	244.1	17.5
Seaborne	66.5	31.2	464.5	102.3	40.2	441.4	5.2
Spot sales	87.7	41.2	463.3	69.1	27.2	420.7	10.1
Direct arrival (along railway line and at mine mouth)	38.2	18.0	303.6	25.8	10.2	333.9	(9.1)
Seaborne	49.5	23.2	586.6	43.3	17.0	472.7	24.1
Export sales	8.4	3.9	552.1	13.6	5.3	551.5	0.1
Total sales volume / weighted average price	213.0	100.0	425.4	254.3	100.0	387.9	9.7

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 nine months ended 30 September 2010	For the nine months ended 30 September 2009	Changes
	RMB/tonne	RMB/tonne	%
Unit production cost of self-produced coal	105.1	89.8	17.0
Materials, fuel and power	21.6	19.3	11.9
Personnel expenses	13.4	11.2	19.6
Depreciation and amortisation	21.4	17.9	19.6
Repairs and maintenance	8.7	7.0	24.3
Others	40.0	34.4	16.3

During the reporting period, the unit production cost of self-produced coal of the coal segment was RMB105.1 per tonne (for the nine months ended 30 September 2009: RMB89.8 per tonne), representing a year-on-year increase of 17.0%. The reasons that affect the unit production cost were mainly as follows:

(a) The increase in materials, fuel and power was mainly attributable to more usage of explosive-proof vehicles in some coal shafts of Shendong Mines as well as the price hikes in oil products, raw materials and electricity;

(b) The increase in personnel expenses was mainly attributable to the increase in the number of employees and in wages;

(c) The increase in depreciation and amortisation was mainly due to the increase in fixed asset resulting from increase of mining facilities and implementation of technological upgrade in some mines;

(d) Others were RMB40.0 per tonne, representing a year-on-year increase of 16.3%, which was mainly attributable to the increase in mining engineering expenses due to more overburden amount of Haerwusu mine, increase in payment of relocation compensation expenses in Zhunge'er Mines and increase in expenses of environmental protection of the Company.

	For the nine months ended 30 September 2010	For year ended 31 December 2009	Changes
	RMB/tonne	RMB/tonne	%
Unit production cost of self-produced coal	105.1	101.0	4.1
Materials, fuel and power	21.6	21.7	(0.5)
Personnel expenses	13.4	11.3	18.6
Depreciation and amortisation	21.4	20.2	5.9
Repairs and maintenance	8.7	8.5	2.4
Others	40.0	39.3	1.8

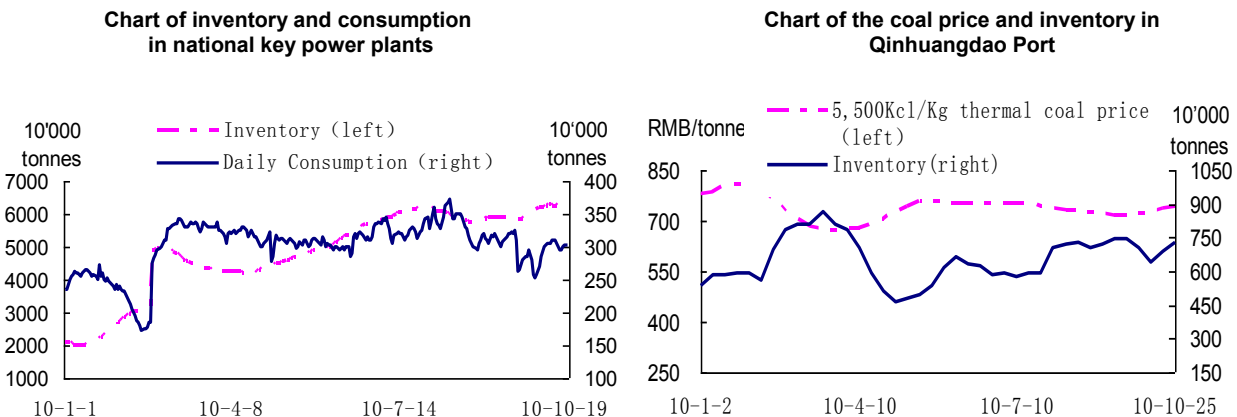
4.3 Overview of the industry

In the third quarter of 2010, the macro economy of China continued to present stable trend. GDP for the third quarter 2010 increased by 9.6% as compared with the same period of last year. GDP for the first three quarters in 2010 increased by 10.6%, which was 2.5 percentage points higher than that of the same period of last year. The sustainable development of macro economy is favorable for the coal demand.

In the first three quarters, the national coal production volume reached 2,442 million tonnes, representing a year-on-year increase of 17.2%. The output of power, steel, and cement increased by 16.1%, 19.0% and 15.9% respectively as compared with the same period of last year.

In the third quarter, the domestic supply and demand was basically balanced with stable spot price and inventory. However, at the end of the third quarter, the spot price decreased slightly and the inventory started to rise. In the latter period of the third quarter, due to the factors including the seasonality and the impact of the national policy of energy saving and reduction of emission, the demand for thermal coal slightly relaxed.

It is expected that in the fourth quarter the domestic supply and demand will remain balanced and the spot price of thermal coal will increase. In October, the spot price of thermal coal has risen slightly. It is expected that the demand for heating in the fourth quarter will drive up the demand for thermal coal. However, the policy of energy saving and reduction of emission will limit the demand growth for thermal coal.



(Source: National Statistics Bureau of China, China National Coal Association and National Coal Mining Safety Supervisory Bureau)

Note : This section is for information only and does not constitute any proposals for investment. The Company has done its best to ensure the accuracy and reliability of information in this section, but does not assume any liabilities or provide any forms of guarantee for the accuracy, completeness or effectiveness of all or part of its content. If there is any error or omission, the Company does not assume any liabilities.

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

Applicable Inapplicable

The Board of the Company has decided to commence the preparation work of purchasing certain assets from Shenhua Group, the controlling shareholder of the Company. Please refer to the announcement on planning to purchase certain assets from the controlling shareholder of China Shenhua Energy Company Limited published on 19 August 2010 on the website of the Hong Kong

Stock Exchange and published on 20 August 2010 in the China Securities Journal, Shanghai Securities News, Securities Times and the website of the Shanghai Stock Exchange for details.

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

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
1. Non-competition Agreement between Shenhua Group and the Company	Complied with its commitments and there has been no breach of such commitments
2. 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 breach of such commitments

Note: For details of commitments, please refer to the section titled 'Significant Events' in the 2009 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 The Company does not have any plan to declare or distribute dividend (including cash dividend) for the third quarter of 2010 to its shareholders.

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

Beijing, 29 October 2010

As at the date of this announcement, the Board comprises Dr. Zhang Xiwu, Dr. Zhang Yuzhuo and Dr. Ling Wen, as executive Directors, Mr. Han Jianguo, Mr. Liu Benren and Mr. Xie Songlin as non-executive Directors, and Ms. Fan Hsu Lai Tai, Mr. Gong Huazhang and Mr. Guo Peizhang, as independent non-executive Directors.

Appendix

Prepared under International Financial Reporting Standards

Consolidated statement of comprehensive income For the nine months ended 30 September 2010 (Unaudited)

Unit: RMB million

Items	For the nine months ended 30 September 2010	For the nine months ended 30 September 2009
Revenues		
Coal revenue	73,417	63,734
Power revenue	33,710	22,343
Other revenues	2,886	2,076
Total operating revenues	110,013	88,153
Total cost of revenues	(60,325)	(44,824)
Selling, general and administrative expenses	(5,490)	(5,490)
Other operating expenses, net	(3)	(389)
Total operating expenses	(65,818)	(50,703)
Profit from operations	44,195	37,450
Finance income	1,016	916
Finance expenses	(2,760)	(2,370)
Net finance costs	(1,744)	(1,454)
Investment income	1	12
Share of profits less losses of associates	477	495
Profit before income tax	42,929	36,503
Income tax	(9,034)	(7,110)
Profit for the period	33,895	29,393
Other comprehensive income		
Exchange differences on translation of financial statements of overseas subsidiaries	(152)	513
Total comprehensive income for the period	33,743	29,906
Profit attributable to:		
Equity shareholders of the Company	29,483	26,029
Minority interests	4,412	3,364
Profit for the period	33,895	29,393
Total comprehensive income attributable to:		
Equity shareholders of the company	29,332	26,540
Minority interests	4,411	3,366
Total comprehensive income for the period	33,743	29,906
Earnings per share (RMB)		
- Basic	1.482	1.309
- Diluted	1.482	1.309

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 30 September 2010 (Unaudited)

Unit: RMB million

Items	As at 30 September 2010	As at 31 December 2009
Non-current assets		
Property, plant and equipment, net	174,281	163,645
Construction in progress	28,837	33,045
Intangible assets	2,614	2,928
Interest in associates	3,268	3,503
Other investments	1,070	805
Other non-current assets	7,623	7,435
Lease prepayments	8,368	7,202
Deferred tax assets	853	655
Total non-current assets	226,914	219,218
Current assets		
Inventories	11,207	7,727
Accounts and bills receivable, net	10,683	8,781
Prepaid expenses and other current assets	3,300	2,484
Restricted bank deposits	355	656
Time deposits with original maturity over three months	4,621	6,867
Cash and cash equivalents	81,238	65,944
Total current assets	111,404	92,459
Current liabilities		
Short-term borrowings and current portion of long-term borrowings	21,151	22,252
Accounts and bills payable	14,272	13,890
Accrued expenses and other payables	19,713	16,338
Current portion of long-term payables	220	275
Income tax payable	3,175	2,929
Total current liabilities	58,531	55,684
Net current assets	52,873	36,775
Total assets less current liabilities	279,787	255,993
Non-current liabilities		
Long-term borrowings, less current portion	54,582	53,931
Long-term payables, less current portion	2,108	2,314
Accrued reclamation obligations	1,578	1,513
Deferred tax liabilities	1,311	817
Total non-current liabilities	59,579	58,575
Net assets	220,208	197,418
Equity		
Share capital	19,890	19,890
Reserves	169,601	150,771
Equity attributable to equity shareholders of the Company	189,491	170,661
Minority interests	30,717	26,757
Total equity	220,208	197,418

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

Prepared under International Financial Reporting Standards

Consolidated statement of cash flows
For the nine months ended 30 September 2010 (Unaudited)

Unit: RMB million

Items	For the nine months ended 30 September 2010	For the nine months ended 30 September 2009
Operating activities		
Cash generated from operations	54,488	49,755
Interest received	806	916
Interest paid	(2,662)	(3,245)
Income tax paid	(8,317)	(8,724)
Net cash generated from operating activities	44,315	38,702
Investing activities		
Capital expenditure	(17,555)	(16,881)
Lease prepayments	(1,240)	(295)
Acquisition of a subsidiary	473	-
Capital injection in associates	(29)	(106)
Purchase of other investments	(265)	-
Proceeds from disposal of other investments	-	5
Proceeds from disposal of property, plant and equipment	77	57
Dividend received from associates	24	159
Increase in restricted bank deposits	(191)	(206)
Decrease in restricted bank deposits	492	179
Increase in time deposits with original maturity over three months	(8,520)	(39,527)
Maturity of time deposits with original maturity over three months	10,766	10,092
Net cash used in investing activities	(15,968)	(46,523)
Financing activities		
Proceeds from borrowings	28,127	34,581
Repayments of borrowings	(29,398)	(36,394)
Contributions from minority shareholders	275	1,689
Distributions to minority shareholders	(1,503)	(2,516)
Dividend paid to equity shareholders of the Company	(10,541)	(9,149)
Net cash used in financing activities	(13,040)	(11,789)
Net increase/(decrease) in cash and cash equivalents	15,307	(19,610)
Cash and cash equivalents, at the beginning of the period	65,944	59,054
Effect of foreign exchange rate changes	(13)	-
Cash and cash equivalents, at the end of the period	81,238	39,444

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 nine months ended 30 September 2010 (Unaudited)

Unit: RMB million

Items	For the three months ended 30 September 2010	For the three months ended 30 September 2009	For the nine months ended 30 September 2010	For the nine months ended 30 September 2009
Operating income	40,282	31,070	110,013	88,153
Less: Operating costs	22,383	15,258	57,785	42,439
Business taxes and surcharges	949	885	2,761	2,660
Selling expenses	189	248	529	571
Administrative expenses	2,391	2,423	6,427	6,382
Financial expenses	621	669	1,954	1,362
Impairment loss	(1)	-	(2)	302
Add: Gain/(loss) from changes in fair value	128	138	210	(92)
Investment income	129	115	444	433
(Including: Income from investment in associates)	146	120	477	413
Operating profit	14,007	11,840	41,213	34,778
Add: Non-operating income	86	33	227	144
Less: Non-operating expenses	31	92	189	287
(Including: Loss from disposal of non-current assets)	4	16	8	169
Profit before income tax	14,062	11,781	41,251	34,635
Less: Income tax expenses	2,961	1,941	8,582	6,669
Net profit	11,101	9,840	32,669	27,966
Net profit attributable to equity shareholders of the Company	9,723	8,744	28,355	24,720
Minority interests	1,378	1,096	4,314	3,246
Earnings per share:				
(1) Basic earnings per share (RMB)	0.489	0.440	1.426	1.243
(2) Diluted earnings per share (RMB)	0.489	0.440	1.426	1.243
Other comprehensive income	135	166	(152)	513
Total comprehensive income	11,236	10,006	32,517	28,479
Total comprehensive income attributable to the equity shareholders of the Company	9,858	8,910	28,204	25,231
Total comprehensive income attributable to the minority interests	1,378	1,096	4,313	3,248

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 nine months ended 30 September 2010 (Unaudited)

Unit: RMB million

Items	For the three months ended 30 September 2010	For the three months ended 30 September 2009	For the nine months ended 30 September 2010	For the nine months ended 30 September 2009
Operating income	38,228	26,778	106,765	75,252
Less: Operating costs	33,201	17,382	91,641	47,217
Business taxes and surcharges	583	646	1,667	1,948
Selling expenses	156	171	435	484
Administrative expenses	1,035	1,025	3,038	3,109
Financial expenses	(230)	(15)	(331)	(215)
Impairment loss	-	1	-	136
Add: Gain/(loss) from changes in fair value	128	138	210	(92)
Investment income	333	2,084	3,319	6,442
(Including: Income from investment in associates)	7	59	167	177
Operating profit	3,944	9,790	13,844	28,923
Add: Non-operating income	16	22	67	63
Less: Non-operating expenses	12	34	108	160
(Including: Loss from disposal of non-current assets)	-	-	2	114
Profit before income tax	3,948	9,778	13,803	28,826
Less: Income tax expenses	910	1,111	2,294	3,970
Net profit	3,038	8,667	11,509	24,856
Total comprehensive income	3,038	8,667	11,509	24,856

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 30 September 2010 (Unaudited)

Unit: RMB million

Items	As at 30 September 2010	As at 31 December 2009
Current assets		
Cash at bank and on hand	86,214	73,467
Financial assets held for trading	541	331
Bills receivable	1,325	1,210
Accounts receivable	9,358	7,571
Prepayments	1,213	1,122
Other receivables	1,546	1,031
Inventories	11,207	7,727
Total current assets	111,404	92,459
Non-current assets		
Long-term equity investments	4,364	4,285
Fixed assets	157,645	146,362
Construction in progress	26,032	28,485
Construction materials	2,805	4,560
Intangible assets	25,296	25,642
Long-term deferred expenses	1,058	904
Deferred tax assets	734	611
Other non-current assets	7,635	7,206
Total non-current assets	225,569	218,055
Total assets	336,973	310,514

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 30 September 2010 (Unaudited)

Unit: RMB million

Items	As at 30 September 2010	As at 31 December 2009
Current liabilities		
Short-term loans	15,243	16,147
Bills payable	2	490
Accounts payable	14,270	13,400
Receipts in advance	4,365	2,579
Staff costs payable	3,469	2,636
Tax payables	8,162	7,918
Interest payable	151	150
Dividends payable	1,069	1,079
Other payables	5,672	4,905
Non-current liabilities due within one year	6,128	6,380
Total current liabilities	58,531	55,684
Non-current liabilities		
Long-term loans	54,582	53,931
Long-term payables	2,108	2,314
Estimated liabilities	1,578	1,513
Deferred tax liabilities	337	315
Total non-current liabilities	58,605	58,073
Total liabilities	117,136	113,757
Shareholders' equity		
Share capital	19,890	19,890
Capital reserve	88,256	88,181
Specific reserve	3,634	2,225
Surplus reserves	11,433	11,433
Retaining earnings	64,841	46,987
Exchange difference on translation of financial statements of overseas subsidiaries	457	610
Total equity attributable to equity shareholders of the Company	188,511	169,326
Minority interests	31,326	27,431
Total shareholders' equity	219,837	196,757
Total liabilities and shareholders' equity	336,973	310,514

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 30 September 2010 (Unaudited)

Unit: RMB million

Items	As at 30 September 2010	As at 31 December 2009
Current assets		
Cash at bank and on hand	80,332	69,637
Financial assets held for trading	541	331
Bills receivable	867	922
Accounts receivable	15,881	2,508
Prepayments	533	600
Dividends receivable	1,457	1,539
Other receivables	5,299	5,364
Inventories	8,179	4,845
Other current assets	12,784	11,976
Total current assets	125,873	97,722
Non-current assets		
Long-term equity investments	40,636	38,675
Fixed assets	41,835	38,633
Construction in progress	4,549	7,492
Construction materials	44	344
Intangible assets	13,350	12,800
Long-term deferred expenses	616	441
Deferred tax assets	155	109
Other non-current assets	5,733	5,534
Total non-current assets	106,918	104,028
Total assets	232,791	201,750

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 30 September 2010 (Unaudited)

Unit: RMB million

Items	As at 30 September 2010	As at 31 December 2009
Current liabilities		
Short-term loans	-	650
Accounts payable	14,516	8,179
Receipts in advance	3,395	2,031
Staff costs payable	2,172	1,781
Tax payables	5,206	6,946
Interest payable	45	68
Other payables	3,649	3,772
Non-current liabilities due within one year	1,695	2,471
Other current liabilities	28,436	4,008
Total current liabilities	59,114	29,906
Non-current liabilities		
Long-term loans	9,548	9,899
Long-term payables	1,910	2,113
Estimated liabilities	1,064	1,032
Deferred tax liabilities	18	-
Total non-current liabilities	12,540	13,044
Total liabilities	71,654	42,950
Shareholders' equity		
Share capital	19,890	19,890
Capital reserve	87,621	87,621
Specific reserve	3,290	1,921
Surplus reserves	11,433	11,433
Retaining earnings	38,903	37,935
Total shareholders' equity	161,137	158,800
Total liabilities and shareholders' equity	232,791	201,750

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

Prepared under Accounting Standards for Business Enterprises

Consolidated statement of cash flows
For the nine months ended 30 September 2010 (Unaudited)

Unit: RMB million

Items	For the nine months ended 30 September 2010	For the nine months ended 30 September 2009
1. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	127,425	104,341
Refund of taxes	90	11
Other cash received relating to operating activities	908	640
Sub-total of cash inflows from operating activities	128,423	104,992
Cash paid for goods and services	(48,897)	(34,669)
Cash paid to and for employees	(5,972)	(5,351)
Cash paid for all types of taxes	(25,388)	(22,585)
Other cash paid relating to operating activities	(2,125)	(1,392)
Sub-total of cash outflows from operating activities	(82,382)	(63,997)
Net cash flow from operating activities	46,041	40,995
2. Cash flows from investing activities:		
Cash received from disposal of investments	-	5
Cash received from return on investments	46	195
Net cash received from disposal of fixed assets and intangible assets	77	57
Cash received on maturity of time deposits with financial institutions	10,766	10,092
Cash received for restricted deposits with financial institutions	492	179
Net cash received from acquisition of a subsidiary	473	-
Other cash received relating to investing activities	806	916
Sub-total of cash inflows from investing activities	12,660	11,444
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	(18,795)	(17,176)
Cash paid for acquisition of investments	(294)	(106)
Cash paid for time deposits with financial institutions	(8,520)	(39,527)
Cash paid for restricted deposits with financial institutions	(191)	(206)
Sub-total of cash outflows from investing activities	(27,800)	(57,015)
Net cash flow from investing activities	(15,140)	(45,571)
3. Cash flows from financing activities:		
Cash received from investments	275	1,689
Cash received from loans	28,127	34,581
Other cash received relating to financing activities	108	-
Sub-total of cash inflows from financing activities	28,510	36,270
Cash repayments of loans	(29,398)	(36,394)
Cash paid for dividends, profit distribution or interest (Including: Dividends and profits paid to minority shareholders by subsidiaries)	(14,706)	(14,910)
	(1,503)	(2,516)
Sub-total of cash outflows from financing activities	(44,104)	(51,304)
Net cash flow from financing activities	(15,594)	(15,034)
Effect of foreign exchange rate changes on cash and cash equivalents	(13)	-
4. Net increase/(decrease) in cash and cash equivalents	15,294	(19,610)
Add: Cash and cash equivalents at the beginning of the period	65,944	59,054
Cash and cash equivalents at the end of the period	81,238	39,444

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

Prepared under Accounting Standards for Business Enterprises

Statement of cash flows
For the nine months ended 30 September 2010 (Unaudited)

Unit: RMB million

Items	For the nine months ended 30 September 2010	For the nine months ended 30 September 2009
1. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	110,042	86,760
Other cash received relating to operating activities	2,440	2,228
Sub-total of cash inflows from operating activities	112,482	88,988
Cash paid for goods and services	(90,486)	(43,959)
Cash paid to and for employees	(2,928)	(2,387)
Cash paid for all types of taxes	(13,036)	(15,403)
Other cash paid relating to operating activities	(778)	(724)
Sub-total of cash outflows from operating activities	(107,228)	(62,473)
Net cash flow from operating activities	5,254	26,515
2. Cash flows from investing activities:		
Cash received from disposal of investments	9,016	9,856
Cash received from return on investments	3,225	4,005
Net cash received from disposal of fixed assets and intangible assets	58	12
Cash received on maturity of time deposits with financial institutions	10,746	9,932
Cash received for restricted deposits with financial institutions	169	67
Other cash received relating to investing activities	768	834
Sub-total of cash inflows from investing activities	23,982	24,706
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	(7,038)	(6,009)
Cash paid for acquisition of investments	(11,983)	(13,283)
Cash paid for time deposits with financial institutions	(8,500)	(39,464)
Cash paid for restricted deposits with financial institutions	(96)	-
Sub-total of cash outflows from investing activities	(27,617)	(58,756)
Net cash flow from investing activities	(3,635)	(34,050)
3. Cash flows from financing activities:		
Cash received from loans	97,269	46,213
Sub-total of cash inflows from financing activities	97,269	46,213
Cash repayments of loans	(75,024)	(49,989)
Cash paid for dividends, profit distribution or interest	(10,851)	(9,656)
Sub-total of cash outflows from financing activities	(85,875)	(59,645)
Net cash flow from financing activities	11,394	(13,432)
4. Net increase/(decrease) in cash and cash equivalents	13,013	(20,967)
Add: Cash and cash equivalents at the beginning of the period	62,364	56,232
Cash and cash equivalents at the end of the period	75,377	35,265

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