

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2014

Pursuant to the rules and regulations of the China Securities Regulatory Commission and the Shanghai Stock Exchange, China Shenhua is required to announce this quarterly report.

This announcement is made pursuant to Rule 13.09(2) and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong).

The Board is pleased to announce the results of the Group for the nine months ended 30 September 2014 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 and the supervisory committee of the Company together with the directors, supervisors and the senior management of the Company guarantee that the contents of the quarterly report are true, accurate and complete and do not contain any false representations, misleading statements or material omissions, and shall jointly and severally accept legal liability.
- 1.2 This report was adopted at the third meeting of the third session of the Board of the Company. All directors of the Company attended the meeting.

- 1.3 The financial statements of this report, which are prepared in accordance with IFRSs, have not been audited or reviewed. Please refer to section 2.3 of this report for the major differences between financial statements prepared in accordance with the Accounting Standards for Business Enterprises and those prepared in accordance with IFRSs.
- 1.4 In December 2013, the Company acquired 100% equity interest in Shenhua Baotou Coal Chemical Co., Ltd. and 100% equity interest in Shenhua Guohua Jiujiang Power Co., Ltd. through business combination under common control. These acquired companies have been consolidated into the financial statements and operational data of the Company for 2014, and the financial statements and operational data for the previous periods have been restated.
- 1.5 Dr. Zhang Yuzhuo, Chairman of the Board of the Company, Dr. Zhang Kehui, Chief Financial Officer of the Company and Mr. Hao Jianxin, General Manager of Finance Department of the Company, guarantee the truthfulness, accuracy and completeness of the financial statements contained in this report.
- 1.6 Unless otherwise specified, the figures in this report are presented in Renminbi (RMB).

2. COMPANY PROFILE

2.1 Major financial indicators prepared in accordance with IFRSs

	For the nine months ended 30 September 2014	For the nine months ended 30 September 2013 (Restated)	Percentage change (%)
Basic earnings per share (RMB/share)	1.580	1.765	(10.5)
Net cash generated from operating activities per share (RMB/share)	3.15	1.83	72.1
Revenue (RMB million)	190,442	199,703	(4.6)
Profit before income tax (RMB million)	48,625	52,957	(8.2)
Profit for the period (RMB million)	38,787	42,746	(9.3)
Profit attributable to equity holders of the Company (RMB million)	31,423	35,097	(10.5)
Net cash generated from operating activities (RMB million)	62,570	36,353	72.1
Net cash generated from operating activities excluding the impact of Shenhua Finance Company (RMB million)	54,225	47,668	13.8
	As at 30 September 2014	As at 31 December 2013	Percentage change (%)
Total assets (RMB million)	566,957	513,298	10.5
Total liabilities (RMB million)	214,497	178,656	20.1
Total equity (RMB million)	352,460	334,642	5.3
Equity attributable to equity holders of the Company (RMB million)	290,242	276,903	4.8
Shareholders' equity per share (RMB/share)	14.59	13.92	4.8

2.2 Major operational data

Operational indicators	Unit	2014		2013 (Restated)		Year-on-year increase/ decrease (%)	
		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
(I) Coal							
1. Commercial coal production	million tonnes	79.0	234.0	78.5	236.8	0.6	(1.2)
2. Coal sales	million tonnes	106.7	341.3	123.6	366.3	(13.7)	(6.8)
Including: Export	million tonnes	0.3	1.2	0.6	1.9	(50.0)	(36.8)
Import	million tonnes	1.2	5.6	1.5	7.4	(20.0)	(24.3)
(II) Power generation							
1. Gross power generation	billion kwh	53.93	160.45	64.03	169.49	(15.8)	(5.3)
2. Total power output dispatch	billion kwh	49.96	149.34	59.70	158.01	(16.3)	(5.5)
(III) Coal chemical							
1. Sales volume of polyethylene	kilo tonnes	67.9	220.4	62.9	196.7	7.9	12.0
2. Sales volume of polypropylene	kilo tonnes	67.4	222.4	69.4	205.0	(2.9)	8.5
(IV) Transportation							
1. Turnover of self-owned railway transportation	billion tonne km	57.7	167.2	53.5	155.2	7.9	7.7
2. Seaborne coal	million tonnes	58.2	177.7	50.4	161.4	15.5	10.1
Including: Seaborne coal at Huanghua Port	million tonnes	31.5	99.3	31.3	92.4	0.6	7.5
Seaborne coal at Shenhua Tianjin Coal Dock	million tonnes	9.1	26.4	7.7	22.8	18.2	15.8
3. Shipment volume	million tonnes	21.4	66.9	40.1	83.4	(46.6)	(19.8)
4. Shipment turnover	billion tonne nautical miles	17.3	55.5	38.4	81.7	(54.9)	(32.1)

2.3 Major differences between financial statements prepared under different accounting standards

Unit: RMB million

Items	Profit for the period attributable to equity holders of the Company		Equity attributable to equity holders of the Company	
	For the nine months ended 30 September 2014	For the nine months ended 30 September 2013 (Restated)	As at 30 September 2014	As at 31 December 2013 (Restated)
Under the Accounting Standards for Business Enterprises	29,632	34,318	285,687	272,362
Adjustment: Adjustments for simple production maintenance, production safety and other related expenditures	1,791	779	4,555	4,541
Under IFRSs	31,423	35,097	290,242	276,903

Note: Pursuant to the relevant regulations of the related government authorities in the PRC, provisions for simple production maintenance, production safety and other related expenditures are accrued by the relevant entities in profit or loss for the current period and separately recorded as a specific reserve in shareholders' equity. On utilization of the specific reserve for formation of fixed assets within the stipulated scope, the cost of the relevant assets and the full amount of accumulated depreciation should be accounted for at the same time. Under IFRSs, these expenses are recognized when incurred. Relevant capital expenditure is recognized as property, plant and equipment and depreciated according to the relevant depreciation method. The effect on deferred tax arising from such difference is also reflected.

2.4 Total number of shareholders and shareholding of top ten shareholders and top ten holders of tradable shares (or shares not subject to selling restrictions) at the end of the reporting period

Unit: number of shares

Total number of shareholders	286,911
Including: number of holders of A shares	284,397
number of registered holders of H shares	2,514

Shareholding of top ten shareholders

Name of shareholder (in full)	Increase/ decrease during the reporting period	Number of shares held at the end of the period	Percentage (%)	Number of shares held subject to selling restrictions	Shares pledged or frozen		Nature of shareholder
					Status of shares	Number	
Shenhua Group Corporation Limited	0	14,521,846,560	73.01	0	Nil	N/A	State
HKSCC Nominees Limited	-38,600	3,390,308,030	17.05	0	Unknown	N/A	Foreign legal person
Account No. 1 of National Council for Social Security Fund	0	180,000,000	0.90	0	Nil	N/A	State
CSOP Asset Management Limited – CSOP FTSE China A50 ETF	8,776,383	33,056,828	0.17	0	Nil	N/A	Others
Guoyuan Securities (Hong Kong) Limited – Guoyuan RMB Stable Income Fund	25,909,989	30,250,086	0.15	0	Nil	N/A	Others
Industrial & Commercial Bank of China – Shanghai Index 50 Trading Open-end Index Securities Investment Fund	-6,701,245	23,770,433	0.12	0	Nil	N/A	Others
UBS AG	-5,016,224	20,987,438	0.11	0	Nil	N/A	Foreign legal person
Credit Suisse Group AG (Hong Kong)	391,400	20,591,732	0.10	0	Nil	N/A	Foreign legal person
Merrill Lynch International	3,310,136	17,484,375	0.09	0	Nil	N/A	Foreign legal person
Bank of China Limited – Harvest Shanghai Shenzhen 300 Index Open-end Securities Investment Fund	-1,124,103	16,320,014	0.08	0	Pledged	80,600	Others

Shareholding of top ten shareholders not subject to selling restrictions

Name of shareholder	Number of tradable shares held not subject to selling restrictions	Type and number of shares	
		Type	Number
Shenhua Group Corporation Limited	14,521,846,560	RMB ordinary shares	14,521,846,560
		Overseas listed	
HKSCC Nominees Limited	3,390,308,030	foreign shares	3,390,308,030
Account No. 1 of National Council for Social Security Fund	180,000,000	RMB ordinary shares	180,000,000
CSOP Asset Management Limited – CSOP FTSE China A50 ETF	33,056,828	RMB ordinary shares	33,056,828
Guoyuan Securities (Hong Kong) Limited – Guoyuan RMB Stable Income Fund	30,250,086	RMB ordinary shares	30,250,086
Industrial & Commercial Bank of China – Shanghai Index 50 Trading Open-end Index Securities Investment Fund	23,770,433	RMB ordinary shares	23,770,433
UBS AG	20,987,438	RMB ordinary shares	20,987,438
Credit Suisse Group AG (Hong Kong)	20,591,732	RMB ordinary shares	20,591,732
Merrill Lynch International	17,484,375	RMB ordinary shares	17,484,375
Bank of China Limited – Harvest Shanghai Shenzhen 300 Index Open-end Securities Investment Fund	16,320,014	RMB ordinary shares	16,320,014
Statements on the connected relationships of shareholders and whether they are parties acting in concert	The Company is not aware of any connected relationship existing among the top ten shareholders or top ten holders of tradable shares, and whether they are parties acting in concert under the Measures for the Administration of Acquisition of Listed Companies.		
Details of holders of preference shares whose voting rights have been restored and their relevant shareholding	N/A		

Note: H shares held by HKSCC Nominees Limited are held on behalf of a number of its clients.

2.5 Preference shares at the end of the reporting period

	<i>Unit: number of shares</i>
Total number of holders of preference shares	0

3. SIGNIFICANT EVENTS

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

For the nine months ended 30 September 2014, revenue of the Group under IFRSs was RMB190,442 million (for the nine months ended 30 September 2013: RMB199,703 million (restated)), representing a year-on-year decrease of 4.6%. Profit before income tax was RMB48,625 million (for the nine months ended 30 September 2013: RMB52,957 million (restated)), representing a year-on-year decrease of 8.2%. Profit attributable to equity holders of the Company was RMB31,423 million (for the nine months ended 30 September 2013: RMB35,097 million (restated)), representing a year-on-year decrease of 10.5%.

Changes in major items of the consolidated financial statements during the reporting period and explanations are set out below:

Unit: RMB million

No.	Items of consolidated statement of profit and loss and other comprehensive income	For the nine months ended 30 September 2014	For the nine months ended 30 September 2013 (Restated)	Percentage change (%)	Major reasons for changes
1	Revenue	190,442	199,703	(4.6)	Decrease in sales price and volume of coal and power business; and increase in volume of material trading
2	Cost of sales	(133,745)	(138,494)	(3.4)	Decrease in cost of coal purchased from third parties; and increase in purchase cost of material trading
3	Other income	553	257	115.2	Increase in subsidy income
4	Finance costs	(2,748)	(2,244)	22.5	Decrease in foreign exchange gain from borrowings denominated in Japanese Yen
5	Income tax	(9,838)	(10,211)	(3.7)	Increase in the average income tax rate for the Group by 0.9 percentage point to 20.2% from 19.3% for the same period last year, mainly attributable to decrease in profit of the coal segment which was entitled to more preferential income tax rate

Unit: RMB million

No.	Items of consolidated statement of financial position	As at 30 September 2014	As at 31 December 2013	Percentage change (%)	Major reasons for changes
1	Other non-current assets	36,944	28,148	31.2	Increase in long-term loans granted by Shenhua Finance Company and increase in prepayment relating to project construction and equipment procurement
2	Inventories	19,941	17,641	13.0	Increase in coal inventories
3	Accounts and bills receivable	31,835	27,221	17.0	Increase in receivables from coal sales, and increase in bank's acceptance bills relating to the coal business
4	Cash and cash equivalents	62,331	38,332	62.6	Increase in net amount of the super short-term commercial paper and medium-term notes issued
5	Short-term debentures	14,982	9,982	50.1	Increase in net amount of the super short-term commercial paper issued by the Company
6	Accrued expenses and other payables	57,198	42,692	34.0	Increase in deposits placed with Shenhua Finance Company
7	Medium-term notes	24,905	4,958	402.3	Increase in medium-term notes issued by the Company

Unit: RMB million

No.	Items of the consolidated statement of cash flows	For the nine months ended 30 September 2014	For the nine months ended 30 September 2013 (Restated)	Percentage change (%)	Major reasons for changes
1	Net cash generated from operating activities	62,570	36,353	72.1	Increase in deposits placed with and decrease in loans granted by Shenhua Finance Company; and the comparatively increase in operating payables of the Group
	of which: Net cash generated from (used in) operating activities of Shenhua Finance Company	8,345	(11,315)	(173.8)	
	Net cash generated from operating activities excluding the impact of Shenhua Finance Company	54,225	47,668	13.8	
2	Net cash used in investing activities	(29,802)	(28,618)	4.1	Decrease in the withdrawal of time deposits placed with financial institutions
3	Net cash used in financing activities	(8,692)	(13,985)	(37.8)	Increase in net amount of external debt financing

3.2 Analysis on key operational indicators of the coal segment

(1) Coal sales volume and price:

	For the nine months ended 30 September 2014			For the nine months ended 30 September 2013 (Restated)			Change	
	Percentage		Price	Percentage		Price	Sales volume	Price
	Sales volume	to total sales		Sales volume	to total sales			
	<i>Million tonnes</i>	%	<i>RMB/ tonne</i>	<i>Million tonnes</i>	%	<i>RMB/ tonne</i>	%	%
I. Domestic sales	331.8	97.2	348.5	359.0	98.0	387.3	(7.6)	(10.0)
(I) Self-produced coal and purchased coal	305.4	89.5	343.9	299.1	81.7	372.3	2.1	(7.6)
1. Direct arrival	128.9	37.8	249.8	139.6	38.1	276.3	(7.7)	(9.6)
2. Seaborne	176.5	51.7	412.7	159.5	43.6	456.3	10.7	(9.6)
(II) Sales of domestic trading coal	20.8	6.1	384.6	52.5	14.3	458.5	(60.4)	(16.1)
(III) Sales of imported coal	5.6	1.6	464.2	7.4	2.0	487.9	(24.3)	(4.9)
II. Export sales	1.2	0.4	564.8	1.9	0.5	622.0	(36.8)	(9.2)
III. Overseas sales	8.3	2.4	550.8	5.4	1.5	644.6	53.7	(14.6)
(I) EMM Indonesia	1.5	0.4	105.4	1.4	0.4	84.1	7.1	25.3
(II) Re-export trade	6.8	2.0	651.5	4.0	1.1	843.6	70.0	(22.8)
Total sales volume/weighted average price	341.3	100.0	354.2	366.3	100.0	392.3	(6.8)	(9.7)

Note: 1. The above coal prices were exclusive of value-added tax and the weighted average prices were affected by sales mode, product quality and the sales volume by various trading mode.

2. “Sales of domestic trading coal ” refers to the sales volume of business of the domestic purchase and sales of coal, except for the self-produced coal of the Group in the PRC and the coal purchased from third parties in the surrounding areas of the self-owned mines and railways of the Group which are shipped with the Group’s transportation system.

3. “Re-export trade” refers to a trading mode under which coal purchased internationally is directly resold to other countries or regions.

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

	For the nine months ended 30 September 2014	For the nine months ended 30 September 2013 (Restated)	Change
	<i>RMB/tonne</i>	<i>RMB/tonne</i>	<i>%</i>
Unit production cost of self-produced coal	128.6	128.4	0.2
Raw materials, fuel and power	24.6	25.1	(2.0)
Labour costs	15.3	14.9	2.7
Repairs and maintenance	8.7	7.8	11.5
Depreciation and amortization	19.7	18.9	4.2
Others	60.3	61.7	(2.3)

For the nine months ended 30 September 2014, the unit production cost of self-produced coal was RMB128.6/tonne (for the nine months ended 30 September 2013: RMB128.4/tonne (restated)), representing a year-on-year increase of 0.2%, among which (1) raw materials, fuel and power costs decreased by 2.0% year-on-year due to the decrease in diesel and power prices; (2) labour costs increased by 2.7% year-on-year due to the decrease in the sales volume of self-produced coal and higher number of employees; (3) repairs and maintenance expenses increased by 11.5% year-on-year due to the increase in repairs of mining equipment and coal-washing and selecting equipment; (4) depreciation and amortization costs increased by 4.2% year-on-year due to the decrease in the sales volume of self-produced coal; and (5) other costs decreased by 2.3% year-on-year due to the decrease in mining engineering expenses and taxes and fees.

“Others” in the unit production cost of self-produced coal comprises the following three parts: (1) approximately 58% was from the cost directly related to production, including washing and processing cost, and mining engineering cost, etc.; (2) approximately 10% was from ancillary production cost; and (3) approximately 32% was from compensation for land requisition and collapse, cost on environmental protection and fees levied by local governments, etc.

3.3 Analysis on key operational indicators of the power segment

For the nine months ended 30 September 2014, the Group's average power tariff of the power segment was RMB358.1/MWh (for the nine months ended 30 September 2013: RMB366.8/MWh (restated)), representing a year-on-year decrease of 2.4%, with average cost of power output dispatch of RMB247.9/MWh (for the nine months ended 30 September 2013: RMB266.0/MWh (restated)), representing a year-on-year decrease of 6.8%. The decrease was mainly attributable to the decrease in cost of fuels.

In accordance with the "NDRC's Notice on Further Resolving the Conflicts in Environmental Protection Tariffs" (NDRC Jia Ge [2014] No. 1908), the level of on-grid electricity tariffs would be adjusted effective from 1 September. Subsequent to preliminary estimation, it is estimated that the adjustment to electricity tariffs will reduce the Group's total profit for the year of 2014 by approximately RMB610 million (unaudited) under the Accounting Standards for Business Enterprises. Please refer to the Company's Overseas Regulatory Announcement dated 12 September 2014 for details.

3.4 Progress in other businesses

On 13 September 2014, construction of the Huangda Railway officially commenced. The railway starts from Huanghua South Station on the Shuohuang Railway in the north, travels through Cangzhou in Hebei Province as well as Binzhou and Dongying in Shandong Province, and connects to Dajiawa Station on Yiyang Railway in the south. The main line covers 217 km in length. The railway is scheduled for completion and operation by the end of 2017. For details about Huangda Railway, please refer to the Company's Overseas Regulatory Announcement dated 16 September 2013.

On 15 September, the construction of the phase IV project of Huanghua Port was completed, adding approximately 50 million tonnes of additional throughput capacity and bringing the total throughput capacity to 200 million deadweight tonnage. For details about the phase IV project of Huanghua Port, please refer to the Company's Overseas Regulatory Announcement dated 12 March 2014.

On 20 September, Generating Unit 2 at Suizhong Power Plant under Guohua Power Branch of the Company commenced production after passing a 168-hour full load test run smoothly upon completion of a comprehensive renovation project, after which the coal consumption for power supply and generation as well as station service power consumption rate in respect of Generating Unit 2 declined, environmental indicators improved significantly, and emission targets for smoke, dust, sulfur dioxide and nitrogen oxide initially achieved the "ultra-low emissions" standard.

On 29 September, construction of the whole Zhunchi Railway was completed. The railway starts from the Waixigou Railway Station on Dazhun Railway in the north, and heads to the Shenchi South Station on Shuohuang Railway in the south. The main line covers 180 km in length, with a designed long-term transport capacity of 200 million tonnes. Together with the Company's existing Ganquan Railway, Baoshen Railway, Shenshuo Railway, Bazhun Railway and Dazhun Railway, Zhunchi Railway forms a ring-type, radial, heavy-haul railway network that encircles the major coal bases in western Shanxi, northern Shaanxi and southern Mongolia, having significantly enhanced the Company's transportation scheduling capability in these regions. For details about the approval of the project construction, please refer to the Company's Overseas Regulatory Announcement dated 15 December 2010.

On 29 September, the "key technology and core equipment research project for heavy-haul railway transportation with an axle load of over 30 tonnes", in which the Company has proprietary intellectual property rights, completed a test run successfully on Shuohuang Railway. So far, Shuohuang Railway is already qualified for allowing trains with an axle load of 30 tonnes and a heavy-haul capacity of 20,000 tonnes to travel.

During the reporting period, the opencast coal mine in phase I of the Company's Watermark Coal Project in Australia was approved by the National Development and Reform Commission. The Project is still pending an environmental assessment report and approval documents for the relevant construction works from the government of New South Wales of Australia. The independent expert committee on planning and assessment designated by the government of New South Wales has proposed to approve the Project's development once the relevant environmental assessment requirements are satisfied. Given the high level of uncertainty about the Project, investors are advised to be cautious of any investment risks.

3.5 Industry environment

The China's economy remained stable and the rate of growth decelerated during the first three quarters of 2014, sending the gross domestic product (GDP) growing 7.4% year-on-year. In particular, GDP grew 7.3% in the third quarter, down 0.2 percentage point over the second quarter in terms of growth rate.

Hit by various factors such as economic slowdown, increased proportion of power generation by non-fossil energy and coal overcapacity over the past eight months, there was an oversupply in China's coal market as a whole, resulting in descending coal prices, a substantial fall in profit levels of the coal industry and an increased scale of loss. Under the impact of various factors such as the reduction of output by large coal companies and the decline in coal imports in September, coal supply and demand improved relatively and thermal coal prices became stabilized after falling. As at the end of September, price of Bohai Bay thermal coal (5,500 kcal) was RMB482/tonne, up RMB4/tonne as compared to the lowest point (RMB478/tonne). During the first three quarters, 2,850 million tonnes of raw coal were produced across the country, down 1.3% year-on-year; 220 million tonnes of coal were imported, down 6.7% year-on-year. Thermal power generation by power plants above a certain size across the country amounted to 3,137.2 billion kwh, up 0.7% year-on-year. The rate of increase represented a year-on-year decrease of 5.8 percentage points.

In the fourth quarter, the Chinese government will maintain continuity and stability in macroeconomic policies focus on realising stable healthy economic development because macroeconomic stabilization will help keep the demand for coal and other energy stabilized. The arrival of the peak season for the use of coal for heating purposes in winter will push for a seasonal increase in coal demand. Hit by the implementation of various measures such as the domestic control over coal production capacity, the ban on production by coal mines beyond an approved capacity, reimposition of tariffs on imported coal and improvement of coal quality standards as well as the overhaul of the main transport line for coal, effective supply of coal is expected to be reduced so that the oversupply in the market will be eased. Domestic thermal coal supply and demand is expected to remain balanced as a whole in the fourth quarter, while there is a tight supply of coal in isolated areas during the peak period of coal consumption, and coal prices will pick up again after weak stabilization. As at 24 October, the price of Bohai Bay thermal coal (5,500 kcal) had rebounded to RMB497/tonne, representing an increase of RMB15/tonne as compared to that in the end of September.

Note: This section is for reference only and does not constitute any investment advice. The information in this section was derived from sources such as the National Bureau of Statistics, China Coal Market Network, China Coal Resource Network and China Electricity Council, etc. The Company has used its best endeavors to ensure the accuracy and reliability of information in this section, but does not assume any liability or provide any form of guarantee for the accuracy, completeness or validity of all or part of its content. If there is any error or omission, the Company does not assume any liability.

3.6 Future development of the Company

China Shenhua will steadfastly “focus on one goal, grasp two changes, push forward four developments and achieve five enhancements”. With a view to building itself into an internationally renowned supplier of clean energy, the Company will accelerate the change in the concept and mode of development, promote safe development, transitional development, innovative development and harmonious development, and strive to enhance its capabilities in five aspects, including:

- To enhance the quality and efficiency of development. Attaching great importance to value management, the Company will optimize its investment scale based on strict and prudent management principle; speed up the adjustment of industrial structure and product portfolio, promote the clean utilization and conversion of coal and increase the added value of coal products; as well as speed up the innovation of systems and mechanisms, improve the standard of market-oriented operation and strengthen the intrinsic momentum of development.
- To enhance the standards of management. The Company will spare no effort to implement fundamental management and raise the standards for scientific management; encourage and leverage on the initiative and creativity of all employees; strengthen the innovation of systems and mechanisms, and optimize the working mechanism for management enhancement; as well as further strengthen the use of information technology in its operations.

- To enhance its global presence. The Company will further optimize its internationalization strategy which caters for the actual conditions of China Shenhua. Based on investments in overseas resources, the Company aims to gradually establish a system to identify further investment potentials, establish and optimize a risk control system, and nurture an interdisciplinary talent team so as to facilitate the internationalization process through developing premium projects.
- To enhance the soft power of the Company. The Company will strengthen the corporate culture of innovation and enhance its core competitiveness by building Shenhua's brand.
- To enhance the ability to fulfill social responsibilities. The Company will incorporate social responsibilities into its corporate strategy, decision-making, operation and management for better fulfilment of its social responsibilities.

3.7 Progress of significant events and the impact thereof as well as the analysis and explanations for the solutions

The Company issued the first and second tranches of medium-term notes on 19 August and 16 September 2014, respectively, with proceeds amounting to RMB10 billion. The proceeds will be used to replenish operating capital for the Company and its subsidiaries.

As approved at the 46th meeting of the second session of the Board on 22 August 2014, the Company made adjustments to its business targets and capital expenditure plan for the year of 2014. For details, please refer to the Company's Announcement on the Adjustment to the 2014 Business Targets and Capital Expenditure Plan dated 22 August 2014.

As approved at the 2nd meeting of the third session of the Board on 22 August 2014, China Shenhua commenced the acquisition of several power generating companies controlled by Shenhua Group Corporation. Target assets mainly include large-scale clean coal-fired generators equipped with "ultra-low emission" technology. The acquisition was financed by the unused proceeds raised through the Company's initial public offering of A shares in 2007; in the event of inadequacy of proceeds, internal capital of the Company will be used to finance the acquisition. For details, please refer to the Company's Announcement on the Commencement of the Work on the Acquisition of Certain Assets Held by Controlling Shareholder dated 22 August 2014.

3.8 Commitments by the Company, shareholders and de facto controller and the performance thereof

The commitments made by Shenhua Group Corporation, the controlling shareholder, during or subsisting in the reporting period and the performance thereof are as follows:

Background of Commitment	Type of Commitment	Party Making the Commitment	Commitment	Time and Duration of Commitment	Any Time Limit for Commitment	Timely and Strict Performance of Commitment
Commitment in relation to initial public offering	Non-competition undertaking	Shenhua Group Corporation	The Company and Shenhua Group entered into a "Non-competition Agreement on 24 May 2005. Pursuant to the agreement, Shenhua Group has committed not to compete with the Company in respect of the Company's principal businesses whether in or outside of the PRC, and granted the Company an option and pre-emptive right to acquire from Shenhua Group any potential business and assets in competition.	24 May 2005, long-term	Yes. China Shenhua will commence work on the acquisition (to submit the assets acquisition proposal to relevant internal authorities of China Shenhua for approval) of 14 assets of Shenhua Group and its subsidiaries prior to 30 June 2019. For details, please refer to the Announcement on the Performance of Non-competition Undertaking dated 27 June 2014 of the Company.	Yes

3.9 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 Not Applicable

3.10 The Company does not have any plans to declare or distribute quarterly dividend (including cash dividend) to its shareholders.

3.11 Definition

Board	the board of directors of the Company
Shenhua Group Corporation	Shenhua Group Corporation Limited
Shenhua Group	Shenhua Group Corporation Limited and its subsidiaries
China Shenhua or the Company	China Shenhua Energy Company Limited
The Group	the Company and its subsidiaries
Accounting Standards for Business Enterprises	the Accounting Standards for Business Enterprises, Application Guidance to Accounting Standards for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other related requirements issued by the Ministry of Finance of the People's Republic of China

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

Beijing, 24 October 2014

As at the date of this announcement, the Board comprises the following: Dr. Zhang Yuzhuo, Dr. Ling Wen, Mr. Han Jianguo and Mr. Wang Xiaolin as executive directors, Mr. Chen Hongsheng and Mr. Wu Ruosi 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 IFRSs

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER
 COMPREHENSIVE INCOME**

For the nine months ended 30 September 2014

	<i>Unit: RMB million (unaudited)</i>	
	For the nine months ended 30 September 2014	For the nine months ended 30 September 2013 (Restated)
Revenue	190,442	199,703
Cost of Sales	(133,745)	(138,494)
Gross profit	56,697	61,209
Selling, general and administrative expenses	(6,238)	(6,509)
Other gains and losses	(254)	(262)
Other income	553	257
Other expenses	(241)	(179)
Interest income	607	388
Finance costs	(2,748)	(2,244)
Share of results of associates	249	297
Profit before income tax	48,625	52,957
Income tax expense	(9,838)	(10,211)
Profit for the period	38,787	42,746
Exchange differences	(35)	(36)
Total comprehensive income for the period	38,752	42,710

	For the nine months ended 30 September 2014	For the nine months ended 30 September 2013 (Restated)
Profit for the period attributable to:	38,787	42,746
Equity holders of the Company	31,423	35,097
Non-controlling interests	<u>7,364</u>	<u>7,649</u>
Total comprehensive income for the period attributable to:	38,752	42,710
Equity holders of the Company	31,387	35,071
Non-controlling interests	<u>7,365</u>	<u>7,639</u>
Earnings per share (RMB)		
– Basic	<u>1.580</u>	<u>1.765</u>

Chairman:
Zhang Yuzhuo

Chief Financial Officer:
Zhang Kehui

General Manager of the Financial Department:
Hao Jianxin

PREPARED UNDER IFRSs

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

	<i>Unit: RMB million</i>	
	As at	As at
	30 September	31 December
	2014	2013
	(Unaudited)	(Audited)
Non-current assets		
Property, plant and equipment	269,375	262,116
Construction in progress	81,313	76,065
Exploration and evaluation assets	2,272	2,251
Intangible assets	1,381	1,446
Interest in associates	4,714	4,866
Available-for-sale investments	887	1,032
Other non-current assets	36,944	28,148
Lease prepayments	13,903	14,243
Deferred tax assets	2,095	1,723
	<hr/>	<hr/>
Total non-current assets	412,884	391,890
	<hr/>	<hr/>
Current assets		
Inventories	19,941	17,641
Accounts and bills receivable	31,835	27,221
Prepaid expenses and other current assets	30,938	30,274
Restricted bank deposits	7,449	6,648
Time deposits with original maturity over three months	1,579	1,292
Cash and cash equivalents	62,331	38,332
	<hr/>	<hr/>
Total current assets	154,073	121,408
	<hr/>	<hr/>
Current liabilities		
Borrowings	28,490	38,503
Short-term debentures	14,982	9,982
Accounts and bills payable	41,692	37,800
Accrued expenses and other payables	57,198	42,692
Current portion of long-term payables	144	311
Income tax payable	3,009	2,221
	<hr/>	<hr/>

	As at 30 September 2014 (Unaudited)	As at 31 December 2013 (Audited)
Total current liabilities	<u>145,515</u>	<u>131,509</u>
Net current assets (liabilities)	<u>8,558</u>	<u>(10,101)</u>
Total assets less current liabilities	<u>421,442</u>	<u>381,789</u>
Non-current liabilities		
Borrowings	38,989	37,084
Medium-term notes	24,905	4,958
Long-term payables	1,806	1,867
Accrued reclamation obligations	2,076	1,973
Deferred tax liabilities	<u>1,206</u>	<u>1,265</u>
Total non-current liabilities	<u>68,982</u>	<u>47,147</u>
Net assets	<u><u>352,460</u></u>	<u><u>334,642</u></u>
Equity		
Share capital	19,890	19,890
Reserves	<u>270,352</u>	<u>257,013</u>
Equity attributable to equity holders of the Company	290,242	276,903
Non-controlling interests	<u>62,218</u>	<u>57,739</u>
Total equity	<u><u>352,460</u></u>	<u><u>334,642</u></u>

Chairman:
Zhang Yuzhuo

Chief Financial Officer:
Zhang Kehui

General Manager of the Financial Department:
Hao Jianxin

PREPARED UNDER IFRSs

CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2014

	<i>Unit: RMB million (unaudited)</i>	
	For the nine months ended 30 September 2014	For the nine months ended 30 September 2013 (Restated)
Operating activities		
Cash generated from operations	71,307	46,620
Income taxes paid	<u>(8,737)</u>	<u>(10,267)</u>
Net cash generated from operating activities	<u>62,570</u>	<u>36,353</u>
Investing activities		
Acquisition of property, plant and equipment, intangible assets, exploration and evaluation assets, and additions to construction in progress	(29,731)	(32,105)
Increase in lease prepayments	(306)	(145)
Proceeds from disposal of property, plant and equipment, intangible assets and lease prepayments	30	75
Proceeds from disposal of an available-for-sale investment and an associate	205	229
Investments in associates	(8)	(185)
Dividend received from associates	323	588
Interest received	520	324
Interest received on trading debt securities	114	53
Proceeds from trading debt securities	146	–
Net increase in restricted bank deposits	(801)	(255)
Increase in time deposits with original maturity over three months	(898)	(978)
Withdrawal of time deposits with original maturity over three months	611	3,781
Repayment of entrusted loans	30	–
Entrusted loans to a third party	<u>(37)</u>	<u>–</u>
Net cash used in investing activities	<u>(29,802)</u>	<u>(28,618)</u>

	For the nine months ended 30 September 2014	For the nine months ended 30 September 2013 (Restated)
Financing activities		
Interest paid	(3,688)	(3,211)
Proceeds from borrowings	41,081	38,313
Repayments of borrowings	(49,102)	(37,303)
Proceeds from issuance of short-term debentures and medium-term notes	39,945	9,970
Payments of short-term debentures	(15,000)	–
Contributions from non-controlling shareholders	562	1,726
Contributions from equity holders of the Company	53	–
Distributions to non-controlling shareholders	(4,443)	(4,372)
Distributions to equity holders of the Company	(18,100)	(19,093)
Acquisition of non-controlling interest	–	(15)
	<u> </u>	<u> </u>
Net cash used in financing activities	(8,692)	(13,985)
	<u> </u>	<u> </u>
Net increase (decrease) in cash and cash equivalents	24,076	(6,250)
Cash and cash equivalents as at the beginning of the period	38,332	51,637
Effect of foreign exchange rate changes	(77)	(45)
	<u> </u>	<u> </u>
Cash and cash equivalents as at the end of the period	62,331	45,342
	<u> </u>	<u> </u>

Chairman:
Zhang Yuzhuo

Chief Financial Officer:
Zhang Kehui

General Manager of the Financial Department:
Hao Jianxin