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

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock code: 01088)**

## **First Quarterly Report for the Year 2012**

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") is pleased to announce the results of the Company and its subsidiaries for the three months ended 31 March 2012 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 This report was passed at the 25<sup>th</sup> meeting of the second session of the Board of the Company. Eight out of nine eligible directors of the Company were present at the meeting. Dr. Zhang Xiwu, Chairman of the Board, delegated Zhang Yuzhuo, Vice Chairman of the Board to attend the meeting and vote on his behalf. Director Liu Benren attended the meeting by way of telephone.

1.3 The financial statements of this report, which are prepared in accordance with IFRSs, have not been audited or reviewed. 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 (the "PRC") and relevant regulations and interpretations ("Accounting Standards for Business Enterprises") and IFRSs.

1.4 In April 2011, the Company completed the acquisition of 59.29% interests in Shenhua Finance Co., Ltd. ("Shenhua Finance Company") from Shenhua Group Corporation Limited ("Shenhua Group Corporation") and its subsidiaries through business combination under common control. Upon completion of the acquisition, the Company directly and indirectly holds 99.29% interests in Shenhua Finance Company, which has been incorporated into the Company's scope of consolidated financial statement since April 2011. For the purpose of comparable financial information, the consolidated financial statements for the three months ended 31 March 2011 have been restated.

1.5 Dr. Zhang Xiwu, Chairman of the Board 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 report.

1.6 Unless otherwise specified, the figures in this report are presented in Renminbi (RMB).

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

During the reporting period, the Company leveraged on its integrated operation competitiveness to combat the negative impact brought about by the adverse market and weather conditions, etc and press ahead with production organization, transportation coordination and marketing with a focus on the annual operating targets set by the Board for 2012.

Coal production achieved further growth, and coal mine construction and capacity expansion projects were in smooth progress. Power generation segment strengthened internal operation management to speed up power business expansion. Railway, port and shipping segment enhanced coordination and organization to ensure transportation efficiency, while steadily advancing the capacity expansion projects for railways and ports. Sales of coal achieved a faster growth through exploring coal sources and market, increasing the weight of spot coal sales and improving logistics coordination. Overall, the Company's business operation maintained sound growth momentum.

During the reporting period, the commercial coal production volume of the Company increased by 12.4% year-on-year to 79.1 million tonnes, accounting for 27.3% of the annual operating target; coal sales volume increased by 16.0% year-on-year to 108.3 million tonnes, accounting for 26.4% of the annual operating target; and total power output dispatch increased by 19.6% year-on-year to 43.85 billion kwh, accounting for 22.0% of the annual operating target.

Under IFRSs, the revenues of the Company were RMB59,526 million, representing a year-on-year increase of 25.3%; the profit attributable to equity shareholders of the Company for the reporting period was RMB11,742 million and the basic earnings per share reached RMB0.590, both representing year-on-year increases of 5.9%.

Centering on the strategic goal of building itself into a worldwide first-class coal-based integrated energy enterprise with global competitiveness, the Company will exert itself to fulfil the annual operating targets, proactively respond to market changes and carry out production, operation and business development in a prudent manner to create more values for shareholders.

### 3. COMPANY PROFILE

#### 3.1 Major financial indicators prepared in accordance with IFRSs

	<b>For the three months ended 31 March 2012</b>	For the three months ended 31 March 2011 (restated)	Percentage change %
<b>Per share (RMB)</b>			
Earnings per share	<b>0.590</b>	0.557	5.9
Net cash generated from operating activities per share	<b>0.844</b>	1.197	(29.5)
<b>Current period (RMB million)</b>			
Revenues	<b>59,526</b>	47,509	25.3
Profit attributable to equity shareholders of the Company	<b>11,742</b>	11,088	5.9
Net cash generated from operating activities	<b>16,786</b>	23,804	(29.5)
	<b>As at 31 March 2012</b>	As at 31 December 2011	Percentage change %
Total assets (RMB million)	<b>417,530</b>	401,077	4.1
Total liabilities (RMB million)	<b>137,979</b>	136,763	0.9
Total equity (RMB million)	<b>279,551</b>	264,314	5.8
Including: Equity attributable to equity shareholders of the Company (RMB million)	<b>237,636</b>	225,822	5.2
Shareholders' equity per share (RMB/share)	<b>11.95</b>	11.35	5.2

### 3.2 Major operating data

Operational indicators	For the three months ended 31 March 2012	For the three months ended 31 March 2011	Percentage change year-on-year %
Commercial coal production (million tonnes)	79.1	70.4	12.4
Coal sales (million tonnes)	108.3	93.4	16.0
Including: Export (million tonnes)	1.4	2.6	(46.2)
Import (million tonnes)	0.3	-	N/A
Transportation turnover of self-owned railways (billion tonne km)	44.7	41.0	9.0
Seaborne coal (million tonnes)	60.3	48.8	23.6
Huanghua Port (million tonnes)	26.4	21.4	23.4
Shenhua Tianjin Coal Dock (million tonnes)	7.8	5.7	36.8
Shipment volume (million tonnes)	23.5	17.9	31.3
Shipment turnover (billion tonne nautical miles)	19.5	15.6	25.0
Gross power generation (billion kwh)	47.04	39.28	19.8
Total power output dispatch (billion kwh)	43.85	36.67	19.6

### 3.3 Major differences of financial statements prepared under different accounting standards

Unit: RMB million

Item	Net profit attributable to equity shareholders of the Company		Net assets attributable to equity shareholders of the Company	
	For the three months ended 31 March 2012	For the three months ended 31 March 2011 (restated)	As at 31 March 2012	As at 31 December 2011
Under the Accounting Standards for Business Enterprises	11,183	10,524	235,270	223,152
Adjustments for:				
Adjustments for production maintenance, production safety and other related expenditures and others	559	564	2,366	2,670
Under IFRSs	11,742	11,088	237,636	225,822

Explanation on the differences between domestic and international accounting standards: 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 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.

### 3.4 Total number of shareholders and shareholding of top ten shareholders of shares not subject to selling restrictions at the end of the reporting period

(1) As at the end of the reporting period, there were a total of 319,175 shareholders of the Company, of which 316,585 were holders of A shares (including Shenhua Group Corporation) and 2,590 were registered holders of H shares.

(2) Shareholding of top ten shareholders not subject to selling restrictions

Unit: number of shares

Name of shareholder	Number of shares held not subject to selling restrictions	Type of share
Shenhua Group Corporation Limited	14,521,846,560	RMB ordinary shares
HKSCC NOMINEES LIMITED	3,390,691,286	Overseas listed foreign share
China Life Insurance Company Limited - Dividend - Personal Dividend - 005L - FH002 Shanghai	72,405,189	RMB ordinary shares
Industrial and Commercial Bank of China - SSE 50 Trading Open-end Index Securities Investment Fund	32,312,332	RMB ordinary shares
Bank of Communications - E Fund 50 Index Securities Investment Fund	25,481,293	RMB ordinary shares
China Construction Bank - the Great Wall Brand Preferred Equity Securities Investment Fund	24,137,656	RMB ordinary shares
China Construction Bank - Yinhua - Dow Jones 88 Selected Securities Investment Fund	23,661,864	RMB ordinary shares
China Merchants Securities Co., Ltd. - Margin securities accounts	18,303,706	RMB ordinary shares
Bank of China - Harvest Shanghai Shenzhen 300 Index Securities Investment Fund	17,989,575	RMB ordinary shares
China Construction Bank - Huaan Hongli Equity Securities Investment Fund	15,599,900	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 three months ended 31 March 2012, revenues of the Group under IFRSs were RMB59,526 million (for the three months ended 31 March 2011: RMB47,509 million (restated)), representing a year-on-year increase of 25.3%. Cost of revenues of the Group were RMB38,506 million (for the three months ended 31 March 2011: RMB27,823 million (restated)), representing a year-on-year increase of 38.4%, mainly due to rapid increase in purchased coal and the increases in self-produced coal production, unit production cost and gross power generation, etc. Selling, general and administrative expenses were RMB2,985 million mainly due to the increase of repair expenses caused by certain branch (subsidiary) companies (for the three months ended 31 March 2011: RMB2,427 million (restated)), representing a year-on-year increase of 23.0%. Profit attributable to equity shareholders of the Company for the period was RMB11,742 million (for the three months ended 31 March 2011: RMB11,088 million (restated)), representing a year-on-year increase of 5.9%.

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

Unit: RMB million

Consolidated statement of comprehensive income	For the three months ended 31 March 2012	For the three months ended 31 March 2011 (restated)	Percentage change %	Reasons for changes
Revenues	<b>59,526</b>	47,509	25.3	Increases in coal sales volume and power output dispatch
Total cost of revenues	<b>38,506</b>	27,823	38.4	Increases in purchased coal, self-produced coal production, unit production cost and power generation
Other operating expenses, net	<b>34</b>	16	112.5	Increase in gains from disposal of fixed assets and donation expenses

Unit: RMB million

Consolidated statement of financial position	As at 31 March 2012	As at 31 December 2011	Percentage change %	Reasons for changes
Accounts and bills receivable, net	<b>17,299</b>	13,365	29.4	Increases in receivables for coal and power sales
Deferred tax liabilities	<b>1,442</b>	1,131	27.5	Mainly attributable to the acquisition of Bashu Power

Unit: RMB million

Consolidated statement of cash flows	For the three months ended 31 March 2012	For the three months ended 31 March 2011 (restated)	Percentage change %	Reasons for changes
Net cash generated from operating activities	<b>16,786</b>	23,804	(29.5)	Decrease in net increase in deposits with and increase in net increase in loans granted by Shenhua Finance Company year-on-year
Lease prepayments	<b>288</b>	181	59.1	Increase in land acquisition in the reporting period
Proceeds from disposal of property, plant and equipment	<b>55</b>	2	2,650.0	Increase in gain from disposal of fixed assets by certain branches (subsidiaries)
Net increase in restricted bank deposits	<b>307</b>	1,857	(83.5)	Decrease in statutory deposit reserve deposited in central bank by Shenhua Finance Company
Proceeds from borrowings	<b>312</b>	1,436	(78.3)	Year-on-year decrease in new borrowings during the reporting period

## 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 three months ended 31 March 2012			For the three months ended 31 March 2011			Change	
	Sales volume	Percentage to total sales volume	Price	Sales volume	Percentage to total sales volume	Price	Change in sales volume	Change in prices
	Million tonnes	%	RMB/tonne	Million tonnes	%	RMB/tonne	%	%
Domestic sales	106.9	98.7	437.0	90.8	97.2	410.8	17.7	6.4
<b>Long-term contract sales</b>	<b>42.6</b>	<b>39.3</b>	<b>343.8</b>	46.8	50.1	344.1	(9.0)	(0.1)
Mine mouth	2.6	2.4	158.1	7.8	8.3	143.2	(66.7)	10.4
Direct arrival (along railway line)	20.6	19.0	240.4	16.8	18.0	297.7	22.6	(19.2)
Seaborne	19.4	17.9	478.8	22.2	23.8	449.5	(12.6)	6.5
<b>Spot sales</b>	<b>64.3</b>	<b>59.4</b>	<b>498.6</b>	44.0	47.1	481.8	46.1	3.5
Mine mouth	11.4	10.5	197.6	10.3	11.0	172.6	10.7	14.5
Direct arrival (along railway line)	13.3	12.3	444.9	9.7	10.4	499.1	37.1	(10.9)
Seaborne	39.6	36.6	603.5	24.0	25.7	607.6	65.0	(0.7)
Export sales	1.4	1.3	768.5	2.6	2.8	636.6	(46.2)	20.7
<b>Total sales volume / weighted average price</b>	<b>108.3</b>	<b>100.0</b>	<b>441.2</b>	93.4	100.0	417.1	16.0	5.8

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

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

	For the three months ended 31 March 2012	For the three months ended 31 March 2011	Percentage change
	RMB/tonne	RMB/tonne	%
<b>Unit production cost of self-produced coal</b>	<b>117.6</b>	110.9	6.0
Materials, fuel and power	23.7	20.3	16.7
Personnel expenses	15.8	16.0	(1.3)
Repairs and maintenance	7.6	7.6	-
Depreciation and amortisation	21.6	19.3	11.9
Others	48.9	47.7	2.5

For the three months ended 31 March 2012, the unit production cost of self-produced coal was RMB117.6/tonne (for the three months ended 31 March 2011: RMB110.9/tonne), representing a year-on-year increase of 6.0%. The increase was mainly attributable to (1) the increase of 16.7% in costs of raw materials, fuel and power as a result of the hiking material prices and certain mining engineering projects being self-operated instead of outsourcing (the accounting of relevant costs were transferred to "Materials, fuel and power" from "Others"); and (2) the increase of 11.9% in unit depreciation and amortisation cost as a result of the higher growth of total depreciation and amortisation than that of self-produced coal sales.

For the three months ended 31 March 2012, the "Others" item of the unit production cost of self-produced coal comprises of three parts: (1) 46% was from the expenses directly related to production, including production maintenance and safety production cost, selecting and processing expenses and mining engineering expenses, etc; (2) 10% was from ancillary production expenses; and (3) 44% was from compensation for land acquisition and collapse, expenses on environmental protection, local fees, etc. The year-on-year increase of 2.5% in "Others" was mainly attributable to the increased costs of category (3).

### **4.3 Overview of the industry**

Since early 2012, China has stabilised its economy at a slower growth. The gross domestic product (GDP) for the first quarter posted a year-on-year growth of 8.1%, 1.1 percentage points slower than that for the whole year 2011, while Consumer Price Index rose by 3.8% year-on-year, 1.6 percentage points slower than that for the whole year 2011. The eased inflation pressure and sound economic growth are positive for healthy development of energy sectors including coal industry.

In the first quarter of 2012, demand and supply of thermal coal in China witnessed a steady growth. China produced 838 million tonnes of raw coal, representing a year-on-year growth of 5.8%; coal transportation through railways reached 594 million tonnes, representing a year-on-year increase of 6.1%; and net coal import for the first quarter was 61.73 million tonnes, representing a year-on-year increase of 63%. Due to the slower economic growth and price-capping policy, spot prices of thermal coal in January and February continued to retreat and, as a result of the forthcoming maintenance of Daqin Railway and the proactive stockpiling by downstream power plants, started to recover in March. The comprehensive average price of thermal coal (net calorific value of 5,500 kcal) in Bohai Bay was RMB797/tonne at the quarter beginning, bottomed at RMB772/tonne and closed at RMB777/tonne at the end of the first quarter.

The coal prices in 2012 are estimated to gradually pick up the momentum. The slackly balanced supply and demand are expected for the second quarter due to the arrival of weak season for thermal coal consumption and high inventories of power plants. Coming in the second half year, a tight balance should arise instead of the slackness in the first half year, yet with potentially regional or sporadic shortage or excess due to seasonal and transportation factors. Assuming the price-capping policy remain unchanged, the domestic average spot prices of thermal coal in 2012 are expected to fall below the level of last year.

Note: This section is for information only and does not constitute any proposals for investment. Given that the relevant industrial information was provided by third parties, the Company has exercised its best efforts to ensure the accuracy and reliability of the 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 the content of such information. The Company disclaims any liabilities arising from errors or omissions, if any.



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

Applicable Not Applicable

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

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

Commitments	Performance
Non-competition Agreement between Shenhua Group Corporation and the Company	Shenhua Group Corporation honoured its commitments, and there was no violation of such commitments

Note: For details of commitments, please refer to the section headed "Significant Events" in the 2011 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 Not Applicable

#### **4.7 Investment in securities**

Applicable Not Applicable

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

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

Beijing, 27 April 2012

*As at the date of this announcement, the Board comprises Dr. Zhang Xiwu, Dr. Zhang Yuzhuo, Dr. Ling Wen and Mr. Han Jianguo as executive Directors, 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 IFRSs**

**Consolidated statement of comprehensive income**  
For the three months ended 31 March 2012

Unit: RMB million (Unaudited)

	<b>For the three months ended 31 March 2012</b>	For the three months ended 31 March 2011 (restated)
<b>Revenues</b>		
Coal revenue	<b>40,953</b>	32,773
Power revenue	<b>16,437</b>	12,616
Other revenues	<b>2,136</b>	2,120
Total operating revenues	<b>59,526</b>	47,509
Total cost of revenues	<b>(38,506)</b>	(27,823)
Selling, general and administrative expenses	<b>(2,985)</b>	(2,427)
Other operating expenses, net	<b>(34)</b>	(16)
<b>Total operating expenses</b>	<b>(41,525)</b>	(30,266)
<b>Profit from operations</b>	<b>18,001</b>	17,243
Finance income	<b>682</b>	241
Finance expenses	<b>(1,083)</b>	(701)
Net finance costs	<b>(401)</b>	(460)
Investment income	<b>1</b>	-
Share of profits less losses of associates	<b>36</b>	29
<b>Profit before income tax</b>	<b>17,637</b>	16,812
Income tax	<b>(3,746)</b>	(3,950)
<b>Profit for the period</b>	<b>13,891</b>	12,862
<b>Other comprehensive income</b>		
Exchange differences on translation of financial statements of overseas subsidiaries	<b>66</b>	47
<b>Total comprehensive income for the period</b>	<b>13,957</b>	12,909
<b>Profit attributable to:</b>		
Equity shareholders of the Company	<b>11,742</b>	11,088
Non-controlling interests	<b>2,149</b>	1,774
<b>Profit for the period</b>	<b>13,891</b>	12,862
<b>Total comprehensive income attributable to:</b>		
Equity shareholders of the Company	<b>11,814</b>	11,135
Non-controlling interests	<b>2,143</b>	1,774
<b>Total comprehensive income for the period</b>	<b>13,957</b>	12,909
<b>Earnings per share (RMB)</b>		
- Basic	<b>0.590</b>	0.557
- Diluted	<b>0.590</b>	0.557

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

Prepared under IFRSs

Consolidated statement of financial position  
As at 31 March 2012

Unit: RMB million (Unaudited)

	As at 31 March 2012	As at 31 December 2011
<b>Non-current assets</b>		
Property, plant and equipment, net	219,423	219,904
Construction in progress	37,286	34,169
Intangible assets	3,497	3,596
Interest in associates	3,438	3,065
Other long-term equity investments	927	835
Other non-current assets	18,864	18,746
Lease prepayments	12,470	11,892
Deferred tax assets	1,064	933
<b>Total non-current assets</b>	<b>296,969</b>	<b>293,140</b>
<b>Current assets</b>		
Inventories	14,967	12,628
Accounts and bills receivable, net	17,299	13,365
Prepaid expenses and other current assets	14,789	12,884
Restricted bank deposits	4,422	4,115
Time deposits with original maturity over three months	3,696	3,508
Cash and cash equivalents	65,388	61,437
<b>Total current assets</b>	<b>120,561</b>	<b>107,937</b>
<b>Current liabilities</b>		
Short-term borrowings and current portion of long-term borrowings	13,877	16,389
Accounts and bills payable	23,961	23,668
Accrued expenses and other payables	41,673	39,296
Current portion of long-term payables	271	271
Income tax payable	7,902	7,925
<b>Total current liabilities</b>	<b>87,684</b>	<b>87,549</b>
<b>Net current assets</b>	<b>32,877</b>	<b>20,388</b>
<b>Total assets less current liabilities</b>	<b>329,846</b>	<b>313,528</b>
<b>Non-current liabilities</b>		
Long-term borrowings, less current portion	44,831	44,013
Long-term payables, less current portion	2,254	2,346
Accrued reclamation obligations	1,768	1,724
Deferred tax liabilities	1,442	1,131
<b>Total non-current liabilities</b>	<b>50,295</b>	<b>49,214</b>
<b>Net assets</b>	<b>279,551</b>	<b>264,314</b>
<b>Equity</b>		
Share capital	19,890	19,890
Reserves	217,746	205,932
<b>Equity attributable to equity shareholders of the Company</b>	<b>237,636</b>	<b>225,822</b>
<b>Non-controlling interests</b>	<b>41,915</b>	<b>38,492</b>
<b>Total equity</b>	<b>279,551</b>	<b>264,314</b>

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

Prepared under IFRSs

**Consolidated statement of cash flows**  
For the three months ended 31 March 2012

Unit: RMB million (Unaudited)

	<b>For the three months ended 31 March 2012</b>	For the three months ended 31 March 2011 (restated)
<b>Operating activities</b>		
Cash generated from operations	22,108	28,525
Interest received	382	291
Interest paid	(714)	(970)
Income tax paid	(5,063)	(4,042)
<b>Net cash generated from operating activities</b>	<b>16,713</b>	23,804
<b>Investing activities</b>		
Capital expenditure	(7,547)	(6,637)
Lease prepayments	(288)	(181)
Payment for the acquisition of acquired entities and business	-	(7,666)
Acquisition of subsidiaries	444	-
Proceeds from disposal of other investments	73	-
Proceeds from disposal of property, plant and equipment	55	2
Net increase in restricted bank deposits	(307)	(1,857)
Increase in time deposits with original maturity over three months	(311)	(30)
Maturity of time deposits with original maturity over three months	123	408
<b>Net cash used in investing activities</b>	<b>(7,758)</b>	(15,961)
<b>Financing activities</b>		
Proceeds from borrowings	312	1,436
Repayments of borrowings	(4,368)	(10,196)
Contributions from non-controlling interests	364	325
Distributions to non-controlling interests	(1,314)	(652)
<b>Net cash used in financing activities</b>	<b>(5,006)</b>	(9,087)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,949</b>	(1,244)
Cash and cash equivalents, at the beginning of the period	61,437	77,212
Effect of foreign exchange rate changes	2	3
<b>Cash and cash equivalents, at the end of the period</b>	<b>65,388</b>	75,971

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

**Prepared under Accounting Standards for Business Enterprises**

**Consolidated income statement**  
For the three months ended 31 March 2012

Unit: RMB million (Unaudited)

	<b>For the three months ended 31 March 2012</b>	For the three months ended 31 March 2011 (restated)
Operating income	<b>59,526</b>	47,509
Less: Operating costs	<b>37,564</b>	27,145
Business taxes and surcharges	<b>1,264</b>	1,072
Selling expenses	<b>192</b>	309
Administrative expenses	<b>3,195</b>	2,543
Financial expenses	<b>357</b>	439
Impairment loss	<b>103</b>	17
Add: Loss from changes in fair value	<b>(61)</b>	(63)
Investment income	<b>51</b>	71
(Including: Income from investment in associates)	<b>32</b>	29
Operating profit	<b>16,841</b>	15,992
Add: Non-operating income	<b>139</b>	65
Less: Non-operating expenses	<b>173</b>	81
(Including: Loss from disposal of non-current assets)	<b>6</b>	-
Profit before income tax	<b>16,807</b>	15,976
Less: Income tax expense	<b>3,601</b>	3,744
Net profit	<b>13,206</b>	12,232
Net profit attributable to equity shareholders of the Company	<b>11,183</b>	10,524
Minority interests	<b>2,023</b>	1,708
Earnings per share:		
Basic earnings per share (RMB)	<b>0.562</b>	0.529
Diluted earnings per share (RMB)	<b>0.562</b>	0.529
Other comprehensive income	<b>66</b>	47
Total comprehensive income	<b>13,272</b>	12,279
Total comprehensive income attributable to equity shareholders of the Company	<b>11,255</b>	10,571
Total comprehensive income attributable to minority interests	<b>2,017</b>	1,708

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

**Prepared under Accounting Standards for Business Enterprises**

**Income Statement**

For the three months ended 31 March 2012

Unit: RMB million (Unaudited)

	<b>For the three months ended 31 March 2012</b>	For the three months ended 31 March 2011
Operating income	<b>12,409</b>	42,822
Less: Operating costs	<b>8,575</b>	36,534
Business taxes and surcharges	<b>389</b>	595
Selling expenses	-	116
Administrative expenses	<b>1,239</b>	1,053
Financial income, net	<b>(112)</b>	(99)
Add: Loss from changes in fair value	<b>(63)</b>	(56)
Investment income	<b>2,826</b>	1,206
(Including: (Loss)/income from investment in associates)	<b>(8)</b>	12
Operating profit	<b>5,081</b>	5,773
Add: Non-operating income	<b>48</b>	11
Less: Non-operating expenses	<b>127</b>	54
(Including: Loss from disposal of non-current assets)	-	-
Profit before income tax	<b>5,002</b>	5,730
Less: Income tax expense	<b>643</b>	1,032
Net profit	<b>4,359</b>	4,698
Other comprehensive income	-	-
Total comprehensive income	<b>4,359</b>	4,698

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

**Prepared under Accounting Standards for Business Enterprises**

**Consolidated balance sheet**

As at 31 March 2012

Unit: RMB million (Unaudited)

	As at 31 March 2012	As at 31 December 2011
<b>Current assets</b>		
Cash at bank and on hand	73,506	69,060
Financial assets held for trading	799	933
Bills receivable	776	973
Accounts receivable	16,523	12,392
Prepayments	2,377	2,256
Other receivables	3,466	2,971
Inventories	14,967	12,628
Other current assets	8,147	6,724
<b>Total current assets</b>	<b>120,561</b>	<b>107,937</b>
<b>Non-current assets</b>		
Long-term equity investments	4,299	3,833
<b>Fixed assets</b>	<b>197,936</b>	<b>198,360</b>
Construction in progress	36,726	33,629
Construction materials	560	540
Intangible assets	31,829	31,365
Long-term deferred expenses	2,881	2,936
Deferred tax assets	2,646	2,319
Other non-current assets	16,781	16,629
<b>Total non-current assets</b>	<b>293,658</b>	<b>289,611</b>
<b>Total assets</b>	<b>414,219</b>	<b>397,548</b>

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

Prepared under Accounting Standards for Business Enterprises

Consolidated balance sheet (continued)

As at 31 March 2012

Unit: RMB million (Unaudited)

	As at 31 March 2012	As at 31 December 2011
Current liabilities		
Short-term loans	4,413	5,011
Bills payable	671	64
Accounts payable	23,290	23,604
Receipts in advance	4,743	4,859
Staff costs payable	4,496	3,695
Taxes payable	12,930	12,546
Interest payable	432	255
Dividends payable	2,374	2,405
Other payables	24,600	23,461
Non-current liabilities due within one year	9,735	11,649
Total current liabilities	87,684	87,549
Non-current liabilities		
Long-term loans	44,831	44,013
Long-term payables	2,254	2,346
Estimated liabilities	1,768	1,724
Deferred tax liabilities	629	437
Total non-current liabilities	49,482	48,520
Total liabilities	137,166	136,069
Shareholders' equity		
Share capital	19,890	19,890
Capital reserve	82,598	82,598
Specific reserve	5,489	4,580
Surplus reserve	11,433	11,433
Retained earnings	115,162	104,025
Exchange differences on translation of financial statements of overseas subsidiaries	698	626
Equity attributable to equity shareholders of the Company	235,270	223,152
Minority interests	41,783	38,327
Total shareholders' equity	277,053	261,479
Total liabilities and shareholders' equity	414,219	397,548

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



**Prepared under Accounting Standards for Business Enterprises**

**Balance sheet**  
As at 31 March 2012

Unit: RMB million (Unaudited)

	As at 31 March 2012	As at 31 December 2011
<b>Current assets</b>		
Cash at bank and on hand	54,217	49,646
Financial assets held for trading	403	467
Bills receivable	136	299
Accounts receivable	42,328	33,379
Prepayments	1,002	1,005
Dividends receivable	6,729	6,729
Other receivables	14,065	12,688
Inventories	3,114	3,115
Other current assets	33,106	32,553
<b>Total current assets</b>	<b>155,100</b>	<b>139,881</b>
<b>Non-current assets</b>		
Long-term equity investments	69,039	65,889
<b>Fixed assets</b>	<b>41,441</b>	<b>44,593</b>
Construction in progress	6,478	5,926
Construction materials	121	134
Intangible assets	14,056	14,511
Long-term deferred expenses	1,805	1,923
Deferred tax assets	1,009	864
Other non-current assets	12,336	13,898
<b>Total non-current assets</b>	<b>146,285</b>	<b>147,738</b>
<b>Total assets</b>	<b>301,385</b>	<b>287,619</b>

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

**Prepared under Accounting Standards for Business Enterprises**

**Balance sheet (continued)**

As at 31 March 2012

Unit: RMB million (Unaudited)

	As at 31 March 2012	As at 31 December 2011
Current liabilities		
Accounts payable	7,462	9,502
Receipts in advance	60	74
Staff costs payable	2,392	2,208
Taxes payable	4,195	5,162
Interest payable	156	123
Other payables	6,166	6,183
Non-current liabilities due within one year	969	2,328
Other non-current liabilities	95,814	82,031
Total current liabilities	117,214	107,611
Non-current liabilities		
Long-term loans	6,687	7,587
Long-term payables	1,630	1,678
Estimated liabilities	962	940
Total non-current liabilities	9,279	10,205
Total liabilities	126,493	117,816
Shareholders' equity		
Share capital	19,890	19,890
Capital reserve	83,160	83,160
Specific reserve	4,196	3,466
Surplus reserve	11,433	11,433
Retained earnings	56,213	51,854
Total shareholders' equity	174,892	169,803
Total liabilities and shareholders' equity	301,385	287,619

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 three months ended 31 March 2012

Unit: RMB million (Unaudited)

	<b>For the three months ended 31 March 2012</b>	For the three months ended 31 March 2011 (restated)
Cash flows from operating activities		
Cash received from sale of goods and rendering of services	<b>64,824</b>	52,445
Refund of taxes	<b>1</b>	2
Cash received relating to other operating activities	<b>926</b>	5,936
Sub-total of cash inflows from operating activities	<b>65,751</b>	58,383
Cash paid for goods and services	<b>(31,098)</b>	(21,478)
Cash paid to and for employees	<b>(2,610)</b>	(2,420)
Cash paid for all types of taxes	<b>(11,544)</b>	(9,150)
Cash paid relating to other operating activities	<b>(3,454)</b>	(924)
Sub-total of cash outflows from operating activities	<b>(48,706)</b>	(33,972)
Net cash inflow from operating activities	<b>17,045</b>	24,411
Cash flows from investment activities		
Cash received from disposal of investments	<b>73</b>	-
Cash received from return on investments	<b>19</b>	53
Net cash received from disposal of fixed assets	<b>55</b>	2
Cash received on maturity of time deposits from financial institutions	<b>123</b>	408
Cash received upon acquisition of subsidiaries	<b>444</b>	-
Cash received relating to other investing activities	<b>363</b>	270
Sub-total of cash inflows from investing activities	<b>1,077</b>	733
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	<b>(7,835)</b>	(6,818)
Consideration paid for acquired entities and business	<b>-</b>	(7,666)
Cash paid for time deposits with financial institutions	<b>(311)</b>	(30)
Net cash paid for restricted deposits with financial institutions	<b>(307)</b>	(1,857)
Sub-total of cash outflows from investing activities	<b>(8,453)</b>	(16,371)
Net cash outflow from investing activities	<b>(7,376)</b>	(15,638)
Cash flows from financing activities		
Cash received from investors	<b>364</b>	325
Cash received from loans	<b>312</b>	1,436
Cash received relating to other financing activities	<b>-</b>	40
Sub-total of cash inflows from financing activities	<b>676</b>	1,801
Cash repayments of loans	<b>(4,368)</b>	(10,196)
Cash paid for dividend, profit distributions or interest	<b>(2,028)</b>	(1,622)
(Including: Dividends paid to minority shareholders of subsidiaries)	<b>(1,314)</b>	(652)
Sub-total of cash outflows from financing activities	<b>(6,396)</b>	(11,818)

Net cash outflow from financing activities	<b>(5,720)</b>	(10,017)
Effect of foreign exchange rate changes on cash and cash equivalents	<b>2</b>	3
Net increase/(decrease) in cash and cash equivalents	<b>3,951</b>	(1,241)
Add: Cash and cash equivalents at the beginning of the period	<b>61,437</b>	77,212
Cash and cash equivalents at the end of the period	<b>65,388</b>	75,971

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 three months ended 31 March 2012

Unit: RMB million (Unaudited)

	For the three months ended 31 March 2012	For the three months ended 31 March 2011
Cash flows from operating activities		
Cash received from sale of goods and rendering of services	4,201	47,677
Refund of taxes	-	2
Cash received relating to other operating activities	966	824
Sub-total of cash inflows from operating activities	5,167	48,503
Cash paid for goods and services	(5,835)	(44,438)
Cash paid to and for employees	(1,133)	(1,100)
Cash paid for all types of taxes	(3,359)	(4,590)
Cash paid relating to other operating activities	(291)	(256)
Sub-total of cash outflows from operating activities	(10,618)	(50,384)
Net cash outflow from operating activities	(5,451)	(1,881)
Cash flows from investment activities		
Cash received from disposal of investments	8,280	11,434
Cash received from return on investments	3,045	1,809
Net cash received from disposal of fixed assets	38	45
Cash received on maturity of time deposits from financial institutions	50	-
Cash received relating to other investing activities	197	253
Sub-total of cash inflows from investing activities	11,610	13,541
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	(1,344)	(2,548)
Cash paid for acquisition of investments	(12,437)	(12,651)
Consideration paid for acquired entities and business	-	(7,666)
Net cash paid for restricted deposits with financial institutions	-	(323)
Sub-total of cash outflows from investing activities	(13,781)	(23,188)
Net cash outflow from investing activities	(2,171)	(9,647)
Cash flows from financing activities		
Cash received from loans	113,107	35,314
Sub-total of cash inflows from financing activities	113,107	35,314
Cash repayments of loans	(100,679)	(31,103)
Cash paid for dividends, profit distribution or interest	(186)	(175)
Sub-total of cash outflows from financing activities	(100,865)	(31,278)
Net cash inflow from financing activities	12,242	4,036
Net increase/(decrease) in cash and cash equivalents	4,620	(7,492)
Add: Cash and cash equivalents at the beginning of the period	49,172	68,368
Cash and cash equivalents at the end of the period	53,792	60,876

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