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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 2018

Pursuant to the rules and regulations of the China Securities Regulatory Commission and the Shanghai Stock Exchange, China Shenhua Energy Company Limited (the “**Company**”) is required to announce the 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 of directors of the Company (the “**Board**”) is pleased to announce the results of the Group for the three months ended 31 March 2018 prepared in accordance with the 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 representation, misleading statement or material omission, and shall severally and jointly accept legal liability.
- 1.2 This report was considered and approved at the 11th meeting of the fourth session of the Board. Eight out of eleven eligible directors (each a “**Director**”) attended the meeting in person. Gao Song and Mi Shuhua, both being Directors, requested for leave due to business engagement and appointed Ling Wen, a Director, to attend the meeting and vote on behalf of them. Zhao Jibin, a Director, requested for leave due to business engagement and appointed Han Jianguo, a Director, to attend the meeting and vote on behalf of him.
- 1.3 Ling Wen, Chairman of the Company, Zhang Kehui, Chief Financial Officer of the Company and Xu Shancheng, General Manager of Finance Department of the Company, guarantee the truthfulness, accuracy and completeness of the financial statements contained in this quarterly report.
- 1.4 The financial statements of the first quarterly report of the Company are prepared in accordance with IFRSs, but have not been audited or reviewed. Major differences between the financial statements prepared under the IFRSs and those under the Accounting Standards for Business Enterprises are detailed in the explanation under Section 2.2 of this report.

2. COMPANY PROFILE

2.1 Major financial data

	January to March 2018	January to March 2017	Percentage Change %
Basic earnings per share (RMB/share)	0.614	0.650	(5.7)
Net cash generated from operating activities per share (RMB/share)	0.59	1.26	(52.7)
Net cash generated from operating activities per share excluding the impact of Shenhua Finance Company (RMB/share)	0.66	1.18	(44.6)
Revenue (RMB million)	62,979	61,062	3.1
Profit before income tax (RMB million)	18,227	18,530	(1.6)
Profit for the period (RMB million)	14,915	15,065	(1.0)
Profit attributable to equity holders of the Company for the period (RMB million)	12,203	12,937	(5.7)
Net cash generated from operating activities (RMB million)	11,810	24,983	(52.7)
Net cash generated from operating activities excluding the impact of Shenhua Finance Company (RMB million)	13,044	23,524	(44.6)
	As at 31 March 2018	As at 31 March 2017	Percentage Change %
Total assets (RMB million)	578,009	571,602	1.1
Total liabilities (RMB million)	184,133	192,497	(4.3)
Total equity (RMB million)	393,876	379,105	3.9
Equity attributable to equity holders of the Company (RMB million)	317,593	305,541	3.9
Equity attributable to equity holders per share (RMB/share)	15.97	15.36	3.9

2.2 Major differences of financial statements prepared under different accounting standards

Unit: RMB million

Items	Net profit attributable to equity holders of the Company		Net assets attributable to equity holders of the Company	
	January to March 2018	January to March 2017	As at 31 March 2018	As at 31 March 2017
	Under the Accounting Standards for Business Enterprises	11,633	12,235	313,652
Adjustment:				
Simple production maintenance, production safety and other related expenditures	570	702	3,941	4,054
Under IFRSs	12,203	12,937	317,593	305,541

Explanation: 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 Group 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 as and when incurred. Relevant capital expenditure is recognized as property, plant and equipment when incurred and depreciated according to the relevant depreciation method. The effect on deferred tax arising from such difference is also reflected.

2.3 Major operating data

Operational indicator	Unit	January to March 2018	January to March 2017	Percentage Change %
(I) Coal				
1. Commercial coal production	million tonnes	72.1	78.0	(7.6)
2. Coal sales	million tonnes	108.4	113.3	(4.3)
(II) Power generation				
1. Gross power generation	billion kWh	66.50	59.90	11.0
2. Total power output dispatch	billion kWh	62.48	56.21	11.2
(III) Coal chemical				
1. Sales volume of polyethylene	kilo tonnes	92.0	92.8	(0.9)
2. Sales volume of polypropylene	kilo tonnes	81.9	85.5	(4.2)
(IV) Transportation				
1. Turnover of self-owned railway transportation	billion tonne km	68.1	67.9	0.3
2. Seaborne coal	million tonnes	58.9	67.7	(13.0)
Of which: Via Huanghua Port	million tonnes	42.0	47.3	(11.2)
Via Shenhua Tianjin Coal Dock	million tonnes	10.1	11.0	(8.2)
3. Shipment volume	million tonnes	24.9	22.0	13.2
4. Shipment turnover	billion tonne nautical miles	21.0	18.9	11.1

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

Total number of shareholders	210,197
Including: Number of holders of A shares	208,036
Number of registered holders of H shares	2,161

Unit: shares

Shareholding of top ten shareholders

Name of shareholder	Number of shares held at the end of the period	Percentage %	Number of shares held subject to selling restrictions	Status of shares	Shares pledged or frozen Number	Nature of shareholder
China Energy Investment Corporation Limited	14,530,574,452	73.06	0	Nil	N/A	State
HKSCC NOMINEES LIMITED	3,391,136,798	17.05	0	Unknown	N/A	Foreign legal person
China Securities Finance Corporation Limited	596,614,097	3.00	0	Nil	N/A	Others
Central Huijin Asset Management Ltd.	110,027,300	0.55	0	Nil	N/A	State
Hong Kong Securities Clearing Company Limited	56,687,416	0.29	0	Nil	N/A	Foreign legal person
Bank of Communications – E Fund 50 Index Securities Investment Fund	15,036,840	0.08	0	Nil	N/A	Others
Industrial & Commercial Bank of China – SSE Index 50 Trading Open-end Index Securities Investment Fund	14,073,508	0.07	0	Nil	N/A	Others
National Social Security Fund 113 Package (全國社保基金一一三組合)	9,257,986	0.05	0	Nil	N/A	State
ICBC Credit Suisse Asset – ICBC – Specific Clients Asset Management	8,374,854	0.04	0	Nil	N/A	Others
Monetary Authority of Macao – Own fund	7,683,428	0.04	0	Nil	N/A	Foreign legal person

Shareholdings of top ten shareholders without selling restrictions

Name of shareholders	Number of shares without selling restrictions	Type and number of shares	
		Type	Number
China Energy Investment Corporation Limited	14,530,574,452	RMB ordinary shares	14,530,574,452
HKSCC NOMINEES LIMITED	3,391,136,798	Overseas listed foreign shares	3,391,136,798
China Securities Finance Corporation Limited	596,614,097	RMB ordinary shares	596,614,097
Central Huijin Asset Management Ltd.	110,027,300	RMB ordinary shares	110,027,300
Hong Kong Securities Clearing Company Limited	56,687,416	RMB ordinary shares	56,687,416
Bank of Communications – E Fund 50 Index Securities Investment Fund	15,036,840	RMB ordinary shares	15,036,840
Industrial & Commercial Bank of China – SSE Index 50 Trading Open-end Index Securities Investment Fund	14,073,508	RMB ordinary shares	14,073,508
National Social Security Fund 113 Package (全國社保基金一一三組合)	9,257,986	RMB ordinary shares	9,257,986
ICBC Credit Suisse Asset – ICBC – Specific Clients Asset Management	8,374,854	RMB ordinary shares	8,374,854
Monetary Authority of Macao – Own fund	7,683,428	RMB ordinary shares	7,683,428

Statement on the connected relationships among the above shareholders or whether they are parties acting in concert Both of HKSCC Nominees Limited and Hong Kong Securities Clearing Company Limited are wholly-owned subsidiaries of Hong Kong Exchanges and Clearing Limited; the custodian bank for Industrial & Commercial Bank of China – SSE Index 50 Trading Open-end Index Securities Investment Fund and ICBC Credit Suisse Asset – ICBC – Specific Clients Asset Management is Industrial and Commercial Bank of China Limited. Save as disclosed above, the Company is not aware of any connected relationships between the top ten shareholders without selling restrictions and the top ten shareholders, and whether they are parties acting in concert as defined in the Measures for Administration of Acquisition of Listed Companies of China Securities Regulatory Commission.

Statement on holders of preference shares with voting rights restored and number of shares held N/A

Note: H shares held by HKSCC Nominees Limited are held on behalf of a number of its clients; A shares held by Hong Kong Securities Clearing Company Limited are held on behalf of a number of its clients.

2.5 Total number of holders of preference shares and shareholding of top ten holders of preference shares and top ten holders of preference shares not subject to selling restrictions at the end of the reporting period

Applicable Not applicable

3. SIGNIFICANT EVENTS

3.1 Changes in major items of financial statements of the Company and the underlying reasons

From January to March 2018, the revenue of the Group under the IFRSs was RMB62,979 million (for the corresponding period in 2017: RMB61,062 million), representing a year-on-year increase of 3.1%. Profit before income tax was RMB18,227 million (for the corresponding period in 2017: RMB18,530 million), representing a year-on-year decrease of 1.6%. The profit attributable to equity holders of the Company for the period was RMB12,203 million (for the corresponding period in 2017: RMB12,937 million), representing a year-on-year decrease of 5.7%.

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

Unit: RMB million

No.	Items of consolidated statement of profit or loss and other comprehensive income	January to March 2018	January to March 2017	Percentage change %	Major reasons for changes
1	Revenue	62,979	61,062	3.1	Growth of power output dispatch; year-on-year slight increase of power tariff
2	Cost of sales	(41,775)	(39,990)	4.5	Increase in cost of sales for coal purchased; increase in cost for power output dispatch due to growth of power output dispatch
3	Other gains and losses	(42)	37	(213.5)	Decrease in gain from wealth management products
4	Other income	114	460	(75.2)	Decrease in government grants to port and power segments
5	Interest income	188	246	(23.6)	Decrease in interest income from external loans
6	Finance costs	(1,031)	(1,172)	(12.0)	Decrease in interest expenses

Unit: RMB million

No.	Items of consolidated statement of financial position	As at 31 March 2018	As at 31 March 2017	Percentage change %	Major reasons for changes
1	Inventories	15,486	11,647	33.0	Increase in coal inventories
2	Accounts and bills receivable	20,361	19,455	4.7	Increase in balance of receivables of coal business
3	Prepaid expenses and other current assets	21,647	20,452	5.8	Increase in balance of prepayments for coal and power business
4	Accounts and bills payable	31,856	33,914	(6.1)	Decrease in balance of accounts payable for transportation and power business; decrease in settlement of bills payable for power business
5	Accrued expenses and other payables	48,760	51,995	(6.2)	Decrease in balance of payable for dividends of minority shareholders; decrease in deposits placed with Shenhua Finance Company
6	Current portion of bonds	0	3,267	(100.0)	Repayment of bonds upon maturity
7	Income tax payable	3,503	5,604	(37.5)	Decrease in income tax payable for coal and railway business

Unit: RMB million

No.	Items of the consolidated statement of cash flows	From January to March 2018	From January to March 2017	Percentage Change %	Major reasons for changes
1	Net cash generated from operating activities	11,810	24,983	(52.7)	Decrease in net cash inflow due to the decrease in balance of payables related to operating activities, increase in balance of receivables related to operating activities, and increase in inventories; decrease in deposits placed with Shenhua Finance Company
	Including: Net cash generated from (used in) operating activities of Shenhua Finance Company ^{Note}	(1,234)	1,459	(184.6)	
	Net cash generated from operating activities excluding the impact of Shenhua Finance Company	13,044	23,524	(44.6)	
2	Net cash generated from (used in) investing activities	(2,179)	16,472	(113.2)	Significant amount of wealth management products redeemed in the corresponding period of previous year
3	Net cash used in financing activities	(4,660)	(609)	665.2	Year-on-year decrease in net balance of debt financing; increase in dividends paid to minority shareholders

Note: This item represents the cash flow of deposits and loans, interests, fees and commission generated from financial services, including deposits and loans, to other units apart from the Group provided by Shenhua Finance Company.

3.2 Operation of the coal segment

3.2.1 Sales

	From January to March 2018			From January to March 2017			Percentage change	
	Sales volume	Percentage to total sales	Price	Sales volume	Percentage to total sales	Price	Sales volume	Price
	<i>Million tonnes</i>	<i>%</i>	<i>RMB/tonne</i>	<i>Million tonnes</i>	<i>%</i>	<i>RMB/tonne</i>	<i>%</i>	<i>%</i>
I. Domestic sales	106.6	98.4	439	111.7	98.5	422	(4.6)	4.0
(I) Self-produced coal and purchased coal	99.5	91.8	437	107.9	95.1	421	(7.8)	3.8
1. Direct arrival	41.2	38.0	320	41.0	36.2	300	0.5	6.7
2. Seaborne	58.3	53.8	519	66.9	58.9	495	(12.9)	4.8
(II) Sales of domestic trading coal	7.1	6.6	472	3.6	3.2	440	97.2	7.3
(III) Sales of imported coal	0.0	0.0	576	0.2	0.2	520	(100.0)	10.8
II. Export sales	0.7	0.6	470	0.8	0.7	347	(12.5)	35.4
III. Overseas sales	1.1	1.0	517	0.8	0.8	262	37.5	97.3
Total sales volume/average price	108.4	100.0	440	113.3	100.0	420	(4.3)	4.8

Note: (i) Sales prices of coal in this report are all exclusive of tax; (ii) Sales volume of imported coal from January to March 2018 is 12 thousand tonnes.

3.2.2 Operating Results (Before Elimination on Consolidation)

		From January to March 2018	From January to March 2017	Percentage change %	Major reasons for changes
Revenue	RMB million	48,785	48,700	0.2	Year-on-year decrease in coal sales volume, with an increase in average coal sales price
Cost of sales	RMB million	36,955	35,554	3.9	Year-on-year increase of 41.8% in sales volume of coal purchased, leading to increase in relevant purchase costs
Gross profit	RMB million	11,830	13,146	(10.0)	
Gross profit margin	%	24.2	27.0	Decreased by 2.8 percentage points	

3.2.3 Unit Production Cost of Self-Produced Coal

Unit: RMB/tonne

	From January to March 2018	From January to March 2017	Percentage Change %	Major reasons for changes
Unit production cost of self-produced coal	111.6	105.9	5.4	
Raw materials, fuel and power	20.7	17.8	16.3	Year-on-year decrease in coal production, and increase in material consumption by suspended open-pit coal mines conducting stripping works to resume production
Labour costs	20.6	17.3	19.1	Year-on-year decrease in coal production
Repairs and maintenance	6.4	8.0	(20.0)	Decrease in repair and maintenance work in this reporting period as compared to the corresponding period of previous year
Depreciation and amortization	20.5	19.7	4.1	Year-on-year decrease in coal production
Others	43.4	43.1	0.7	

Other costs consist of the following three components: ① expenses directly related to production, including coal washing, selecting and processing expenses, and mining engineering expenses, etc., accounting for approximately 56%; ② auxiliary production expenses, accounting for approximately 26%; ③ land requisition and surface subsidence compensation, environmental protection expenses, tax, fees levied by local government, etc., accounting for approximately 18%.

3.1 Operation of the power segment

3.3.1 Power Generation and Power Output Dispatch

Location/ Type of power	Power Generation billion kWh		Power output dispatch billion kWh		Average utilization hours Hours		Power tariff RMB/MWh	
	From January to March 2018	From January to March 2017	From January to March 2018	From January to March 2017	From January to March 2018	From January to March 2017	From January to March 2018	From January to March 2017
	Domestic	66.07	59.53	62.11	55.89	1,150	1,062	316
Coal-fired power	64.58	58.04	60.66	54.45	1,162	1,071	310	299
Wind power	-	0.01	-	0.01	-	492	-	598
Hydropower	0.09	0.09	0.09	0.08	743	690	288	289
Gas-fired power	1.40	1.39	1.36	1.35	808	803	587	567
Overseas	0.43	0.37	0.37	0.32	1,421	1,241	485	484
Coal-fired power	0.43	0.37	0.37	0.32	1,421	1,241	485	484
Total/Weighted average	66.50	59.90	62.48	56.21	1,151	1,063	317	307

3.3.2 Power Generators

Unit: MW

Classified by Power Type	Total installed capacity as at 31 December 2017	Changes	Total installed capacity as at 31 March 2018
		of installed capacity from January to March 2018	
1. Coal-fired power	55,984	(100)	55,884
2. Wind power	16	-	16
3. Hydropower	125	-	125
4. Gas-fired power	1,730	-	1,730
Total	57,855	(100)	57,755

In the first quarter of 2018, Shenhua Funeng Power Co., Ltd. and Shenhua Guohua Shouguang Power Generation Company Limited had 100MW and 20MW of new installed capacity respectively; CLP Guohua Shenmu Power Co., Ltd. had shut down 2 × 110MW generator, all of which are subsidiaries of the Group.

3.3.3 Operating Results (Before Elimination on Consolidation)

		From January to March 2018	From January to March 2017	Percentage change %	Major reasons for changes
Revenue	RMB million	20,885	18,073	15.6	Increase in power output dispatch and average power tariff
Cost of sales	RMB million	17,271	15,836	9.1	
Gross profit	RMB million	3,614	2,237	61.6	Increase in power generation
Gross profit margin	%	17.3	12.4	Increased by 4.9 percentage points	

From January to March 2018, the Group's average cost of power output dispatch of the power segment was RMB270.7/MWh (for the same period in 2017: RMB275.3/MWh), representing a year-on-year decrease of 1.7%, which was mainly attributable to the decrease in labour, depreciation and amortisation unit cost attributable to a year-on-year increase in power output dispatch.

3.4 Major operation of transportation and coal chemical segments (before elimination on consolidation)

		Railway segment			Port segment			Shipping segment			Coal chemical segment		
		From January to March 2018	From January to March 2017	Percentage change %	From January to March 2018	From January to March 2017	Percentage change %	From January to March 2018	From January to March 2017	Percentage change %	From January to March 2018	From January to March 2017	Percentage change %
Revenue	RMB million	9,232	9,234	0.0	1,458	1,393	4.7	1,102	649	69.8	1,554	1,596	(2.6)
Cost of sales	RMB million	4,576	4,949	(7.5)	672	675	(0.4)	800	517	54.7	1,339	1,406	(4.8)
Gross profit	RMB million	4,656	4,285	8.7	786	718	9.5	302	132	128.8	215	190	13.2
Gross profit margin	%	50.4	46.4	Increased by 4.0 percentage points	53.9	51.5	Increased by 2.4 percentage points	27.4	20.3	Increased by 7.1 percentage points	13.8	11.9	Increased by 1.9 percentage points

3.5 Industry environment

In the first quarter of 2018, China's economy developed with steady growth and positive momentum, laying a solid foundation for stable and sound economic development of the year. The gross domestic product (GDP) increased by 6.8% on a year-on-year basis, and the producer price index (PPI) rose by 3.7% on a year-on-year basis.

From January to February, coal demands saw an increase, and coal price stayed at a high level, which was boosted by the steady growth and positive momentum of the domestic economy and the extensively low temperature in China. As high-quality capacity has been released and more imported coal has been introduced, coal price experienced significant decrease since March upon the additional effect of slump in demands. The national raw coal output was 800 million tonnes, representing a year-on-year increase of 3.9%; coal import volume was 75.4 million tonnes, representing a year-on-year increase of 16.6%. The coal price fluctuated with changes in supply and demand. The Bohai-Rim Steam-Coal Price Index (5,500kcal/kg) decreased from RMB577 per tonne as at the end of 2017 to RMB571 per tonne as at the end of March 2018, representing a decrease of 1.0%.

The power supply was relatively sufficient to meet the strong demand in China. The society-wide power consumption was 1,587.8 billion kWh in total, representing a year-on-year increase of 9.8% and hitting the peak among the corresponding periods since 2012. Thermal power generation by power plants above a designated scale in China amounted to 1,214.8 billion kWh, representing a year-on-year increase of 6.9%, and the average utilisation hours of power generators increased by 52 hours on a year-on-year basis. Hydropower generation amounted to 193.3 billion kWh, representing a year-on-year increase of 2.6%.

For the second quarter, the demand for coal will enter into the traditional low season due to the rise at temperature and an increase in contribution of hydropower. High-quality coal production capacity will be released gradually, and coal supply will follow an upward trend. For the second half of this year, it is expected that the coal demand will maintain stable and the demand for thermal coal will record seasonal fluctuations. The coal supply capability in the country will improve, and it is expected that there will be a basic balance between supply and demand in the coal market of China. The implementation of policies in relation to the minimum and maximum coal inventory system and the accelerated development of the mechanism for execution and fulfillment of long-term agreements between coal producers and power plants will be conducive to the stability of the coal market and price.

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

✓ Applicable Not applicable

On 1 March 2018, the ninth meeting of the fourth session of the Board considered and approved the Resolution in Relation to Entering into Conditional “Supplemental Agreement to the Non-Competition Agreement” with China Energy Investment Corporation Limited, the Resolution in Relation to Establishment of Joint Venture Company and Entering into “Agreement on Establishment of the Joint Venture Company by way of Assets Reorganizations” and the Resolution in Relation to Revision of Annual Caps on Certain Connected Transactions for 2018 and 2019, and proposed such resolutions to the general meeting for consideration and approval. For details, please refer to H shares announcements dated 1 March 2018 and A shares announcements dated 2 March 2018.

On 27 April 2018, the 2018 first extraordinary general meeting of the Company has approved the above resolutions.

3.7 Commitments that have yet to be fulfilled within the stated timeframe during the reporting period

Applicable ✓ Not applicable

3.8 Warnings and explanations with regard to forecast of a probable loss in respect of the accumulated net profits from the beginning of the 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

3.9 Others

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

3.10 Definition

China Shenhua or the Company	China Shenhua Energy Company Limited
The Group	the Company and its controlling subsidiaries
Shenhua Finance Company	Shenhua Finance Company Limited
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
International Financial Reporting Standards or IFRSs	International Financial Reporting Standards issued by the International Accounting Standards Committee

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

Beijing, 27 April 2018

As at the date of this announcement, the Board comprises the following: Dr. Ling Wen, Dr. Han Jianguo, Dr. Li Dong, Mr. Gao Song and Mr. Mi Shuhua as executive directors, Mr. Zhao Jibin as non-executive director, and Dr. Tam Wai Chu, Maria, Dr. Jiang Bo, Ms. Zhong Yingjie, Christina, Dr. Peng Suping and Dr. Huang Ming as independent non-executive directors.

APPENDIX
PREPARED UNDER IFRSs

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

For the three months ended 31 March

	2018	2017
	<i>RMB million</i>	<i>RMB million</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	62,979	61,062
Cost of sales	(41,775)	(39,990)
Gross profit	21,204	21,072
Selling expenses	(152)	(154)
General and administrative expenses	(2,038)	(1,946)
Other gains and losses	(42)	37
Other income	114	460
Other expenses	(45)	(46)
Interest income	188	246
Finance costs	(1,031)	(1,172)
Share of results of associates	29	33
Profit before income tax	18,227	18,530
Income tax expense	(3,312)	(3,465)
Profit for the period	14,915	15,065
Other comprehensive (expense) income for the period		
<i>Item that may be reclassified subsequently to profit or loss, net of income tax</i>		
Exchange differences	(208)	92
Fair value gain on available-for-sale investment	2	4
Other comprehensive (expense) income for the period, net of income tax	(206)	96
Total comprehensive income for the period	14,709	15,161

	2018 <i>RMB million</i> (unaudited)	2017 <i>RMB million</i> (unaudited)
Profit for the period attributable to:		
Equity holders of the Company	12,203	12,937
Non-controlling interests	2,712	2,128
	14,915	15,065
Total comprehensive income for the period attributable to:		
Equity holders of the Company	12,030	13,035
Non-controlling interests	2,679	2,126
	14,709	15,161
Earnings per share (RMB)		
– Basic	0.614	0.650

Legal representative:
Ling Wen

Chief Financial Officer:
Zhang Kehui

*General Manager of the
Financial Department:*
Xu Shancheng

PREPARED UNDER IFRSs**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***As at 31 March 2018*

	As at 31 March 2018 RMB million (unaudited)	As at 31 December 2017 RMB million (audited)
Non-current assets		
Property, plant and equipment	324,575	329,970
Construction in progress	40,901	39,054
Exploration and evaluation assets	947	998
Intangible assets	3,460	3,447
Interests in associates	9,593	9,513
Available-for-sale investments	746	854
Other non-current assets	32,993	33,466
Lease prepayments	17,759	17,858
Deferred tax assets	3,925	3,798
	<hr/>	<hr/>
Total non-current assets	434,899	438,958
	<hr/>	<hr/>
Current assets		
Inventories	15,486	11,647
Accounts and bills receivable	20,361	19,455
Prepaid expenses and other current assets	21,647	20,452
Restricted bank deposits	7,215	7,348
Time deposits with original maturity over three months	1,644	1,870
Cash and cash equivalents	76,757	71,872
	<hr/>	<hr/>
Total current assets	143,110	132,644
	<hr/>	<hr/>

	As at 31 March 2018	As at 31 December 2017
	<i>RMB million</i>	<i>RMB million</i>
	(unaudited)	(audited)
Current liabilities		
Borrowings	16,540	15,785
Accounts and bills payable	31,856	33,914
Accrued expenses and other payables	48,760	51,995
Current portion of medium-term notes	4,997	4,995
Current portion of bonds	0	3,267
Current portion of long-term liabilities	347	345
Income tax payable	3,503	5,604
	<hr/>	<hr/>
Total current liabilities	106,003	115,905
	<hr/>	<hr/>
Net current assets	37,107	16,739
	<hr/>	<hr/>
Total assets less current liabilities	472,006	455,697
	<hr/>	<hr/>
Non-current liabilities		
Borrowings	66,001	64,321
Bonds	6,243	6,485
Long-term liabilities	2,342	2,292
Accrued reclamation obligations	2,794	2,745
Deferred tax liabilities	750	749
	<hr/>	<hr/>
Total non-current liabilities	78,130	76,592
	<hr/>	<hr/>
Net assets	393,876	379,105
	<hr/> <hr/>	<hr/> <hr/>

	As at 31 March 2018	As at 31 December 2017
	<i>RMB million</i>	<i>RMB million</i>
	(unaudited)	(audited)
Equity		
Share capital	19,890	19,890
Reserves	297,703	285,651
	<hr/>	<hr/>
Equity attributable to equity holders of the Company	317,593	305,541
Non-controlling interests	76,283	73,564
	<hr/>	<hr/>
Total equity	393,876	379,105
	<hr/> <hr/>	<hr/> <hr/>

Legal representative:
Ling Wen

Chief Financial Officer:
Zhang Kehui

*General Manager of the
Financial Department:*
Xu Shancheng

PREPARED UNDER IFRSs**CONSOLIDATED STATEMENT OF CASH FLOWS***For the three months ended 31 March*

	2018	2017
	<i>RMB million</i>	<i>RMB million</i>
	(unaudited)	(unaudited)
Operating activities		
Cash generated from operations	17,234	27,862
Income taxes paid	(5,424)	(2,879)
	<hr/>	<hr/>
Net cash generated from operating activities	11,810	24,983
	<hr/>	<hr/>
Investing activities		
Acquisition of property, plant and equipment, intangible assets, exploration and evaluation assets, and additions to construction in progress and other non-current assets	(2,757)	(2,937)
Increase in lease prepayments	(45)	(136)
Proceeds from disposal of property, plant and equipment, intangible assets, lease prepayments and other non-current assets	146	106
Investments in associates	(30)	(1)
Interest received	148	588
Decrease in restricted bank deposits	132	467
Increase in time deposits with original maturity over three months	0	(748)
Proceed from maturity of time deposits with original maturity over three months	227	2,186
Investment expenses in entrusted loans and entrusted financial products	0	(18,053)
Repayments received from entrusted loans	0	2,000
Proceed from disposal of entrusted wealth management products	0	33,000
	<hr/>	<hr/>
Net cash generated from (used in) investing activities	(2,179)	16,472
	<hr/>	<hr/>

	2018 <i>RMB million</i> (unaudited)	2017 <i>RMB million</i> (unaudited)
Financing activities		
Interest paid	(1,813)	(970)
Proceeds from borrowings	5,183	3,242
Repayments of borrowings	(5,565)	(1,994)
Contributions from non-controlling shareholders	39	489
Distributions to non-controlling shareholders	<u>(2,504)</u>	<u>(1,376)</u>
Net cash used in financing activities	<u>(4,660)</u>	<u>(609)</u>
Net increase in cash and cash equivalents	4,971	40,846
Cash and cash equivalents as at the beginning of the period	71,872	41,188
Effect of foreign exchange rate changes	<u>(86)</u>	<u>203</u>
Cash and cash equivalents as at the end of the period	<u><u>76,757</u></u>	<u><u>82,237</u></u>

Legal representative:
Ling Wen

Chief Financial Officer:
Zhang Kehui

*General Manager of the
Financial Department:*
Xu Shancheng