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**CHINA COAL ENERGY COMPANY LIMITED\***

**中國中煤能源股份有限公司**

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock code: 01898)**

## **THIRD QUARTERLY REPORT 2011**

Pursuant to the regulations and rules of China Securities Regulatory Commission and Shanghai Stock Exchange, China Coal Energy Company Limited (the "Company", together with its subsidiaries, collectively the "Group") is required to publish reports on a quarterly basis.

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.

This announcement is a summary of the 2011 third quarterly financial report of the Company for the nine months ended 30 September 2011. The full text of the financial quarterly report of the Company will also be available on the website of the Hong Kong Stock Exchange on 21 October 2011. The full text of the financial quarterly report is in Chinese only.

### **§1 IMPORTANT NOTICE**

- 1.1 The board of directors and the supervisory committee of the Company together with the directors, supervisors thereof and the senior management guarantee that the information set out in this report does not contain any false representations, misleading statements or material omissions, and severally and jointly accept responsibility for the truthfulness, accuracy and completeness of the content of this report.
- 1.2 Mr. Zhang Ke, an independent director of the Company, who was absent from the meeting for cause, appointed Mr. Wu Rongkang, an independent director of the Company, as his proxy to attend the meeting and exercise the voting right on his behalf. All the other directors of the Company attended the meeting in person.
- 1.3 This third quarterly financial report of the Company was unaudited.

1.4 Name of the person-in-charge of the Company	Wang An
Name of the person-in-charge of accounting affairs of the Company	Weng Qing'an
Name of the person responsible for the accounting department (head of the accounting department)	Chai Qiaolin

Wang An (the person-in-charge of the Company), Weng Qing'an (the person-in-charge of accounting affairs of the Company) and Chai Qiaolin (the person responsible for the accounting department, i.e., head of the accounting department) declare that the financial statements set out in this quarterly report are true and complete.

## §2 BASIC INFORMATION ABOUT THE COMPANY

### 2.1 Major accounting data and financial indicators

	As at the end of the reporting period	As at the end of the previous year	Increase/ (decrease) at the end of the reporting period as compared to the end of the previous year (%)
Total assets (RMB'000)	145,495,489	120,815,079	20.4
Owners' equity interest (or shareholders' equity interest) (RMB'000)	80,017,725	73,436,977	9.0
Net asset per share attributable to shareholders of the listed company (RMB per share)	6.04	5.54	9.0
	From the beginning of the year to the end of the reporting period (January to September)		Increase/ (decrease) compared to the corresponding period of previous year (%)
Net cash flows from operating activities (RMB'000)	9,710,079		55.8
Net cash flows per share from operating activities (RMB per share)	0.73		55.3

	<b>The reporting period (July to September)</b>	<b>From the beginning of the year to the end of the reporting period (January to September)</b>	<b>Increase/ (decrease) of the reporting period as compared to the corresponding period of previous year (%)</b>
Net profit attributable to shareholders of the Company (RMB'000)	2,657,417	7,645,841	26.1
Basic earnings per share (RMB per share)	0.20	0.58	26.1
Basic earnings per share after deducting non-recurring gains or losses (RMB per share)	0.20	0.57	29.5
Diluted earnings per share (RMB per share)	0.20	0.58	26.1
Weighted average return on net assets (%)	3.38	9.96	Increased by 1.40 percentage points
Weighted average return on net assets after deducting non-recurring gains or losses (%)	3.37	9.91	Increased by 1.72 percentage points

**Items after deducting non-recurring gains or losses and relevant amounts:***Unit: RMB'000*

<b>Items</b>	<b>Amount from the beginning of the year to the end of the reporting period (January to September)</b>
Gains or losses from disposal of non-current assets	18,590
Government grants (except for government grants which are closely related to enterprise business and granted according to the national standardised amounts or quotas) included in gains or losses for the current period	3,366
Gains or losses from debt restructuring	1,262
Gains or losses from changes in fair values of trading financial assets and trading financial liabilities held by the Company, and investment gains from disposal of trading financial assets and trading financial liabilities and financial assets available for sale, other than effective hedging activities associated with normal business operations of the Company	2,008
Gains or losses from external entrusted loans	41,568
Other non-operating income and expenses apart from the foregoing	-7,921
Effect of income tax	-13,572
Impact on minority interests (after tax)	-3,450
Total	41,851

## 2.2 Major productive and operational data

	January to September, 2011	January to September, 2010	Percentage change (%)
<b>I. Commercial coal production volume (10,000 tonnes)</b>	7,726	7,175	7.7
Including: Pingshuo Mining Area	5,999	5,709	5.1
Datun Mining Area	580	594	-2.4
Liliu Mining Area	149★	155	-3.9
Dongpo Coal Mine	525	261	101.1
Nanliang Coal Mine	135	151	-10.6
Dazhong Company	243	265	-8.3
Shuozhong Company	433	187	131.6
Intra-group elimination	-338	-147	129.9
<b>II. Commercial coal sales volume (10,000 tonnes)</b>	9,971	8,793	13.4
(I) Self-produced commercial coal	7,509	6,839	9.8
1. Thermal coal	7,422	6,769	9.6
(1) Export	57	113	-49.6
of which: Long-term contract	57	112.6	-49.4
Spot trading	—	0.3	-100.0
(2) Domestic sales	7,365	6,656	10.7
of which: Long-term contract	4,105	4,843	-15.2
Spot trading	3,260	1,813	79.8
2. Coking coal	87	70	24.3
(1) Export	☆	☆	☆
(2) Domestic sales	87	70	24.3
of which: Long-term contract	21	23	-8.7
Spot trading	66	47	40.4
(II) Proprietary coal trading	2,231	1,646	35.5
Of which: Self-operated exports	4*	1*	300.0
Domestic resale	2,007	1,519	32.1
Import trading	220	119	84.9
Transshipment trading	☆	7	-100.0
(III) Export agency	231	308	-25.0
<b>III. Coke production volume (10,000 tonnes)</b>	161	154	4.5
<b>IV. Output value of coal mining equipment (RMB 10,000)</b>	630,588	554,858	13.6

☆ : N/A

\* : Briquette export

★ : Huajin Coking Coal Co., Ltd has completed its split and therefore the production volume and sales of the commercial coal produced from Shaqu Mine in Liliu Mining Area are no longer included from September 2011 onwards.

## 2.3 Major differences arising from the adoption of different accounting standards in preparing the financial statements

*Unit: RMB'000*

	Net profit attributable to shareholders of the Company		Net assets attributable to shareholders of the Company	
	January to September, 2011	January to September, 2010 (restated) (e)	30 September 2011	31 December 2010
<b>According to PRC GAAP</b>	7,645,841	6,064,979	80,017,725	73,436,977
<b>Difference and Amount</b>				
(a) Adjustment to the Special Fund for the Coal Industry (including safety production and repair and maintenance costs, coal mine transformation fund, environmental restoration fund and sustainable development reserve)	803,017	999,255	1,932,170	2,139,418
(b) Deferred tax adjustment due to the Special Fund for the Coal Industry	-203,283	-350,611	-1,436,441	-1,314,041
(c) Adjustment to the government grants	5,029		-54,545	-58,524
(d) Adjustment to floating of non-tradable shares under equity split			-155,259	-155,259
<b>According to IFRS</b>	8,250,604	6,713,623	80,303,650	74,048,571

The differences in accounting under domestic and international accounting standards are as follows:

- (a) Adjustment to repair and maintenance cost and safety production cost: under the PRC GAAP and pursuant to the Interpretation No.3 of the PRC GAAP issued by the Ministry of Finance, the Company should make provisions in respect of repair and maintenance cost and safety production cost based on the raw coal production volume which will be accounted as the production cost and contributions made to the special reserves of equity attributable to shareholders. Non-capital expenditure incurred should be directly offset against special reserves upon occurrence, while capital expenditure incurred should be recorded as fixed assets upon completion, and offset against special reserves based on the cost of the fixed assets with accumulated depreciation fully recognised. After which, no subsequent provisions for depreciation would be made to relevant fixed assets. Under IFRS, the provisions for repair and maintenance cost and safety production cost recorded in cost are written back while relevant expenditure is recognised upon occurrence.

Adjustment to the coal mine transformation fund and environmental restoration fund: pursuant to regulations issued by the Shanxi provincial government effective from 1 October 2007, the mining subsidiaries of the Company located in Shanxi Province shall make provisions for coal mine transformation fund and environmental restoration fund based on raw coal production volume. Under PRC GAAP, the provision and accounting shall be consistent with that of basic production maintenance cost and safety production cost according to the Interpretation No.3 of the PRC GAAP issued by the Ministry of Finance. Based on relevant requirements, such funds should be specifically utilised for the transformation of coal mines and land restoration and environmental protection. Under IFRS, the amounts charged to the coal mine transformation fund and environmental restoration fund are written back. Relevant expenditures are recognised upon occurrence. In addition, Shanghai Datun Energy Resources Company Limited accrued RMB20/tonne based on the production volume of raw coal as the coal sustainable development reserve under PRC GAAP in accordance with the relevant documents issued by the authorities of Xuzhou, Jiangsu Province, and corresponding adjustments are made according to the aforesaid standards under IFRS.

- (b) Adjustment to deferred tax arising from differences in accounting standards: the adjustment to deferred tax owing to the temporary differences arising from the difference between the carrying values of the assets and liabilities under IFRS and that under PRC GAAP as a result of the aforesaid adjustments.

- (c) Adjustment to government grants: under PRC GAAP, the subsidies considered as capital investment by the government should be recorded in capital reserve. Under IFRS, the subsidies above shall be treated as government grants.
- (d) Adjustment to the floating of non-tradable shares under equity split: under PRC GAAP, the consideration paid by holders of non-tradable shares to holders of tradable shares in accordance with the reform proposal of equity split should be recorded as long-term equity investments in the balance sheet. Under IFRS, such consideration shall be recorded as interests of minority shareholders directly deducted from the equity attributable to shareholders.
- (e) The Amendment to IFRS 1 in 2010 permits entities to use statutory revaluation as deemed cost of assets. The Group has early adopted the amendment in the financial statements prepared under 2010 IFRS so that no difference occurs between the revaluation amount of long-term assets calculated under PRC GAAP and IFRS. The Company has restated the relevant amounts under IFRS for the period from January to September 2010 in accordance with the disclosure requirements of financial reporting.

#### 2.4 Total number of shareholders and top 10 holders of listed shares not subject to trading moratorium as at the end of the reporting period

*Unit: Share*

<b>Total number of shareholders as at the end of the reporting period</b>		344,240
<b>Particulars of the top 10 holders of listed shares not subject to trading moratorium</b>		
<b>Name of shareholders (full name)</b>	<b>Number of listed shares not subject to trading moratorium held as at the end of the reporting period</b>	<b>Type of shares</b>
China National Coal Group Corporation (中國中煤能源集團有限公司)	7,492,932,261	Ordinary shares denominated in RMB
HKSCC NOMINEES LIMITED	3,960,525,794	Overseas listed foreign shares
China Coal Hong Kong Limited (中煤能源香港有限公司)	120,000,000	Overseas listed foreign shares



<b>Particulars of the top 10 holders of listed shares not subject to trading moratorium</b>		
<b>Name of shareholders (full name)</b>	<b>Number of listed shares not subject to trading moratorium held as at the end of the reporting period</b>	<b>Type of shares</b>
Industrial and Commercial Bank of China – SSE 50 Trading Open-end Index Securities Investment Fund (中國工商銀行－上證50交易型開放式指數證券投資基金)	17,359,216	Ordinary shares denominated in RMB
Shenzhen City Dragon No.1 Investment Co., Ltd. (深圳市龍一號投資有限公司)	15,120,000	Ordinary shares denominated in RMB
China Life Insurance Company Limited-Dividend-Personal Dividend-005L-FH002 Hu (中國人壽保險股份有限公司－分紅－個人分紅－005L－FH002滬)	14,261,887	Ordinary shares denominated in RMB
Xu Wangguan (徐王冠)	12,000,154	Ordinary shares denominated in RMB
Industrial and Commercial Bank of China-GF Stable Growth Securities Investment Fund (中國工商銀行－廣發穩健增長證券投資基金)	10,000,000	Ordinary shares denominated in RMB
Bank of China-Harvest CSI 300 Index Securities Investment Fund (中國銀行－嘉實滬深300指數證券投資基金)	9,939,023	Ordinary shares denominated in RMB
Tangshan Iron and Steel Group Co., Ltd. (唐山鋼鐵集團有限責任公司)	9,393,000	Ordinary shares denominated in RMB

- Notes:* 1. The above information was prepared in accordance with the register of shareholders as at 30 September 2011 provided by the China Securities Depository and Clearing Corporation Limited Shanghai Branch and Computershare Hong Kong Investor Services Limited.
2. The H shares held by HKSCC Nominees Limited represent the shares held by various customers.
3. China National Coal Group Corporation, the controlling shareholder of the Company, increased its shareholding in the A shares of the Company by 11,288,487 shares in September 2011. Upon the shareholding increment, China Coal Group holds 7,492,932,261 A shares of the Company, representing 56.51% of the Company's total shares in issue. For details, please refer to the announcement disclosed by the Company on the website of Shanghai Stock Exchange on 24 September 2011.

### §3 SIGNIFICANT EVENTS

#### 3.1 Significant changes of the principal accounting items and financial indicators and reasons thereof

√ Applicable    □ Not applicable

##### *I. Analysis and explanation on items of significant changes in the balance sheet*

*Unit: RMB'000*

Items	Closing balance at the end of the reporting period	Opening balance at the beginning of the year	Increase/decrease (%)	Major reasons for the changes
Trading financial assets	1,115	–	–	Formed by carrying on the aluminum ingots futures hedging activities by subsidiaries of the Company.
Prepayments	4,028,905	2,095,910	92	An increase in prepayment for purchases of raw materials due to expansion of operation.
Interest receivable	265,748	46,596	470	An increase in the accrued interest from bank deposits due to the increase in cash and cash equivalents.
Long-term equity investments	11,188,460	5,781,329	94	Mainly due to the additional equity investment made by the Company in response to the development needs of its core businesses, as well as the increase in long-term equity investments as a result of the shift from cost to equity method of accounting for long-term equity investments of the Company in Huajin Company in the current period.
Construction in progress	21,861,984	15,564,120	40	An increase in the investment in constructions in progress.
Construction materials	305,496	83,197	267	An increase in construction materials procured for construction projects.
Deferred income tax assets	745,089	354,330	110	An increase in deferred income tax assets arising from wages and surcharges payable by subsidiaries of the Company which were recorded in the current period but had not been paid, as well as provisions for basic production maintenance cost and safety production cost that were not utilised.

Items	Closing balance at the end of the reporting period	Opening balance at the beginning of the year	Increase/decrease (%)	Major reasons for the changes
Other non-current assets	3,859,261	–	–	Transfer of the prepayment of equity investment and consideration for resources consolidation from other receivables to other non-current assets according to the progress of the relevant projects, and the increase in prepayment of investment in the current period.
Short-term borrowings	1,655,796	396,196	318	An increase in short-term bank borrowings in line with actual needs of production and operation.
Note payables	506,360	727,860	-30	Payment of matured acceptance bills.
Interest payable	5,246	116,964	-96	A decrease in the interest payable due to the fact that Huajin Company ceased to be included in the consolidated financial statements at the end of the period.
Dividend payable	7,685	25,732	-70	Payment of dividend by subsidiaries of the Company to minority shareholders.
Other payables	6,032,397	3,706,006	63	An increase in payables due to the acquisition of resources and the split of Huajin Company.
Non-current liabilities due within one year	655,773	1,025,989	-36	A decrease in the relevant bank borrowings due to the fact that Huajin Company was not consolidated into the financial statements at the end of the period upon completion of the split; and the repayment of bank borrowings by certain subsidiaries of the Company.
Debt securities payable	15,062,996	–	–	The issuance of RMB15 billion medium term notes during the period.
Special payables	137,100	1,430	9,487	An increase in the relocation compensation from the government received by China Coal Zhangjiakou Mining Machinery Co., Ltd, a subsidiary of China National Coal Mining Equipment Company Limited, during the period.
Unallocated profit	22,572,443	17,146,852	32	A net increase in the unallocated profit arising from the realised net profit during the period less the final dividends paid for the year 2010.

## II. Analysis and explanation on items of significant changes in the income statement

Unit: RMB'000

Items	January to September, 2011	January to September, 2010	Increase/ decrease (%)	Major reasons for the changes
Administrative expenses	3,074,382	2,267,715	36	An increase in daily operational expenses due to expansion of operation.
Finance costs	90,202	34,292	163	An increase in interest expense due to the increase in interest-bearing debts such as bank borrowings and debt securities payable.
Asset impairment losses	67,705	111,856	-39	A decrease in provision for fixed asset impairment made by subsidiaries of the Company compared to the corresponding period of the previous year.
Gains from changes in fair value	1,115	4,622	-76	A decrease in the floating gains on open positions of the aluminum ingots futures as compared to the corresponding period of the previous year.
Investment gains	55,021	14,051	292	An increase in the recognised investment gains in investee companies calculated based on the percentage of shareholding as compared to the corresponding period of the previous year.
Non-operating income	69,620	350,487	-80	Nil for the period, whereas the non-operating income of RMB278 million were recognised in the corresponding period of the previous year which represented the excess of the fair value of the identifiable net assets acquired over the consideration paid for the acquisition of the equity interest of Xiaohuigou Coal by the Company's subsidiary Pingshuo Coal Industry Company.
Non-operating expenses	25,659	67,968	-62	A decrease in non-operating items and relevant expenses.

**III. Analysis and explanation on items of significant changes in the cash flow statement**

*Unit: RMB'000*

Items	January to September, 2011	January to September, 2010	Increase/ decrease (%)	Major reasons for the changes
Net cash flows generated from operating activities	9,710,079	6,233,505	56	An increase in operating revenue and enhancement in profitability.
Net cash flows generated from investment activities	-23,620,148	9,285,999	–	An increase in capital expenditures such as project construction, addition of fixed assets and investment in equity interests, as well as an increase in term deposits with an initial term of more than three months.
Net cash flows generated from financing activities	16,003,330	-2,285,444	–	The issuance of RMB15 billion medium term notes by the Company in the current period and an increase in bank borrowings.

**IV. Changes in the coal sales volume and selling price**

	January to September, 2011		January to September, 2010		Year-on-year increase/ decrease	
	Sales Volume (10,000 tonnes)	Selling price (RMB/ tonne)	Sales volume (10,000 tonnes)	Selling price (RMB/ tonne)	Sales volume (10,000 tonnes)	Selling price (RMB/ tonne)
I. Self-produced commercial coal	7,509	494	6,839	454	670	40
(I) Thermal coal	7,422	484	6,769	446	653	38
1. Export	57	796	113	652	-56	144
(1) Long-term contract	57	796	112.6	649	-55.6	147
(2) Spot trading	–	–	0.3	1,458	-0.3	–
2. Domestic sales	7,365	482	6,656	442	709	40
(1) Long-term contract	4,105	408	4,843	412	-738	-4
(2) Spot trading	3,260	574	1,813	522	1,447	52
(II) Coking coal	87	1,382	70	1,289	17	93
1. Export	☆	☆	☆	☆	–	–
2. Domestic sales	87	1,382	70	1,289	17	93
(1) Long-term contract	21	1,412	23	1,292	-2	120
(2) Spot trading	66	1,373	47	1,288	19	85
II. Proprietary coal trading	2,231	696	1,646	598	585	98
(I) Self-operated exports	4*	2,395	1*	2,968	3	-573
(II) Domestic resale	2,007	699	1,519	606	488	93
(III) Import trading	220	641	119	456	101	185
(IV) Transshipment trading	☆	☆	7	568	-7	–
III. Export agency	231	18★	308	11★	-77	7

\* : Briquette export

☆ : N/A

★ : Agency service fee

## V. *Changes in the unit selling cost of self-produced commercial coal*

*Unit: RMB/tonne*

	January to September, 2011	January to September, 2010	January to December, 2010	As compared to January to December, 2010		As compared to January to September, 2010	
				Increase/decrease	Increase/decrease (%)	Increase/decrease	Increase/decrease (%)
Raw materials costs	69.62	63.76	65.66	3.96	6.0	5.86	9.2
Of which: Costs of external purchases of raw coal for washing purpose	20.01	18.81	18.14	1.87	10.3	1.20	6.4
Labour costs	30.94	28.55	31.16	-0.22	-0.7	2.39	8.4
Depreciation and amortisation	27.85	25.07	29.76	-1.91	-6.4	2.78	11.1
Repair expenses	5.03	3.70	4.56	0.47	10.3	1.33	35.9
Safety production and basic production maintenance costs	26.44	25.06	26.22	0.22	0.8	1.38	5.5
Sustainable development fund (reserve) mine environmental restoration fund and coal mine transformation fund	37.59	33.38	34.78	2.81	8.1	4.21	12.6
Other costs	32.62	26.21	31.56	1.06	3.4	6.41	24.5
Total	230.09	205.73	223.70	6.39	2.9	24.36	11.8

For the period from January to September of 2011, the Company's unit selling cost of self-produced commercial coal increased from RMB223.70/tonne for the year of 2010 to RMB230.09/tonne, representing an increase of RMB6.39/tonne or 2.9%, or an increase of RMB24.36/tonne or 11.8% as compared to RMB205.73/tonne for the period from January to September of 2010.

Cost of raw materials increased by RMB5.86/tonne as compared to the corresponding period of the previous year. The increase was mainly attributable to the entering of the peak maintenance season of some of the equipment of the open pit mines, an increase of the working face excavation of underground mines and the increased investment in standardised safety in line with the expansion of production and operation during the current period.

Cost of labour increased by RMB2.39/tonne as compared to the corresponding period of the previous year. The increase was mainly attributable to the adjustment of staff wages in light of the growth in business performance as well as the increase in the number of employees in line with expansion of production and operation.

Depreciation and amortisation increased by RMB2.78/tonne as compared to the corresponding period of the previous year. The increase was mainly attributable to the increase in utilisation of new production equipment and facilities during the period.

Repair expenses increased by RMB1.33/tonne as compared to the corresponding period of the previous year. The increase was mainly attributable to the entering of the peak maintenance season of some of the equipment of the Company during the period.

Safety production and repair and maintenance costs recorded an increase of RMB1.38/tonne as compared to the corresponding period of the previous year, which was primarily due to the increase in cost affecting by the increase in policy expenses, in which, the accrued standard of safety production cost of Shanghai Datun Energy Resources Company Limited recorded an increase of RMB8/tonne from RMB12/tonne to RMB 20/tonne from January onwards in accordance with the approval of relevant departments of Jiangsu Province. The accrued standard of safety production costs of Shaqu Mine of Huajin Company for the period from January to August recorded an increase of RMB40/tonne from the previous RMB60/tonne to RMB100/tonne.

The costs of sustainable development fund (reserve), environmental restoration fund and coal mine transformation fund recorded an increase of RMB4.21/tonne as compared to the corresponding period of the previous year, which was mainly due to the increase of RMB4.69/tonne in cost affecting by the increase in policy expenses. Shanghai Datun Energy Resources Company Limited accrued RMB20/tonne of the raw coal production volume as the coal sustainable development reserve in accordance with relevant documents of Xuzhou, Jiangsu Province. The subsidiaries of the Company in Shanxi Province had been, from 1 March onwards, subject to the statutory payment increase in coal sustainable development fund by RMB3/tonne of raw coal (of which thermal coal increased to RMB16 from RMB13 and coking coal increased to RMB23 from RMB20) under relevant requirements of Shanxi Province.

Other costs recorded an increase of RMB6.41/tonne as compared to the corresponding period of the previous year, which was mainly due to the increase in outsourcing mining projects fee including outsourcing stripping and excavation costs and underwriting fee for equipment as a result of the expansion of production.

### **3.2 Analysis and explanation on the progress of significant events and their impact and solutions**

☒ Applicable    ☐ Not applicable

1. On 5 August 2011, the Company entered into the split agreement with Shanxi Coking Coal Group Co., Ltd. (hereinafter as “Shanxi Coking Coal”), Huajin Coking Coal Co., Ltd (hereinafter as “Huajin Company”) and China Coal (Shanxi) Huajin Energy Co., Ltd. Pursuant to the split agreement, Huajin Company will be split into two



limited liability companies by way of split-off, and these two companies are Huajin Company and China Coal (Shanxi) Huajin Energy Co., Ltd. Upon completion of the split, Huajin Company will cease to be a subsidiary of the Company, while China Coal (Shanxi) Huajin Energy Co., Ltd will become a subsidiary of the Company. China Coal (Shanxi) Huajin Energy Co., Ltd has completed the industrial and commercial registration on 8 September 2011. Huajin Company will not be included in the scope of consolidation of the Company commencing from September 2011 and China Coal (Shanxi) Huajin Energy Co., Ltd has already been included in the scope of consolidation of the Company. The Company has made accounting treatment in accordance with the PRC GAAP.

2. In May 2010, the Ministry of Environmental Protection of China issued the Circular on Examination Results after Environment Inspection on Listed Companies, which addressed the environmental issue in relocation in relation to China Coal and Coke Jiuxin Limited, a subsidiary of the Company in Lingshi county. In response to the issue, the Company took initiatives to communicate and negotiate with the local government and villagers. Currently, the issue is being addressed in an active manner.
3. After the flooding accident on 28 March 2010 occurred in a mine under construction (“Wangjialing Coal Mine”) owned by China Coal (Shanxi) Huajin Energy Co., Ltd, a 50%-owned subsidiary of the Company, the Company has made the relevant disclosure of information relating to the following progress thereof.

On 19 October 2011, the Company announced that Wangjialing Coal Mine had already obtained the Notice of Consent Relating to the Resumption of Wangjialing Coal Mine(Linfen Coal Industry [2011] No. 447) issued by Coal Industry Bureau of Linfen City, Shanxin Province. Accordingly, Wangjialing Coal Mine has resumed its construction.

4. On 16 September 2011, a flooding accident occurred in the Yuanbao Bay Mine operated by China Coal Group Shanxi G-Ocean Energy Co., Ltd, a subsidiary of our controlling shareholder, China Coal Energy Group Limited. Subsequent to the accident, Shanxi Provincial Government requested 5 underground mines owned by the Company in Shanxi Province to suspend production for rectification. As of 21 October 2011, Anjialing No.1 underground mine, Anjialing No.2 underground mine in Pingshuo area as well as Dongpo underground mine have passed the safety inspection by the relevant local authorities of Shanxi Province and resumed their normal production.

### **3.3 Performance of undertakings given by the Company, the shareholders and de facto controllers**

☐ Applicable    ☒ Not applicable

**3.4 Warning in respect of possible loss or any significant changes in projected aggregate net profit from beginning of the year until end of the next reporting period as compared with that of the corresponding period of previous year and the reasons thereof**

☐ Applicable    ☒ Not applicable

**3.5 Implementation of the cash dividend policy during the reporting period**

After being considered and approved by shareholders at the 2010 Annual General Meeting, the Company distributed cash dividends to shareholders in the amount of RMB2,072,693,400, equivalent to 30% of the net profit attributable to equity holders of the Company, which was RMB6,908,978,000 (being the lower after tax profit between the financial statements prepared under the PRC GAAP and under IFRS) as set out in the consolidated financial statements prepared in accordance with the PRC GAAP, calculated on the basis of the Company's entire issued share capital of 13,258,663,400 shares, representing a dividend of RMB0.15633 per share (inclusive of tax).

As at the date of this report, the final dividends for the year 2010 were fully paid out to the shareholders of the Company.

By Order of the Board  
**China Coal Energy Company Limited**  
**Wang An**  
*Chairman of the Board, Executive Director*

Beijing, the PRC, 21 October 2011

*As at the date of this announcement, the executive directors of the Company are Wang An and Yang Lieke; the non-executive directors of the Company are Peng Yi and Li Yanmeng; and the independent non-executive directors of the Company are Zhang Ke, Wu Rongkang, Zhang Jiaren, Zhao Pei and Ngai Wai Fung.*

*This English language version is provided for reference purposes only. In the event of any inconsistency between the English and the Chinese version, the Chinese version shall prevail.*

\* *For identification purpose only*