

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



CHINA COAL ENERGY COMPANY LIMITED*

中國中煤能源股份有限公司

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

(Stock Code: 01898)

FIRST QUARTERLY REPORT 2012

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 2012 first quarterly financial report of the Company for the three months ended 31 March 2012. The full text of the quarterly financial report will be available on the website of the Hong Kong Stock Exchange on 27 April 2012. The full text of the quarterly financial 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 and the senior management thereof 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. Yang Lieke, an executive director of the Company, and Mr. Zhao Pei, an independent director of the Company, who were absent from the meeting for cause, appointed Mr. Wang An, chairman and executive director of the Company and Mr. Wu Rongkang, an independent director of the Company, as their respective proxies to attend the meeting and exercise the voting right on their behalf. All the other directors of the Company attended the meeting in person.

1.3 The first 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)	164,542,341.00	158,522,510.00	3.8
Owners' equity interest (or shareholders' equity interest) (RMB'000)	84,496,901.00	81,180,614.00	4.1
Net asset per share attributable to shareholders of the listed company (RMB per share)	6.37	6.12	4.1

	From the beginning of the year to the end of the reporting period		Increase/ (decrease) compared to the corresponding period of the previous year (%)
Net cash flows from operating activities (RMB'000)	3,040,604.00		85.6
Net cash flows per share from operating activities (RMB per share)	0.23		91.7
	The reporting period	From the beginning of the year to the end of the reporting period	Increase/ (decrease) during the reporting period as compared to the corresponding period of the previous year (%)
Net profit attributable to shareholders of the listed company (RMB'000)	2,637,099.00	2,637,099.00	14.6
Basic earnings per share (RMB per share)	0.20	0.20	17.6
Basic earnings per share net of non-recurring gains or losses (RMB per share)	0.20	0.20	17.6
Diluted earnings per share (RMB per share)	0.20	0.20	17.6
Weighted average return on net assets (%)	3.18	3.18	Increased by 0.11 percentage point
Weighted average return on net assets net of non-recurring gains or losses (%)	3.17	3.17	Increased by 0.11 percentage point

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

Items	Amount
Gains or losses from disposal of non-current assets	7,367
Government grants included in gains or losses for the current period, excluding those closely related to the Company's ordinary business and granted on an on-going basis in fixed amount or volume under national policies	2,216
Gains or losses from debt restructuring	-42
Reversal of provisions for impairment of receivables which were individually tested for impairment	28
Gains or losses from external entrusted loans	15,129
Other non-operating income and expenses apart from the foregoing	-2,767
Effect of income tax	-5,612
Impact on minority interests (after tax)	-1,933
Total	14,386

2.2 Major production and operational data

	January to March, 2012	January to March, 2011	Percentage change %
I. Commercial coal production volume (10,000 tonnes)	2,876	2,590	11.0
Including: Pingshuo Mining Area	2,307	2,075	11.2
Datun Mining Area	183	183	0.0
Liliu Mining Area	☆	53	-100.0
Xiangning Mining Area	4	☆	–
Dongpo Coal Mine	204	170	20.0
Nanliang Coal Mine	42	48	-12.5
Dazhong Company	108	64	68.8
Shuozhong Company	193	158	22.2
II. Commercial coal sales volume (10,000 tonnes)	3,470	3,275	6.0
(I) Self-produced commercial coal	2,844	2,497	13.9
1. Thermal coal	2,844	2,468	15.2
(1) Domestic sales	2,821	2,453	15.0
Of which: Long-term contract	1,152	1,433	-19.6
Spot trading	1,669	1,020	63.6
(2) Export	23	15	53.3
Of which: Long-term contract	23	15	53.3
Spot trading	☆	☆	–
2. Coking coal	☆	29	-100.0
(1) Export	☆	☆	–
(2) Domestic sales	☆	29	-100.0
Of which: Long-term contract	☆	7	-100.0
Spot trading	☆	22	-100.0
(II) Proprietary coal trading	546	676	-19.2
Of which: Self-operated exports	1*	1*	–
Domestic resale	490	585	-16.2
Import trading	55	90	-38.9
(III) Export and import agency	80	102	-21.6
Of which: Export agency	70	102	-31.4
Import agency	10	☆	–
III. Coke production volume (10,000 tonnes)	43	49	-12.2
IV. Output value of coal mining equipment (RMB 10,000)	219,158	214,568	2.1

☆ : N/A

* : Briquette export

Note: 1. Intra-group transactions volume included 1.65 million tonnes and 1.61 million tonnes which were transacted in the first quarter of 2012 and the first quarter of 2011 respectively.

2. The split of Huajin Coking Coal Company Limited has completed and therefore the production volume and sales volume 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 equity holders of the Company		Net assets attributable to equity holders of the Company	
	January to March, 2012	January to March, 2011	As at 31 March 2012	As at 31 December 2011
According to PRC GAAP	2,637,099	2,300,265	84,496,901	81,180,614
Items of difference and Amount –				
(a) Adjustment to the Special Funds for Coal Industry (including safety fund and future development fund, coal mine transformation fund and environmental restoration fund)	500,893	381,974	2,053,151	2,207,278
(b) Deferred tax adjustment due to the adjustment to the Special Funds for Coal Industry	-124,828	-90,221	-1,497,205	-1,431,941
(c) Adjustment to floating of non-tradable shares under equity split	–	–	-155,259	-155,259
(d) Adjustment to government grants	1,750	–	-53,900	-55,650
According to IFRS	3,014,914	2,592,018	84,843,688	81,745,042

- (a) Adjustment to future development fund and safety fund: under PRC GAAP and pursuant to Interpretation No.3 of PRC GAAP issued by the Ministry of Finance, the Company should make provisions in respect of future development fund and safety fund 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 that, no subsequent provisions for depreciation would be made to the relevant fixed assets. Under IFRS, the provisions for future development fund and safety fund included in cost are written back while the relevant expenditures are recognised upon occurrence.

Adjustment to the coal mine transformation fund and environmental restoration fund: pursuant to regulations issued by the Shanxi provincial government, 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 with effect from 1 October 2007. Under PRC GAAP, the provision and accounting shall be consistent with that of future development fund and safety fund according to the Interpretation No.3 of PRC GAAP issued by the Ministry of Finance. Based on relevant requirements, such special 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, while the relevant expenditures are recognised upon occurrence. In addition, pursuant to the relevant requirements of Xuzhou City of Jiangsu province, under PRC GAAP, Shanghai Datun Energy Resources Company Limited made provision for sustainable development fund at RMB20 per tonne of raw coal production. Under IFRS, relevant adjustments have been made in accordance with the above principle.

- (b) 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 adjustment to the Special Funds for Coal Industry.
- (c) 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.
- (d) Under PRC GAAP, subsidies considered as capital investment by the government should be recorded in “capital reserve”. Under IFRS, the subsidies mentioned above shall be treated as government grants.

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

Total number of shareholders as at the end of the reporting period		323,493
Particulars of the top 10 holders of listed shares not subject to trading moratorium		
Name of shareholders (full name)	Number of listed shares not subject to trading moratorium held as at the end of the reporting period	Type of shares
China National Coal Group Corporation (中國中煤能源集團有限公司)	7,505,872,019	Ordinary shares denominated in RMB
HKSCC NOMINEES LIMITED	3,960,993,316	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
National Social Security Fund 110 Group (全國社保基金一一零組合)	20,097,792	Ordinary shares denominated in RMB
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)	17,969,248	Ordinary shares denominated in RMB
China Merchants Securities Co., Ltd – Client Account of Collateral Securities for Margin Trading (招商證券股份有限公司客戶信用交易擔保證券賬戶)	16,932,059	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)	15,902,864	Ordinary shares denominated in RMB
Xu Wangguan (徐王冠)	12,000,154	Ordinary shares denominated in RMB
National Social Security Fund 604 Group (全國社保基金六零四組合)	10,334,762	Ordinary shares denominated in RMB
Tongde Securities Investment Fund (同德證券投資基金)	10,000,752	Ordinary shares denominated in RMB

- Note:* 1. The above information was prepared in accordance with the register of shareholders as at 31 March 2012 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 are held on behalf of various customers.
3. As at 31 March 2012, China Coal Hong Kong Limited, a wholly owned subsidiary of the Company's controlling shareholder China Coal Group, held 120,000,000 H Shares of the Company through HKSCC Nominees Limited. Such shares were acquired directly from the capital market in Hong Kong and were not subject to trading moratorium.

§3 SIGNIFICANT EVENTS

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

√ Applicable ☐ Not applicable

I. Analysis on changes in major items on the balance sheet

Unit: RMB'000

Items	31 March 2012	31 December 2011	Increase/ decrease (%)	Major reasons for the changes
Interest receivable	160,821	316,371	-49.2	Mainly due to the recovery of the accrued interest from bank deposits for last year by the Company during the reporting period.
Dividend receivable	16,245	28,611	-43.2	Mainly due to the receipt of dividend of investee companies by subsidiaries of the Company during the reporting period.
Construction materials	175,576	134,123	30.9	Mainly due to the increase in the construction materials including the reserve materials resulted from construction projects promoted by subsidiaries.
Interest payable	541,067	337,225	60.4	Mainly due to the increase in interest payable resulted from the increase in interest-bearing debts during the period.

II. Analysis on changes in major items on the income statement

Unit: RMB'000

Items	January to March, 2012	January to March, 2011	Increase/ decrease (%)	Major reasons for the changes
Finance costs	40,049	12,319	225.1	Mainly due to the increase in interest expense resulted from the increase in interest-bearing debts of the Company.
Asset impairment losses	1,530	564	171.3	Mainly due to the increase in provision for bad debts made by subsidiaries during the reporting period.
Investment gains ("—" indicating loss)	-13,978	6,065	-330.5	Mainly due to the increase in recognised investment losses of the Company in investee companies calculated based on the percentage of shareholding during the reporting period.

III. Analysis on changes in major items on the cash flow statement

Unit: RMB'000

Items	January to March, 2012	January to March, 2011	Increase/ decrease (%)	Major reasons for the changes
Net cash flows generated from operating activities	3,040,604	1,638,142	85.6	Mainly due to the increase in net cash inflows generated from operating activities resulted from the improved profitability of the Company and the increase in non-cash cost as compared to the corresponding period of the previous year.

Items	January to March, 2012	January to March, 2011	Increase/ decrease (%)	Major reasons for the changes
Net cash flows generated from investment activities	-1,014,937	-12,595,088	-91.9	Mainly due to the substantial decrease in the term deposits of the Company with an initial term of more than three months and the cash flows generated from external equity investment as compared to the corresponding period of the previous year.
Net cash flows generated from financing activities	1,675,956	960,301	74.5	Mainly due to the increase in cash inflows generated from financing activities resulted from the increase in bank borrowings due to operation and project construction needs of the Company.

IV. Changes in the coal sales volume and selling price

	January to March, 2012		January to March, 2011		Year-on-year increase/decrease	
	Sales Volume (10,000 tonnes)	Selling price (RMB per tonne)	Sales Volume (10,000 tonnes)	Selling price (RMB per tonne)	Sales Volume (10,000 tonnes)	Selling price (RMB per tonne)
I. Self-produced commercial coal	2,844	501	2,497	476	347	25
(I) Thermal coal	2,844	501	2,468	466	376	35
1. Domestic sales	2,821	498	2,453	464	368	34
(1) Long-term contract	1,152	463	1,433	395	-281	68
(2) Spot trading	1,669	523	1,020	559	649	-36

	January to March, 2012		January to March, 2011		Year-on-year increase/decrease	
	Sales Volume (10,000 tonnes)	Selling price (RMB per tonne)	Sales Volume (10,000 tonnes)	Selling price (RMB per tonne)	Sales Volume (10,000 tonnes)	Selling price (RMB per tonne)
2. Export	23	800	15	800	8	–
(1) Long-term contract	23	800	15	800	8	–
(2) Spot trading	☆	☆	☆	☆	–	–
(II) Coking coal	☆	☆	29	1,381	-29	–
1. Domestic sales	☆	☆	29	1,381	-29	–
(1) Long-term contract	☆	☆	7	1,409	-7	–
(2) Spot trading	☆	☆	22	1,371	-22	–
2. Export	☆	☆	☆	☆	–	–
II. Proprietary coal trading	546	660	676	670	-130	-10
(I) Domestic resale	490	661	585	675	-95	-14
(II) Self-operated exports	1*	3,140	1*	3,152	–	-12
(III) Import trading	55	617	90	613	-35	4
III. Import and export agency	80	16★	102	16★	-22	–
(I) Export agency	70	18★	102	16★	-32	2
(II) Import agency	10	4★	☆	☆	10	–

☆ : N/A

* : Briquette export

★ : Agency service fee

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

Unit: RMB per tonne

Items	January to March, 2012	January to March, 2011	January to December, 2011	As compared to January to March, 2011		As compared to January to December, 2011	
				Increase/ decrease	Increase/ decrease (%)	Increase/ decrease	Increase/ decrease (%)
Materials costs (excluding cost of external purchases of raw coal for washing purpose)	55.40	54.03	50.42	1.37	2.5	4.98	9.9
Cost of external purchases of raw coal for washing purpose	24.90	25.95	22.08	-1.05	-4.0	2.82	12.8
Labour costs	30.35	29.04	29.83	1.31	4.5	0.52	1.7
Depreciation and amortisation	28.69	25.79	29.48	2.90	11.2	-0.79	-2.7
Repair expenses	6.74	4.44	5.59	2.30	51.8	1.15	20.6
Safety fund and future development fund	24.01	24.24	25.71	-0.23	-0.9	-1.70	-6.6
Coal sustainable development fund/ reserve	20.50	17.64	20.02	2.86	16.2	0.48	2.4
Coal mine environmental restoration fund	11.94	11.30	11.63	0.64	5.7	0.31	2.7
Coal mine transformation fund	5.97	5.65	5.81	0.32	5.7	0.16	2.8
Other costs	30.55	25.05	36.53	5.50	22.0	-5.98	-16.4
Total	239.05	223.13	237.10	15.92	7.1	1.95	0.8

For the period from January to March of 2012, the Company's unit cost of sales of self-produced commercial coal increased from RMB237.10 per tonne for the period from January to December of 2011 to RMB239.05 per tonne, representing an increase of RMB1.95 per tonne or 0.8%, or an increase of RMB15.92 per tonne or 7.1% as compared to RMB223.13 per tonne for the period from January to March of 2011.

Firstly, the unit materials costs increased by RMB1.37 per tonne as compared to the corresponding period of the previous year, which was mainly attributable to the corresponding increase in the costs of explosives and diesel and the two price hikes in electricity in June and December 2011. In addition, the higher unit materials costs for

initial operation as a result of the inclusion of Pingshuo East Open Pit Mine into fixed assets in January 2012 and the increase in the accessories consumed due to the entering into peak maintenance season in succession of some of the equipment of the mining areas of the Company also contributed to the increase in unit materials costs.

Secondly, the unit labour costs increased by RMB1.31 per tonne as compared to the corresponding period of the previous year, which was mainly due to the increase in the number of staff as a result of the inclusion of Pingshuo East Open Pit Mine into fixed assets in January 2012 and the adjustment of staff wages in light of the growth in business performance.

Thirdly, the unit depreciation and amortisation increased by RMB2.90 per tonne as compared to the corresponding period of the previous year, which was mainly due to the inclusion of Pingshuo East Open Pit Mine into fixed assets in January 2012.

Fourthly, the unit repair expenses increased by RMB2.30 per tonne as compared to the corresponding period of the previous year, which was mainly attributable to the entering into maintenance season of the trucks and electric shovels of the mining areas of the Company and the entering into peak maintenance season of fully mechanized mining equipment of underground mines of the Company.

Fifthly, the unit sustainable development fund (reserve) increased by RMB2.86 per tonne as compared to the corresponding period of the previous year, which was mainly attributable to the increase in the statutory payment of sustainable development fund for Shanxi Province by RMB3 per tonne of raw coal from 1 March 2011 onwards.

Lastly, other costs increased by RMB5.50 per tonne as compared to the corresponding period of the previous year, which was mainly attributable to the corresponding increase in outsourcing stripping costs resulted from the increase in outsourcing stripping volume of the mining areas of the Company as compared to the corresponding period of the previous year.

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

☒ Applicable ☐ Not applicable

On 10 April 2012, a flooding accident happened in the Kongzhuang Mine owned by Shanghai Datun Energy Resources Company Limited ("Shanghai Energy"), a 62.43%-owned subsidiary of the Company. The 4 mines owned by Shanghai Energy, had suspended production for rectification since 11 April 2012, of which Yaoqiao Mine, Xuzhuang Mine, and Longdong Mines resumed production on 12 April 2012 and Kongzhuang Mine resumed production on 14 April 2012. For details, please refer to relevant announcements dated 11 April 2012, 13 April 2012 and 16 April 2012 respectively available on the websites of Shanghai Stock Exchange, Hong Kong Stock Exchange and the Company.

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

On 27 March 2012, pursuant to the PRC and relevant laws and regulations, the board of directors of the Company recommended the payment of a cash dividend amounting to RMB2,851,145,100 to the shareholders, representing 30% of the net profit attributable to the equity holders of the Company, which amounted to RMB9,503,817,000 as set out in the consolidated financial statements of the Company prepared in accordance with PRC GAAP, calculated on the basis of the Company's entire issued share capital of 13,258,663,400 shares, representing a dividend of RMB0.215 per share (inclusive of tax). The proposed dividend is subject to approval at the Company's annual general meeting to be held on 25 May 2012.

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

Beijing, the PRC
27 April 2012

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*