

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)

THIRD 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 third quarterly financial report of the Company for the nine months ended 30 September 2012. The full text of the quarterly financial report will be available on the website of The Stock Exchange of Hong Kong Limited on 23 October 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 All members of the board of directors attended the board meeting.
- 1.3 The 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)	177,314,673.00	159,264,127.00	11.3
Owners' equity interest (or shareholders' equity interest) (RMB'000)	85,348,853.00	81,398,045.00	4.9
Net asset per share attributable to shareholders of the listed company (RMB per share)	6.44	6.14	4.9

	From the beginning of the year to the end of the reporting period (January to September)		Increase/ (decrease) compared to the corresponding period of the previous year (%)
Net cash flows from operating activities (RMB'000)	6,488,926.00		-32.2
Net cash flows per share from operating activities (RMB per share)	0.49		-31.9
	The reporting period (July to September)	From the beginning of the year to the end of the reporting period (January to September)	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)	2,076,766.00	6,845,840.00	-22.0
Basic earnings per share (RMB per share)	0.16	0.52	-20.0
Basic earnings per share net of non-recurring gains or losses (RMB per share)	0.15	0.51	-25.0
Diluted earnings per share (RMB per share)	0.16	0.52	-20.0
Weighted average return on net assets (%)	2.46	8.21	Decreased by 0.92 percentage point
Weighted average return on net assets net of non-recurring gains or losses (%)	2.43	8.06	Decreased by 0.93 percentage point

Items after deducting non-recurring gains or losses and relevant amounts:

Unit: RMB'000

Items	Amount from the beginning of the year to the end of the reporting period (January to September)
Gains or losses from disposal of non-current assets	-3,857
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 according to certain principles under national policies	13,093
Gains or losses from debt restructuring	-53
Current net gains or losses of subsidiaries resulting from merger of enterprises under common control from the beginning of the period to the date of merger	5,976
Apart from valid hedging instruments relating to the ordinary business of the Company, gains or losses from change in fair value of held-for-trading financial assets and held-for-trading financial liabilities, and investment income from disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets	389
Reversal of provisions for impairment of receivables which were individually tested for impairment	12,921
Gains or losses from external entrusted loans	111,210
Other non-operating income and expenses apart from the foregoing	37,532
Effect of income tax	-42,255
Impact on minority interests (after tax)	-5,943
Total	129,013

2.2 Major production and operational data

	January to September, 2012	January to September, 2011 (restated)	Percentage change %
I. Commercial coal production volume (10,000 tonnes)	8,243	7,726	6.7
Including: China Coal Pingshuo Company	6,602	5,999	10.1
Shanghai Company	559	580	-3.6
Huajin Coking Coal Company	☆	149	-100.0
China Coal Huajin Company	31	☆	☆
Dongpo Company	616	525	17.3
Nanliang Company	141	135	4.4
Dazhong Company	291	243	19.8
Shuozhong Energy	503	433	16.2
Shanxi Company	22	☆	☆
II. Commercial coal sales volume (10,000 tonnes)	10,614	10,136	4.7
(I) Self-produced commercial coal	8,008	7,509	6.6
1. Thermal coal	7,980	7,422	7.5
(1) Domestic sale	7,928	7,365	7.6
Of which: Long-term contract	3,748	4,105	-8.7
Spot trading	4,180	3,260	28.2
(2) Export	52	57	-8.8
Of which: Long-term contract	52	57	-8.8
Spot trading	☆	☆	☆
2. Coking coal	28	87	-67.8
(1) Domestic sale	28	87	-67.8
Of which: Long-term contract	☆	21	-100.0
Spot trading	28	66	-57.6
(2) Export	☆	☆	☆
Of which: Long-term contract	☆	☆	☆
Spot trading	☆	☆	☆
(II) Proprietary coal trading	2,345	2,396	-2.1
Of which: Domestic resale	2,010	2,172	-7.5
Self-operated exports	2	4	-50.0
Import trading	328	220	49.1
Transshipment trading	5	☆	☆
(III) Import and export agency	261	231	12.9
Of which: Import agency	89	☆	☆
Export agency	172	231	-25.5
III. Coke production volume (10,000 tonnes)	128	161	-20.5
IV. Output value of coal mining equipment (RMB10,000)	659,318	630,588	4.6

☆ : N/A

- Notes: 1. Intra-group transaction volume included 5.22 million tonnes and 3.38 million tonnes which were transacted from January to September 2012 and the corresponding period 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 such company 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 September, 2012	January to September, 2011 (restated)	As at 30 September 2012	As at 31 December 2011 (restated)
According to PRC GAAP	6,845,840	7,637,621	85,348,853	81,398,045
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 mine environmental restoration fund)	236,836	803,017	2,000,965	2,118,289
(b) Deferred tax adjustment due to the adjustment to the Special Funds for Coal Industry	-62,015	-203,383	-1,329,143	-1,342,952
(c) Adjustment to government grants	2,783	5,029	-52,867	-55,650
(d) Adjustment to floating of non-tradable shares under equity split	–	–	-155,259	-155,259
According to IFRS	7,023,444	8,242,284	85,812,549	81,962,473

Explanations on major reconciliations:

- (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 mine 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 mine 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 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 mine environmental restoration fund are written back, while the relevant expenditures are recognised upon occurrence.

- (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, 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.
- (d) 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.

2.4 Total number of shareholders and top 10 holders of 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		320,436
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	3,960,192,426	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
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)	16,560,817	Ordinary shares denominated in RMB
Agricultural Bank of China – Dacheng Innovation Growth Mixed Securities Investment Fund (中國農業銀行－大成創新成長混合型證券投資基金)	15,998,681	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)	15,962,656	Ordinary shares denominated in RMB
Xu Wangguan (徐王冠)	12,000,154	Ordinary shares denominated in RMB
Tangshan Iron and Steel Group Company Limited (唐山鋼鐵集團有限責任公司)	9,393,000	Ordinary shares denominated in RMB
Bank of China Limited – Jiashi Hushen 300 Trading Open-end Index Securities Investment Fund(中國銀行股份有限公司－嘉實滬深300交易型開放式指數證券投資基金)	8,863,391	Ordinary shares denominated in RMB
China Life Insurance Company Limited – Traditional – Ordinary Insurance Product – 005L – CT001 Hu (中國人壽保險股份有限公司－傳統－普通保險產品－005L－CT001滬)	8,369,169	Ordinary shares denominated in RMB

Notes: 1. The above information was prepared in accordance with the register of shareholders as at 30 September 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 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	Balance as at the end of the period	Balance as at the beginning of the year (restated)	Increase/decrease (%)	Major reasons for the changes
Trade receivables	9,104,303	5,553,588	63.9	Due to the Company's appropriate adjustments to the sales policies and settlement modes of key customers in response to the development trend of the market.
Prepayments	4,050,178	2,618,604	54.7	An increase in prepayments for freight, materials, etc. in line with actual needs of production and operation of the subsidiaries of the Company.
Interest receivable	209,291	316,371	-33.8	Accrued interest received from term deposit of the previous year.
Dividend receivable	4,367	28,611	-84.7	Received cash dividends of the previous year distributed by investee companies.
Other receivables	3,586,280	2,589,156	38.5	An increase in the amount paid in advance in line with needs of production and operation.
Non-current assets due within one year	124,849	524,849	-76.2	The maturity of entrusted bank loan provided to investee companies.

Items	Balance as at the end of the period	Balance as at the beginning of the year (restated)	Increase/decrease (%)	Major reasons for the changes
Construction materials	373,605	134,123	178.6	An increase in construction materials procured for construction projects.
Short-term borrowings	4,085,296	2,254,696	81.2	An increase in bank borrowings in line with needs of production and operation.
Note payables	1,583,207	760,718	108.1	An increase in volume of note settlement during production and operation process.
Receipts in advance	3,333,274	2,499,375	33.4	An increase in coal trading payment in advance during the period.
Taxes payables	1,806,228	3,671,118	-50.8	An increase in various taxes payables during the period.
Interest payable	133,236	337,225	-60.5	Interest expenses for interest-bearing debts.
Dividend payable	203,814	8,794	2,217.6	An increase in dividends distributed but not yet paid by controlling subsidiaries of the Company to minority shareholders.
Long-term borrowings	19,332,416	11,456,013	68.8	An increase in bank borrowings in line with needs of construction projects.
Debt securities payable	19,892,137	14,955,000	33.0	The issuance of RMB5 billion medium term notes during the period.

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

Unit: RMB'000

Items	January to September, 2012	January to September, 2011 (restated)	Increase/decrease (%)	Major reasons for the changes
Finance costs	381,382	99,177	284.5	An increase in interest expenses due to the increase in interest-bearing debts.
Asset impairment losses	202,633	93,862	115.9	An increase in provision for impairment loss for inventories and durable spare parts, etc. in line with the market condition by subsidiaries of the Company.
Gains from changes in fair value	67	1,115	-94.0	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	231,232	55,037	320.1	An increase in the recognised investment gains in investee companies calculated based on the percentage of shareholding.
Non-operating income	114,978	69,638	65.1	An increase in the transfer of unpaid payables from subsidiaries of the Company as compared to the corresponding period of the previous year.
Non-operating expenses	67,473	25,659	163.0	An increase in the loss from disposal of non-current assets and donation expenses as compared to the corresponding period of the previous year.
Gains or losses of minority shareholders	445,559	636,143	-30.0	A decrease in realised net profit during the period of non-wholly owned companies as compared to the corresponding period of the previous year.

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

Unit: RMB'000

Items	January to September, 2012	January to September, 2011 (restated)	Increase/decrease (%)	Major reasons for the changes
Net cash flows generated from operating activities	6,488,926	9,575,894	-32.2	Mainly due to the increase in trade receivables and various taxes and surcharges paid during the period.
Net cash flows generated from investment activities	-19,348,969	-23,631,643	-18.1	Mainly due to the increase in capital expenditures such as project construction, addition of fixed assets and investment in equity interests, as well as a significant decrease in investment activity expenses of deposits with an initial term of more than three months based on the above use of capital as compared to the corresponding period of the previous year.
Net cash flows generated from financing activities	10,364,557	16,113,422	-35.7	An decrease in the net increase in debt financing as compared to the corresponding period of the previous year.

IV. Changes in the coal sales volume and selling price

		January to September, 2012		January to September, 2011 (restated)		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	Total	8,008	478	7,509	494	499	-16
	(I) Thermal coal	7,980	477	7,422	484	558	-7
	1. Domestic sale	7,928	475	7,365	482	563	-7
	(1) Long-term contract	3,748	456	4,105	408	-357	48
	(2) Spot trading	4,180	491	3,260	574	920	-83
	2. Export	52	773	57	796	-5	-23
	(1) Long-term contract	52	773	57	796	-5	-23
	(2) Spot trading	☆	☆	☆	☆	-	-
	(II) Coking coal	28	730	87	1,382	-59	-652
	1. Domestic sale	28	730	87	1,382	-59	-652
	(1) Long-term contract	☆	☆	21	1,412	-21	-
	(2) Spot trading	28	730	66	1,373	-38	-643
	2. Export	☆	☆	☆	☆	-	-
	II. Proprietary coal trading	Total	2,345	617	2,396	685	-51
(1) Domestic resale		2,010	619	2,172	686	-162	-67
(2) Self-operated exports		2*	3,130	4*	2,395	-2	735
(3) Import trading		328	577	220	641	108	-64
(4) Transshipment trading		5	1,056	☆	☆	5	-
III. Import and export agency	Total	261	14★	231	18★	30	-4
	(1) Import agency	89	8★	☆	☆	89	-
	(2) Export agency	172	17★	231	18★	-59	-1

* : Briquette export

☆ : N/A

★ : Agency service fee

Note : When excluding freight and sundry charges, the average price of self-produced commercial coal for the current period would be RMB379/tonne, representing a year-on-year decrease of RMB26/tonne; on that basis, the average price of self-produced thermal coal (excluding freight and sundry charges) for the current period would be RMB378/tonne, representing a year-on-year decrease of RMB17/tonne.

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

Unit: RMB/tonne

Item	January to September, 2012	January to September, 2011 (restated)	January to December, 2011 (restated)	As compared to January to December, 2011		As compared to January to September, 2011	
				Increase/decrease	Increase/decrease (%)	Increase/decrease	Increase/decrease (%)
Raw material costs (excluding costs of external purchases of raw coal for washing purpose)	54.10	56.39	58.54	-4.44	-7.6	-2.29	-4.1
Costs of external purchases of raw coal for washing purpose	19.69	20.01	22.08	-2.39	-10.8	-0.32	-1.6
Labour costs	29.58	30.94	29.83	-0.25	-0.8	-1.36	-4.4
Depreciation and amortisation	29.21	27.85	29.48	-0.27	-0.9	1.36	4.9
Repair expenses	9.60	8.95	11.58	-1.98	-17.1	0.65	7.3
Balance of safety fund and future development fund	-0.89	5.75	-0.08	-0.81	-	-6.64	-115.5
Coal sustainable development fund (reserve)	19.71	20.05	20.02	-0.31	-1.5	-0.34	-1.7
Balance of mine environmental restoration fund	4.97	6.85	3.47	1.50	43.2	-1.88	-27.4
Balance of coal mine transformation fund	5.71	5.85	5.94	-0.23	-3.9	-0.14	-2.4
Outsourcing mining engineering fee	23.11	19.88	24.05	-0.94	-3.9	3.23	16.2
Other costs	22.85	27.57	32.19	-9.34	-29.0	-4.72	-17.1
Unit selling cost of self-produced commercial coal	217.64	230.09	237.10	-19.46	-8.2	-12.45	-5.4

For the period from January to September of 2012, the Company's unit selling cost of self-produced commercial coal decreased from RMB237.10/tonne for the year of 2011 to RMB217.64/tonne, representing a decrease of RMB19.46/tonne or 8.2%, or a decrease of RMB12.45/tonne or 5.4% as compared to RMB230.09/tonne for the period from January to September of 2011, which was mainly attributable to:

Firstly, raw material costs decreased by RMB2.29/tonne as compared to the corresponding period of the previous year. The decrease was mainly attributable to further strengthening of material consumption management of the Company as well as a decrease in unit raw material cost as compared to the corresponding period of the previous year since Huajin Company ceased to be included in the consolidated financial statements during the period.

Secondly, labour costs decreased by RMB1.36/tonne as compared to the corresponding period of the previous year. The decrease was mainly attributable to the Company's stringent control over labour costs as well as a decrease in unit labour cost as compared to the corresponding period of the previous year since Huajin Company ceased to be included in the consolidated financial statements during the period.

Thirdly, depreciation and amortisation increased by RMB1.36/tonne as compared to the corresponding period of the previous year. The increase was mainly attributable to the increase in the transfer of projects under construction to fixed assets since the second half of 2011 and the increase in the planned acquisition of equipment by subsidiaries of the Company according to the capital expenditure plan 2012 as compared to the corresponding period of the previous year.

Fourthly, balance of four funds such as safety fund and future development fund, mine environmental restoration fund and coal mine transformation fund decreased by RMB8.66/tonne as compared to the corresponding period of the previous year. The decrease of the balance of specific funds was mainly attributable to the increase in the costs of using specific funds during the period as compared to the corresponding period of the previous year.

Fifthly, outsourcing mining engineering fee recorded an increase of RMB3.23/tonne as compared to the corresponding period of the previous year, which was primarily due to the increase in the cost for outsourcing stripping of the open pit mines in the mining areas of the Company.

Sixthly, other costs decreased by RMB4.72/tonne as compared to the corresponding period of the previous year, which was mainly due to the decrease in environmental restoration expenses of the subsidiaries of the Company and the expenses on small and medium engineering projects during the period 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

- (1) On 12 July 2012, the Company filed a formal registration application with the National Association of Financial Market Institutional Investors for the issuance of medium-term notes with a total amount of RMB15 billion. Proceeds from the issue will be used as general working capital. Such application was formally registered on 15 August 2012. On 19 September 2012, the Company completed the issuance of the first medium-term notes of RMB5 billion with a term of seven years.
- (2) In May 2010, the Ministry of Environmental Protection of China issued the Circular on Examination Results after Environmental Protection Inspection on Listed Companies, which addressed the environmental issues on the relocation of the neighbouring residents of China Coal and Coke Jiuxin Limited (a subsidiary of the Company) in Lingshi. The Company has attached great importance to the issues and reached initial agreement of intention with the local government on the relocation matters.
- (3) Acquisition of China Coal Sales and Transportation Company Limited and Shanxi Zhongxin Tangshangou Coal Mine Company Limited.

Please refer to relevant contents as set out in “3.3 Performance of undertakings given by the Company, the shareholders and de facto controllers” of this report for details.

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

√ Applicable Not applicable

- (1) Matters in relation to the horizontal competition between the Company and China Coal Import and Export Company, China Coal Group Shanxi Jinhaiyang Energy Co., Limited, China Coal Heilongjiang Coal Chemical Engineering (Group) Company Limited and Taiyuan Coal Gasification (Group) Co., Limited. China Coal Group, the controlling shareholder of the Company, stated that upon the completion of the procedures and licensing of the relevant projects of the above companies which compete with the Company within the industry, it will strive to inject the relevant businesses and assets of China Coal Import and Export Company into the Company within one to two years, and to inject the equity interests of China Coal Group Shanxi Jinhaiyang Energy Co., Limited and China Coal Heilongjiang Coal Chemical Engineering (Group) Company Limited into the Company within three to five years, or to resolve the horizontal competition through other means.

On 27 March 2012, Resolution on the Acquisition of 100% Equity of China Coal Sales and Transportation Company Limited and Resolution on the Acquisition of 80% Equity of Shanxi Zhongxin Tangshangou Coal Industry Company Limited were considered and approved at the first meeting of the Second Session of the board of directors of the Company in 2012, pursuant to which the Company would acquire 100% equity interests in China Coal Sales and Transportation Company Limited and 80% equity interests in Shanxi Zhongxin Tangshangou Coal Industry Company Limited. Currently, the change of business registration for the acquisition of China Coal Sales and Transportation Company Limited has been completed with the relevant industry and commerce administration, and China Coal Sales and Transportation Company Limited has become a wholly-owned subsidiary of the Company, while the acquisition of Shanxi Zhongxin Tangshangou Coal Industry Company Limited is under smooth progress.

Since China has imposed stricter regulatory requirements on safe coal production resulting in longer approval period of coal projects, the Company will, in comprehensive consideration of the factors like the status of capital markets and its development strategy and with a high sense of responsibility to investors, progressively exercise its pre-emptive rights based on the principle of “purchasing the project once it has matured” after completing formalities of relevant projects, so as to reduce horizontal competition between China Coal Group and the Company by purchasing assets of relevant coal and coal chemical businesses of China Coal Group.

- (2) China Coal Group, the controlling shareholder of the Company, increased its shareholding of the Company by purchasing 5,520,000 and 5,768,487 A Shares on 22 and 23 September 2011 respectively through the trading system of the Shanghai Stock Exchange. During the 12 months from 22 September 2011, being the date of the first shareholding increment, China Coal Group intended to further increase its shareholding of the Company through the secondary market up to an amount in aggregate not exceeding 2% of the total A share capital of the Company. China Coal Group committed that it would not decrease its shareholding of the Company during the process of shareholding increment and the statutory period. As informed by China Coal Group, it has increased its shareholding of the Company by purchasing a total of 24,228,245 A Shares of the Company through the trading system of the Shanghai Stock Exchange for the period from 22 September 2011 to 21 September 2012. As at 21 September 2012, China Coal Group completed its shareholding increment. During the process of shareholding increment and the statutory period, China Coal Group did not decrease its shareholding of the Company.

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 the 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 2011 Annual General Meeting, the Company distributed cash dividends to shareholders in the amount of RMB2,851,145,100, equivalent to 30% of the net profit attributable to equity holders of the Company, which was RMB9,503,817,000 (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 RMB0.215 per share (inclusive of tax).

As at the date of this report, the final dividends for the year 2011 were fully paid 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
23 October 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*