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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 2013

Pursuant to the regulations and rules of China Securities Regulatory Commission and Shanghai Stock Exchange (the “SSE”), 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 Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and 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 2013 third quarterly financial report of the Company for the nine months ended 30 September 2013. The full text of the quarterly financial report will be available on the website of The Stock Exchange of Hong Kong Limited (the “**HKSE**”) on 25 October 2013. 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 information set out in this quarterly report is true, accurate and complete and does not contain any false representations, misleading statements or material omissions, and severally and jointly accept legal responsibility for the content of this report.
- 1.2** The sixth meeting in 2013 of the second session of the board of directors of the Company was convened on 25 October 2013. Mr. Wang An, chairman of the board of directors of the Company, was unable to attend the meeting and appointed Mr. Li Yanjiang, vice chairman of the board of directors 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. The Resolution on the Third Quarterly Report 2013 of the Company was considered and approved at the meeting, with 9 affirmative votes, 0 dissenting vote and 0 abstaining vote, to publish the third quarterly report 2013 of the Company at home and abroad.

1.3

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

- 1.4** The financial statements in the third quarterly financial report of the Company were unaudited.

§2 MAJOR FINANCIAL DATA OF THE COMPANY AND CHANGES OF SHAREHOLDERS

2.1 Major financial data

Unit: RMB'000

	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 (%)
		After adjustment	Before adjustment	
Total assets	207,875,609.00	183,875,293.00	183,863,821.00	13.1
Net asset attributable to the shareholders of the listed company	87,211,224.00	86,112,594.00	86,101,645.00	1.3
	From the beginning of the year to the end of the reporting period (January to September)	From the beginning of the previous year to the end of the corresponding period of the previous year (January to September)		Increase/decrease compared to the corresponding period of the previous year (%)
		After adjustment	Before adjustment	
Net cash flows generated from operating activities	4,888,673.00	6,674,598.00	6,488,926.00	-26.8
	From the beginning of the year to the end of the reporting period (January to September)	From the beginning of the previous year to the end of the corresponding period of the previous year (January to September)		Increase/decrease compared to the corresponding period of the previous year (%)
		After adjustment	Before adjustment	
Operational revenue	59,609,662.00	65,065,177.00	64,603,891.00	-8.4
Net profit attributable to shareholders of the listed company	3,182,008.00	6,946,554.00	6,845,840.00	-54.2
Net profit attributable to shareholders of the listed company net of non-recurring gains or losses	3,088,580.00	6,819,378.00	6,716,827.00	-54.7
Weighted average return on net assets (%)	3.67	8.27	8.21	Decreased by 4.60 percentage points
Basic earnings per share (RMB per share)	0.24	0.52	0.52	-53.8
Diluted earnings per share (RMB per share)	0.24	0.52	0.52	-53.8

Note: The Company acquired the entire equity interests in Guangdong China Coal Import and Export Company Limited (廣東中煤進出口有限公司) from China Coal Southern Energy Resources Company Limited, a subsidiary of China National Coal Group Corporation (hereinafter known as “China Coal Group”) in September 2013 and acquired 80% of the equity interests in Shanxi Zhongxin Tangshangou Coal Industry Company Limited (山西中新唐山溝煤業有限責任公司) from China Coal Import and Export Company, a subsidiary of China Coal Group, in the second half of 2012. The opening balance and comparative information have been restated.

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

Unit: RMB'000

Items	Amount for the current period (July to September)	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	7,829	4,781
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	9,961	20,105
Gains or losses from debt restructuring	79	79
Reversal of provision for receivables subject to individual impairment test	—	547
Gains or losses from external entrusted loans	35,048	97,637
Other non-operating income and expenses apart from the foregoing	-1,435	2,382
Effect of income tax	-11,815	-30,327
Impact on minority shareholder's interests (after tax)	-5,624	-1,776
Total	34,043	93,428

2.2 Major production and operational data

Items	January to September, 2013	January to September, 2012 (restated)	Percentage change %
I. Commercial coal production volume (10,000 tonnes)	8,867	8,392	5.7
Including: Pingshuo Company	6,767	6,602	2.5
Shanghai Energy Company	604	559	8.1
China Coal Huajin Company	440	71	519.7
Dongpo Company	509	616	-17.4
Nanliang Company	169	141	19.9
Tang Shan Gou Company	101	109	-7.3
Dazhong Company	230	291	-21.0
Shuozhong Company	393	503	-21.9
Shaanxi Company	113	22	413.6
II. Commercial coal sales volume (10,000 tonnes)	11,455	10,723	6.8
(I) Self-produced commercial coal	8,554	8,117	5.4
1. Thermal coal	8,181	8,089	1.1
(1) Domestic sale	8,147	8,037	1.4
Of which: Long-term contract	5,185	3,748	38.3
Spot trading	2,962	4,289	-30.9
(2) Export	34	52	-34.6
Of which: Long-term contract	34	52	-34.6
Spot trading	☆	☆	—
2. Coking coal	373	28	1,232.1
(1) Domestic sale	373	28	1,232.1
Of which: Long-term contract	☆	☆	—
Spot trading	373	28	1,232.1

Items	January to September, 2013	January to September, 2012 (restated)	Percentage change %
(2) Export	☆	☆	—
(II) Proprietary coal trading	2,647	2,345	12.9
Of which: Domestic resale	2,558	2,010	27.3
Self-operated exports	2.4	2	20.0
Import trading	60	328	-81.7
Transshipment trading	27	5	440.0
(III) Import and export agency	254	261	-2.7
Of which: Import agency	106	89	19.1
Export agency	147	172	-14.5
Domestic agency	1	☆	-
III. Coke production volume (10,000 tonnes)	141	128	10.2
IV. Output value of coal mining equipment(RMB 10,000)	499,429	659,318	-24.3

Notes:1. ☆:N/A

2. Intra-group transaction volume included 4.59 million tonnes which were transacted during January to September of 2013 and 5.22 million tonnes which were transacted during January to September of 2012.
3. Due to the adjustment of business combinations, commercial coal production volume, sales volume of coal and other items from January to September of 2012 are restated (same as below).

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 parent company		Net assets attributable to equity holders of the parent company	
	January to September, 2013	January to September, 2012 (restated)	As at 30 September 2013	As at 31 December 2012 (restated)
According to PRC GAAP	3,182,008	6,946,554	87,211,224	86,112,594
Items of difference and amount –				
(a) Adjustment to the Special Funds for Coal Industry	664,268	210,723	2,003,095	2,015,934
(b) Deferred tax adjustment due to the adjustment to the Special Funds for Coal Industry	-149,155	-55,487	-1,333,142	-1,183,987
(c) Adjustment to government grants	2,783	2,783	-49,157	-51,940
(d) Adjustment to floating of non-tradable shares under equity split	–	–	-155,259	-155,259
According to IFRS	3,699,904	7,104,573	87,676,761	86,737,342

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 for 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 the special reserves upon occurrence, while capital expenditure incurred should be recorded as fixed assets upon completion, and offset against the 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 the 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. (Pursuant to the “Notice on Measures of Further Promoting Transformation of the Mode of Economic Development of Provincial Coal Industry for Sustainable Growth” (Jin Zheng Fa [2013] No. 26) issued by Shanxi Provincial People’s Government in July, 2013, coal mining companies are not required to make provision for mine environmental restoration fund and coal mine transformation fund from 1 August 2013 to 31 December 2013.) Under PRC GAAP, the provision for and accounting of such funds shall be consistent with that of future development fund and safety fund as required by the Interpretation No.3 of PRC GAAP issued by the Ministry of Finance. Based on the 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, top 10 shareholders and top 10 shareholders not subject to trading moratorium as at the end of the reporting period

Unit: Share

Total number of shareholders				293,851	
Particulars of top 10 shareholders					
Name of shareholders	Nature of shareholder	Shareholding percentage (%)	Total number of shares	Number of shares subject to trading moratorium	Number of shares pledged or frozen
China National Coal Group Corporation (中國中煤能源集團有限公司)	State-owned legal person	57.36	7,605,207,608	–	Nil
HKSCC NOMINEES LIMITED	Foreign legal person	29.77	3,946,687,819	–	Unknown
No. 1 Transfer Account of National Council for Social Security Fund (全國社會保障基金理事會轉持一戶)	State-owned legal person	1.15	152,533,340	145,023,226	Unknown
China Coal Hong Kong Limited (中煤能源香港有限公司)	Foreign legal person	1.00	132,351,000	–	Nil
Xinjiang Zhongyou Chemical Group Company Limited (新疆中油化工集團有限公司)	Unknown	0.10	13,394,391	–	Unknown
Dedicated securities account for stock repo trading of Haitong Securities Co., Ltd. (海通證券股份有限公司約定購回式證券交易專用證券賬戶)	Unknown	0.09	12,046,000	–	Unknown

Particulars of top 10 shareholders					
Name of shareholders	Nature of shareholder	Shareholding percentage (%)	Total number of shares	Number of shares subject to trading moratorium	Number of shares pledged or frozen
CSOP Asset Management Limited – CSOP FTSE China A50 ETF (南方東英資產管理有限公司－南方富時中國A50ETF)	Unknown	0.08	11,186,422	–	Unknown
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)	Unknown	0.08	10,431,239	–	800
Sino Life Insurance Co., Ltd – Universal H (生命人壽保險股份有限公司－萬能H)	Unknown	0.08	10,277,447	–	Unknown
Tangshan Iron and Steel Group Company Limited (唐山鋼鐵集團有限責任公司)	Unknown	0.07	9,393,000	–	Unknown

Particulars of top 10 shareholders 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 and number of shares	
China National Coal Group Corporation (中國中煤能源集團有限公司)	7,605,207,608	Ordinary shares denominated in RMB	7,605,207,608
HKSCC NOMINEES LIMITED	3,946,687,819	Overseas listed foreign shares	3,946,687,819
China Coal Hong Kong Limited (中煤能源香港有限公司)	132,351,000	Overseas listed foreign shares	132,351,000
Xinjiang Zhongyou Chemical Group Company Limited (新疆中油化工集團有限公司)	13,394,391	Ordinary shares denominated in RMB	13,394,391
Dedicated securities account for stock repo trading of Haitong Securities Co., Ltd. (海通證券股份有限公司 約定購回式證券交易專用證券賬戶)	12,046,000	Ordinary shares denominated in RMB	12,046,000
CSOP Asset Management Limited – CSOP FTSE China A50 ETF (南方東英資產管理有限公司-南方富時 中國A50ETF)	11,186,422	Ordinary shares denominated in RMB	11,186,422
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)	10,431,239	Ordinary shares denominated in RMB	10,431,239
Sino Life Insurance Co., Ltd – Universal H (生命人壽保險股份有限公司 – 萬能H)	10,277,447	Ordinary shares denominated in RMB	10,277,447
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	9,393,000
No. 1 Transfer Account of National Council for Social Security Fund (全國社會保障基金理事會轉持一戶)	7,510,114	Ordinary shares denominated in RMB	7,510,114
Not certain if any of the above shareholders are affiliated or acting in concert with each other			

- Notes: 1. The above information was prepared in accordance with the register of shareholders of the Company as at 30 September 2013 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 30 September 2013, China Coal Hong Kong Limited, the wholly-owned subsidiary of China Coal Group (the controlling shareholder of the Company), held 132,351,000 H shares of the Company through HKSCC Nominees Limited. Such shares were directly purchased through the capital market in Hong Kong and were not subject to the trading moratorium.

§3 SIGNIFICANT EVENTS

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

☒ Applicable

☐ Not applicable

3.1.1 Analysis on reasons for the changes in major items on the balance sheet

Unit: RMB'000

Items	Balances as at the end of the period	Balance as at the beginning of the year (restated)	Increase/decrease(%)	Major reasons for the changes
Bills receivable	6,025,971	3,218,907	87.2	Increase in settlement of bank acceptance bills receivable according to changing market conditions.
Other current assets	615,739	68,609	797.5	Mainly due to changes in the classification of debit balance of taxes payable.
Financial assets available for sale	13,882	35,948	-61.4	Principal and gains recovered due to the settlement of financial products purchased by subsidiaries upon maturity.
Long-term receivables	40,274	137,304	-70.7	Decrease in entrusted loan of joint ventures due over one year.
Construction materials	352,543	233,435	51.0	Increase in construction materials procured for construction projects.
Long-term prepaid expenses	57,680	24,796	132.6	Increase in deferred expenses with a deferred period over one year incurred in subsidiaries.
Deferred income tax assets	943,334	546,930	72.5	Mainly due to an increase in deductible temporary differences of subsidiaries of the Company.
Short-term borrowing	7,133,753	5,130,346	39.1	Increase in short-term bank borrowings due to funding needs of production and operations.
Taxes payable	669,205	2,347,281	-71.5	Increase in last year's taxes payable during the current period by subsidiaries.
Interests payable	221,632	424,779	-47.8	Payment of interest expenses for interest-bearing debts.
Long-term borrowings	29,399,453	20,170,908	45.8	Increase in long-term bank borrowing due to funding needs of construction projects.
Notes payable	29,926,627	19,906,414	50.3	Issuance of RMB10 billion medium-term notes during the current period.

3.1.2 Analysis on reasons for the changes in major items on the income statement

Unit: RMB'000

Items	January to September, 2013	January to September, 2012 (restated)	Increase/ decrease(%)	Major reasons for the changes
Asset impairment losses	33,001	202,633	-83.7	Mainly due to a year-on-year decrease in provision for asset impairment loss of subsidiaries.
Investment gains	77,022	231,232	-66.7	Decrease in recognised investment gains due to the decrease in realised profits of certain investee companies calculated based on the percentage of the Company's shareholdings in such companies.
Gains from changes in fair value	–	67	-100.0	Decrease in floating gains due to closure of position of the aluminum ingots futures of a subsidiary during the current period as compared to the open positions in the corresponding period of the previous year.
Operating profit	5,103,373	9,837,133	–48.1	Mainly due to a year-on-year decrease in the scale of sales and profit of the Company during the current period as affected by market conditions, leading to a decrease in operating profit

Items	January to September, 2013	January to September, 2012 (restated)	Increase/ decrease(%)	Major reasons for the changes
Non-operating income	76,728	114,823	-33.2	Year-on-year decrease in the recognised unpaid payables.
Non-operating expenses	42,862	69,202	-38.1	Year-on-year decrease in donation expenses and the loss from disposal of non-current assets.
Total profit	5,137,239	9,882,754	-48.0	Mainly due to a year-on-year decrease in the scale of sales and profit of the Company during the current period as affected by market conditions, leading to a decrease in total profit.
Income tax expenses	1,285,551	2,490,641	-48.4	Mainly due to a year-on-year decrease in the pre-tax profit of the Company in the current period as affected by market conditions, leading to a decrease in income tax expenses.
Net profit	3,851,688	7,392,113	-47.9	Mainly due to a year-on-year decrease in the scale of sales and profit of the Company during the current period as affected by market conditions, leading to a decrease in net profit.
Gains or losses of minority shareholders	669,680	445,559	50.3	Increase in profit attributable to minority shareholders calculated based on percentage of shareholdings due to realised profits from the commencement of operation of China Coal Huajin Company, a non-wholly owned subsidiary of the Company, during the current period.

3.1.3 Analysis on reasons for changes in major items on the cash flow statement

Unit: RMB'000

Items	January to September, 2013	January to September, 2012 (restated)	Increase/decrease(%)	Major reasons for the changes
Net cash flows generated from operating activities	4,888,673	6,674,598	-26.8	Mainly due to a year-on-year decrease in net cash inflow generated from operating activities, as a result of a year-on-year decrease in net profit of the Company, partially offset by the year-on-year increase in both the non-cash costs of the Company such as depreciation and amortisation as well as the payables attributable to operating activities.
Net cash flows generated from investing activities	-18,562,984	-19,475,672	-4.7	Mainly due to a year-on-year decrease in the cash paid for equity investment, partially offset by the year-on-year increase in the cash paid for activities such as acquisition of fixed assets and intangible assets and a year-on-year decrease in the cash inflow generated from term deposits with terms exceeding three months.
Net cash flows generated from financing activities	15,999,738	10,364,557	54.4	Mainly due to a year-on-year increase in the net increase in debt facilities.

3.1.4 Changes in coal sales volume and selling price

		January to September, 2013		January to September, 2012 (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	8,554	424	8,117	477	437	-53
	(I) Thermal coal	8,181	406	8,089	476	92	-70
	1. Domestic sale	8,147	405	8,037	474	110	-69
	(1) Long-term contract	5,185	424	3,748	456	1,437	-32
	(2) Spot trading	2,962	370	4,289	490	-1,327	-120
	2. Export	34	613	52	773	-18	-160
	(1) Long-term contract	34	613	52	773	-18	-160
	(2) Spot trading	☆	☆	☆	☆	-	-
	(II) Coking coal	373	818	28	730	345	88
	1. Domestic sale	373	818	28	730	345	88
	(1) Long-term contract	☆	☆	☆	☆	-	-
	(2) Spot trading	373	818	28	730	345	88
	2. Export	☆	☆	☆	☆	-	-
II. Proprietary coal trading	Total	2,647	487	2,345	617	302	-130
	(I) Domestic resale	2,558	484	2,010	619	548	-135
	(II) Self-operated exports *	2.4	2,195	2	3,130	0.4	-935
	(III) Import trading	60	538	328	577	-268	-39
	(IV) Transshipment trading	27	495	5	1,056	22	-561
III. Import and export agency★	Total	254	10	261	14	-7	-4
	(I) Import agency	106	11	89	8	17	3
	(II) Export agency	147	9	172	17	-25	-8
	(III) Domestic agency	1	3	☆	☆	1	-

- Notes: 1. ★: Selling price refers to agency service fee.
2. * : Briquette export.
3. ☆: N/A.
4. Excluding freight and part handling charges, the average price of self-produced commercial coal for the current period was RMB320.16/tonne, representing a year-on-year decrease of RMB60.46/tonne; of which the average price of self-produced thermal coal was RMB296.48/tonne, representing a year-on-year decrease of RMB82.92/tonne.

3.1.5 Changes in unit cost of sales of self-produced commercial coal

Unit: RMB/tonne

Items	January to September, 2013	January to September, 2012 (restated)	January to December, 2012	As compared to January to September, 2012		As compared to January to December, 2012	
				Increase/decrease	Increase/decrease (%)	Increase/decrease	Increase/decrease (%)
Material costs (excluding cost of external purchase of raw coal for washing purpose)	50.96	54.13	54.25	-3.17	-5.9	-3.29	-6.1
Cost of external purchase of raw coal for washing purpose	10.38	19.42	17.64	-9.04	-46.5	-7.26	-41.2
Labour costs	29.53	30.30	29.44	-0.77	-2.5	0.09	0.3
Depreciation and amortisation	35.19	28.95	28.89	6.24	21.6	6.30	21.8
Repair expenses	9.70	9.58	10.11	0.12	1.3	-0.41	-4.1
Coal sustainable development fund (reserve)	18.75	18.49	18.81	0.26	1.4	-0.06	-0.3
Outsourcing mining engineering fees	28.39	23.53	24.54	4.86	20.7	3.85	15.7
Other costs	34.07	33.18	27.00	0.89	2.7	7.07	26.2
Unit cost of sales of self-produced commercial coal	216.97	217.58	210.68	-0.61	-0.3	6.29	3.0

For the period from January to September of 2013, the Company's unit cost of sales of self-produced commercial coal was RMB216.97/tonne, representing a decrease of RMB0.61/tonne or 0.3% as compared to RMB217.58/tonne for the period from January to September of 2012. This was mainly attributable to: Firstly, material costs decreased by RMB3.17/tonne as compared to the same period of 2012. The year-on-year decrease in unit material costs was mainly attributable to stepped-up management of unit consumption of materials and enhancement of obsolete materials repair and waste reuse, as well as decreased procurement prices for some of the materials as compared to the same period of 2012. Secondly, cost of external purchase of raw coal for washing purpose decreased by RMB9.04/tonne as compared to the same period of 2012. The year-on-year decrease in cost of external purchase of raw coal for washing purpose was mainly attributable to the decrease in the procurement volume of external purchase of raw coal for washing purpose and the procurement price of raw coal during the current period. Thirdly, depreciation and amortisation costs increased by RMB6.24/tonne as compared to the same period of 2012. This was mainly attributable to the year-on-year increase in depreciation cost arising from the transfer of the Company's construction projects such as Wangjialing coal mine to fixed assets and continuous procurement of equipment. Fourthly, outsourcing mining engineering fees increased by RMB4.86/tonne as compared to the same period of 2012. This was mainly attributable to the year-on-year increase in outsourced stripping volume of the Company's open pit mines pursuant to the arrangement on the continuation of production which led to a corresponding increase in outsourcing mining engineering fees.

There was an increase of RMB6.29/tonne or 3.0% as compared to RMB210.68/tonne for the year of 2012. Apart from the above factors such as transfer of construction-in-progress projects to fixed assets, increase in procurement of equipment and increase in stripping volume of open pit mines, which led to an increase in depreciation and amortisation costs as well as outsourcing mining engineering fees, a lower level of special funds expenditure utilised as compared to that for the year of 2012 led to an increase in the cost balance of the special funds.

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

☒Applicable

☐Not applicable

- (1) China Coal Group increased its shareholdings in the Company, either in its own name or through parties acting in concert with it, via the secondary market within 12 months from 10 October 2012 subject to the share price performance of the Company. China Coal Group and parties acting in concert with it undertook that they would not decrease their shareholding in the Company during the period of increase in shareholding.

During the reporting period, China Coal Group and China Coal Hong Kong Limited increased their shareholding in the Company by acquiring a total of 20,016,539 A shares and 7,000,000 H shares, respectively. As at the end of the reporting period, China Coal Group and China Coal Hong Kong Limited held 7,605,207,608 A shares and 132,351,000 H shares, respectively. The A shares and H shares of the Company held by China Coal Group and parties acting in concert with it represented 58.36% of the total issued shares of the Company. China Coal Group and parties acting in concert with it have honoured their undertakings not to decrease their shareholding in the Company during the implementation period of the plan on shareholding increase and within the statutory period.

For details, please refer to relevant announcements of the Company published on the websites of SSE, HKSE and the Company on 10 October 2012.

- (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 China Coal and Coke Jiuxin Limited (a subsidiary of the Company) in Lingshi. The Company took the initiative to converse and coordinate with the local government and residents, and the “Agreement on the Relocation of Residents” was entered into by China Coal and Coke Jiuxin Limited in Lingshi and the Lingshi county government in July 2012. The company paid one-off relocation expense in full, while the Lingshi county government was responsible for the execution of relocation. So far, the relocation is in progress.

For details, please refer to relevant announcements of the Company published on the websites of SSE, HKSE and the Company on 27 May 2010.

- (3) The Resolution on the Investment in the Construction of China Coal Shaanxi Yulin Energy Chemical Company Limited Methanol Acetic Acid Series Deep Processing and Comprehensive Utilisation Project was considered and approved at the fourth meeting of the second session of the Board of the Company for the year of 2013 on 13 May 2013. The same was considered and approved at the second extraordinary general meeting of the Company for the year of 2013 on 5 July 2013. The project is currently undergoing steady progress as scheduled.

For details, please refer to relevant announcements of the Company published on the websites of SSE, HKSE and the Company on 13 May 2013 and 5 July 2013.

- (4) On 23 July 2013, the Company issued the first tranche of the medium-term notes of 2013 with an aggregate amount of RMB5 billion and a term of 7 years. The par value is RMB100 each, with a coupon interest rate of 5.26%. All the proceeds were fully credited into the Company's account on 25 July 2013.

On 16 September 2013, the Company issued the second tranche of the medium-term notes of 2013 with an aggregate amount of RMB5 billion and a term of 7 years. The par value is RMB100 each, with a coupon interest rate of 5.60%. All the proceeds were fully credited into the Company's account on 18 September 2013.

For details, please refer to relevant announcements of the Company published on the websites of SSE, HKSE and the Company on 26 July 2013 and 22 September 2013.

- (5) On 26 July 2013, the Company disclosed that its subsidiary Zhongtian Synergetic Energy Company Limited had received the Notice regarding the Relevant Affairs of Coal Deep Processing Demonstration Project of Zhongtian Synergetic in Ordos (Fa Gai Ban Chan Ye [2013] No. 1495) issued by General Office of NDRC, which gave further details on the preliminary works of the coal deep processing project in Ordos and approved the project to be constructed in two phases. On 24 September 2013, the Company disclosed the Notice regarding the Approval on Phase 1 Project of Coal Deep Processing Demonstration Project of Zhongtian Synergetic Company in Ordos with an Annual Production Capacity of 3.6 Million Tonnes of Methanol (Nei Fa Gai Chan Ye Zi [2013] No.1851) issued by Inner Mongolia Development and Reform Commission, which approved Phase 1 Project of Coal Deep Processing Project in Ordos with an annual production capacity of 3.6 million tonnes of methanol. So far, the construction is in progress.

For details, please refer to relevant announcements of the Company published on the websites of SSE, HKSE and the Company on 26 July 2013 and 24 September 2013.

3.3 Performance of undertakings given by the Company and shareholders with shareholdings of over 5%

☒Applicable

☐Not applicable

(1) Performance of non-competition undertakings by China Coal Group

On 5 September 2006, the Company entered into the Non-competition Agreement with China Coal Group, pursuant to which a decision-making mechanism to avoid conflict of interests was established. As at 30 September 2013, China Coal Import and Export Company, a wholly-owned subsidiary of China Coal Group, China Coal Group Shanxi Jinhaiyang Energy Co., Limited, a 60%-owned subsidiary of China Coal Group and China Coal Heilongjiang Coal Chemical Engineering (Group) Company Limited, a wholly-owned subsidiary of China Coal Group, were still engaged in coal production and coal chemical businesses. Since the conditions of demand and supply in domestic coal market have changed rather significantly and the PRC government has imposed stricter regulatory requirements on safe coal production, which resulted in longer approval period of coal projects, the Company will, in comprehensive consideration of the factors like the coal market and capital market updates and its development strategy and with a high sense of responsibility to investors, opportunistically acquire the assets of relevant coal and coal chemical businesses of China Coal Group, so as to reduce horizontal competition between China Coal Group and the Company.

Details of the undertakings of the Company's controlling shareholder China Coal Group on reducing horizontal competition and the solution are disclosed in the section headed "Significant Events" set out in Annual Report 2012 of the Company published on 15 March 2013.

(2) Increase in shareholding in the Company by China Coal Group

For details, please refer to the section headed "Analysis and explanation on the progress of significant events and their impacts and solutions" herein.

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

The Company will record a decrease in net profit for the year of 2013 as compared to that for the previous year due to the prolonged low coal prices under a relatively significant change in demand and supply in the domestic coal market in 2013.

3.5 Implementation of the cash dividend policy during the reporting period

As approved at the Company's 2012 annual general meeting, cash dividends of RMB2,785,296,150 were distributed to the shareholders, representing 31.5% of the profit attributable to the shareholders of the Company in the consolidated financial statements prepared in accordance with the International Financial Reporting Standards, which was RMB8,842,210,000, being 30% of the net profit attributable to the shareholders of the parent company under the PRC Accounting Standards for Business Enterprises. The distribution was based on the Company's total issued share capital of 13,258,663,400 shares, representing a dividend of RMB0.210 per share (inclusive of tax). The dividends were duly paid to the shareholders by 30 June 2013.

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

Beijing, the PRC

25 October 2013

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 Li Yanjiang, Li Yanmeng and Peng Yi; and the independent non-executive directors of the Company are Zhang Jiaren, Zhao Pei, Ngai Wai Fung and Zhou Qinye.

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