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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 2016**

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 2016 third quarterly financial report of the Company for the nine months ended 30 September 2016. 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 28 October 2016. The full text of the quarterly financial report is in Chinese only.

#### **I. 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 content of 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 Directors absent

<b>Name of director absent</b>	<b>Position of director absent</b>	<b>Reasons for absence</b>	<b>Name of proxy</b>
Gao Jianjun	Director	Personal reason	Li Yanjiang
Ngai Wai Fung	Independent director	Personal reason	Zhao Pei

1.3 Li Yanjiang (the person-in-charge of the Company), Chai Qiaolin (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 third quarterly report of the Company is unaudited.

## II. MAJOR FINANCIAL DATA OF THE COMPANY AND CHANGES OF SHAREHOLDERS

### 2.1 Major financial data

*Unit: RMB'000*

	<b>As at the end of the reporting period</b>	<b>As at the end of the previous year</b>	<b>Increase/decrease at the end of the reporting period as compared to the end of the previous year (%)</b>
Total assets	240,324,865	256,979,526	-6.5
Net assets attributable to shareholders of the listed company	83,947,713	83,484,300	0.6
	<b>From the beginning of the year to the end of the reporting period (January to September)</b>	<b>From the beginning of the previous year to the end of the corresponding period of the previous year (January to September)</b>	<b>Increase/decrease compared to the corresponding period of the previous year (%)</b>
Net cash flows generated from operating activities	6,088,211	1,278,551	376.2

	<b>From the beginning of the year to the end of the reporting period (January to September)</b>	<b>From the beginning of the previous year to the end of the corresponding period of the previous year (January to September)</b>	<b>Increase/decrease compared to the corresponding period of the previous year (%)</b>
Operational revenue	41,489,247	44,878,835	-7.6
Net profit attributable to shareholders of the listed company	893,691	-1,666,302	N/A
Net profit attributable to shareholders of the listed company net of non-recurring gains or losses	-105,494	-1,794,913	N/A
Weighted average return on net assets (%)	1.07	-1.94	N/A
Basic earnings per share (RMB per share)	0.07	-0.13	N/A
Diluted earnings per share (RMB per share)	0.07	-0.13	N/A

*Non-recurring gains or losses and relevant amounts*

√ Applicable    □ Not applicable

*Unit: RMB'000*

<b>Item</b>	<b>Amount for the reporting period (July to September)</b>	<b>Amount from the beginning of the year to the end of the reporting period (January to September)</b>	<b>Explanations</b>
Gains or losses from disposal of non-current assets	-1,007	-4,138	—
Government grants included in profit or loss for the reporting 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	36,096	93,224	—
Reversal of impairment provisions for receivables subject to individual impairment test	—	1,271	—
Gains or losses from external entrusted loans	38,220	131,405	—
Other non-operating income and expenses apart from the foregoing	18,205	23,866	—
Investment gains on disposal of long-term equity investment	—	929,307	—
Effect of income tax	-15,868	-54,397	—
Impact on minority shareholders' interests (after tax)	-14,481	-121,353	—
<b>Total</b>	<b>61,165</b>	<b>999,185</b>	<b>—</b>

## 2.2 Major production and operational data

Unit: RMB

Item	Unit	January to September, 2016	January to September, 2015	Percentage change %
<b>I. Coal operations</b>				
1. Production volume of commercial coal	10,000 tonnes	6,007	7,159	-16.1
Of which: Thermal coal	10,000 tonnes	5,285	6,496	-18.6
Coking coal	10,000 tonnes	722	663	8.9
2. Sales volume of commercial coal	10,000 tonnes	10,042	10,118	-0.8
Of which: Sales volume of self-produced coal	10,000 tonnes	6,073	7,158	-15.2
<b>II. Coal chemical operations</b>				
(I) Olefin				
1. Polyethylene production	10,000 tonnes	26.9	26.8	0.4
Sales volume	10,000 tonnes	26.6	26.5	0.4
2. Polypropylene production	10,000 tonnes	26.1	25.0	4.4
Sales volume	10,000 tonnes	25.9	23.9	8.4
(II) Urea	10,000 tonnes			
1. Production	10,000 tonnes	150.1	140.5	6.8
2. Sales volume	10,000 tonnes	157.0	117.2	34.0
(III) Methanol				
1. Production	10,000 tonnes	42.6	55.1	-22.7
2. Sales volume	10,000 tonnes	33.0	55.2	-40.2
<b>III. Coal mining equipment operations</b>				
1. Output value of coal mining equipment	RMB 100 million	25.2	32.8	-23.2

Notes: 1. The production and sales volume of olefin do not include the production and sales volume of Mengda Engineering Plastics Project for the trial production.

2. The sales volume of methanol of the Company included proprietary sales of all methanol products of China Coal Heilongjiang Coal Chemical Engineering (Group) Company Limited (“**Heilongjiang Coal Chemical Group**”), a subsidiary of China National Coal Group Corporation (the “**China Coal Group**”) and has offset the internal self-consumption of 135,000 tonnes.

**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 listed company		Net assets attributable to equity holders of the listed company	
	January to September, 2016	January to September, 2015	As at 30 September 2016	As at 31 December 2015
According to PRC GAAP	893,691	-1,666,302	83,947,713	83,484,300
Items and amounts adjusted according to IAS:				
(a) Adjustment to special funds and deferred tax of the coal industry	-495,164	71,688	380,717	419,338
(b) Adjustment to floating of non-tradable shares under equity split	-	-	-155,259	-155,259
(c) Adjustment to government grants	2,783	2,783	-38,027	-40,810
According to IAS	401,310	-1,591,831	84,135,144	83,707,569

Explanations on major reconciliations are as follows:

- (a) Adjustment to special reserves and relevant deferred tax: special reserves comprise maintenance fee, safety fund, coal mine transformation fund, mining environmental restoration security deposit and sustainable development reserve. Under PRC GAAP, the Group should make provisions for the special reserves 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, provisions made for the special reserves should be recorded as retained earnings provision while the relevant expenditures are recognised upon occurrence and the special reserves are accordingly transferred to retained earnings.
- (b) 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.
- (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.

**2.4 Total number of shareholders, top 10 shareholders and top 10 shareholders holding tradable shares (or shareholders not subject to trading moratorium) as at the end of the reporting period**

*Unit: Share*

Total number of shareholders		194,993				
Particulars of top 10 shareholders						
Name of Shareholders (full name)	Number of shares held as at the end of the reporting period	Shareholding percentage (%)	Number of shares subject to trading moratorium	Shares pledged or frozen		Nature of shareholders
				Status	Number	
China National Coal Group Corporation (中國中煤能源集團有限公司)	7,605,207,608	57.36	-	Nil	-	State-owned legal person
HKSCC Nominees Limited	3,950,594,857	29.80	-	Unknown	-	Foreign legal person
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	346,941,955	2.62	-	Unknown	-	State-owned legal person
China Coal Hong Kong Limited (中煤能源香港有限公司)	132,351,000	1.00	-	Nil	-	Foreign legal person
Central Huijin Asset Management Company Limited (中央匯金資產管理有限責任公司)	83,035,400	0.63	-	Unknown	-	State-owned legal person
Xu Kaidong (徐開東)	40,299,446	0.30	-	Unknown	-	Unknown
Agricultural Bank of China Limited - Fullgoal CSI SOE Reform Index Classified Securities Investment Fund (中國農業銀行股份有限公司－富國中證國有企業改革指數分級證券投資基金)	23,846,827	0.18	-	Unknown	-	Unknown
National Social Security Fund Portfolio 407 (全國社保基金四零七組合)	17,255,142	0.13	-	Unknown	-	Unknown
Industrial and Commercial Bank of China Limited - CCB Principal Selected Growth Mixed Asset Fund (中國工商銀行股份有限公司－建信優選成長混合型證券投資基金)	16,516,079	0.12	-	Unknown	-	Unknown
Haitong Securities Co., Ltd. - Zhongrong Zhongzheng Coal Index Graded Securities Investment Fund (海通證券股份有限公司－中融中證煤炭指數分級證券投資基金)	11,593,908	0.09	-	Unknown	-	Unknown



<b>Particulars of top 10 shareholders not subject to trading moratorium</b>			
<b>Name of Shareholders</b>	<b>Number of listed shares not subject to trading moratorium</b>	<b>Type and number of shares</b>	
		<b>Type</b>	<b>Number</b>
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	3,950,594,857	Overseas listed foreign shares	3,950,594,857
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	346,941,955	Ordinary shares denominated in RMB	346,941,955
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
Central Huijin Asset Management Company Limited (中央匯金資產管理有限責任公司)	83,035,400	Ordinary shares denominated in RMB	83,035,400
Xu Kaidong (徐開東)	40,299,446	Ordinary shares denominated in RMB	40,299,446
Agricultural Bank of China Limited - Fullgoal CSI SOE Reform Index Classified Securities Investment Fund (中國農業銀行股份有限公司－富國中證 國有企業改革指數分級證券投資基金)	23,846,827	Ordinary shares denominated in RMB	23,846,827
National Social Security Fund Portfolio 407 (全國社保基金四零七組合)	17,255,142	Ordinary shares denominated in RMB	17,255,142
Industrial and Commercial Bank of China Limited – CCB Principal Selected Growth Mixed Asset Fund (中國工商銀行股份有 限公司－建信優選成長混合型證券投資 基金)	16,516,079	Ordinary shares denominated in RMB	16,516,079

Haitong Securities Co., Ltd. - Zhongrong Zhongzheng Coal Index Graded Securities Investment Fund (海通證券股份有限公司－中融中證煤炭 指數分級證券投資基金)	11,593,908	Ordinary shares denominated in RMB	11,593,908
Explanations on affiliated relationship or parties acting in concert among the abovementioned shareholders	China Coal Hong Kong Limited (中煤能源香港有限公 司) is a wholly-owned subsidiary of China Coal Group, the controlling shareholder of the Company. It is not certain if any of the other shareholders are affiliated or acting in concert with each other.		
Explanations on preference shareholders with voting rights restored and the number of shares held	The Company does not have preference shares and has no preference shareholders with voting rights restored.		

- Notes:* 1. The above information was prepared in accordance with the register of shareholders of the Company as at 30 September 2016 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.

As at 30 September 2016, according to the disclosure of interests published on the website of HKSE, Funde Sino Life Insurance Co., Ltd. had long positions in 2,012,858,147 H shares of the Company, representing 15.18% of the total number of shares of the Company.

**2.5 Total number of holders of preference shares, top 10 holders of preference shares and top 10 holders of preference shares (not subject to trading moratorium) as at the end of the reporting period**

Applicable     Not applicable

### III. SIGNIFICANT EVENTS

#### 3.1 Significant changes of the major accounting projects and financial indicators and the reasons thereof

√ Applicable    □ Not applicable

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

Unit: RMB'000

Items	Balance as at the end of the reporting period	Balance as at the beginning of the year	Increase/ decrease (%)	Major reasons for the changes
Monetary funds	13,877,557	32,197,961	-56.9	Mainly due to the repayment of medium-term notes of RMB15 billion which was due in the reporting period.
Notes receivables	4,904,308	3,589,112	36.6	Mainly due to the increase in bank acceptance bills received in the reporting period.
Other receivables	3,341,722	6,058,047	-44.8	Mainly due to the receipt of the entrusted loans in the reporting period and the asset transfer consideration.
Interest receivables	35,161	255,809	-86.3	Mainly due to the receipt of accrued interests upon the maturity of term deposits.
Dividends receivable	7,160	40,175	-82.2	Mainly due to dividends distributed from equity investment companies received in the reporting period
Other current assets	3,645,612	2,113,576	72.5	Mainly because our subsidiary China Coal Finance Co., Ltd. expanded its business and increased its loans to China Coal and its subsidiaries.
Long-term unamortized expenditures	117,138	63,009	85.9	Mainly due to the increase of overhaul expenses of the subsidiaries.
Notes payable	3,543,588	1,626,258	117.9	Mainly due to the increase in the acceptance bills issued externally.
Advances	2,683,985	1,379,498	94.6	Mainly due to the increase in sales proceeds received in advance.

Items	Balance as at the end of the reporting period	Balance as at the beginning of the year	Increase/ decrease (%)	Major reasons for the changes
Interest payable	539,042	1,112,479	-51.5	Mainly due to the payment of the accrued interest during the reporting period, combined with the decrease of interest-bearing debts.
Non-current liabilities due within one year	14,834,403	24,992,274	-40.6	Mainly due to the repayment of medium-term notes of RMB15 billion which was due, combined with the increase due to the reclassification of the long-term borrowings which were due within one year to this class.
Other comprehensive income	-32,882	-62,823	-47.7	Mainly affected by the differences of conversion in the statements of foreign currency of foreign subsidiaries.
Special reserves	921,396	1,398,501	-34.1	Mainly due to the use of balance of the special reserves provisions made in the previous years by the subsidiaries in the reporting period.
General risk provision	253,419	123,919	104.5	The increase in general risk provision provided by China Coal Finance Co., Ltd. according to the relevant requirements.

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

Unit: RMB'000

Items	January to September, 2016	January to September, 2015	Increase/decrease (%)	Major reasons for the changes
Selling expenses	6,535,845	9,150,958	-28.6	Mainly due to combined effect on the year-on-year decrease in the seaborne coal sales as well as the lowering railway tariff rate and port charges.
Investment gain	1,339,608	275,274	386.6	Mainly due to gains in the equity transfer of the Company and the increase in investment gain of equity investment companies recognized according to shareholding ratio.
Profit from operations	1,152,737	-1,851,690	-162.3	Mainly due to the steady rise of coal prices, the strict control of costs and the year-on-year increase in investment gain in the reporting period.
Non-operating expenses	24,234	49,216	-50.8	Mainly due to a year-on-year decrease in asset disposal losses.
Total profit	1,265,574	-1,776,302	-171.2	Mainly due to the steady rise of coal prices, the strict control of costs and the year-on-year increase in investment gain in the reporting period.
Income tax expenses	-50,374	-441,801	-88.6	Mainly due to the decrease of loss of certain enterprises.
Net profit	1,315,948	-1,334,501	-198.6	Mainly due to the steady rise of coal prices, the strict control of costs and the year-on-year increase in investment gain.
Other comprehensive income (net of tax)	29,941	-16,636	-280.0	Mainly affected by the differences of conversion in the statements of foreign currency of overseas subsidiaries.
Total comprehensive income	1,345,889	-1,351,137	-199.6	Mainly due the year-on-year increase in the net profit of the Company, combined with the change in differences of conversion in the statements of foreign currency.

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

Unit: RMB'000

Items	January to September, 2016	January to September, 2015	Major reasons for the changes
Net cash flows generated from operating activities	6,088,211	1,278,551	Mainly due to the increase in operating performance of the Company and the effective control over the use of working capital such as trade receivables.
Net cash flows generated from investment activities	12,467,159	-18,044,093	Due to the combined effects of the year-on-year decrease in cash used in capital expenditure for acquisition of fixed assets by the Company during the reporting period, the receipt of the entrusted loans and the asset transfer consideration as well as the changes in term deposits with an initial term of more than three months.
Net cash flows generated from financing activities	-21,251,613	15,866,559	Mainly due to the increase of the operating results of the Company during the reporting period, great curtailment of the liabilities scale, significant year-on-year reduction of debt financing and repayment of the medium-term notes of RMB15 billion which was due.

### 3.1.4 Sales revenue, cost and gross profit of coal operations

For the period from January to September of 2016, the Company's revenue from coal operations decreased from RMB31.642 billion for the same period of 2015 to RMB29.977 billion, representing a decrease of RMB1.665 billion; the cost of coal operations decreased from RMB21.774 billion for the same period of 2015 to RMB20.715 billion, representing a decrease of RMB1.059 billion; the gross profit of coal operations decreased from RMB9.868 billion for the same period of 2015 to RMB9.262 billion, representing a decrease of RMB606 million.

### 3.1.5 Changes in coal sales volume and price

Currency: RMB

		January to September, 2016		January to September, 2015		Increase/decrease in amount		Increase/decrease in percentage	
		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)	Sales volume (%)	Selling price (%)
I. Self-produced commercial coal	Total	6,073	300	7,158	301	-1,085	-1	-15.2	-0.3
	(I) Thermal coal	5,362	287	6,521	289	-1,159	-2	-17.8	-0.7
	1. Domestic sale	5,331	287	6,494	288	-1,163	-1	-17.9	-0.3
	2. Export	31	384	27	443	4	-59	14.8	-13.3
	(II) Coking coal	711	393	637	451	74	-58	11.6	-12.9
	1. Domestic sale	711	393	637	451	74	-58	11.6	-12.9
	2. Export	☆	☆	☆	☆	-	-	-	-
II. Proprietary coal trading	Total	3,720	291	2,657	331	1,063	-40	40.0	-12.1
	(I) Domestic resale	3,527	291	2,502	325	1,025	-34	41.0	-10.5
	(II) Self-operated exports*	9.7	600	2.6	1,671	7.1	-1,071	273.1	-64.1
	(III) Transshipment trading	183	291	152	406	31	-115	20.4	-28.3
III. Import and export and domestic agency★	Total	249	3	303	3	-54	-	-17.8	-
	(I) Import agency	11	6	7	6	4	-	57.1	-
	(II) Domestic agency	187	4	150	4	37	-	24.7	-
	(III) Export agency	51	1	146	1	-95	-	-65.1	-

☆: N/A for the period.

★: Selling price is agency service fee.

\*: Briquette export.

### 3.1.6 Changes in unit cost of sales of self-produced commercial coal

Unit: RMB/tonne

Item	January to September, 2016	January to September, 2015	Year-on-year	
			Increase/decrease in amount	Increase/decrease (%)
Material costs (excluding cost of external purchase of raw coal for washing purpose)	38.86	41.35	-2.49	-6.0
Cost of external purchase of raw coal for washing purpose	2.44	5.00	-2.56	-51.2
Labour costs	30.47	28.81	1.66	5.8
Depreciation and amortisation	44.01	39.23	4.78	12.2
Repair expenses	7.56	5.98	1.58	26.4
Outsourcing mining engineering fee	11.38	14.02	-2.64	-18.8
Other costs	17.29	33.32	-16.03	-48.1
Unit cost of sales of self-produced commercial coal	152.01	167.71	-15.70	-9.4

For the period from January to September 2016, the Company's unit cost of sales of self-produced commercial coal was RMB152.01/tonne, representing a decrease of RMB15.70/tonne or 9.4% as compared to RMB167.71/tonne for the same period of 2015.

The unit cost of material decreased year-on-year by RMB2.49/tonne, which was mainly attributable to the year-on-year decrease of RMB600 million in cost of material resulting from measures such as further reduction in the material purchase unit price, the improvement of management of material requisition and consumption, and the enhancement of recycling of coal producing enterprises during the reporting period.

The unit cost of external purchase of raw coal for washing purpose decreased year-on-year by RMB2.56/tonne, which was mainly attributable to the year-on-year decrease in sales volume of external purchase of raw coal for washing purpose and the year-on-year fall in unit purchase price, leading to the year-on-year decrease of RMB210 million in total cost of external purchase of raw coal for washing purpose.



The unit labour costs increased year-on-year by RMB1.66/tonne, which was mainly attributable to the further enhanced controls over gross salaries, continuing to clean up the labor dispatch team, reducing the total labor so as to decrease year-on-year the total cost of labor, combined with the effect of the year-on-year decrease in the production volume of self-produced commercial coal, leading to the year-on-year increase in the unit cost of labor.

The unit depreciation and amortization increased year-on-year by RMB4.78/tonne, which was mainly attributable to a year-on-year decrease in the production volume of self-produced commercial coal, leading to the year-on-year increase in the unit depreciation and amortization cost.

The unit repair costs increased year-on-year by RMB1.58/tonne, which was mainly attributable to the strengthening of routine repair and maintenance of equipment of coal producing enterprises and the year-on-year decrease in the production volume of self-produced commercial coal, leading to the year-on-year increase in the unit repair costs.

The unit outsourcing mining engineering fee decreased year-on-year by RMB2.64/tonne, which was mainly attributable to the further strengthening of outsourcing business management by coal producing enterprises, strict control over outsourcing unit price, and the year-on-year decreases in outsourcing stripping and roadheading volume, leading to the year-on-year decrease in outsourcing mining engineering fees.

The unit other costs decreased year-on-year by RMB16.03/tonne, which was mainly attributable to the decrease in the small and medium mining project expenditure and land requisition compensation expenses as well as using the special funds balance accumulated in the previous years, leading to the year-on-year decrease in other costs.

### 3.1.7 Changes in sales volume and price of major chemical products

Currency: RMB

	January to September, 2016		January to September, 2015		Increase/decrease in amount		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)	Sales volume (%)	Selling price (%)
(I) Olefin	52.5	6,949	50.4	7,585	2.1	-636	4.2	-8.4
1. Polyethylene	26.6	7,685	26.5	7,964	0.1	-279	0.4	-3.5
2. Polypropylene	25.9	6,193	23.9	7,165	2.0	-972	8.4	-13.6
(II) Methanol◆	33.0	1,399	55.2	1,541	-22.2	-142	-40.2	-9.2
(III) Urea	157.0	1,172	117.2	1,725	39.8	-553	34.0	-32.1
(IV) Coke	151.1	773	156.3	758	-5.2	15	-3.3	2.0
1. Self-produced	83.1	656	143.9	749	-60.8	-93	-42.3	-12.4
2. Proprietary trading	68.0	913	12.4	867	55.6	46	448.4	5.3

◆: Including sales of methanol produced by Heilongjiang Coal Chemical Group, a subsidiary of China Coal Group with 38.0 thousand tonnes from January to September 2016 and 20.9 thousand tonnes from January to September 2015.

### 3.1.8 Cost of sales of major chemical products

Currency: RMB

	Cost of sales (RMB100 million)			Unit cost of sales (RMB/tonne)		
	January to September, 2016	January to September, 2015	Increase/decrease in amount	January to September, 2016	January to September, 2015	Increase/decrease in amount
Polyethylene	10.64	10.61	0.03	3,996.02	4,012.90	-16.88
Polypropylene	9.77	8.35	1.42	3,770.01	3,494.38	275.63
Methanol	4.16	6.97	-2.81	1,259.17	1,262.26	-3.09
Urea	11.36	12.18	-0.82	723.87	1,039.72	-315.85
Coke	10.44	10.06	0.38	690.93	643.90	47.03

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

Applicable    Not applicable

#### 1. *Matters on the registration and issuance of short-term financing bills*

On 28 July 2016, as disclosed in the Announcement on the Approved Registration of Short-Term Financing Bills of China Coal Energy, China Interbank Market Dealers Association approved the registration of short-term financing bills of RMB10 billions of the Company. On 3 August 2016, as disclosed in the Announcement on the Issue Results of the First Tranche of Short-Term Financing Bills of China Coal Energy in 2016, the Company successfully issued the first tranche of short-term financing bills of RMB3 billion in 2016.

For details, please refer to the announcements of the Company published on the websites of SSE, HKSE and the Company on 28 July and 3 August 2016.

#### 2. *Matters on the resignation of vice president and chief financial officer*

On 24 August 2016, the Resolution on the Resignation of Niu Jianhua and Weng Qing'an was considered and approved on the third meeting of the third session of the board of directors of the Company in 2016, which approved that Mr. Niu Jianhua would no longer serve as the vice president of the Company and Mr. Weng Qing'an would no longer serve as the chief financial officer of the Company.

For details, please refer to the announcements of the Company published on the websites of SSE, HKSE and the Company on 24 August 2016.

### ***3. Matters on the use of proceeds to temporarily supplement the working capital***

On 24 August 2016, the Resolution on the Use of Proceeds to Temporarily Supplement the Working Capital was considered and approved on the third meeting of the third session of the board of directors of the Company in 2016, which approved the Company to use the idle proceeds of RMB3.3 billion to temporarily supplement the working capital and the period of use shall not exceed 12 months.

For details, please refer to the announcements of the Company published on the websites of SSE, HKSE and the Company on 24 August 2016.

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

Applicable    Not applicable

In May 2014, the Company received the Letter of Undertaking on Further Avoiding Horizontal Competition with China Coal Energy Company Limited from its controlling shareholder China Coal Group, in which China Coal Group stated expressly that: “Within 7 years from the date of the Letter of Undertaking on Further Avoiding Horizontal Competition with China Coal Energy Company Limited, China Coal Group will inject its equity interests in China Coal Import and Export Company, China Coal Group Shanxi Huayu Energy Co., Ltd. and Heilongjiang Coal Chemical Group, which have horizontal competition with China Coal Energy, into China Coal Energy, subject to fulfilling the procedures for meetings of the board of directors or shareholders’ general meeting by China Coal Energy under applicable laws and regulations and the Articles of Association.” The issue was reviewed on the fourth meeting of the second session of the board of directors of the Company in 2014 held on 13 May 2014 and was disclosed thereafter. China Coal Energy will follow up the fulfilment of the above undertaking with a high sense of responsibility to investors in accordance with the relevant regulatory requirements.

For details, please refer to the Announcement on Fulfilment of Undertaking of Subjects including the Company and Controlling Shareholder and the Announcement on Undertaking of China National Coal Group Corporation on Further Avoiding Horizontal Competition with China Coal Energy Company Limited respectively published on 14 February and 13 May 2014 on the websites of SSE, HKSE and the Company.

**3.4 Warning in respect of possible loss or any significant changes in aggregate net profit from beginning of the year until the end of the next reporting period as compared with that of the corresponding period of 2015 and the reasons thereof**

Applicable     Not applicable

During 2016, under the influence of national policies such as addressing overcapacity and supply-side structural reform, the price of coal was stabilized and began to rebound. The Company scientifically arranged coal production, optimized the product mix, strictly controlled the costs and expenses, and actively disposed the assets with low correlation with the main business and low profitability. It is expected that the net profit of the Company will increase significantly over the previous year and the Company will realize profit.

By Order of the Board  
**China Coal Energy Company Limited**  
**Li Yanjiang**  
*Chairman of the Board, Executive  
Director*

Beijing, the PRC  
28 October 2016

*As at the date of this announcement, the executive directors of the Company are Li Yanjiang and Gao Jianjun; the non-executive directors of the Company are Peng Yi, Liu Zhiyong and Xiang Xujia; and the independent non-executive directors of the Company are Zhang Ke, 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 purposes only*