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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)

FIRST QUARTERLY REPORT 2014

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 2014 first quarterly financial report of the Company for the three months ended 31 March 2014. 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 April 2014. The full text of the quarterly financial report is in Chinese only.

I. IMPORTANT NOTICE

- 1.1 The board of directors (the “**Board**”) 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 third meeting in 2014 of the second session of the board of directors of the Company was held on 25 April 2014. Mr. Yang Lieke, Executive Director of the Company, was unable to attend the meeting due to personal reasons, and authorized Mr. Wang An, Chairman and Executive Director of the Company, to attend and vote on his behalf. All other directors of the Company attended the meeting in person. The Resolution on the First Quarterly Report 2014 of the Company was considered and approved at the meeting, with 9 affirmative votes, 0 dissenting vote and 0 abstaining vote, to publish the first quarterly report 2014 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 first quarterly financial report of the Company were unaudited.

II. 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 (%)
Total assets	219,404,730.00	214,943,626.00	2.1
Net asset attributable to the shareholders of the listed company	88,111,376.00	87,426,773.00	0.8

	From the beginning of the year to the end of the reporting period (January to March)	From the beginning of the previous year to the end of the corresponding period of the previous year (January to March)	Increase/ decrease compared to the corresponding period of the previous year (%)
Net cash flows generated from operating activities	-4,086,601.00	1,106,640.00	-469.3
	From the beginning of the year to the end of the reporting period	From the beginning of the previous year to the end of the corresponding period of the previous year	Increase/ decrease compared to the corresponding period of the previous year (%)
Operational revenue	16,858,658.00	20,125,066.00	-16.2
Net profit attributable to shareholders of the listed company	538,160.00	1,655,255.00	-67.5
Net profit attributable to shareholders of the listed company net of non-recurring gains or losses	508,266.00	1,636,422.00	-68.9
Weighted average return on net assets (%)	0.61	1.90	Decreased by 1.29 percentage points
Basic earnings per share (RMB per share)	0.04	0.12	-66.7
Diluted earnings per share (RMB per share)	0.04	0.12	-66.7

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

Unit: RMB'000

Items	Amount for the current period (January to March)
Gains or losses from disposal of non-current assets	-2,479
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	5,489
Gains or losses from external entrusted loans	33,405
Other non-operating income and expenses apart from the foregoing	3,012
Effect of income tax	-9,696
Impact on minority shareholders' interests (after tax)	163
Total	29,894

2.2 Major production and operational data

Items	January to March, 2014	January to March, 2013	Percentage change %
I. Commercial coal production volume (10,000 tonnes)	2,999	2,966	1.1
(I) By coal type:			
Of which: Thermal coal	2,848	2,825	0.8
Coking coal	151	141	7.1
(II) By market:			
Of which: Pingshuo Company	2,306	2,252	2.4
Shanghai Energy Company	183	196	-6.6
China Coal Huajin Company	174	164	6.1
Dongpo Company	153	193	-20.7
Nanliang Company	50	50	0.0
Tang Shan Gou Company	30	30	0.0
Dazhong Company	101	77	31.2
Shuozhong Company	152	146	4.1
Shaanxi Company	44	25	76.0

Items	January to March, 2014	January to March, 2013	Percentage change %
II. Commercial coal sales volume (10,000 tonnes)	3,332	3,678	-9.4
(I) Self-produced commercial coal	2,670	2,785	-4.1
1. Thermal coal	2,525	2,661	-5.1
(1) Domestic sale	2,512	2,649	-5.2
Of which: Long-term contract	2,079	1,509	37.8
Spot trading	433	1,140	-62.0
(2) Export	13	12	8.3
Of which: Long-term contract	☆	☆	-
Spot trading	13	12	8.3
2. Coking coal	145	124	16.9
(1) Domestic sale	145	124	16.9
Of which: Long-term contract	☆	☆	-
Spot trading	145	124	16.9
(2) Export	☆	☆	-
(II) Proprietary coal trading	571	797	-28.4
Of which: Domestic resale	440	756	-41.8
Self-operated exports	1	1	0.0
Import trading	130	40	225.0
Transshipment trading	☆	☆	-
(III) Import and export agency	91	96	-5.2
Of which: Import agency	30	43	-30.2
Export agency	61	53	15.1
III. Coke production volume (10,000 tonnes)	48	46	4.3
IV. Output value of coal mining equipment(RMB 10,000)	148,266	148,209	0.0

- Notes: 1. ☆:N/A
2. Intra-group transaction volume included 1.94 million tonnes which were transacted in the first quarter of 2014 and 1.83 million tonnes which were transacted in the first quarter of 2013.

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 March, 2014	January to March, 2013	As at 31 March 2014	As at 31 December 2013
According to PRC GAAP	538,160	1,655,255	88,111,376	87,426,773
Items of difference and amount –				
(a) Adjustment to the Special Funds for Coal Industry and relevant deferred tax	74,707	196,518	475,920	587,740
(b) Adjustment to floating of non-tradable shares under equity split	–	–	–155,259	–155,259
(c) Adjustment to government grants	927	927	–47,303	–48,230
According to IFRS	613,794	1,852,700	88,384,734	87,811,024

Explanations on major reconciliations:

- (a) Adjustment to the Special Funds for Coal Industry and relevant deferred tax: The Special Funds for Coal Industry comprise future development fund, safety fund, coal mine transformation fund, mine environmental restoration fund and sustainable development fund. Under PRC GAAP, the Group should make provisions for the Special Funds for Coal Industry 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 special funds included in cost are written back while the relevant expenditures are recognised upon occurrence.

Pursuant to the “Notice on Continuing to suspend the Environmental Restoration Fund and Coal Mine Industry Transformation Fund” (Jin Cai Mei [2014] No.17) issued by the Department of Finance of Shanxi Province, the appropriation of environmental restoration fund and coal mine industry transformation fund of coal enterprises shall continue to be suspended from 1 January 2014 to the date of the national coal resource tax reform plan being duly published and implemented.

- (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 not subject to trading moratorium as at the end of the reporting period

Unit: Share

Total number of shareholders			280,036		
Particulars of top 10 shareholders					
Name of shareholders (full name)	Nature of shareholders	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	29.76	3,946,268,747	-	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
Sino Life Insurance Co., Ltd. – Universal H (生命人壽保險股份有限公司－萬能H)	Domestic non-state-owned legal person	0.56	73,724,443	-	Unknown
Portfolio 403, National Social Security Fund (全國社保基金四零三組合)	State-owned legal person	0.42	56,000,000	-	Unknown
Portfolio 414, National Social Security Fund (全國社保基金四一四組合)	State-owned legal person	0.42	56,000,000	-	Unknown
Portfolio 415, National Social Security Fund (全國社保基金四一五組合)	State-owned legal person	0.31	40,533,340	-	Unknown
Huaxin Trust Co., Ltd. (華信信託股份有限公司)	Unknown	0.21	27,580,403	-	Unknown
Xinjiang Zhongyou Chemical Group Company Limited (新疆中油化工集團有限公司)	Unknown	0.15	19,530,769	-	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	12,000,000	-	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	3,946,268,747	Overseas listed foreign shares	3,946,268,747
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
Sino Life Insurance Co., Ltd. – Universal H (生命人壽保險股份有限公司 – 萬能H)	73,724,443	Ordinary shares denominated in RMB	73,724,443
Portfolio 403, National Social Security Fund (全國社保基金四零三組合)	56,000,000	Ordinary shares denominated in RMB	56,000,000
Portfolio 414, National Social Security Fund (全國社保基金四一四組合)	56,000,000	Ordinary shares denominated in RMB	56,000,000
Portfolio 415, National Social Security Fund (全國社保基金四一五組合)	40,533,340	Ordinary shares denominated in RMB	40,533,340
Huaxin Trust Co., Ltd. (華信信託股份有限公司)	27,580,403	Ordinary shares denominated in RMB	27,580,403
Xinjiang Zhongyou Chemical Group Company Limited (新疆中油化工集團有限公司)	19,530,769	Ordinary shares denominated in RMB	19,530,769
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)	12,000,000	Ordinary shares denominated in RMB	12,000,000
China Coal Hong Kong Limited (中煤能源香港有限公司) is a wholly-owned subsidiary of China National Coal Group Corporation (hereinafter known as “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.			

- Notes:
1. The above information was prepared in accordance with the register of shareholders of the Company as at 31 March 2014 provided by the China Securities Depository and Clearing Corporation Limited Shanghai Branch and Computershare Hong Kong Investor Services Limited.
 2. The H shares held by HKSCC Nominees Limited are held on behalf of various customers.
 3. As at 31 March 2014, 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.
 4. In addition to the Company's A Shares held by Sino Life Insurance Co., Ltd. as shown in the table above, according to the notice on disclosure of interests published on the website of The Stock Exchange of Hong Kong Limited, Sino Life Insurance Co., Ltd. had long positions in 821,785,000 H shares of the Company as at 28 March 2014.

III. 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	As at 31 March 2014	As at 31 December 2013	Increase/decrease (%)	Major reasons for the changes
Trade receivables	11,944,590	8,268,716	44.5	Mainly due to the delayed settlement of trade receivables as a result of the fact that annual sales contracts were signed concentratedly at the end of the first quarter, leading to an increase in trade receivables.
Interest receivable	81,046	247,680	-67.3	Mainly due to the recovery of deposit interest which was provisioned in the previous year during the current period.
Taxes payable	1,107,994	1,978,113	-44.0	Mainly due to a year-on-year decrease in the scale of sales and the payment of the previous year's taxes during the current period as affected by market conditions.
Interest payable	1,052,553	644,287	63.4	Mainly due to the provision for payment of interest expenses for interest-bearing debts during the current period, leading to an increase in interest payable.

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

Unit: RMB'000

Items	January to March, 2014	January to March, 2013	Increase/decrease (%)	Major reasons for the changes
Finance costs	387,009	44,773	764.4	Mainly due to the transfer of certain construction-in-progress projects to fixed assets of the subsidiaries as well as an increase in interest expenses resulted from the increase in interest-bearing debts.
Profit from operations	941,623	2,601,751	-63.8	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.
Non-operating expenses	10,002	18,352	-45.5	Mainly due to a year-on-year decrease in donation expenses.
Total profit	947,645	2,596,139	-63.5	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	248,951	606,563	-59.0	Mainly due to a year-on-year decrease in the pre-tax profit of the Company during the current period as affected by market conditions, leading to a decrease in income tax expenses.
Net profit	698,694	1,989,576	-64.9	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.

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

Unit: RMB'000

Items	January to March, 2014	January to March, 2013	Increase/decrease (%)	Major reasons for the changes
Net cash flows generated from operating activities	-4,086,601	1,106,640	-469.3	Mainly due to a year-on-year decrease in net cash inflow generated from operating activities, as a result of a year-on-year increase in the funds occupied by operating receivables and a year-on-year decrease in profit during the current period as affected by market conditions.
Net cash flows generated from investment activities	-3,107,738	-5,749,700	-45.9	Mainly due to an increase in cash inflow from investment activities of RMB2.73 billion resulting from the inclusion of the newly established China Coal Finance Co., Ltd. into consolidation scope, which offset the cash outflow generated from investment activities including acquisition of fixed assets and equity investment.
Net cash flows generated from financing activities	5,003,570	3,443,187	45.3	Mainly due to a year-on-year increase in net cash inflow from financing activities, as a result of an increase in bank borrowings based on the needs from the Company's production, operation and project construction.

3.1.4 Changes in coal sales volume and selling price

		January to March, 2014		January to March, 2013		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	2,670	401	2,785	448	-115	-47	-4.1	-10.5
	(I) Thermal coal	2,525	384	2,661	425	-136	-41	-5.1	-9.6
	1. Domestic sale	2,512	383	2,649	424	-137	-41	-5.2	-9.7
	(1) Long-term contract	2,079	394	1,509	446	570	-52	37.8	-11.7
	(2) Spot trading	433	330	1,140	394	-707	-64	-62.0	-16.2
	2. Export	13	575	12	623	1	-48	8.3	-7.7
	(1) Long-term contract	☆	☆	☆	☆	-	-	-	-
	(2) Spot trading	13	575	12	623	1	-48	8.3	-7.7
	(II) Coking coal	145	699	124	946	21	-247	16.9	-26.1
	1. Domestic sale	145	699	124	946	21	-247	16.9	-26.1
	(1) Long-term contract	☆	☆	☆	☆	-	-	-	-
	(2) Spot trading	145	699	124	946	21	-247	16.9	-26.1
	2. Export	☆	☆	☆	☆	-	-	-	-
II. Proprietary coal trading	Total	571	501	797	502	-226	-1	-28.4	-0.2
	(I) Domestic resale	440	497	756	504	-316	-7	-41.8	-1.4
	(II) Import trading	130	506	40	431	90	75	225.0	17.4
	(III) Transshipment trading	☆	☆	☆	☆	-	-	-	-
	(IV) Self-operated exports *	1	2,142	1	2,366	-	-224	-	-9.5
III. Import and export agency★	Total	91	8	96	12	-5	-4	-5.2	-33.3
	(I) Import agency	30	12	43	11	-13	1	-30.2	9.1
	(II) Export agency	61	6	53	14	8	-8	15.1	-57.1

Notes: ☆ : N/A.

* : Briquette export.

★ : Selling price refers to agency service fee.

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

Unit: RMB/tonne

Items	January to March, 2014	January to March, 2013	January to December, 2013	As compared to January to March, 2013		As compared to January to December, 2013	
				Increase/decrease in amount	Increase/decrease (%)	Increase/decrease in amount	Increase/decrease (%)
Material costs (excluding cost of external purchase of raw coal for washing purpose)	44.63	59.65	55.15	-15.02	-25.2	-10.52	-19.1
Cost of external purchase of raw coal for washing purpose	18.75	13.18	10.69	5.57	42.3	8.06	75.4
Labour costs	28.24	27.24	29.38	1.00	3.7	-1.14	-3.9
Depreciation and amortisation	32.90	30.74	32.90	2.16	7.0	-	-
Repair expenses	8.69	6.69	9.85	2.00	29.9	-1.16	-11.8
Coal sustainable development fund (reserve)	18.26	19.78	18.57	-1.52	-7.7	-0.31	-1.7
Outsourcing mining engineering fee	25.07	18.61	27.94	6.46	34.7	-2.87	-10.3
Other costs	26.37	40.26	36.35	-13.89	-34.5	-9.98	-27.5
Unit cost of sales of self-produced commercial coal	202.91	216.15	220.83	-13.24	-6.1	-17.92	-8.1

For the period from January to March of 2014, the Company's unit cost of sales of self-produced commercial coal decreased from RMB216.15/tonne for the same period of last year to RMB202.91/tonne, representing a decrease of RMB13.24/tonne or 6.1%, or a decrease of RMB17.92/tonne or 8.1% as compared to RMB220.83/tonne for the year of 2013.

Firstly, material costs decreased by RMB15.02/tonne as compared to the corresponding period of 2013, mainly attributable to a year-on-year decrease in the unit purchase price of materials including accessories and diesel due to the long-term unit purchase price determined after negotiation between China Coal Pingshuo Group Company Limited (referred to as herein “Pingshuo Company”), a subsidiary of the Company, and its suppliers. In addition, the Company’s increased percentage of home-made accessories as well as its strengthened efforts in repair, recycling and quota management of materials also contributed to the year-on-year decrease in material costs.

Secondly, cost of external purchase of raw coal for washing purpose increased by RMB5.57/tonne as compared to the corresponding period of 2013, mainly attributable to a year-on-year increase in external purchase volume of coal for washing to be used for blending purpose during the current period so as to improve the coal quality structure.

Thirdly, depreciation and amortisation increased by RMB2.16/tonne as compared to the corresponding period of 2013, mainly attributable to the transfer of certain construction-in-progress projects including the coal washing plant of Pingshuo East Open Pit Mine to fixed assets as well as the increase in the purchase of fixed assets including machinery and equipment according to the capital expenditure budget.

Fourthly, repair expenses increased by RMB2.00/tonne as compared to the corresponding period of 2013, mainly attributable to the increase in repair and maintenance of coal mining equipment during the current period.

Fifthly, outsourcing mining engineering fee increased by RMB6.46/tonne as compared to the corresponding period of 2013, mainly attributable to the year-on-year increase in both stripping volume and stripping unit price of open pit mines of Pingshuo Company as well as the commencement of operation of the coal washing plant of Pingshuo East Open Pit Mine during the current period.

Sixthly, other costs decreased by RMB13.89/tonne as compared to the corresponding period of 2013, mainly attributable to the fact that coal production enterprises in Shanxi Province were not required to make provisions for environmental restoration fund and coal mine industry transformation fund for the current period pursuant to the “Notice on Continuing to suspend Environmental Restoration Fund and Coal Mine Industry Transformation Fund” (Jin Cai Mei [2014] No.17) issued by the Department of Finance of Shanxi Province. In addition, further reduction of expenditure for routine sporadic repairs achieved by the Company’s subsidiaries also contributed to the year-on-year decrease in costs.

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

Applicable Not applicable

- (1) On 13 May 2013, the “Resolution on 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 passed at the fourth meeting of the second session of the Board of the Company for 2013. On 5 July 2013, the resolution was considered and approved at the Company’s second extraordinary general meeting for 2013. With all necessary approvals obtained, the construction of the project entered its final stage. In particular, the construction of major processing equipment was completed and the major devices including air separation and gasification were completed and delivered.

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

- (2) On 26 July 2013, the Company disclosed that its associated company 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 the NDRC, which clarified further 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. With the approval for the phase 1 construction of the coal chemical segment, the coal chemical segment commenced full construction. On 17 March 2014, the Company disclosed that the approval for the coal segment had been granted by the NDRC recently, and the construction of the project progressed smoothly.

For details, please refer to the relevant announcements published on the websites of SSE, HKSE and the Company on 26 July 2013, 24 September 2013 and 17 March 2014.

- (3) On 18 March 2014, the Company held the second meeting of the second session of the Board for 2014, at which the “Resolution on Investment in the Construction of Tuke Gasification Island and Related Facilities” was considered and passed, and approved to submit the same for consideration at the 2013 annual general meeting of the Company. Currently, the project progressed smoothly as planned.

For details, please refer to the relevant announcements published on the websites of SSE, HKSE and the Company on 18 March 2014.

- (4) On 10 January 2014, the Company held the first meeting of the second session of the Board for 2014, at which the “Resolution on Investment in the Construction of Dahaize Coal Mine and Coal Preparation Plant of China Coal Shaanxi Yulin Energy & Chemical Company Limited” was considered and passed, and the Company approved to submit the same for consideration at the general meeting of the Company. Currently, the project progressed smoothly as planned.

For details, please refer to the relevant announcements published on the websites of SSE, HKSE and the Company on 10 January 2014.

- (5) On 4 March 2014, the Company received a notice from its shareholder Sino Life Insurance Co., Ltd., stating that as of 4 March 2014, the aggregate voting rights of A shares and H shares of the Company it held through transactions in secondary markets had reached 5%. The aforesaid change in shareholding will not result in any change in controlling shareholders or de facto controllers.

For details, please refer to the relevant announcements published on the websites of SSE, HKSE and the Company on 4 March and 6 March 2014.

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

Applicable Not applicable

On 5 September 2006, the Company entered into a “Non-competition Agreement” with China Coal Group to set up a decision-making mechanism to avoid conflict of interests. Until present, China Coal Import and Export Company, a wholly-owned subsidiary of China Coal Group, China Coal Group Shanxi Huayu Energy Co., Ltd., which is held as to 60% by China Coal Group and China Coal Heilongjiang Coal Chemical Engineering (Group) Company Limited, a wholly-owned subsidiary of China Coal Group, have been engaged in coal production and coal chemical business. China Coal Group and the Company are proactively tackling horizontal competitions. Currently, the relevant works are progressing smoothly. In light of the longer approval period of coal projects as a result of the increasingly stricter regulatory requirements on safe coal production imposed by the PRC and the significant changes in demand and supply conditions of coal markets both at home and abroad, coal prices remain low, clouding the outlook for recovery and substantially lowering the efficiency of the above enterprises which are horizontal competitors of the Company. China Coal Energy will, in comprehensive consideration of the factors including the conditions of coal and capital markets and its development strategy, fulfill the relevant undertaking with a high sense of responsibility to investors in accordance with the regulatory requirements after completion of the formalities of relevant projects.

Details of the undertaking 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 2013 of the Company published on 18 March 2014.

3.4 Warning in respect of possible loss or any significant changes in projected 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 2013 and the reasons thereof

Applicable Not applicable

The Company may record a decrease in aggregate net profit from the beginning of 2014 until the end of the next reporting period as compared with that of the corresponding period of 2013 due to the prolonged low coal prices under a relatively significant change in demand and supply of the domestic coal market in 2014.

3.5 Implementation of the cash dividend policy during the reporting period

On 18 March 2014, the Board of the Company recommended the payment of cash dividends of RMB1,072,680,600 to shareholders of the Company, representing 30% of the net profit attributable to the equity holders of the parent company which was RMB3,575,602,000 as set out in the consolidated financial statements for 2013 prepared in accordance with the PRC Accounting Standards for Business Enterprises. The proposed dividend distribution will be made based on the Company's entire issued share capital of 13,258,663,400 shares, representing a dividend of RMB0.081 per share (inclusive of tax). The proposed dividends are subject to consideration and approval by shareholders at the 2013 annual general meeting of the Company.

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

Beijing, the PRC
25 April 2014

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*