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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2010**

Financial Highlights:

- Revenue of the Group in the first half of 2010 was RMB35.090 billion, representing an increase of RMB12.347 billion (or 54.3%) over the same period of 2009.
- Profit attributable to equity holders of the Company in the first half of 2010 was RMB5.446 billion, representing an increase of RMB1.104 billion (or 25.4%) over the same period of 2009.
- Basic earnings per share of the Company during the reporting period was RMB0.41, representing an increase of RMB0.08 over the same period of 2009.
- EBITDA in the first half of 2010 was RMB9.624 billion, representing an increase of RMB2.454 billion (or 34.2%) over the same period of 2009.
- The Company does not distribute interim dividends for 2010.

The board of directors of China Coal Energy Company Limited (“**China Coal Energy**” or the “**Company**”) (the “**Board**”) is pleased to announce the interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2010 prepared in accordance with the International Financial Reporting Standards (“**IFRS**”). The Group’s interim results have not been audited, but have been reviewed by the Company’s auditor, PricewaterhouseCoopers.

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

A. SELECTED CONSOLIDATED INTERIM FINANCIAL INFORMATION PREPARED IN ACCORDANCE WITH IFRS

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2010

		Six months ended 30 June	
		2010	2009
		RMB'000	RMB'000
	Note	Unaudited	Unaudited (restated)
Revenue	4	35,089,896	22,742,718
Cost of sales			
Materials		(14,064,396)	(7,544,873)
Staff costs		(1,873,063)	(1,518,553)
Depreciation and amortisation		(1,281,947)	(806,050)
Repair and maintenance		(314,449)	(316,845)
Transportation costs		(4,377,432)	(3,260,572)
Sales taxes and surcharges		(691,366)	(443,972)
Others		(3,156,221)	(2,255,078)
Cost of sales		(25,758,874)	(16,145,943)
Gross profit		9,331,022	6,596,775
Selling, general and administrative expenses		(1,631,080)	(1,239,507)
Other income	5	314,798	812,724
Other gains, net		256,734	74,289
Profit from operations		8,271,474	6,244,281
Finance costs, net	6	(278,905)	(168,259)
Share of profits of associates and jointly controlled entities		15,348	14,032
Profit before income tax		8,007,917	6,090,054
Income tax expense	7	(2,034,623)	(1,492,298)
Profit for the period		5,973,294	4,597,756
Profit attributable to:			
Equity holders of the Company		5,445,702	4,341,621
Non-controlling interests		527,592	256,135
		5,973,294	4,597,756
Basic and diluted earnings per share for the profit attributable to the equity holders of the Company (RMB Yuan)	8	0.41	0.33
Dividends distributed	9	1,986,651	2,043,559
Dividends proposed after the balance sheet date		—	—

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Six months ended 30 June	
	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited (restated)
Profit for the period	5,973,294	4,597,756
Other comprehensive income:		
Fair value (losses)/gains on available-for-sale financial assets, net of tax	(7,352)	10,405
Currency translation differences	(932)	(1,047)
Other comprehensive (loss)/income for the period, net of tax	(8,284)	9,358
Total comprehensive income for the period	5,965,010	4,607,114
Total comprehensive income attributable to:		
Equity holders of the Company	5,437,418	4,350,979
Non-controlling interests	527,592	256,135
	5,965,010	4,607,114

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
AS AT 30 JUNE 2010

		30 June 2010	31 December 2009
		<i>RMB'000</i>	<i>RMB'000</i>
	Note	Unaudited	Audited
ASSETS			
Non-current assets			
Property, plant and equipment		39,791,311	36,729,099
Investment properties		31,780	32,403
Land use rights		710,602	711,189
Mining rights		15,865,802	12,176,414
Intangible assets		36,589	42,388
Investments in associates		2,027,176	2,029,934
Investments in jointly controlled entities		412,326	412,305
Available-for-sale financial assets		947,315	936,787
Deferred income tax assets		285,760	251,077
Long-term receivables		626,894	626,894
Total non-current assets		60,735,555	53,948,490
Current assets			
Inventories		5,822,948	4,978,327
Trade and note receivables	10	7,907,078	4,963,537
Prepayments and other receivables		4,863,171	3,679,013
Derivative financial instruments		3,215	—
Restricted bank deposits		2,056,269	1,844,098
Term deposits with initial terms of over three months		22,226,164	22,813,484
Cash and cash equivalents		12,663,483	12,628,413
Total current assets		55,542,328	50,906,872
TOTAL ASSETS		116,277,883	104,855,362
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		13,258,663	13,258,663
Reserves		37,961,859	37,299,283
Retained earnings			
– Dividends proposed after the balance sheet date		—	1,986,651
– Others		16,454,699	11,683,897
		67,675,221	64,228,494
Non-controlling interests		11,218,466	9,214,509
Total equity		78,893,687	73,443,003

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
AS AT 30 JUNE 2010

		30 June 2010	31 December 2009
		<i>RMB'000</i>	<i>RMB'000</i>
	Note	Unaudited	Audited
LIABILITIES			
Non-current liabilities			
Long-term borrowings		11,534,672	11,286,700
Long-term payables		191,834	192,302
Deferred income tax liabilities		3,849,546	2,744,873
Deferred revenue		241,726	237,779
Provision for employee benefits		247,400	275,990
Provision for close down, restoration and environmental costs		1,127,098	1,155,530
Total non-current liabilities		17,192,276	15,893,174
Current liabilities			
Trade and note payables	11	7,883,159	6,801,448
Accruals and other payables		9,799,406	7,085,494
Tax payables		1,425,838	610,177
Short-term borrowings		396,096	386,981
Current portion of long-term borrowings		661,078	602,658
Current portion of provision for close down, restoration and environmental costs		26,343	32,427
Total current liabilities		20,191,920	15,519,185
Total liabilities		37,384,196	31,412,359
TOTAL EQUITY AND LIABILITIES		116,277,883	104,855,362
NET CURRENT ASSETS		35,350,408	35,387,687
TOTAL ASSETS LESS CURRENT LIABILITIES		96,085,963	89,336,177

B. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 ORGANISATION

The Company was established in the People's Republic of China (the "PRC") on 22 August 2006 as a joint stock company with limited liability under the Company Law of the PRC as a result of a group restructuring of China National Coal Group Corporation ("China Coal Group" or the "Parent Company").

The H shares of the Company have been listed on The Main Board of The Stock Exchange of Hong Kong Limited since December 2006, while its A shares have been listed on the Shanghai Stock Exchange since February 2008.

2 BASIS OF PRESENTATION

This condensed consolidated interim financial information for the six months ended 30 June 2010 has been prepared in accordance with International Accounting Standard ("IAS") 34, 'Interim Financial Reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

(a) Acquisition of Shanxi Xiaohuigou Coal Industry Company Limited in the six months ended 30 June 2010

In January 2010, the Company's subsidiary, China Coal Pingshuo Coal Industry Company Limited ("Pingshuo Coal"), entered into a share purchase agreement with Shanxi Donghui Coal Coking & Chemicals Group Co., Ltd. ("Donghui Group") and an unrelated natural person, pursuant to which 55% equity interest in Shanxi Xiaohuigou Coal Industry Company Limited ("Xiaohuigou Coal") was transferred to Pingshuo Coal for a total consideration of RMB1,160,302,000. Xiaohuigou Coal is principally engaged in coal mining.

(b) Acquisition of Xi'an Coal Mining Machinery Company Limited in 2009

Prior to 1 January 2009, the Company's subsidiary, China National Coal Mining Equipment Company Limited ("China Coal Equipment"), held 50% of the total shareholdings of Xi'an Coal Mining Machinery Company Limited ("Xi'an Mining Machinery") and accounted for it as a jointly controlled entity by using the equity method. Effective from 1 January 2009, China Coal Equipment has obtained effective control over Xi'an Mining Machinery, and as such Xi'an Mining Machinery became a subsidiary of the Group.

The assets and liabilities of Xi'an Mining Machinery were adjusted to their fair values on 1 January 2009 based on the valuation report issued by a qualified independent valuer.

(c) Acquisition of Xuzhou Sifang Aluminium Group Company Limited in 2009

On 10 September 2009, Shanghai Datun Energy Resources Company Limited (“Shanghai Datun”) entered into a share purchase agreement with Datun Coal & Electricity Company Limited (“DTCE Company”), pursuant to which DTCE Company transferred its 100% equity interest in Xuzhou Sifang Aluminium Group Company Limited (“Sifang Aluminium”) to Shanghai Datun for a cash consideration of RMB93,197,000. The acquisition was approved by the shareholders’ meeting of Shanghai Datun held on 10 September 2009 and by the relevant government authority on 19 October 2009. The consideration has been fully paid by 31 December 2009. Sifang Aluminium is principally engaged in manufacturing and processing of aluminium related products.

The Company holds a 62.43% equity interest in Shanghai Datun, while DTCE Company is a wholly-owned subsidiary of China Coal Group. Hence, this transaction does not affect the ultimate control of Shanghai Datun, DTCE Company and Sifang Aluminium by China Coal Group, and that control is not transitory. As such this acquisition was considered as a common control combination, and the Company had accounted for it in a manner similar to uniting of interests.

The Group’s comparative information for the six months ended 30 June 2009 has been restated as if the operations of Sifang Aluminium had been under the control of the Company since the day that Sifang Aluminium was first acquired by China Coal Group.

The effects of the acquisition of Sifang Aluminium to the Group’s financial information for the six months ended 30 June 2009 are as follows:

	Six months ended		Six months ended
	30 June 2009	Acquisition of	30 June 2009
	(as previously reported)	Sifang Aluminium	(restated)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited		Unaudited
Revenue	22,564,654	178,064	22,742,718
Profit/(loss) from operations	6,250,888	(6,607)	6,244,281
Net Profit/(loss)	4,607,639	(9,883)	4,597,756

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in those annual financial statements.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010.

- IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

As the Group has adopted IFRS 3 (revised), it is required to adopt IAS 27 (revised), 'consolidated and separate financial statements', at the same time. IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

- IFRS 8 (amendment) 'Operating segments', effective for periods beginning on or after 1 January 2010. Disclosure of information about total assets and liabilities for each reportable segment is required only if such amounts are regularly provided to the chief operating decision maker. The Group has applied IFRS 8 (amendment) from 1 January 2010. The Group has revisited its information provided to the chief operating decision maker and determined such information should be included in disclosure of segment information.

- IAS 17 (amendment) ‘Leases’, effective for periods beginning on or after 1 January 2010. The amendment removes the specific guidance on the classification of long-term leases of land as operating lease. When classifying land leases, the general principles applicable to the classification of leases should be applied. The classification of land leases has to be reassessed on adoption of the amendment on the basis of information existing at inception of the leases. The Group has applied IAS 17 (amendment) from 1 January 2010. The Group’s management has reassessed land leases classification by referring to the general principles set out in the standard, and concluded that the amendment has no impact on the Group’s classification of land leases which are considered as operating lease.

Standards, amendments and interpretations to existing standards effective in 2010 but not relevant to the Group:

- IFRIC 17, ‘Distributions of non-cash assets to owners’.
- IFRS 1 (amendment), ‘Additional exemptions for first-time adopters’.
- IAS 39 (amendment), ‘Eligible hedged items’.
- IFRS 2 (amendment), ‘Group cash-settled share-based payment transaction’.
- First improvements to International Financial Reporting Standards (2008) were issued in May 2008 by the IASB. The improvement related to IFRS 5 “Non-current assets held for sale and discontinued operations” is effective for annual period on or after 1 July 2009.
- Second improvements to International Financial Reporting Standards (2009) were issued in April 2009 by the IASB. All improvements are effective in the financial year of 2010.

4 SEGMENT INFORMATION

1) General information

a. Factors that management used to identify the entity’s reportable segments

The chief operating decision-maker (“CODM”) has been identified as the President Office (總裁辦公會). It reviews the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on the reports reviewed by the President Office that are used to make strategic decisions.

The Group’s reportable segments are entities or group of entities that offer different products and services, which is the basis by which the CODM makes decisions about resources to be allocated to the segment and assesses its performance. They are managed according to different nature of products and services, production process and the environment in which they are operating. Most of these entities engage in just one single business, except for a few entities dealing with a variety of operations. Financial information of these entities has been separately presented as discrete segment information for CODM’s review.

b. Types of products and services from which each reportable segment derives its revenues

The CODM assesses performance of three reportable segments: coal, coke and coal-chemical product and mining machinery.

Types of products from which each reportable segment derives its revenues are as follow:

- Coal - Production and sales of coal;
- Coke and coal-chemical products - Production and sales of coke and coal-chemical products;
- Mining machinery - Manufacturing and sales of mining machinery.

Turnover consists of sales from coal, coke and coal-chemical products and mining machinery, which are RMB27,879 million, RMB2,516 million and RMB3,042 million for the six months ended 30 June 2010 and RMB17,238 million, RMB1,395 million and RMB2,563 million for the six months ended 30 June 2009 respectively.

2) Information about reportable segment profit, assets and liabilities

a. Measurement of operating segment profit or loss, assets and liabilities

The measurement of profit or loss, assets and liabilities of the operating segments are the same as those described in the summary of significant accounting policies. The CODM evaluates performance on the basis of profit or loss before income tax expense. The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices. The amounts of segment information are denominated in RMB, which is consistent with the amounts in the reports used by the CODM.

b. Reportable segments' profit, assets and liabilities

	For the six months ended and as at 30 June 2010 (unaudited)				
		Coke and coal- chemical		Others	
	Coal	product	Machinery	(note (a))	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue					
Total Revenue	28,082,121	2,515,589	3,383,447	1,900,855	35,882,012
Inter-segment revenue	(202,643)	—	(341,428)	(248,045)	(792,116)
Revenue from external customers	27,879,478	2,515,589	3,042,019	1,652,810	35,089,896
Profit from operations	7,848,088	5,194	288,038	105,348	8,246,668
Profit/(loss) before tax expense	7,661,582	(42,108)	261,027	81,590	7,962,091
Interest revenue	15,178	25,879	1,145	292	42,494
Interest expense	(84,209)	(42)	(6,161)	(21,571)	(111,983)
Depreciation and amortisation	(1,201,098)	(85,297)	(57,873)	(33,481)	(1,377,749)
Share of profits of associates and jointly controlled entities	15,298	4,099	2,107	—	21,504
Income tax expense	(1,963,680)	(11,015)	(46,401)	(13,527)	(2,034,623)
Other material non-cash items					
Provision for impairment of assets	(7,261)	(68,125)	(15,515)	(25,414)	(116,315)
Segment assets and liabilities					
Segment assets	69,901,257	7,290,918	8,333,038	5,690,303	91,215,516
Including investment in associates and jointly controlled entities	350,843	514,475	46,082	—	911,400
Expenditures for non-current assets	3,994,117	460,659	221,527	103,771	4,780,074
Segment liabilities	24,508,836	627,633	3,838,528	3,552,168	32,527,165

**For the six months ended 30 June 2009 (unaudited and restated)
and as at 31 December 2009 (audited)**

	Coke and coal- chemical		Machinery	Others	Total
	Coal	product		(note (a))	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue					
Total Revenue	17,356,883	1,394,858	2,802,884	1,946,970	23,501,595
Inter-segment revenue	(118,693)	—	(239,747)	(400,437)	(758,877)
Revenue from external customers	17,238,190	1,394,858	2,563,137	1,546,533	22,742,718
Profit from operations	5,326,405	36,391	254,799	97,318	5,714,913
Profit/(loss) before tax expense	5,209,166	(13,036)	226,896	81,236	5,504,262
Interest revenue	32,702	28,088	2,664	2,524	65,978
Interest expense	(101,921)	(1,277)	(1,803)	(3,470)	(108,471)
Depreciation and amortisation	(805,254)	(57,421)	(52,097)	(10,832)	(925,604)
Share of profits/(losses) of associates and jointly controlled entities	(4,513)	21,862	3,455	—	20,804
Income tax expense	(1,430,039)	(21,279)	(23,823)	(17,157)	(1,492,298)
Other material non-cash items					
Reversal of/(provision for) impairment of assets	(7,813)	(1,570)	18,479	(85,647)	(76,551)
Segment assets and liabilities					
Segment assets	58,081,775	6,633,475	7,202,438	5,398,766	77,316,454
Including investment in associates and jointly controlled entities	420,013	510,376	44,592	—	974,981
Expenditures for non-current assets	8,052,225	396,441	276,839	1,029,578	9,755,083
Segment liabilities	20,383,955	836,849	3,420,181	3,444,578	28,085,563

Note:

- (a) Revenue from segments below the quantitative thresholds are attributable to four operating segments of the Group. Those segments include an aluminium factory, two power generating plants, an equipment purchase agency and a tendering service provider. None of those segments has ever met any of the quantitative thresholds as a reportable segment.

3) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

a. Revenue

	Six months ended 30 June	
	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited (restated)
Total revenue for reportable segments	35,882,012	23,501,595
Elimination of inter-segment revenue	(792,116)	(758,877)
The Group's revenue	<u>35,089,896</u>	<u>22,742,718</u>

b. Profit from operations

	Six months ended 30 June	
	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited (restated)
Total profit from operations for reportable segments	8,246,668	5,714,913
Elimination of inter-segment profits	(267,776)	(33,130)
Other corporate income	292,582	562,498
Profit from operations	<u>8,271,474</u>	<u>6,244,281</u>

c. Profit before tax

	Six months ended 30 June	
	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited (restated)
Total profit before tax expense for reportable segments	7,962,091	5,504,262
Elimination of inter-segment profits	(98,732)	(22,312)
Other corporate income	144,558	608,104
Profit before tax expense	<u>8,007,917</u>	<u>6,090,054</u>

d. Assets

	30 June 2010	31 December 2009
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Audited
Total assets for reportable segments	91,215,516	77,316,454
Elimination of inter-segment accounts	(3,095,081)	(2,855,969)
Other unallocated amounts	28,157,448	30,394,877
	<u>116,277,883</u>	<u>104,855,362</u>
The Group's assets	<u>116,277,883</u>	<u>104,855,362</u>

e. Liabilities

	30 June 2010	31 December 2009
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Audited
Total liabilities for reportable segments	32,527,165	28,085,563
Elimination of inter-segment accounts	(2,622,286)	(2,379,564)
Other unallocated amounts	7,479,317	5,706,360
	<u>37,384,196</u>	<u>31,412,359</u>
The Group's liabilities	<u>37,384,196</u>	<u>31,412,359</u>

f. Other material items

For the six months ended and as at 30 June 2010 (Unaudited)			
	Reportable segment totals	Adjustments (note (a))	The Group's totals
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest revenue	42,494	234,972	277,466
Interest expense	(111,983)	(78,190)	(190,173)
Depreciation and amortisation	(1,377,749)	(597)	(1,378,346)
Share of profits/(losses) of associates and jointly controlled entities	21,504	(6,156)	15,348
Income tax expense	(2,034,623)	—	(2,034,623)
Provision for impairment of assets	(116,315)	—	(116,315)
Investment in associates and jointly controlled entities	911,400	1,528,102	2,439,502
Expenditures for non-current assets	<u>4,780,074</u>	<u>11,191</u>	<u>4,791,265</u>

For the six months ended 30 June 2009
(unaudited and restated) and
as at 31 December 2009 (audited)

	Reportable segment totals RMB'000	Adjustments (note (a)) RMB'000	The Group's totals RMB'000
Interest revenue	65,978	487,468	553,446
Interest expense	(108,471)	(123,698)	(232,169)
Depreciation and amortisation	(925,604)	(185)	(925,789)
Share of profits/(losses) of associates and jointly controlled entities	20,804	(6,772)	14,032
Income tax expense	(1,492,298)	—	(1,492,298)
Provision for impairment of assets	(76,551)	—	(76,551)
Investment in associates and jointly controlled entities	974,981	1,467,258	2,442,239
Expenditures for non-current assets	<u>9,755,083</u>	<u>562</u>	<u>9,755,645</u>

Note:

- (a) Amounts represent: (i) other items from non-reportable segments which are comprised of assets, liabilities, gains and expenses of corporate function; and (ii) items that eliminated on a group basis.

4) Geographical information

Analysis of revenue

	Six months ended 30 June	
	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited (restated)
Domestic markets	34,539,868	22,052,565
Asia Pacific markets	545,624	670,658
Other overseas markets	4,404	19,495
	<u>35,089,896</u>	<u>22,742,718</u>

Note:

- (a) Revenue is attributed to countries on the basis of the customer's location.

Analysis of non-current assets

	30 June 2010 RMB'000 Unaudited	31 December 2009 RMB'000 Audited
Domestic markets	58,818,083	52,067,922
Asia Pacific markets	8,404	8,568
Other overseas markets	49,099	57,242
	<u>58,875,586</u>	<u>52,133,732</u>

5) Information about major customers

Revenue from top five customers of the Group for the six months ended 30 June 2010 represents approximately 21% of the Group's total revenue (for the six months ended 30 June 2009: 38%).

5 OTHER INCOME

	Six months ended 30 June 2010 RMB'000 Unaudited	2009 RMB'000 Unaudited (restated)
Gains on disposal of investments	6,249	168,915
Interest income	277,466	553,446
Government grants and subsidies	31,083	90,363
	<u>314,798</u>	<u>812,724</u>

6 FINANCE COSTS, NET

	Six months ended 30 June 2010 RMB'000 Unaudited	2009 RMB'000 Unaudited (restated)
Interest expense	337,220	337,234
Less: Amounts capitalised in construction in progress	(147,047)	(105,065)
	<u>190,173</u>	<u>232,169</u>
Interest charge on unwinding of discounts	18,335	56,582
Net foreign exchange losses/(gains)	51,127	(127,237)
Other incidental borrowing costs and charges	19,270	6,745
	<u>278,905</u>	<u>168,259</u>

7 INCOME TAX EXPENSE

	Six months ended 30 June	
	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Current income tax		
– PRC enterprise income tax (note(a))	1,832,770	1,081,631
Deferred income tax	201,853	410,667
	<u>2,034,623</u>	<u>1,492,298</u>

Note:

- (a) The provision for PRC enterprise income tax (“EIT”) is calculated based on the statutory income tax rate of 25%, except for certain subsidiaries which are taxed at preferential tax rates ranging from 12.5% to 22% based on the applicable PRC tax laws and regulations.

8 EARNINGS PER SHARE

Basic earnings per share for the six months ended 30 June 2010 and 2009 is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of 13,258,663,000 ordinary shares in issue during the period.

As the Company had no dilutive instruments for the six months ended 30 June 2010 and 2009, diluted earnings per share is the same as basic earnings per share.

9 DIVIDENDS

	Six months ended 30 June	
	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Dividends		
– final dividends for 2008 (note (a))	—	2,043,559
– final dividends for 2009 (note (b))	<u>1,986,651</u>	<u>—</u>

Notes:

- (a) The Board of Directors, in a meeting held on 27 March 2009, proposed to distribute a final dividend for 2008 to equity holders of the Company of RMB2,044 million (RMB0.15413 Yuan per share), based on total number of shares which are in issue as at 31 December 2008. Such dividend distribution was approved by the shareholders' meeting held on 26 June 2009 and had been fully paid to shareholders in July 2009.
- (b) The Board of Directors, in a meeting held on 22 April 2010, proposed to distribute a final dividend for 2009 to equity holders of the Company of RMB1,987 million (RMB0.14984 Yuan per share), based on total number of shares which are in issue as at 31 December 2009. Such dividend distribution was approved by the shareholders' meeting held on 25 June 2010 and had been fully paid to shareholders in July 2010.

10 TRADE AND NOTE RECEIVABLES

	30 June 2010	31 December 2009
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Audited
Trade receivables, net (note (a))	5,927,248	3,254,693
Note receivables (note (b))	1,979,830	1,708,844
	<u>7,907,078</u>	<u>4,963,537</u>

Notes:

- (a) Aging analysis of trade receivables on the balance sheet date is as follows:

	30 June 2010	31 December 2009
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Audited
Within 6 months	5,198,213	2,755,968
6 months - 1 year	470,311	290,107
1 - 2 years	265,067	213,102
2 - 3 years	65,143	57,117
Over 3 years	246,901	238,032
Trade receivables, gross	6,245,635	3,554,326
Less: Impairment of receivables	(318,387)	(299,633)
Trade receivables, net	<u>5,927,248</u>	<u>3,254,693</u>

Trade receivables are with credit terms of six months.

- (b) Note receivables are bills of exchange with maturity of less than one year.

11 TRADE AND NOTE PAYABLES

	30 June 2010	31 December 2009
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Audited
Trade payables (note(a))	7,393,012	6,341,696
Note payables	490,147	459,752
	<u>7,883,159</u>	<u>6,801,448</u>

Note:

(a) Aging analysis of trade payables on the balance sheet date is as follows:

	30 June 2010	31 December 2009
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Audited
Less than 1 year	6,643,344	5,580,010
1 - 2 years	426,817	526,226
2 - 3 years	156,096	106,727
Over 3 years	166,755	128,733
	<u>7,393,012</u>	<u>6,341,696</u>

12 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	30 June 2010	31 December 2009
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Audited
Property, plant and equipment	3,568,464	3,036,720
Capital investment	2,800,000	—
Others	419,164	358,585
	<u>6,787,628</u>	<u>3,395,305</u>

(b) Operating lease commitments – where the Group is the lessee

The Group has commitments to make the following future minimum lease payments under non-cancelable operating leases:

	30 June 2010 RMB'000 Unaudited	31 December 2009 RMB'000 Audited
Land and buildings:		
- Within 1 year	76,544	78,896
- From 1 year to 5 years	123,941	149,974
- Over 5 years	122,441	135,156
	<u>322,926</u>	<u>364,026</u>
	30 June 2010 RMB'000 Unaudited	31 December 2009 RMB'000 Audited
Plant and machinery:		
- Within 1 year	3,600	6,000
- From 1 year to 5 years	14,400	14,400
- Over 5 years	34,200	36,000
	<u>52,200</u>	<u>56,400</u>

13 SUBSEQUENT EVENTS

In July 2010, the Company signed certain comprehensive credit agreements and strategic cooperation agreements with four state-owned banks and two non-state-owned commercial banks, marking the establishment of a long-term strategic cooperation relationship between the Company and these banks. According to these agreements, these banks will provide credit facilities of no more than RMB41,500 million to the Group within the next 5 years.

CHAIRMAN'S STATEMENT

Dear shareholders,

In the first half of 2010, the PRC government continued to implement a package of plans to cope with the global financial crisis, accelerate transformation of the mode of economic development and promote structural change of economy. China's overall economy maintained positive momentum. Due to the stable and relatively fast economic growth, the supply of and demand for coal in China remained balanced and coal prices had a slight fluctuation at a high level. In line with its annual production and operation goals, China Coal Energy organized its production in a sensible manner by focusing on the correlation among its production, transportation and sales, and made efforts to mitigate adverse impact from safe production. The Company maintained positive momentum for its overall production and operation. On behalf of the Board, I am pleased to report the interim results of the Group for the year 2010 to shareholders.

Operational results to record historical high

In the first half of 2010, the total raw coal production volume of the Company amounted to 62.26 million tons, representing an increase of 26.9% over the same period last year. Pingshuo Mining Area had a raw coal production volume of 53.24 million tons, representing an increase of 24.8% over the same period last year. The production volume of coking operations, coal mining equipment operations and power generation operations also maintained a steady growth. Our coal sales volume amounted to 59.33 million tons, representing an increase of 44.2% over the same period last year. For the six months ended 30 June 2010, the Company recorded revenue of RMB35.090 billion, representing an increase of 54.3% over the same period last year. Profit before tax of the Company amounted to RMB8.008 billion, representing an increase of 31.5% over the same period last year. Profit attributable to equity holders of the Company was RMB5.446 billion, representing an increase of 25.4% over the same period last year. Basic earnings per share amounted to RMB0.41, representing an increase of RMB0.08 over the same period last year.

New progress on coal resources reserve

The Company continued to expand its coal resources reserve through increasing premium coal reserve, optimizing its coal products structure and improving the competitiveness of its future products. In the first half of 2010, the Company's reserve of premium coal increased by approximately 923 million tons through forming joint ventures and developing cooperations. The Company obtained resources reserve of 573 million tons through acquiring 55% equity interest in Shanxi Xiaohuigou Coal Mine, and obtained resources reserve of 350 million tons through cooperation with local coal enterprise in Yan'an, Shaanxi to develop Hecaogou Coal Mine. The Company also sped up the consolidation of relevant coal fields in Hujierte Mining Area, Inner Mongolia and principally established its position of development entity in Hujierte Mining Area. China Coal Group, the controlling shareholder of the Company also increased its annual production capacity by almost 20 million tons through consolidation of local coal mines in Shanxi province, which laid a solid foundation for China Coal Energy to increase its resources reserve in the future.

Steady progress in key construction projects

The Company actively sought governmental support from different levels, sped up project approval process and steadily developed the construction of its existing projects. The construction of key projects has also made new progress. The planning for circular economy demonstration project in Pingshuo Mining Area and the comprehensive planning for Nalin River Mining Area, Inner Mongolia have been submitted to the National Energy Bureau for approval. The Company is also in the process of applying for the consultation letters on preparatory works for Nalin River No. 2 Coal Mine and Muduchaideng Coal Mine in Inner Mongolia. We expect to obtain approval for the three million tons/year coal-based dimethyl ether coal chemical project in Ordos by the end of 2010 upon determination of Hulusu coal field area and obtaining approval for preliminary land examination. We are in the process of applying for, among others, approval of the renovation and expansion of Shaqu Coal Mine and the construction of Xiaohuigou Coal Mine. The construction of Pingshuo East Open Pit Mine and the renovation and expansion work of Kongzhuang Mine are in progress. Projects such as Antaibao Underground Mine and the 250,000 tons/year methanol in Heilongjiang have passed completion inspection. The steady progresses in the Company's construction projects will lay a solid foundation for its sustainable growth in the future.

Strengthened capital capability to finance construction

The Board of the Company has considered and approved the resolution in relation to the change of uses of proceeds from A share issue, promptly creating favorable conditions for the efficient use of capital and accelerating construction progress of the projects. In addition, the Company strengthened its cooperation with banks and entered into cooperation agreements with commercial banks such as National Development Bank, Industrial and Commercial Bank of China, Bank of China, China Construction Bank and Bank of Communications, obtaining credit facilities totalling RMB206.5 billion. The Company's outstanding business performance, sufficient operating cash flows and low gearing ratio will enable it to effectively control its financial risks and provide sufficient funding for its continuous and rapid development.

China's economy is currently at a critical stage of transitioning from recovery to a sound and steady growth. In the second half of 2010, the macroeconomic control of the PRC government will still focus on balancing the different targets of achieving steady and rapid economic growth, adjusting economic structure and managing inflation expectation. While continuing to implement the proactive fiscal policy and moderately loose monetary policy, the PRC government will also focus on maintaining continuity and stability of its macroeconomic policy, improving its pertinence and flexibility to enhance sustainable economic development. The continuing steady growth of China's economy will stabilize the supply of and demand for energy in China, although the growth of energy demand may slow down. China Coal Energy will closely monitor current macroeconomic conditions and plan in advance to adopt effective measures. In the second half of 2010, the Company will focus on the following tasks:

- strictly implementing safe production management to ensure steady production and operation
- improving operational management and control to achieve its annual operational goals
- strictly implementing accountability system to speed up construction of key projects and
- further strengthening science and technology innovation to form new competitive edge.

Dear shareholders, on behalf of the Board, I would like to express sincere appreciation to all shareholders for your long-term support and affection for the Company. In the first half of 2010, China Coal Energy has achieved encouraging results by overcoming difficulties through joint efforts. In the second half of 2010, the Company will continue to strive for favorable results to create value and return for shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND OPERATING RESULTS

The following discussions and analysis should be read in conjunction with the Group's reviewed financial statements and the notes thereto. The Group's financial statements have been prepared in accordance with International Financial Reporting Standards.

I. Overview

In the first half of 2010, China's macroeconomic conditions continued to improve and its economy maintained stable and relatively rapid growth. The Group captured market opportunities by organizing its production and operations in a sensible manner and enhancing the correlation among its production, transportation and sales. As a result, the Company's main operational indicators achieved record high. For the six months ended 30 June 2010, the Group's total revenue (net of inter-segmental sales) amounted to RMB35.090 billion, representing an increase of 54.3% over the same period last year; profit before tax amounted to RMB8.008 billion, representing an increase of 31.5% over the same period last year; profit attributable to equity holders of the Company amounted to RMB5.446 billion, representing an increase of 25.4% over the same period last year; net cash generated from operating activities per share was RMB0.37, representing an increase of RMB0.04 over the same period last year; and basic earnings per share was RMB0.41, representing an increase of RMB0.08 over the same period last year.

	For the six months ended 30 June 2010 RMB100 million	For the six months ended 30 June 2009 RMB100 million (restated)	Increase/decrease RMB100 million	%
Revenue	350.90	227.43	123.47	54.3
Profit before tax	80.08	60.90	19.18	31.5
EBIDTA	96.24	71.70	24.54	34.2
Profit attributable to equity holders of the Company	54.46	43.42	11.04	25.4
Net cash generated from operating activities	48.78	44.26	4.52	10.2

As at 30 June 2010, the gearing ratio (total interest-bearing debts/(total interest-bearing debts + equity)) was 13.8%, representing a decrease of 0.5 percentage point from the beginning of the year.

	As at 30 June 2010 RMB100 million	As at 31 December 2009 RMB100 million	Increase/decrease RMB100 million	%
Assets	1,162.78	1,048.55	114.23	10.9
Liabilities	373.84	314.12	59.72	19.0
Interest-bearing debts	125.92	122.76	3.16	2.6
Equity	788.94	734.43	54.51	7.4
Equity attributable to equity holders of the Company	676.75	642.28	34.47	5.4

II. Operating Results

1 Revenue

(1) Consolidated Revenue

For the six months ended 30 June 2010, the Group's total revenue (net of inter-segmental sales) increased by 54.3% to RMB35.090 billion from RMB22.743 billion for the six months ended 30 June 2009. The revenue from three major operating segments, coal operations, coking operations and coal mining equipment operations had a relatively significant increase from the same period last year.

Changes in revenue net of inter-segmental sales from the Group's four operating segments of coal, coking, coal mining equipment and other operations for the six months ended 30 June 2010 in comparison with the six months ended 30 June 2009 were set out as follows:

	For the six months ended 30 June 2010	For the six months ended 30 June 2009	Increase/decrease	
	RMB100 million	RMB100 million (restated)	RMB100 million	%
Coal operations	278.79	172.38	106.41	61.7
Coking operations	25.16	13.95	11.21	80.4
Coal mining equipment operations	30.42	25.63	4.79	18.7
Other operations	16.53	15.47	1.06	6.9
Total	350.90	227.43	123.47	54.3

The proportion of revenue in the Group's total revenue net of inter-segmental sales generated by various operating segments of the Group for the six months ended 30 June 2010 and the six months ended 30 June 2009 were set out as follows:

	For the six months ended 30 June 2010	For the six months ended 30 June 2009	Increase/ decrease
	%	(restated) %	(percentage points)
Coal operations	79.4	75.8	3.6
Coking operations	7.2	6.1	1.1
Coal mining equipment operations	8.7	11.3	-2.6
Other operations	4.7	6.8	-2.1

(2) Segmental Revenue

- Coal operations

The major coal products of the Group were thermal coal and coking coal. Revenue from the coal operations was mainly generated from selling coal produced from our own coal mines and coal washing plants (sales of self-produced commercial coal) to domestic and overseas customers. In addition, the Group also purchased coal from external coal enterprises for resale to customers (sales of proprietary coal trading) and it was also engaged in coal import and export agency services.

For the six months ended 30 June 2010, the total revenue from coal operations of the Group increased by 61.8% to RMB28.082 billion from RMB17.357 billion for the six months ended 30 June 2009; revenue net of other inter-segmental sales increased by 61.7% to RMB27.879 billion from RMB17.238 billion for the six months ended 30 June 2009.

For the six months ended 30 June 2010, the Group's revenue from sales of self-produced commercial coal was RMB21.584 billion, representing an increase of RMB5.941 billion or 38.0% over the same period last year, among which, revenue net of other inter-segmental sales was RMB21.381 billion, representing an increase of RMB5.857 billion or 37.7% over the same period last year; sales revenue from proprietary coal trading was RMB6.477 billion, representing an increase of RMB4.780 billion or 281.7% over the same period last year; revenue from coal import and export agency services was RMB21 million, representing an increase of RMB4 million or 23.5% over the same period last year.

Changes in the Group's coal sales volume and selling price for the six months ended 30 June 2010 in comparison with the six months ended 30 June 2009 were set out as follows:

		For the six months ended 30 June 2010		For the six months ended 30 June 2009		Increase/decrease	
		Sales volume (10,000 tons)	Selling price (RMB/ton)	Sales volume (10,000 tons)	Selling price (RMB/ton)	Sales volume (10,000 tons)	Selling price (RMB/ton)
I. Self-produced commercial coal	Total	4,616	463	3,670	423	946	40
	(I) Thermal coal	4,563	454	3,611	415	952	39
	1. Export	73	638	58	533	15	105
	(1) Long-term contract	72.3	634	58	533	14.3	101
	(2) Spot trading	0.3	1,458	☆	☆	0.3	—
	2.Domestic sales	4,490	451	3,553	414	937	37
	(1) Long-term contract	3,121	423	3,070	415	51	8
	(2) Spot trading	1,369	513	483	403	886	110
	(II) Coking coal	53	1,293	59	874	-6	419
	1. Export	☆	☆	☆	☆	—	—
	2. Domestic sales	53	1,293	59	874	-6	419
II. Proprietary coal trading	Total	1,123	576	295	576	828	—
	(I) Self-operated exports	1*	2,968	1*	3,009	—	-41
	1. Long-term contract	☆	☆	☆	☆	—	—
	2. Spot trading	1*	2,968	1*	3,009	—	-41
	(II) Domestic resale	1,008	587	259	572	749	15
	1. Long-term contract	785	543	78	540	707	3
	2. Spot trading	223	742	181	586	42	156
	(III) Import trading	107	461	35	568	72	-107
	1. Long-term contract	26	401	☆	☆	26	—
	2. Spot trading	81	480	35	568	46	-88
	(IV) Transshipment trade	7	568	☆	☆	7	—
	1. Long-term contract	☆	☆	☆	☆	—	—
	2. Spot trading	7	568	☆	☆	7	—
III.Import and export agency	Total	194	11★	148	12★	46	-1
	(I) Import agency	☆	☆	7	1★	-7	—
	(II) Export agency	194	11★	141	12★	53	-1

☆ : Nil

*: Briquette export

★ : Agency service fee

- Coking operations

The Group's revenue from coking operations increased from RMB1.395 billion for the six months ended 30 June 2009 to RMB2.516 billion (generated entirely from revenue of external sales) for the six months ended 30 June 2010, representing an increase of 80.4%. This was mainly due to the increase in both the sales volume and selling price of coke during the reporting period compared to the same period last year. For the six months ended 30 June 2010, the Group's revenue from coke sales amounted to RMB2.155 billion, representing an increase of RMB834 million over the same period last year.

Changes in the sales volume and selling price of coke of the Group were set out in the table below:

	For the six months ended 30 June 2010		For the six months ended 30 June 2009		Increase/decrease	
	Sales volume	Selling price	Sales volume	Selling price	Sales volume	Selling price
	(10,000 tons)	(RMB/ton)	(10,000 tons)	(RMB/ton)	(10,000 tons)	(RMB/ton)
Self-produced	108.5	1,614	93.4	1,346	15.1	268
Domestic sales	108.5	1,614	93.4	1,346	15.1	268
Exports	☆	☆	☆	☆	—	—
Proprietary trading	18.6	2,145	4.2	1,524	14.4	621
Domestic sales	9.8	1,831	4.0	1,509	5.8	322
Exports	8.8	2,552	0.2	1,848	8.6	704
Export agency	0.2	34★	☆	☆	0.2	—

☆ : Nil

★ : Agency service fee

The Group's revenue from methanol, coal tar, crude benzol, etc. in the coking operations of the Group (excluding coke sales) amounted to RMB361 million for the six months ended 30 June 2010, representing an increase of RMB287 million over the same period last year. The 0.25 million tons/year methanol project of China Coal Chemical Engineering Company Limited of the Group in Heilongjiang was completed and came into operation during the first half of 2010, generating a self-produced methanol sales of 0.077 million tons. In the meantime, to avoid competition, as required by the undertakings made by China National Coal Group Corporation ("China Coal Group") upon the listing of the A share of the Company, all the methanol products produced by China Coal Longhua Group Co., Ltd. of China Coal Group were sold externally via the Group, resulting in an increase of 0.0388 million tons in sales volume of methanol after the 0.25 million tons/year methanol project in Heilongjiang was put into operations. In the first half of 2010, the Group's sales volume of methanol amounted to 0.1158 million tons with a comprehensive selling price of RMB1,651/ton and sales revenue of RMB191 million.

- Coal mining equipment operations

The Group's revenue from the coal mining equipment operations increased from RMB2.803 billion for the six months ended 30 June 2009 to RMB3.383 billion for the six months ended 30 June 2010, representing an increase of 20.7%, of which the revenue after net of other inter-segmental sales increased from RMB2.563 billion for the six months ended 30 June 2009 to RMB3.042 billion for the same period of 2010, representing an increase of 18.7%. The increase was mainly attributable to the increase in the production and sales volume of coal mining equipment products over the same period last year.

- Other operations

For the six months ended 30 June 2010, the Group's total revenue from operations such as sales of primary aluminum and power generation decreased from RMB1.947 billion for the six months ended 30 June 2009 to RMB1.901 billion, representing a decrease of 2.4%, of which the revenue after net of other inter-segmental sales increased from RMB1.547 billion for the six months ended 30 June 2009 to RMB1.653 billion, representing an increase of 6.9%.

2 Cost of sales

1. Consolidated cost of sales

For the six months ended 30 June 2010, the Group's cost of sales increased from RMB16.146 billion for the six months ended 30 June 2009 to RMB25.759 billion, representing an increase of 59.5%.

Materials costs increased from RMB7.545 billion for the six months ended 30 June 2009 to RMB14.064 billion, representing an increase of 86.4%. The increase was mainly attributable to the increase in the Group's sales volume of proprietary coal trading and the corresponding increase in materials consumption as a result of its expansion of production.

Staff costs increased from RMB1.519 billion for the six months ended 30 June 2009 to RMB1.873 billion, representing an increase of 23.3%. The increase was mainly attributable to the increase in the number of employees due to the Group's production expansion, as well as the corresponding adjustment of staff wages in line with its operational growth, resulting in the increase of staff wages, social insurance and employee benefits accordingly.

Depreciation and amortization expenses increased from RMB806 million for the six months ended 30 June 2009 to RMB1.282 billion, representing an increase of 59.1%. The increase was mainly attributable to more utilization of new production equipments and facilities as a result of the Group's expansion of production.

Repair and maintenance costs decreased from RMB317 million for the six months ended 30 June 2009 to RMB314 million, representing a decrease of 0.9%.

Transportation costs increased from RMB3.261 billion for the six months ended 30 June 2009 to RMB4.377 billion, representing an increase of 34.2%. The increase was mainly attributable to the significant increase in the production volume of coal during the reporting period compared to the same period last year, resulting in the corresponding increase in the Group's coal sales volume which bore transportation costs.

Sales taxes and surcharges increased from RMB444 million for the six months ended 30 June 2009 to RMB691 million, representing an increase of 55.6%. The increase was mainly attributable to the increase in corresponding taxes and surcharges as a result of the increase in the Group's coal production and sales volume and sales gross profit.

Other expenses increased from RMB2.254 billion for the six months ended 30 June 2009 to RMB3.158 billion, representing an increase of 40.1%. The increase was mainly attributable to the corresponding increase of expenses incurred in relation to coal mining, such as the environmental restoration expenses, sustainable development fund and resources compensation charges as a result of the increase of coal mining activities or production and sales volumes.

2 Segmental cost of sales

- Coal operations

Cost of sales for the Group's coal operations increased from RMB11.423 billion for the six months ended 30 June 2009 to RMB19.636 billion for the six months ended 30 June 2010, representing an increase of 71.9%. Changes in the major cost items were set out as follows:

Items	For the six months ended 30 June 2010 RMB100 million	For the six months ended 30 June 2009 RMB100 million	Increase/decrease RMB100 million	%
Materials costs	93.06	39.99	53.07	132.7
Of which: externally purchased				
raw materials preparation cost	8.67	7.20	1.47	20.4
proprietary trading coal cost	63.04	16.68	46.36	277.9
Labor costs	14.04	11.31	2.73	24.1
Depreciation and amortization	10.15	5.84	4.31	73.8
Repair expenses	2.80	2.82	-0.02	-0.7
Transportation costs	41.79	31.54	10.25	32.5
Coal sustainable development fund	7.16	5.64	1.52	27.0
Outsourcing mining engineering fee	6.84	6.51	0.33	5.1
Sales taxes and surcharges	6.35	4.06	2.29	56.4
Others	14.17	6.52	7.65	117.3
Total operating costs for coal operations	196.36	114.23	82.13	71.9

For the six months ended 30 June 2010, the Group's cost of sales of self-produced commercial coal was RMB13.332 billion, representing an increase of RMB3.577 billion or 36.7% over the same period last year. Unit cost of sales of self-produced commercial coal was RMB288.83/ton, representing an increase of RMB6.01/ton or 2.1% compared to RMB282.82/ton for the year ended 31 December 2009 and representing an increase of RMB23.02/ton or 8.7% compared to RMB265.81/ton for the six months ended 30 June 2009. The increase was mainly attributable to (i) the increase in open pit mine stripping expenses incurred during the period which were included into the costs resulting in the increase of RMB3.37/ton in the unit cost of sales of self-produced commercial coal to guarantee continuous growth in production volume and sustained production; (ii) the increase of RMB12.39/ton in unit cost of sales of self-produced commercial coal as a result of various factors such as the increase in raw materials (diesel and tyre, etc.) price, the increase in utilization of production equipments and facilities, and the increase in the

environmental restoration expenses, resources compensation charges and engineering expenses for small and medium projects; (iii) the increase in the unit transportation costs of RMB4.58/ton as a result of the increase of coal sales volume which bore the settlement of transportation costs; and (iv) the increase in unit sales taxes and surcharges of RMB2.68/ton as a result of the corresponding increase in sales and production volume and unit sales gross profit.

The major items of the Group's unit cost of sales of self-produced commercial coal for the six months ended 30 June 2010 and the six months ended 30 June 2009 were compared as follows:

Items	For the six months ended 30 June 2010 RMB/ton	For the six months ended 30 June 2009 RMB/ton	Increase/decrease RMB/ton	%
Materials costs	65.04	63.51	1.53	2.4
Of which: externally purchased				
raw materials preparation cost	18.78	19.62	-0.84	-4.3
Labor costs	30.42	30.81	-0.39	-1.3
Depreciation and amortization	21.99	15.93	6.06	38.0
Repair expenses	6.06	7.68	-1.62	-21.1
Transportation costs	90.53	85.95	4.58	5.3
Coal sustainable development fund	15.52	15.36	0.16	1.0
Outsourcing mining engineering fee	14.82	17.73	-2.91	-16.4
Sales taxes and surcharges	13.75	11.07	2.68	24.2
Others	30.70	17.77	12.93	72.8
Total unit cost of sales of self-produced commercial coal	288.83	265.81	23.02	8.7

- **Coking operations**

The cost of sales of coking operations increased from RMB1.308 billion for the six months ended 30 June 2009 to RMB2.396 billion for the six months ended 30 June 2010, representing an increase of 83.2%, which was mainly attributable to the increase in both sales volume of coke and purchase costs of coal as raw materials.

- Coal mining equipment operations

The cost of sales of coal mining equipment operations increased from RMB2.276 billion for the six months ended 30 June 2009 to RMB2.710 billion for the six months ended 30 June 2010, representing an increase of 19.1%. The increase was mainly attributable to the increase in the sales volume of coal mining equipments resulting in a corresponding increase in costs of sales.

3 Gross profit

For the six months ended 30 June 2010, the Group's gross profit increased from RMB6.597 billion for the six months ended 30 June 2009 to RMB9.331 billion, representing an increase of 41.4%. The Group's gross profit margin decreased from 29.0% for the six months ended 30 June 2009 to 26.6% for the six months ended 30 June 2010, representing a decrease of 2.4 percentage points over the same period last year, which was mainly attributable to the significant increase in sales volume of proprietary coal trading with lower gross profit margin and its corresponding increase in proportion.

The gross profit and gross profit margins of the Group's various operating segments for the six months ended 30 June 2010 and for the six months ended 30 June 2009 were as follows:

	Gross profit			Gross profit margin		
	For the six months ended 30 June 2010 RMB100 million	For the six months ended 30 June 2009 RMB100 million (restated)	Increase/ decrease RMB100 million	For the six months ended 30 June 2010 %	For the six months ended 30 June 2009 (restated) %	Increase/ decrease (percentage points)
Coal operations	84.46	59.34	25.12	30.1	34.2	-4.1
Of which: Self-produced						
commercial coal	82.52	58.88	23.64	38.2	37.6	0.6
Proprietary coal trading	1.73	0.29	1.44	2.7	1.7	1.0
Coking operations	1.20	0.87	0.33	4.8	6.2	-1.4
Coal mining equipment operations	6.73	5.27	1.46	19.9	18.8	1.1
Other operations	1.90	0.74	1.16	10.0	3.8	6.2
The Group	93.31	65.97	27.34	26.6	29.0	-2.4

Note: The above gross profit and gross profit margins of each operating segment are figures before netting of inter-segmental sales.

4 Selling, general and administrative expenses

For the six months ended 30 June 2010, the Group's selling, general and administrative expenses increased from RMB1.240 billion for the six months ended 30 June 2009 to RMB1.631 billion, representing an increase of 31.5%. The increase was mainly attributable to the increase in the number of employees as a result of the Group's expansion of production and the increase in staff remuneration of RMB261 million over the same period last year as a result of the corresponding adjustment of the staff wages in line with the operational growth; there was also an increase in asset impairment losses of RMB193 million over the same period last year, as certain subsidiaries of the Group made provisions for impairment losses for some assets under the changing market conditions, while the provisions for the impairment losses were reversed during the same period last year.

5 Other income

For the six months ended 30 June 2010, the Group's other income decreased from RMB813 million for the six months ended 30 June 2009 to RMB315 million, representing a decrease of 61.3%. The decrease was mainly attributable to the investment gains realized from disposal of its A shares holdings in China COSCO Holdings Company Limited during the same period last year whereas there were no such gains during the reporting period, a decrease in government grant and subsidy and a decrease in deposit interest income compared to the same period last year.

6 Other gains, net

For the six months ended 30 June 2010, the other net gains of the Group increased by 247.3% to RMB257 million from RMB74 million for the six months ended 30 June 2009, which was mainly attributable to the recognition of other gains of RMB278 million for the excess of identifiable net asset fair value acquired over consideration paid for the shares of Xiaohuigou Coal Mine acquired by the Group during the reporting period whereas there was no such income during the same period last year.

7 Profit from operations

The Group's profit from operations increased from RMB6.244 billion for the six months ended 30 June 2009 to RMB8.271 billion for the six months ended 30 June 2010, representing an increase of 32.5%. Changes in profit from operations for various operating segments were as follows:

	For the six months ended 30 June 2010 RMB100 million	For the six months ended 30 June 2009 RMB100 million (restated)	Increase/decrease RMB100 million	%
Coal operations	78.48	53.26	25.22	47.4
Coking operations	0.05	0.36	-0.31	-86.1
Coal mining equipment operations	2.88	2.55	0.33	12.9
Other operations	1.05	0.97	0.08	8.2

Note: The above profit from operations for all the above operating segments are the figures before netting of inter-segmental sales.

8 Finance costs, net

The Group's net finance costs increased from RMB168 million for the six months ended 30 June 2009 to RMB279 million for the six months ended 30 June 2010, representing an increase of 66.1%, which was mainly attributable to an exchange loss of RMB53 million on the Group's borrowings denominated in Japanese Yen due to the strengthening of Japanese Yen against RMB during the reporting period, as compared to an exchange gain of RMB105 million for the same period last year.

9 Profit before tax

The Group's profit before tax increased from RMB6.090 billion for the six months ended 30 June 2009 to RMB8.008 billion for the six months ended 30 June in 2010, representing an increase of 31.5%.

10 Income tax expenses

The Group's income tax expenses increased from RMB1.492 billion for the six months ended 30 June 2009 to RMB2.035 billion for the six months ended 30 June 2010, representing an increase of 36.4%.

11 Profit attributable to equity holders of the Company

Profit attributable to equity holders of the Company increased from RMB4.342 billion for the six months ended 30 June 2009 to RMB5.446 billion for the six months ended 30 June 2010, representing an increase of 25.4%.

III. Cash Flow

As at 30 June 2010, the Group had cash and cash equivalents amounting to RMB12.663 billion, representing an increase of RMB35 million as compared to the cash and cash equivalents of RMB12.628 billion as at 31 December 2009 (including an increase of RMB one million due to exchange gains).

Net cash generated from operating activities increased from RMB4.426 billion for the six months ended 30 June 2009 to RMB4.878 billion for the six months ended 30 June 2010, representing an increase of 10.2%. This was mainly attributable to an increase of RMB1.161 billion in cash generated from operations as compared to the same period last year due to the expanding of operations, a decrease of RMB1.224 billion in cash inflow from interest income as compared to the same period last year, a decrease of RMB18 million in cash outflow for interests payment as compared to the same period last year, and a decrease of RMB498 million in cash outflow for the payment of income tax as compared to the same period last year.

Net cash used in investing activities increased from RMB4.379 billion for the six months ended 30 June 2009 to RMB4.955 billion for the six months ended 30 June 2010, representing an increase of 13.2%, which was mainly attributable to a significant increase in cash outflow for the Group's purchase of property, plant and equipment for development of its core businesses, as well as for the equity acquisition as compared to the same period last year. The increase in net cash used in investing activities were partially offset by a decrease in the funds used for term deposits with initial terms exceeding three months during the period as compared to the same period last year.

Net cash flow generated from financing activities decreased from RMB1.266 billion for the six months ended 30 June 2009 to RMB111 million for the six months ended 30 June 2010, representing a decrease of 91.2%, which was mainly attributable to a significant decrease in the net increase of the Group's borrowings incurred during the reporting period as compared to the same period last year.

IV. Liquidity and Sources of Capital

For the six months ended 30 June 2010, the Group's funds were mainly derived from proceeds generated from business operations, bank loans and net amounts of funds raised in capital markets. The Group's funds were mainly used for investments in purchasing production facilities and equipments for coal, coal chemical and coal mining equipment operations and acquisition of coal resources, for repayment of debts owed by the Group, and as the Group's working capital and general recurring expenditures.

The cash generated from the Group's self-operated business, the net proceeds from share offering in the global and domestic capital markets, and the relevant banking facilities obtained will ensure the sufficiency of capital funds available for future production and operation activities as well as project construction.

V. Assets and Liabilities

1 Property, plant and equipment

The net value of property, plant and equipment of the Group increased from RMB36.729 billion as at 31 December 2009 to RMB39.791 billion as at 30 June 2010, representing an increase of RMB3.062 billion or 8.3%.

2 Mining rights

As at 30 June 2010, the net value of the Group's mining rights amounted to RMB15.866 billion, increased by RMB3.690 billion or 30.3% as compared to RMB12.176 billion as at 31 December 2009. This was mainly due to the increase in the net book value of the mining rights by RMB3.585 billion after acquisition of the equity interest of Shanxi China Coal Pingshuo Xiaohuigou Coal Co., Ltd by the Group during the reporting period.

3 Trade and note receivables

As at 30 June 2010, the net amount of trade and note receivables of the Group amounted to RMB7.907 billion, representing an increase of RMB2.943 billion or 59.3% compared to the net amount of RMB4.964 billion as at 31 December 2009, of which, the net amount of trade receivables amounted to RMB5.927 billion, representing an increase of RMB2.672 billion or 82.1% as compared to the net amount of RMB3.255 billion as at 31 December 2009. The increase was mainly attributable to the increase of trade receivables as a result of the Company's increase in sales volume. Trade receivables aged within six months amounted to RMB5.198 billion, representing an increase of RMB2.442 billion, or 88.6%, as compared to RMB2.756 billion as at 31 December 2009.

4 Borrowings

As at 30 June 2010, the balance of borrowings of the Group amounted to RMB12.592 billion, representing a net increase of RMB316 million or 2.6% as compared to RMB12.276 billion as at 31 December 2009, of which the balance of long-term borrowings (including the portion due within one year) was RMB12.196 billion, representing a net increase of RMB307 million as compared to the balance of RMB11.889 billion as at 31 December 2009, and the balance of short-term borrowings amounted to RMB396 million, representing a net increase of RMB9 million as compared to the balance of RMB387 million as at 31 December 2009.

VI. Significant Investment

For the six months ended 30 June 2010, the Group had no new significant investment.

VII. Material Acquisition and Disposal

For details of acquisitions and disposals, please refer to the section of “Assets Transaction” in this announcement.

VIII. Exchange Rate Risks

The business operations of the Group are affected by fluctuations in the exchange rate of Renminbi as the Group receives the United States dollar for most of its export sales and its liabilities are denominated in foreign currencies, including Japanese Yen and the United States dollar. In the meanwhile, the Group also uses foreign currencies, mainly including United States dollar to pay for imported coal, equipments and spare parts. Therefore, exchange rate fluctuation of foreign currencies against the Renminbi may have favorable or adverse effects on the operating results of the Group. The appreciation of Renminbi will lead to a decline in the revenue from exports, but will also decrease the cost of equipments and spare parts imported by the Group, and decrease the cost for the repayment of foreign debts.

IX. Commodity Price Risks

The Group is also subject to commodity price risks arising from movement in the prices of its products and materials.

X. Industry Risks

Like other coal companies and coking companies in China, the Group's operational activities are subject to regulations by the Chinese government in aspects such as industry policies, project approvals, granting of permits, industry specific taxes and surcharges, environmental protection and safety standards. Therefore the Group may be constrained in expanding business or increasing earnings. Future policies to be adopted by the Chinese government in industries relevant to the Group's businesses such as coal and coal chemical may have an impact on the Group's operations.

XI. Contingent Liabilities

1 Bank guarantees

As at 30 June 2010, the Group provided a guarantee of RMB550 million to secure the bank borrowings of Shanxi Pingshuo Gangue-fired Power Generation Co., Ltd., an associate of the Group, in proportion to the Group's shareholdings in it.

2 Environmental protection responsibilities

Environmental protection laws and regulations are in full force in China. However, the management of the Group is of the opinion that other than those that have been accounted for in the financial statements, there does not currently exist any other environmental protection liabilities that may have material adverse impact on the financial position of the Group.

3 Contingent legal liability

During the reporting period, the Company was not involved in any material litigation or arbitration, and to the knowledge of the Company, there is no material litigation or arbitration pending or threatened against or involving the Company.

BUSINESS PERFORMANCE

I. COAL OPERATIONS

In the first half of 2010, the Company seized the opportunities arising from strong demands in the coal markets, fully leveraged on the coal production capacities, reasonably arranged the continuation of production, and ensured a balanced and stable production, which resulted in the rapid growth of the production volume of raw coal over the same period last year. The Company also continuously strengthened coordination among production, transportation and sales, and proactively adjusted products, customers structure and market flow, which resulted in the substantial increase of coal sales and the satisfactory operating results of coal operations.

- **An increase of 26.9% in raw coal production over the same period last year**

In the first half of 2010, the Company's raw coal production was 62.26 million tons, representing an increase of 13.20 million tons or 26.9% over the same period last year. By mining areas, coal production of the major mining areas maintained substantial growth, among which, Pingshuo Mining Area's raw coal production was 53.24 million tons, representing an increase of 10.59 million tons or 24.8% over the same period last year, which was attributable to its reasonable arrangement on the continuation of production and the improvement on utilization rate of large equipments. Datun Mining Area's raw coal production increased by 14.5% over the same period last year, which was attributable to the strengthening of on-site management, the strict implementation of various production measures and continuous improvement of unit output and unit advancing level of mining and road heading faces. Liliu Mining Area, Dongpo Coal Mine and Nanliang Coal Mine actively leveraged on the production capacities, as a result of which raw coal production increased by 107.6%, 136.8% and 49.3% respectively over the same period last year.

Raw Coal Production (10 thousand tons)	January to June, 2010	January to June, 2009	Change%
Pingshuo Mining Area	5,324	4,265	24.8
Of which: Antaibao Open Pit Mine	1,253	1,125	11.4
Anjialing Open Pit Mine	1,173	1,372	-14.5
Anjialing No. 1 Underground Mine	796	833	-4.4
Anjialing No. 2 Underground Mine	950	744	27.7
Antaibao Underground Mine	540	191	182.7
Jingdong Mine	612	—	—
Datun Mining Area	504	440	14.5
Of which: Yaoqiao Mine	245	216	13.4
Kongzhuang Mine	82	71	15.5
Xuzhuang Mine	108	88	22.7
Longdong Mine	69	66	4.5
Liliu Mining Area	137	66	107.6
Dongpo Coal Mine	161	68	136.8
Nanliang Coal Mine	100	67	49.3
Total	6,226	4,906	26.9

- **An increase of 44.2% in commercial coal sales over the same period last year**

In the first half of 2010, there was a general balance between supply and demand in the domestic coal markets and the demands in the international coal markets recovered to some extent. The Company mitigated the effects caused by unfavorable factors (such as frequent closures of ports and repairment and maintenance on Daqin Railway Line) on operations, adhered to the “market-oriented and customer-focused” operation philosophy, enhanced the coordination and communication among departments and units, and timely identified, traced and resolved problems in the course of production, transportation and sales, which helped the stable improvement of marketing efforts. The Company’s total commercial coal sales amounted to 59.33 million tons, representing an increase of 18.20 million tons or 44.2% over the same period last year.

— **An increase of 25.8% in self-produced coal sales over the same period last year**

In the first half of 2010, the Company's self-produced coal sales amounted to 46.16 million tons, representing an increase of 9.46 million tons or 25.8% over the same period last year, of which domestic sales was 45.43 million tons, representing an increase of 25.8% over the same period last year, and export sales was 0.73 million tons, representing an increase of 25.9% over the same period last year.

— **Multiple fold increase in proprietary coal trading**

The Company actively expanded proprietary coal trading and broadened the market growth prospect of the Company's future coal production capacity through capturing existing markets. In the first half of 2010, the Company recorded proprietary coal trading of 11.23 million tons, representing an increase of 8.28 million tons or 2.8 times over the same period last year. Proprietary coal trading accounted for 18.9% of the total sales, representing an increase of 11.6 percentage points over the same period last year, of which domestic sales was 10.08 million tons, representing an increase of 2.9 times over the same period last year, and import sales was 1.07 million tons, representing an increase of 2.1 times over the same period last year.

— Substantial increase in export agency sales

In the first half of 2010, the Company's export agency sales amounted to 1.94 million tons, representing an increase of 0.53 million tons or 37.6% over the same period last year.

Commercial Coal Sales (10 thousand tons)		January to June, 2010	January to June, 2009	Change%
Total		5,933	4,113	44.2
(1) Domestic sales of self-produced coal		4,543	3,612	25.8
By region:	North China	1,213	929	30.6
	East China	1,766	1,805	-2.2
	South China	625	450	38.9
	Northeast China	37	—	—
	Other	902	428	110.7
By coal type:	Thermal coal	4,490	3,553	26.4
	Coking coal	53	59	-10.2
By contract:	Long-term contract	3,140	3,076	2.1
	Spot trading	1,403	536	161.8
By transportation:	Seaborne	3,030	1,926	57.3
	Direct arrival	696	1,307	-46.7
	Local sales	817	379	115.6
(2) Self-produced coal export		73	58	25.9
By region:	Taiwan, China	58	29	100.0
	Korea	12	19	-36.8
	Japan	3	10	-70.0
By coal type:	Thermal coal	73	58	25.9
	Coking coal	—	—	—
By contract:	Long-term contract	72.3	58	24.7
	Spot trading	0.3	—	—
(3) Domestic trading		1,008	259	289.2
By contract:	Long-term contract	785	78	906.4
	Spot trading	223	181	23.2
(4) International trading		309	184	67.9
Of which:	Proprietary trading	115	36	219.4
	Import agency	—	7	-100.0
	Export agency	194	141	37.6

- **Stable increase in coal sales price**

In the first half of 2010, the average sales price of the Company's self-produced commercial coal was RMB463/ton, representing an increase of RMB40/ton or 9.5% over the same period last year. The average domestic sales price of self-produced thermal coal was RMB451/ton, representing an increase of RMB37/ton or 8.9% over the same period last year. The average domestic sales price of self-produced coking coal was RMB1,293/ton, representing an increase of RMB419/ton or 47.9% over the same period last year. The average export price of self-produced thermal coal was RMB638/ton, representing an increase of RMB105/ton or 19.7% over the same period last year.

The average domestic sales price under long-term contract of self-produced thermal coal was RMB423/ton, representing an increase of RMB8/ton or 1.9% over the same period last year. The average domestic price of spot sales was RMB513/ton, representing an increase of RMB110/ton or 27.3% over the same period last year.

- **An increase in the proportion of spot sales of self-produced coal**

In the first half of 2010, the spot sales of self-produced coal amounted to 14.03 million tons, accounting for 30.4% of self-produced coal sales and representing an increase of 15.8 percentage points over the same period last year.

II. COKING OPERATIONS

In the first half of 2010, the overall domestic demand for coke was weak, which was mainly due to the production capacity surplus of coke industry and a depression in demand from downstream steel industry. Although the sales price of coke was higher than that of the same period last year, the price of coal as raw materials for producing coke increased substantially, which resulted in a decrease of gross profit margin and difficulties of operation in coke industry. In the second half of 2010, the Company will closely monitor market changes, make adjustments to its operation strategies, implement flexible measures to restrict production and strive to mitigate the negative effects on the Company's operational results.

In the first half of 2010, the Company's coke production amounted to 1.11 million tons, representing an increase of 23.3% over the same period last year. Coke sales amounted to 1.273 million tons, representing an increase of 29.6% over the same period last year. The weighted average sales price for domestic self-produced coke was RMB1,614/ton, representing an increase of 19.9% over the same period last year. The weighted average sales price for proprietary coke was RMB2,145/ton, representing an increase of 40.7% over the same period last year, of which domestic and export sales price increased by 21.3% and 38.1% respectively.

During the reporting period, the Company's Heilongjiang Methanol Project with a production capacity of 250,000 tons/year commenced production and the Company produced 77,000 tons and sold 116,000 tons of methanol in the first half of 2010, at an average sales price of RMB1,651/ton. (Please see "Management Discussion and Analysis of Financial Conditions and Operating Results" for the reason why sales volume exceeded production volume.)

III. COAL MINING EQUIPMENT OPERATIONS

As the construction of domestic large coal mines and the integration of local coal mines were further carried out, the mechanization rate of coal mining was further increased and the market demand for coal mining equipments continued to increase. In the first half of 2010, the Company's total production value of coal mining equipment operations was RMB3.86 billion, representing an increase of RMB0.79 billion or 25.7% over the same period last year. The production volume of coal mining equipments reached 162,000 tons, representing an increase of 36.1% over the same period last year, of which 10,569 units (sets) were major coal mining equipments. The total value of newly-signed sales contracts amounted to RMB4.73 billion, representing an increase of 54.7% over the same period last year.

IV. OTHER OPERATIONS

In the first half of 2010, the production volume of the Company's primary aluminum was 55,000 tons, representing an increase of 7.8% over the same period last year. Electricity generated was 2.37 billion kwh, representing an increase of 52.2% over the same period last year.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company always attaches great importance to corporate governance and the enhancement of its corporate governance transparency. It strengthens its internal control continuously to attain legitimate and efficient operations in accordance with the requirements of the regulatory authorities on corporate governance, thereby maximizing shareholder returns from sound corporate governance.

During the reporting period, the Company has complied with the principles and code provisions set out in the Code on Corporate Governance Practices in Appendix 14 of the Listing Rules of the Stock Exchange of Hong Kong Limited (the “Stock Exchange” and the “Hong Kong Listing Rules”).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “Model Code”) as set out in Appendix 10 of the Hong Kong Listing Rules. After having made specific enquiry, the Company confirmed that each director of the Company had complied with the Model Code during the reporting period.

AUDIT COMMITTEE

During the reporting period, the audit committee of the Board held one meeting on 21 April 2010, the following resolutions were considered and approved:

1. “Resolution on Annual Report for 2009 of the Company and its summary, Results Announcement for 2009”;
2. “Resolution on Directors’ Report of the Company for 2009”;
3. “Resolution on Financial Report of the Company for 2009”;
4. “Resolution on Proposed Profit Distribution Plan of the Company for 2009”;
5. “Resolution on Production and Operation Plans of the Company for 2010”;
6. “Resolution on Financial Plans of the Company for 2010”;
7. “Resolution on Engaging Auditors to Review Interim Financial Report and Audit Annual Report for 2010”;

8. “Resolution on Report of the Board on the Self-assessment of Internal Control of the Company for 2009”;
9. “Resolution on the First Quarter Report of the Company for 2010”;
10. The report of PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian CPAs Limited Company on the Audit of Financial Statements of the Company for 2009 was reviewed at the meeting.

The audit committee of the Board has reviewed the interim results of the Company. In addition, the Company’s external auditor, PricewaterhouseCoopers, has performed an independent review of the unaudited condensed consolidated interim financial information of the Company for the six months ended 30 June 2010 in accordance with the International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the International Auditing and Assurance Standards Board. On the basis of their review, which does not constitute an audit, PricewaterhouseCoopers confirmed in writing that nothing has come to their attention which would cause them to believe that the interim financial information has not, in any material aspect, been properly prepared in accordance with the International Accounting Standard 34 “Interim Financial Reporting”.

DISCLOSURE OF MAJOR EVENTS

I. SHARE CAPITAL STRUCTURE

The Company's share capital structure as at 30 June 2010 was as follows:

Class of share	Number of shares held (Shares)	Percentage of the total issued share capital (%)
A Share	9,152,000,400	69.03
of which, China Coal Group held	7,481,643,774	56.43
H Share	4,106,663,000	30.97
of which, China Coal Hong Kong held*	120,000,000	0.91
Total	13,258,663,400	100.00

*: China Coal Hong Kong Limited ("China Coal Hong Kong") is an overseas wholly-owned subsidiary of China Coal Group. China Coal Group and China Coal Hong Kong aggregately hold 7,601,643,774 shares, representing approximately 57.33% of the total issued share capital of the Company.

II. DISTRIBUTION OF FINAL DIVIDENDS FOR 2009

The distribution plan of profits of the Company for 2009 was approved at the Company's 2009 annual general meeting on 25 June 2010. Net profits attributable to the shareholders of the Company in the Company's consolidated financial statements prepared under the PRC GAAP amounted to RMB6,622,169,000 (the profits after tax stated in the financial statements prepared under the PRC GAAP and the IFRS, whichever is lower), 30% of which (totalling RMB1,986,650,700) were distributed to the shareholders as cash dividends. The dividends distributed was RMB0.14984 (tax inclusive) per share based on the Company's total issued share capital of 13,258,663,400 shares.

Pursuant to the “Notice Regarding Questions on Withholding Enterprise Income Tax When PRC Resident Enterprises Distribute Dividend to Foreign Non-resident Enterprise Shareholders of H Shares” (Guo Shui Han [2008] No. 897) issued by the State Administration of Taxation of the PRC, the Company should withhold enterprise income tax at a tax rate of 10% on cash dividends paid to foreign non-resident enterprises as shareholders of H Share. Pursuant to the provisions regarding individual income tax on dividends and bonuses from listed companies of the State Administration of Taxation and the Ministry of Finance of the PRC, cash dividends paid to natural person shareholders of A Share of the Company should also be subject to an individual income tax with 50% of its dividends as taxable income and withholding of individual income tax by the Company at a tax rate of 20% according to the provisions of current tax law.

As at the date of disclosure of this announcement, all final dividends for 2009 had been paid to the shareholders of the Company.

III. INTERIM PROFITS DISTRIBUTION PLAN FOR 2010

The Company does not distribute interim dividends for 2010.

IV. ASSETS TRANSACTION

There was no material transaction of assets acquisition and disposal by the Company during the reporting period.

V. INVESTMENT OF THE COMPANY DURING THE REPORTING PERIOD

(1) Performance of Capital Expenditure Budgeted During the Reporting Period

In 2010, the Company's capital expenditure mainly focused on three major sectors, which were coal resources development, coal conversion and coal industry services, and included three categories, which were infrastructure projects, acquisition and maintenance of fixed assets and equity investment. The budgeted capital expenditure for 2010 was RMB23.498 billion. During the reporting period, the actual investment amount was RMB7.592 billion, representing 32.3% of the annual budget.

Unit: RMB100 Million

No.	Business sector	Actual investment	Percentage
		of capital expenditure budgeted from January to June 2010	of the total budget (%)
1	Coal	57.91	76.28
2	Coal chemical	12.53	16.50
3	Coal mining equipment	2.73	3.60
4	Power generation	1.25	1.65
5	Others	1.50	1.97
Total		75.92	100.00

During the reporting period, most of the Company's key construction projects were located in northern China and therefore had a short construction period. In addition, certain factors such as land expropriation, village relocation and the strengthening of supervision over the safety and environment protection by the state resulted in certain delays in the construction schedule. Moreover, some projects were in the process of applying for external approval or carrying out preliminary work. It is expected that the construction of such projects will commence in the second half of 2010.

(2) Use of Proceeds

1. General Use of Proceeds

Unit: RMB100 Million

Year of proceeds	Method	Net proceeds	Total amount of proceeds used during the reporting period	Total amount of proceeds used accumulatively	Total amount of unapplied proceeds	Intended use of unapplied proceeds
2006	Initial H Share issue	144.66	—	144.66	—	—
2008	Initial A Share issue	253.20	0.78	46.02	207.18	Deposited as term deposit with the bank with which the special account for proceeds was maintained.
Total	/	397.86	0.78	190.68	207.18	/

2. Use of proceeds from H Share issue

After deducting related expenses, the net proceeds from H Share issue of the Company was RMB14.466 billion. As at 31 December 2009, all net proceeds have been used in accordance with the usage plans disclosed in the prospectus of H Share. As at 30 June 2010, the progress of each of the projects is as follows:

- 1) Pingshuo Antaibao Underground Mine has been completed, came into operation and generated revenue;
- 2) The Heilongjiang Methanol Project with a production capacity of 250,000 tons/year has been completed, came into operation and generated revenue;
- 3) Pingshuo East Open Pit Mine Project, related coal washing plants and dedicated railways in Pingshuo Mining Area, and the comprehensive utilization project of waste materials of coal mines in Heilongjiang province were still under construction and no revenue was generated.

3. Use of proceeds from A Share issue

As at 30 June 2010, the actual application of A Share proceeds amounted to RMB4.602 billion, representing approximately 18.2% of the net proceeds from A Share issue, details of which are listed below:

Unit: RMB100 Million

Net Proceeds Raised	253.20	Total proceeds applied during the reporting period		0.78		
		Total proceeds applied accumulatively		46.02		
Committed project	Any change in project	Proposed investment amount	Actual investment amount	Whether planned schedule is met	Expected revenue	Actual revenue
Ordos project and ancillary engineering projects with an annual production capacity of 25 million tons of coal, 4.2 million tons of methanol and 3 million tons of dimethyl ether	No	41.58	4.57	No	—	—
Heilongjiang project and ancillary engineering projects with an annual production capacity of 10 million tons of coal, 1.8 million tons of methanol and 0.6 million tons of olefin	Yes	170.29	0.12	No	—	—
Supplementing the working capital of the Company for general corporate purposes or for the acquisitions of core business related assets	No	41.33	41.33	Yes	—	—
Total	—	253.20	46.02	—	—	—
Reasons for failure to meet schedule (by project)	1. Ordos project and ancillary engineering projects with an annual production capacity of 25 million tons of coal, 4.2 million tons of methanol and 3 million tons of dimethyl ether: Currently the application for the project approval is under way and the preparation works have been basically completed. 2. Heilongjiang project and ancillary engineering projects with an annual production capacity of 10 million tons of coal, 1.8 million tons of methanol and 0.6 million tons of olefin: On 14 July 2010, the Board of the Company passed a resolution to cease application of proceeds from the A Share issue to the project and change the investment projects by using surplus of the proceeds and interests from A Share issue. The aforesaid matters are subject to approval at the first extraordinary general meeting of the Company in 2010.					
Intended use of unapplied proceeds	Deposited as term deposit with the bank with which the special account for proceeds was maintained.					

As at 30 June 2010, the unused amount of the proceeds from A Share issue was RMB20.718 billion, representing 81.8% of the net proceeds from A Share issue.

The Heilongjiang project and ancillary engineering projects with an annual production capacity of 10 million tons of coal, 1.8 million tons of methanol and 0.6 million tons of olefin (hereafter “Heilongjiang Coal Chemical Project”) planned to have a total investment of RMB17.029 billion from A Share issue proceeds, with RMB12 million already being invested. Due to the global financial crisis since the second half of 2008, the domestic and international macroeconomic conditions have significantly deteriorated. The Company conducted research and economic estimation for the Heilongjiang Coal Chemical Project at the Yongqing Mining Area of Jixi Heilongjiang according to the market situation. As a result, the expected level of profitability of the Heilongjiang Coal Chemical Project may not be achieved. On 27 March 2009, the second meeting of the first session of the Board of the Company in 2009 decided to suspend investment in the Heilongjiang Coal Chemical Project. Given the foregoing circumstances, for the purpose of maximizing the Company’s commercial interest and protecting shareholders’ interest, the second meeting in 2010 of the first session of the Board approved to change the usage of the net proceeds from the A Share issue for the Heilongjiang Coal Chemical Project. The surplus of RMB17.017 billion resulted from the termination of the use of the net proceed from A Share for Heilongjiang Coal Chemical Project (accounting for about 67.21% of the net A share proceeds) plus RMB422 million interests accrued in the A Share proceeds special account amounted to RMB17.439 billion in total, of which RMB14.601 billion will be invested in the following new projects and RMB2.838 billion will be used to supplement the working capital of the Company:

- (1) The Nalin River No. 2 Coal Mine Project developed by Wushenqi Mengda Mining Company Limited with an annual production capacity of eight million tons of coal is proposed to use RMB1.669 billion of the proceeds from A Share issue;
- (2) The Muduchaideng Coal Mine Project developed by Ordos Yihua Mining Resources Company Limited with an annual production capacity of six million tons of coal is proposed to use RMB4.464 billion of the proceeds from A Share issue;
- (3) The Xiaohuigou Coal Mine Project developed by Shanxi China Coal Pingshuo Xiaohuigou Coal Co., Ltd with an annual production capacity of three million tons of coal is proposed to use RMB2.806 billion of the proceeds from A Share issue;

- (4) The Hecaogou Coal Mine Project developed by Shaanxi Yan'an Hecaogou Coal Mine Co., Ltd. (preparatory) with an annual production capacity of three million tons of coal is proposed to use RMB1.2 billion of the proceeds from A Share issue;
- (5) The Zhangjiakou Coal Machinery Equipment Industrial Park Project to be developed by China Coal Zhangjiakou Coal Mining Machinery Co., Ltd. is proposed to use RMB2.362 billion of the proceeds from A Share issue;
- (6) The Yulin Energy and Chemical Comprehensive Utilization Project to be developed by Shaanxi Yulin Energy Chemical Company Limited with an annual production capacity of 600 thousand tons of polyethylene and 600 thousand tons of polypropylene is proposed to use RMB2.1 billion of the proceeds from A Share issue;

For details, please see the announcement in relation to the change of the investment projects by using the net proceeds from A Share issue published at the websites of Shanghai Stock Exchange and the Stock Exchange by the Company on 14 July 2010. The matter regarding the change of the investment projects by using the net proceeds from A Share issue is subject to approval at the first extraordinary general meeting of the Company for the year 2010.

As at 30 June 2010, the above-mentioned projects by using the net proceeds from A Share issue were still under preparation or construction and no revenue was generated.

(3) Status of Investment Projects with Funds not Raised through the Issue of Shares

The status of major investment projects with funds not raised through the issue of shares for 2010 were set out below:

Unit: RMB100 Million

Project name	Amount involved in the project	The actual investment from January to June 2010	Progress of the project	
			The accumulative status up to the end of June 2010	Revenue generated from the project
Wangjialing Coal Mine in Xiangning of Shanxi with a production capacity of 6 million tons/year	50.21	3.33	22.99	Currently, the project is not completed and no revenue is generated.
Kongzhuang Mine renovation and expansion works in Jiangsu	5.32	0.01	2.50	Currently, the project is not completed and no revenue is generated.
Renovation works on the raw coal transportation system of Antaibao Open Pit Mine in Pingshuo	6.57	2.00	5.60	Currently, the project is not completed and no revenue is generated.
Pingshuo comprehensive maintenance plant of large-scale open pit mining equipment	2.93	0.42	1.77	Currently, the project is not completed and no revenue is generated.
Yaoqiao coal preparation plant in Jiangsu	1.38	—	1.25	The project is under preparation of acceptance and general completion acceptance will be conducted immediately.
Shuozhou Great Coal Gangue-fired Power Plant Project with a production capacity of 2 x 135MW in Shanxi	14.09	—	14.08	The grid has achieved grid-connected generation and general completion acceptance will be conducted immediately.
Phase 2 of Shaqu gas-fired power plant in Shanxi	5.18	0.93	2.53	Currently, the project is not completed and no revenue is generated.
Heilongjiang Methanol Project with a production capacity of 250,000 tons/year	11.82	1.18	12.36	The project is completed with a revenue of RMB127 million realized.
High-precision aluminum sheets project in Jiangsu	17.01	1.46	9.49	Currently, the project is not completed and no revenue is generated.
Mine used flame proof motor with high-power and high voltage of Fushun Coal Mine Electrical Machinery Company Limited	2.34	—	2.34	The project is under final accounting and is prepared for acceptance.
Construction of Zhangjiakou Coal Machinery Equipment Industrial Park Project	23.62	0.70	2.58	Currently, the project is not completed and no revenue is generated.

VI. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the six months ended 30 June 2010, the Company and its subsidiaries had not purchased, sold or redeemed any securities (the term “securities” has the meaning ascribed to it under the Listing Rules) of the Company.

VII. SUBSTANTIAL INTERESTS AND SHORT POSITIONS

As at 30 June 2010, the interests or short positions of persons (other than directors or supervisors of the Company) who are entitled to exercise or control the exercise of 5% or more of the voting rights at the Company’s general meetings in the Company’s shares or underlying shares of the Company’s equity derivatives as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance were as follows:

Name of shareholders	Number of shares	Class of shares	Nature of interest	Capacity	Unit: shares	
					Percentage of the respective type of shares (%)	Percentage in the total shares in issue (%)
China National Coal Group Corporation	7,481,643,773	A Share	N/A	Beneficial owner	81.75	56.43
JPMorgan Chase & Co	324,640,666	H Share	Long position	of which 31,356,866 shares were held as beneficial owners, 72,028,000 shares were held as investment manager, 221,255,800 shares were held as custodian – corporation/ approved lending agents	7.91	2.45
	19,680,751		Short position	Beneficial owner	0.48	0.15
	221,255,800		Lending pool	custodian – corporation/ approved lending agents	5.39	1.67
Blackrock, Inc.	291,966,895	H Share	Long position	Interests in corporations controlled by major shareholders	7.11	2.20
	1,884,724		Short position	Interests in corporations controlled by major shareholders	0.05	0.01
Davis Selected Advisors, L.P.	248,098,000	H Share	Long position	Investment manager	6.04	1.87

Note: The information disclosed above was based on the information provided by the website of the Stock Exchange (www.hkex.com.hk).

Save as disclosed above, as at 30 June 2010, there were no any other persons who had any interests or held short positions in the Company's shares or underlying shares of equity derivatives of the Company as recorded in the register of interests required to be kept pursuant to Section 336 of the Securities and Futures Ordinance.

VIII. DIRECTORS' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2010, none of the directors or supervisors of the Company had any interests or short positions in shares, underlying shares of equity derivatives or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) as recorded in the register of interests required to be kept by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or as otherwise shall be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

As at 30 June 2010, the Company had not granted any rights to any directors, supervisors of the Company or their spouses or children under 18 years of age to acquire shares or debentures of the Company or its associated corporations nor did they exercise any such rights to acquire the aforesaid shares or debentures.

IX. EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2010, the Company had a total of 55,450 employees, of which, 4,612 were management staff, 8,131 were technical staff, 1,023 were sales staff, 35,763 were production staff and 5,921 were other staff.

An annual remuneration package and a corresponding appraisal and incentive scheme have been implemented for the Board and senior management members of the Company. The annual remuneration for senior management members consists of base salary and performance salary income. The base salary is determined on the basis of the operational scale of the Company, with reference to the prevailing market wages and income of employees. The performance salary income is determined based on the actual operational results of the Company. The base salary for the directors and senior management of the Company is paid on a monthly basis whereas the performance salary income is paid after an annual performance appraisal.

The Company actively optimizes the allocation of human resources. Through recruiting management and technical staff from the society, cooperating with higher education institutions by training programs to foster immediately needed talents for the Company, and creating new recruiting, training and deploying mechanism, sufficient human resources can be ensured for the production, operation and sustainable development of the Company.

X. OTHER MAJOR EVENTS

On 28 March 2010, a flooding accident occurred in the course of construction of Wangjialing Coal Mine, a mine under construction owned by Huajin Coking Coal Company Limited (“Huajin Company”), which was 50% owned by China Coal Energy. As a result, 153 workers of the construction unit (China Coal No. 1 Construction Company Limited, a subsidiary of China Coal Group) were trapped in the mine, among whom, 115 trapped workers were rescued while the death toll was 38. At present, the rescue work had come to an end and the State Council had set up an accident investigation group, which was carrying out an investigation of the accident.

As the Wangjialing Coal Mine was a project under construction, the accident did not result in any material impact on the current production and operation of China Coal Energy. After the accident, the completion and operation date of Wangjialing Coal Mine, which was originally scheduled in October 2010, was delayed. As at 30 June 2010, Huajin Company had incurred RMB38.928 million for the rescue work.

Financing Guarantee for Wangjialing Coal Mine of Huajin Coking Coal Company Limited

In order to ensure the smooth construction progress of the Wangjialing Coal Mine project of Huajin Company and in accordance with the relevant provisions in Resolution Regarding Financing of the Wangjialing Coal Mine project signed by both financing parties to the Wangjialing Coal Mine project, the Board approved the Company to provide a guarantee for Huajin Company for an amount not exceeding RMB932 million in proportion to the Company’s respective equity holdings in Huajin Company, and to provide to the National Development Bank a letter of guarantee. As Huajin Company, the secured party, has an debt to asset ratio exceeding 70%, in accordance with the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and relevant provisions in the articles of associations of the Company and after consideration and approval by the Board, the above resolution needs to be considered and approved at the Company’s general meeting. For details, please refer to the Company’s overseas regulatory announcement published on the same date as this announcement. The circular containing the notice of general meeting will be dispatched to the shareholders of the Company as soon as possible.

FORWARD-LOOKING STATEMENTS

The Company would also like to draw the readers' attention to the forward-looking nature of certain statements above. These forward-looking statements are subject to risks and uncertainties and assumptions, which are beyond the Company's control. Such potential risks and uncertainties include those concerning the market conditions of coal and coking operations in China, the changes of the regulatory environment and the Company's ability to successfully execute its business strategies. In addition, these forward-looking statements only reflect the Company's current views with respect to future events but do not serve as a guarantee of the Company's future performance. The Company does not intend to update these forward-looking statements. Actual results of the Company's performance may differ from the forward-looking statements as a result of a number of factors.

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

Beijing, the PRC, 13 August 2010

As at the date of this announcement, the executive directors of the Company are Wang An and Yang Lieke; and the independent non-executive directors of the Company are Gao Shangquan, Zhang Ke, Peng Ru Chuan, Wu Rongkang and Li Yanmeng.

The interim report of the Company for the six months ended 30 June 2010 will be despatched to the shareholders of the Company shortly and will also be published on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Company's website (www.chinacoalenergy.com).

* *For identification purposes only*