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中煤

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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

Financial highlights:

- In 2010, the Group's revenue amounted to RMB70.303 billion, representing an increase of RMB17.116 billion or 32.2% as compared with 2009.

- In 2010, the Group's profit before income tax amounted to RMB10.999 billion, representing an increase of RMB683 million or 6.6% as compared with 2009.

- Basic earnings per share was RMB0.56.

- In 2010, EBIDTA amounted to RMB14.59 billion, representing an increase of RMB2.123 billion or 17.0% as compared with 2009.

- The Board recommended the payment of final dividends of RMB0.15633 per share (inclusive of tax) for the year 2010, which is subject to the approval by the Company's shareholders in the annual general meeting to be held on 27 May 2011.

The board of directors of China Coal Energy Company Limited is pleased to announce the audited annual results of the Company and its subsidiaries for the financial year ended 31 December 2010 prepared in accordance with the International Financial Reporting Standards:

A. SELECTED CONSOLIDATED FINANCIAL INFORMATION PREPARED IN ACCORDANCE WITH IFRS

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

		Year ended 31 December	
		2010	**2009**
	Note	*RMB'000*	*RMB'000*
			(restated-Note 3)
Revenue	4	70,302,637	53,187,027
Cost of sales			
Materials		(31,189,858)	(21,551,324)
Staff costs		(3,767,958)	(3,171,833)
Depreciation and amortisation		(3,437,439)	(2,338,655)
Repairs and maintenance		(682,127)	(550,549)
Transportation costs		(8,478,956)	(6,905,137)
Sales taxes and surcharges		(1,174,810)	(918,900)
Others		(7,093,436)	(5,719,936)
Cost of sales		(55,824,584)	(41,156,334)
Gross profit		14,478,053	12,030,693
Selling, general and administrative expenses		(3,749,111)	(2,936,023)
Other (loss)/income	5	(53,896)	429,418
Other gains, net		386,537	248,356
Profit from operations		11,061,583	9,772,444
Finance income	6	484,087	897,596
Finance costs	6	(593,065)	(445,117)
Share of profits of associates and jointly controlled entities		46,290	90,647
Profit before income tax		10,998,895	10,315,570
Income tax expense	7	(2,847,876)	(2,395,399)
Profit for the year		8,151,019	7,920,171
Profit attributable to:			
Equity holders of the Company		7,466,357	7,409,336
Non-controlling interests		684,662	510,835
		8,151,019	7,920,171
Basic and diluted earnings per share for the profit attributable to the equity holders of the Company (RMB)	8	0.56	0.56
Dividends distributed	9	1,986,651	2,043,559
Dividends proposed after the balance sheet date attributable to all shareholders of the Company	9	2,072,693	1,986,651

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	Year ended 31 December	
	2010	**2009**
	RMB'000	*RMB'000*
		(restated-Note 3)
Profit for the year	8,151,019	7,920,171
Other comprehensive income:		
Fair value changes on available-for-sale financial assets, net of tax	(8,518)	10,147
Disposal of available-for-sale financial assets, net of tax	–	(5,219)
Share of other comprehensive income of an associate	(4,040)	–
Currency translation differences	(3,816)	(129)
Other comprehensive income for the year, net of tax	(16,374)	4,799
Total comprehensive income for the year	8,134,645	7,924,970
Total comprehensive income attributable to:		
Equity holders of the Company	7,449,983	7,414,135
Non-controlling interests	684,662	510,835
	8,134,645	7,924,970

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2010

	Note	As at 31 December 2010	As at 31 December 2009	As at 1 January 2009
	Note	*RMB'000*	*RMB'000*	*RMB'000*
			(restated-Note 3)	*(restated-Note 3)*
ASSETS				
Non-current assets				
Property, plant and equipment		46,417,897	38,120,837	30,585,132
Investment properties		31,158	32,403	33,725
Land use rights		2,563,782	2,584,842	2,619,081
Mining rights		18,611,170	15,259,134	7,040,495
Intangible assets		42,579	42,655	41,440
Investments in associates		3,994,877	2,029,934	1,301,783
Investments in jointly controlled entities		426,516	411,666	594,757
Available-for-sale financial assets		1,220,765	936,787	558,268
Deferred income tax assets		180,737	147,626	131,291
Long-term receivables		684,894	626,894	701,022
Other non-current asset		61,844	33,786	33,126
		74,236,219	60,226,564	43,640,120
Current assets				
Inventories		6,215,074	4,978,327	4,239,638
Trade and notes receivables	10	7,005,589	4,963,537	5,635,129
Prepayments and other receivables		5,438,569	3,645,227	3,584,564
Derivative financial instruments and other financial assets at fair value through profit or loss		–	–	300,000
Restricted bank deposits		2,494,816	1,844,098	2,121,593
Term deposits with initial terms of over three months		4,623,526	22,813,484	27,383,030
Cash and cash equivalents		22,922,396	12,628,413	7,888,283
		48,699,970	50,873,086	51,152,237
TOTAL ASSETS		122,936,189	111,099,650	94,792,357
EQUITY				
Equity attributable to the equity holders of the Company				
Share capital		13,258,663	13,258,663	13,258,663
Reserves	11	42,817,680	42,193,425	41,417,816
Retained earnings	11			
– Dividends proposed after the balance sheet date		2,072,693	1,986,651	2,043,559
– Others		15,899,535	11,156,653	6,628,201
		74,048,571	68,595,392	63,348,239
Non-controlling interests		12,289,979	9,600,310	4,680,691
Total equity		86,338,550	78,195,702	68,028,930

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2010

	Note	As at 31 December 2010	As at 31 December 2009	As at 1 January 2009
		RMB'000	*RMB'000* (restated-Note 3)	*RMB'000* (restated-Note 3)
LIABILITIES				
Non-current liabilities				
Long-term borrowings		10,715,916	11,286,700	10,193,510
Long-term payables		15,807	192,302	336,432
Deferred income tax liabilities		5,091,269	4,236,462	1,953,690
Deferred revenue		295,992	237,779	29,099
Provision for employee benefits		265,726	275,990	202,331
Provision for close down, restoration and environmental costs		822,149	1,155,530	1,054,703
		17,206,859	17,384,763	13,769,765
Current liabilities				
Trade and notes payables	12	9,253,983	6,801,448	6,813,713
Accruals, advance and other payables		6,997,116	7,085,494	3,963,942
Taxes payable		1,651,327	610,177	1,296,984
Short-term borrowings		396,196	386,981	368,296
Current portion of long-term borrowings		1,025,989	602,658	518,715
Current portion of provision for close down, restoration and environmental costs		66,169	32,427	32,012
		19,390,780	15,519,185	12,993,662
Total liabilities		36,597,639	32,903,948	26,763,427
TOTAL EQUITY AND LIABILITIES		122,936,189	111,099,650	94,792,357
NET CURRENT ASSETS		29,309,190	35,353,901	38,158,575
TOTAL ASSETS LESS CURRENT LIABILITIES		103,545,409	95,580,465	81,798,695

B. NOTES TO THE 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

(a) Acquisition of Shanxi Xiaohuigou Coal Industry Company Limited in 2010

In order to increase the Group's coal resources, 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"), a third-party company 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. The portion that the consideration is less than the share of fair value of identifiable assets is recognised as negative goodwill and recorded as other gains in 2010.

(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 Ordos Yihua Mining Resources Company Limited in 2009

On 10 December 2009, the Company entered into a share purchase agreement with a third-party company, Ordos Yihua Industrial Company Limited ("Yihua Industrial Company"), pursuant to which Yihua Industrial Company transferred its 37.45% equity interest in Ordos Yihua Mining Resources Company Limited ("Yihua Mining") to the Company for a total consideration of RMB1,101,184,000. Up to 31 December 2010, RMB880,947,200 has been paid and the remaining consideration will be paid within year 2011. In addition, according to the share purchase agreement, the Company contributed RMB813,000,000 to Yihua Mining as additional capital, resulting in an increase in the Company' total shareholdings in Yihua Mining to 51%. The contribution of RMB813,000,000 has been fully paid by 31 December 2009. The acquisition date was 31 December 2009, the date that the Company was able to govern the financial and operating policies of Yihua Mining. Yihua Mining is principally engaged in coal mining and manufacture and sale of chemical products.

(d) Acquisition of Wushenqi Mengda Mining Company Limited in 2009

On 10 December 2009, the Company entered into a share purchase agreement with third-party companies, Inner Mongolia Yuan Xing Energy Company Limited ("Yuan Xing Energy Company") and Shanghai Zendai Investment Management Company Limited ("Zendai Company"), pursuant to which the two companies together transferred 51% equity interest in Wushenqi Mengda Mining Company Limited ("Mengda Mining") to the Company for a consideration of RMB1,495,361,900. Up to 31 December 2010, RMB975,784,700 has been paid and the remaining consideration will be paid within year 2011. In addition, according to the share purchase agreement, the Company and other shareholders contributed RMB341,400,000 to Mengda Mining as additional capital in proportion to their respective equity interests. The Company's proportion of RMB174,114,000 has been fully paid by 31 December 2009. The acquisition date was 31 December 2009, the date that the Company was able to govern the financial and operating policies of Mengda Mining. Mengda Mining is principally engaged in coal mining and manufacture and sale of chemical products.

(e) Acquisition of Inner Mongolia Mengda New Energy Chemical Base Development Company Limited in 2009

On 10 December 2009, the Company entered into a share purchase agreement with third-party companies, Yuan Xing Energy Company and Zendai Company, pursuant to which these two companies transferred 56.915% equity interest in Inner Mongolia Mengda New Energy Chemical Base Development Company Limited ("Mengda New Energy Company") to the Company for a consideration of RMB569,150,000. The consideration has been fully paid by 31 December 2009. In addition, according to the share purchase agreement, the Company contributed RMB231,000,000 to Mengda New Energy Company as additional capital, resulting in the Company's total shareholdings in Mengda New Energy Company to 65%. The contribution has been fully paid by 31 December 2009. The acquisition date was 31 December 2009, the date that the Company was able to govern the financial and operating policies of Mengda New Energy Company. Mengda New Energy Company is principally engaged in methanol production.

(f) 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.

(g) **Disposal of China Coal Xi'an Design Engineering Company Limited and China Coal Handan Design Engineering Company Limited in 2009**

On 4 December 2009, the Company entered into a share purchase agreement with China Coal Group, pursuant to which the Company transferred its 100% equity interest in China Coal Xi'an Design Engineering Company Limited and China Coal Handan Design Engineering Company Limited to China Coal Group for a total consideration of RMB472,279,100. Such disposal was approved by the Board of Directors of the Company held on 4 December 2009 and by the relevant governmental authority on 24 December 2009. The consideration has been fully received on 31 December 2009, being the disposal date.

The gains on disposal of Xi'an Design Engineering Company Limited and China Coal Handan Design Engineering Company Limited amounting to RMB217,872,000 were recorded as other income in the consolidated income statement (Note 5) and disclosed as gains and expenses of corporate function in segment information.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investments at fair value as disclosed in the accounting policies below.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The Group has adopted the following new and amended IFRSs as of 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.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2010, but are not currently relevant for the Group.

- IFRIC 17, 'Distributions of non-cash assets to owners'.
- IFRIC 18, 'Transfers of assets from customers'.
- IFRIC 9 (amendment), 'Reassessment of embedded derivatives' and IAS 39 (amendment), 'Financial instruments: recognition and measurement'.
- IFRIC 16, 'Hedges of a net investment in a foreign operation'.
- IAS 1 (amendment), 'Presentation of financial statements'.
- IAS 36 (amendment), 'Impairment of assets'.
- IAS 39 (amendment), Eligible hedge items.
- IFRS 2 (amendment), 'Group cash-settled share-based payment transaction'.
- IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'.

The following new amendment to standard has been issued but is not effective for the financial year beginning 1 January 2010 and has been early adopted:

- IFRS 1 (amendment), 'First time Adoption of International Financial Reporting Standards', clarifies that entities may employ the 'deemed cost' exemption not only when the 'deemed cost' is measured before the date of transition to IFRS, but also if the 'deemed cost' is measured during the first IFRS reporting period. This amendment should be applied for annual periods beginning on or after 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. The Group has decided to adopt this amendment from 1 January 2010.

The effect of the adoption of this amendment to the Group's financial statements is as below:

	For the year ended and as at 31 December 2009		
	RMB'000 *(as previously reported)*	*RMB'000* *(restatement)*	*RMB'000* *(restated)*
Total assets	104,855,362	6,244,288	111,099,650
Total liabilities	31,412,359	1,491,589	32,903,948
Equity attributable to the equity holders of the Company	64,228,494	4,366,898	68,595,392
Profit attributable to equity holders of the Company	7,834,332	(424,996)	7,409,336

	For the year ended and as at 31 December 2008		
	RMB'000 *(as previously reported)*	*RMB'000* *(restatement)*	*RMB'000* *(restated)*
Total assets	88,511,900	6,280,457	94,792,357
Total liabilities	25,684,572	1,078,855	26,763,427
Equity attributable to the equity holders of the Company	58,577,203	4,771,036	63,348,239
Profit attributable to equity holders of the Company	7,131,007	(316,114)	6,814,893

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 reports in order to assess performance and allocate resources.

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 the 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 follows:

- 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.

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 inter-segment 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 year ended and as at 31 December 2010				
	Coal	**Coke and coal-chemical product**	**Machinery**	**Others (note (a))**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue					
Total Revenue	56,265,697	4,888,100	7,071,131	4,169,628	72,394,556
Inter-segment revenue	(427,005)	–	(975,672)	(689,242)	(2,091,919)
Revenue from external customers	55,838,692	4,888,100	6,095,459	3,480,386	70,302,637
Profit/(Loss) from operations	11,443,202	(568,436)	497,473	72,154	11,444,393
Profit/(Loss) before tax expense	11,134,575	(602,371)	450,633	835	10,983,672
Interest income	35,126	57,297	2,569	410	95,402
Interest expense	(163,004)	(103,066)	(55,479)	(47,030)	(368,579)
Depreciation and amortisation	(2,956,567)	(162,385)	(126,582)	(354,484)	(3,600,018)
Share of profits associates and jointly controlled entities	29,158	8,417	9,908	–	47,483
Income tax expense	(2,732,805)	(19,066)	(75,897)	(20,108)	(2,847,876)
Other material non-cash items					
Provision for impairment of assets	(6,234)	(160,002)	(30,087)	(25,384)	(221,707)
Segment assets and liabilities					
Segment assets	65,846,430	6,491,023	9,238,469	5,047,863	86,623,785
Include: investment in associates and jointly controlled entities	351,919	551,642	77,431	–	980,992
Expenditures for non-current assets	10,845,221	825,279	558,849	183,058	12,412,407
Segment liabilities	23,199,577	492,288	4,223,025	3,126,651	31,041,541

	For the year ended and as at 31 December 2009 (restated)				
	Coal	**Coke and coal-chemical product**	**Machinery**	**Others (note (a))**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue					
Total Revenue	41,175,385	3,589,970	5,949,127	4,197,519	54,912,001
Inter-segment revenue	(265,919)	–	(694,097)	(764,958)	(1,724,974)
Revenue from external customers	40,909,466	3,589,970	5,255,030	3,432,561	53,187,027
Profit from operations	9,160,254	29,424	436,684	137,060	9,763,422
Profit before tax expense	8,932,855	23,698	393,472	78,620	9,428,645
Interest income	31,084	52,737	4,604	2,447	90,872
Interest expense	(307,661)	(1,633)	(5,366)	(7,665)	(322,325)
Depreciation and amortisation	(2,217,022)	(118,043)	(116,274)	(281,008)	(2,732,347)
Share of profits of associates and jointly controlled entities	24,710	68,662	6,853	–	100,225
Income tax expense	(2,327,331)	4,562	(34,355)	(38,275)	(2,395,399)
Other material non-cash items					
Reversal of/(Provision for) impairment of assets	1,402	(8,005)	(20,813)	(2,423)	(29,839)
Segment assets and liabilities					
Segment assets	62,736,423	6,754,667	7,438,673	5,401,485	82,331,248
Include: investment in associates and jointly controlled entities	420,013	543,225	44,592	–	1,007,830
Expenditures for non-current assets	8,052,225	396,441	276,839	1,029,578	9,755,083
Segment liabilities	21,867,449	856,500	3,420,181	3,444,578	29,588,708

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 for determining reportable segments.

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

a. Revenue

	Year ended 31 December	
	2010	**2009**
	RMB'000	*RMB'000*
Total revenue for reportable segments	72,394,556	54,912,001
Elimination of inter-segment revenue	(2,091,919)	(1,724,974)
Entity's revenue	70,302,637	53,187,027

b. Profit from operations

	Year ended 31 December	
	2010	**2009**
	RMB'000	*RMB'000*
		(restated)
Total profit from operations for reportable segments	11,444,393	9,763,422
Elimination of inter-segment profits	(102,898)	(96,145)
Other corporate (expense)/income	(279,912)	105,167
Profit from operations	11,061,583	9,772,444

c. Profit before tax

	Year ended 31 December	
	2010	**2009**
	RMB'000	*RMB'000*
		(restated)
Total profit before tax expense for reportable segments	10,983,672	9,428,645
Elimination of inter-segment profits	(102,898)	(96,145)
Other corporate income	118,121	983,070
Profit before tax expense	10,998,895	10,315,570

d. *Assets*

	31 December 2010	31 December 2009
	RMB'000	*RMB'000* *(restated)*
Total assets for reportable segments	86,623,785	82,331,248
Elimination of inter-segment accounts	(2,562,752)	(2,855,969)
Other unallocated amounts	38,875,156	31,624,371
Entity's assets	122,936,189	111,099,650

e. *Liabilities*

	31 December 2010	31 December 2009
	RMB'000	*RMB'000* *(restated)*
Total liabilities for reportable segments	31,041,541	29,588,708
Elimination of inter-segment accounts	(2,340,652)	(2,379,564)
Other unallocated amounts	7,896,750	5,694,804
Entity's liabilities	36,597,639	32,903,948

f. *Other material items*

	Year ended 31 December 2010		
	Reportable segment totals	Others (note (a))	Entity's totals
	RMB'000	*RMB'000*	*RMB'000*
Interest income	95,402	388,685	484,087
Interest expense	(368,579)	(93,094)	(461,673)
Depreciation and amortisation	(3,600,018)	(8,127)	(3,608,145)
Share of profits/(losses) of associates and jointly controlled entities	47,483	(1,193)	46,290
Income tax expense	(2,847,876)	–	(2,847,876)
Provision for impairment of assets	(221,707)	(17,158)	(238,865)
Investment in associates and jointly controlled entities	980,992	3,440,401	4,421,393
Expenditures for non-current assets	12,412,407	120,375	12,532,782

	Year ended 31 December 2009 (restated)		
	Reportable segment totals	**Others (note (a))**	**Entity's totals**
	RMB'000	*RMB'000*	*RMB'000*
Interest income	90,872	806,724	897,596
Interest expense	(322,325)	(185,786)	(508,111)
Depreciation and amortisation	(2,732,347)	(4,348)	(2,736,695)
Share of profits/(losses) of associates and jointly controlled entities	100,225	(9,578)	90,647
Income tax expense	(2,395,399)	–	(2,395,399)
Provision for impairment of assets	(29,839)	–	(29,839)
Investment in associates and jointly controlled entities	1,007,830	1,433,770	2,441,600
Expenditures for non-current assets	9,755,083	562	9,755,645

note:

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

4) Geographical information

Analysis of revenue

	Year ended 31 December	
	2010	**2009**
	RMB'000	*RMB'000*
Domestic markets	69,037,360	52,446,952
Asia Pacific markets	1,212,102	739,945
Other overseas markets	53,175	130
	70,302,637	53,187,027

note:

(a) Revenue is attributed to countries on the basis of the customers' location.

Analysis of non-current assets

	31 December 2010	31 December 2009
	RMB'000	*RMB'000* *(restated)*
Domestic markets	72,788,440	59,042,555
Asia Pacific markets	6,312	8,568
Other overseas markets	39,965	57,242
	72,834,717	59,108,365

5) Information about major customers

Revenue from the top five customers of the Group for the year ended 31 December 2010 represents approximately 15% of the Group's total revenue (for the year ended 31 December 2009: 24%).

5 OTHER (LOSS)/INCOME

	2010	2009
	RMB'000	*RMB'000* *(restated)*
Dividend income	15,119	1,991
(Losses)/gains on disposal of investments	(158,282)	318,234
Government grants and subsidies	83,725	119,620
Gains/(losses) on futures	5,542	(10,427)
	(53,896)	429,418

6 FINANCE INCOME AND COSTS

	2010	2009
	RMB'000	*RMB'000*
Interest expense:		
– Bank borrowings	670,756	646,005
– Provisions: unwinding of discount	64,315	100,182
Other incidental borrowing costs and charges	4,348	4,221
Net foreign exchange loss/(gains) on financing activities	127,044	(67,215)
Finance costs	866,463	683,193
less: amounts capitalised on qualifying assets	(273,398)	(238,076)
Total finance costs	593,065	445,117
Finance income:		
– interest income on short-term bank deposits	432,768	846,277
– interest income on loans to related parties	51,319	51,319
Total finance income	484,087	897,596
Net finance costs/(income)	108,978	(452,479)

note:

(a) Finance costs capitalised on qualifying assets are related to funds borrowed for the purpose of obtaining a qualifying asset. Capitalization rates on such borrowings were as follows:

	2010	2009
Capitalisation rate used to determine the amount of finance costs eligible for capitalization	4.04%-6.20%	4.50% – 7.83%

7 INCOME TAX EXPENSE

	2010	2009
	RMB'000	*RMB'000*
		(restated)
Current income tax		
– PRC enterprise income tax (note (a))	2,893,928	1,982,882
Deferred income tax	(46,052)	412,517
	2,847,876	2,395,399

notes:

(a) The provision for PRC enterprise income tax ("EIT") is calculated based on the statutory income tax rate of 25%. The applicable income tax rate in 2010 and 2009 is 25% of the assessable income of each of the companies now comprising the Group, determined in accordance with the relevant PRC income tax rules and regulations, except for certain subsidiaries which are taxed at preferential tax rates ranging from 12.5% to 22% based on the relevant PRC tax laws and regulations.

(b) The taxation of the Group's profit before taxation differs from the theoretical amount that would arise using the rates prevailing in the jurisdictions in which the Group operates as follows:

	2010	2009
	RMB'000	*RMB'000*
		(restated)
Profit before income tax	10,998,895	10,315,570
Tax calculated at applicable tax rates	2,749,724	2,578,893
Preferential tax rates on the income of certain subsidiaries	(102,312)	(144,169)
Income not subject to taxation	(32,297)	(22,361)
Expenses not deductible for taxation purposes	129,575	23,000
Utilisation of previously unrecognised tax losses	(3,628)	(1,312)
Tax losses for which no deferred income tax asset has been recognised	149,359	49,926
Additional expenses allowable for tax purposes	(42,545)	(88,578)
Income tax expense	2,847,876	2,395,399

8 EARNINGS PER SHARE

Basic earnings per share for the years ended 31 December 2010 and 2009 is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of approximately 13,258,663,000 ordinary shares in issue during these years.

As the Company had no dilutive instruments for the year ended 31 December 2010 and 2009, no diluted earnings per share is presented.

9 DIVIDENDS

	2010	2009
	RMB'000	*RMB'000*
Dividends recorded:		
– final dividends for 2009, paid (note (b))	1,986,651	–
– final dividends for 2008, paid (note (a))	–	2,043,559

	2010	2009
	RMB'000	*RMB'000*
Dividends proposed after the balance sheet date:		
– final dividend for 2009 (note (b))	–	1,986,651
– final dividend for 2010 (note (c))	2,072,693	–

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 (RMB0.1541 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 has 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 (RMB0.1498 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.

(c) The Board of Directors, in a meeting held on 22 March 2011, proposed to distribute a final dividend for 2010 to equity holders of the Company of RMB2,073 million (RMB0.1563 per share), based on total number of shares which are in issue as at 31 December 2010. Such dividend distribution is still subject to the approval of shareholders' meeting, and is not reflected in these financial statements.

10 TRADE AND NOTES RECEIVABLES

	2010	2009
	RMB'000	*RMB'000*
Trade receivables, net (note (a))	4,574,155	3,254,693
Notes receivables (note (b))	2,431,434	1,708,844
	7,005,589	4,963,537

notes:

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

	2010	2009
	RMB'000	*RMB'000*
Within 6 months	3,646,348	2,755,968
6 – 12 months	603,957	290,107
1 – 2 years	334,310	213,102
2 – 3 years	70,174	57,117
Over 3 years	222,617	238,032
Trade receivables, gross	4,877,406	3,554,326
Less: Impairment of receivables	(303,251)	(299,633)
Trade receivables, net	4,574,155	3,254,693

Trade receivables are with credit terms of six months.

(b) Notes receivable are principally bank accepted bills of exchange with maturity of less than one year.

11 RESERVES

	Group								
	Capital reserve	Statutory reserve funds	Future development fund	Safety fund	Transformation and environmental restoration fund	Translation reserve	Other reserves	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2009 (as previously reported)	30,520,372	722,010	78,402	1,396,981	1,282,193	(24,762)	2,569,336	8,774,008	45,318,540
Effect of adoption of IFRS 1 (Note 3)	–	–	–	–	–	–	4,873,284	(102,248)	4,771,036
Balance at 1 January 2009 (restated)	30,520,372	722,010	78,402	1,396,981	1,282,193	(24,762)	7,442,620	8,671,760	50,089,576
Balance at 1 January 2009 (restated)	30,520,372	722,010	78,402	1,396,981	1,282,193	(24,762)	7,442,620	8,671,760	50,089,576
Profit for the year	–	–	–	–	–	–	–	7,409,336	7,409,336
Disposal of available-for-sale financial assets, net of deferred tax	–	–	–	–	–	–	(5,219)	–	(5,219)
Fair value change in available-for-sale financial assets, net of deferred tax	–	–	–	–	–	–	10,147	–	10,147
Cumulative translation adjustment	–	–	–	–	–	(129)	–	–	(129)
Appropriations	–	546,337	46,181	135,338	166,377	–	–	(894,233)	–
Purchase of equity from non-controlling shareholders	–	–	–	–	–	–	(69,090)	–	(69,090)
Dividends (Note 9)	–	–	–	–	–	–	–	(2,043,559)	(2,043,559)
Common control business combination	–	–	–	–	–	–	(58,183)	–	(58,183)
Others	–	–	–	–	–	–	3,850	–	3,850
Balance at 31 December 2009 (restated)	30,520,372	1,268,347	124,583	1,532,319	1,448,570	(24,891)	7,324,125	13,143,304	55,336,729
Profit for the year	–	–	–	–	–	–	–	7,466,357	7,466,357
Fair value changes on available-for-sale financial assets, net of tax	–	–	–	–	–	–	(8,518)	–	(8,518)
Share of other comprehensive income of associate	–	–	–	–	–	–	(4,040)	–	(4,040)
Cumulative translation adjustment	–	–	–	–	–	(3,816)	–	–	(3,816)
Appropriations	–	585,010	(2,788)	(159,340)	215,486	–	–	(638,368)	–
Purchase of equity from non-controlling shareholders	–	–	–	–	–	–	(50,123)	–	(50,123)
Contributions	53,440	–	–	–	–	–	–	–	53,440
Dividends (Note 9)	–	–	–	–	–	–	–	(1,986,651)	(1,986,651)
Others	–	–	–	–	–	–	(1,056)	(12,414)	(13,470)
Balance at 31 December 2010	30,573,812	1,853,357	121,795	1,372,979	1,664,056	(28,707)	7,260,388	17,972,228	60,789,908

notes:

(a) Statutory reserve funds

In accordance with the PRC Company Law and the Company's articles of association, the Company is required to allocate 10% of its profit after tax as determined in accordance with the relevant accounting principles and financial regulations applicable to PRC companies ("PRC GAAP") and regulations applicable to the Company, to the statutory reserve funds until such reserve reaches 50% of the registered capital of the Company. The appropriation to the reserve must be made before any distribution of dividends to equity holders. The statutory surplus reserve can be used to offset previous years' losses, if any, and part of the statutory surplus reserve can be capitalized as the Company's share capital provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the share capital of the Company.

For the year ended 31 December 2010, the Company appropriated RMB585,010,000 (2009: RMB546,337,000) to the statutory surplus reserve fund, representing 10% of the Company's profit after tax for the year ended 31 December 2010, as determined in accordance with the PRC GAAP.

(b) Future development fund

Pursuant to the relevant PRC regulations, the Group is required to set aside an amount to a future development fund at RMB6 to RMB8 per ton of raw coal mined. The fund can be used for future development of the coal mining operations, and is not available for distribution to shareholders. Upon incurring qualifying development expenditure, an equivalent amount is transferred from future development fund to retained earnings.

(c) Safety fund

Pursuant to certain regulations issued by the State Administration of Work Safety of the PRC, the Group is required to set aside an amount to a safety fund at RMB6 to RMB60 per ton of raw coal mined. The fund can be used for improvements of safety at the mines, and is not available for distribution to shareholders. Upon incurring qualifying safety expenditure, an equivalent amount is transferred from safety fund to retained earnings.

(d) Transformation and environmental restoration fund

Pursuant to two regulations issued by the Shanxi municipal government on 15 November 2007, both of which are effective from 1 October 2007, mining companies of the Group located in Shanxi Province are required to set aside an amount to a coal mine industry transformation fund and environmental restoration fund at RMB5 and RMB10 per ton of raw coal mined respectively. According to the relevant rules, such funds will be specifically utilised for the transformation costs of the coal mine industry and for the land restoration and environmental cost, and is not available for distribution to shareholders. Upon incurring qualifying transformation and environmental restoration expenditures, an equivalent amount is transferred from transformation and environmental restoration fund to retained earnings.

12 TRADE AND NOTES PAYABLES

	2010	2009
	RMB'000	*RMB'000*
Trade payables (note (a))	8,526,123	6,341,696
Notes payable	727,860	459,752
	9,253,983	6,801,448

note:

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

	2010	2009
	RMB'000	*RMB'000*
Less than 1 year	7,471,070	5,580,010
1 – 2 years	805,979	526,226
2 – 3 years	120,096	106,727
Over 3 years	128,978	128,733
	8,526,123	6,341,696

13 COMMITMENTS

(a) Capital commitments

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

	2010	2009
	RMB'000	*RMB'000*
Property, plant and equipment	5,800,014	3,036,720
Others	242,864	358,585
	6,042,878	3,395,305

(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:

	2010	2009
	RMB'000	*RMB'000*
Land and buildings:		
– Within 1 year	82,467	78,896
– From 1 year to 5 years	113,998	149,974
– Over 5 years	142,659	135,156
	339,124	364,026

	2010	2009
	RMB'000	*RMB'000*
Plant and machinery:		
– Within 1 year	–	6,000
– From 1 year to 5 years	–	14,400
– Over 5 years	–	36,000
	–	56,400

CHAIRMAN'S STATEMENT

Dear Shareholders,

In 2010, the Chinese government effectively coped with the impact of the international financial crisis and took proper measures to balance different targets among achieving steady and rapid economic growth, adjusting economic structure and managing inflation expectation. Chinese economy maintained a steady and rapid growth momentum, riding on synergetic effects of strongly rebounded industrial production, robust domestic demand and rapid growth of export. As macro-economy situation improved, the coal industry continued to develop steadily, which was evidenced by the rapid growth of production volume, new high record of coal import and periodical fluctuation of coal prices at high levels coupled with the changes of supply and demand. The Company had made tremendous efforts to mitigate any adverse impact in relation to safety production, arranged its production scientifically, strengthened the interconnection among coal production, transportation and sales stage and proactively adjusted its industrial structure, which ensured rapid growth in its operation and laid a solid foundation for the Company's future development.

During the reporting period, the Company's raw coal production was 122.53 million tons, representing a year-on-year increase of 21.6%. Commercial coal production was 94.38 million tons, representing a year-on-year increase of 17.2%. Commercial coal sales amounted to 117.27 million tons, representing a year-on-year increase of 20.6%. The Company recorded revenue of RMB70.303 billion, representing a year-on-year increase of 32.2%. Profit before income tax of the Company amounted to RMB10.999 billion. Basic earnings per share amounted to RMB0.56.

The Company adhered to the development approach of "pursuance of economies of scale in production, modernisation in equipment, specialisation of professional teams and informatisation of management", and accelerated the development of the mining base with 100 million tons production capacity, which enabled the Company to continue its rapid growth in coal production. Taking advantage of the fully-mechanized top coal caving technique and capitalising on its overall strengths in the open pit and underground mining method, Pingshuo Mining Area produced 103.88 million tons of raw coal and became the first mining area with production capacity of 100 million tons in China adopting the open pit and underground mining method. Pingshuo Mining Area realised the optimisation of allocation of the coal resources and the sound and efficient mining process, enhanced its capacity of safe mining, which made significant contributions to the coal industry development of China. Taking measures to optimise the mining and exploitation process and improve production efficiency, Liliu Mining Area and Datun Mining Area also achieved stable growth in raw coal production by securing safety production.

The Company continued to improve its sales network with our headquarters as the main body, which was supplemented by the regional companies serving major energy consumption areas. The sales network enabled our sales and customer services to stay closer to the market and expanded our market presence. We strived to strengthen the logistics network development and had preliminarily built up a logistics network covering the source of coal products, loading port and destination port, which guaranteed the effective connection between the production and sales stage of coal products. In addition, we continuously optimised our market structure to actively expand markets, including building materials, metallurgy and chemical industry markets that were market-oriented with affordable prices, and to increase spot sales proportion and improve the profitability of our products. We also continued to optimise our product structure and actively participate in lump coal processing and coal blending businesses, which added value to our self-produced products. Furthermore, the Company effectively reduced its logistics cost and improved the transshipment efficiency by strengthening business cooperation with coal ports. The coal sales of the Company for 2010 increased by 20.02 million tons over 2009, with spot sales accounting for 30.1% of domestic sales of self-produced coal, representing a year-on-year increase of 2.2 percentage points.

While achieving satisfactory operating results, the Company further improved its sustainable development ability by accelerating the development of projects and acquisition of resources. The Company expedited its project preparation work and obtained supporting documents of approvals for some projects. The Company made steady progress in key projects including the renovation and expansion of Muduchaideng Coal Mine in Inner Mongolia and Shaqu Mine operated by Shanxi Huajin etc.. Pingshuo East Open Pit Mine will commence operation in 2011. As of the end of 2010, the Company's coal resource reserve amounted to 18.5 billion tons under the PRC mining standards. Our coal resources will increase by 920 million tons through the acquisition and restructuring of Xiaohuigou Coal in Shanxi and Hecaogou Coal Mine in Shaanxi during the reporting period.

As a result of the Company's sustainable increase in profitability and its sound and healthy capital structure, the Company received the highest credit rating. In 2010, the Company was granted credit facilities of RMB225 billion by major domestic commercial banks, which provided adequate funds for the sustainable development of the Company. In order to enhance the effective utilisation of funds, the Company made reasonable changes to the usage of some proceeds from A Share issuance by investing primarily in coal mine projects with higher profitability. In the future, we will accelerate the development of projects under construction to achieve quicker production and profitability, and cultivate new profit generators for the Company.

The Board of Directors and Supervisory Committee of the Company were re-elected in December 2010 and appointment of members of the Second Session of the Board of Directors and Supervisory Committee was approved at the Shareholders' general meeting in accordance with the Articles of Association and relevant regulations. I would like to express my sincere gratitude to all members of the First Session of the Board of Directors and Supervisory Committee and the management, particularly Mr. Jing Tianliang, Mr. Gao Shangquan, Mr. Peng Ru Chuan, Mr. Du Ji'an, Mr. Chen Xiangshan, Mr. Li Fuyou and Mr. Wang Yuanheng, for their efforts, wisdom and dedication for the development of the Company. In the coming years, I will work with members of the Second Session of the Board of Directors and Supervisory Committee and the management to make further contributions to the development of the Company.

Dear shareholders, in the past five years, with the continuous improvement of macro-economy situation and under the support of relevant policies, the market reform of Chinese coal industry had witnessed significant progress, acceleration of structure adjustment, significant increase of coal production and substantial improvement of industry environment. Taking advantage of the solid development in the coal industry, the Company had achieved forward-leaping development in the past five years. The aggregate of raw coal production volume amounted to 470 million tons with average annual increase of more than 14.48 million tons and a CAGR of 19.6%; operating revenue of the Company increased by 2.3 times, with a CAGR of 18.5%; and net profits attributable to equity holders of the Company increased by 2.2 times, with a CAGR of 17.4%. The Company focused on the development of its two major profit contributors, Pingshuo and Inner Mongolia-Shaanxi Mining Areas, aiming to coordinate the development of its five bases and core businesses.

The year 2011 marks the beginning of the “Twelfth Five Year Plan”. China will continue to strengthen and improve its macroeconomic control measures to maintain a steady and healthy development of the economy, which will further increase its energy demand. In the future, Chinese current energy structure with coal resources playing a major part will not undergo fundamental change and its total energy consumption volume will continue to grow. Coal chemicals will, to some extent, become an alternative to petrochemicals, which will bring new development opportunities to the coal chemical business of the Company. In addition, with the Chinese energy strategy being shifted to focus on Western China and optimising industrial allocation, there will be important strategic opportunities for Central China and Western China, which will bring benefits to the construction of the Company’s new bases in these regions.

During the “Twelfth Five Year Plan”, the Company will prioritise the development of coal production as its core business. The Company will expand coal chemical and power generation-related businesses, while optimizing the coal mining equipment business. The Company will accelerate the construction of five coal production and transformation bases in Shanxi, Inner Mongolia-Shaanxi, Jiangsu, Heilongjiang and Xinjiang, to form an industrial layout with four pillar industries of coal, coal chemical, power generation, coal mining equipment, and a geographic layout of five coal production and transformation bases. The Company will strive for substantial growth in the production volume of major products, asset size, turnover and profit by 2015, with an aim to doubling the economic volumes.

In addition to unprecedented historical opportunities, the Company is also encountering challenges for its development. Competition in the future will intensify as excessive production capacity of coal industry gradually emerges. Cost control will be more difficult due to the increase of raw materials prices and structural rise of labor costs. Room for increase of coal price for major contracts will be limited under the inflation expectation management of the Chinese government. China Coal Energy will actively cope with all difficulties and challenges, strengthen its capability to ensure safety production, continue to improve the Company’s corporate governance, increase the Company’s operating results and create new value for our Shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND OPERATING RESULTS

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

I. Overview

In 2010, the Group organised its production in a scientific way, stepped up market development, strengthened the interconnection among its production, transportation and sales, and maintained the rapid growth momentum for both production and operations, and therefore achieved satisfactory operating results.

For the year ended 31 December 2010, the Group's total revenue (net of inter-segmental sales) amounted to RMB70.303 billion, representing a year-on-year increase of 32.2%; profit before income tax amounted to RMB10.999 billion, representing a year-on-year increase of 6.6%; profit attributable to equity holders of the Company amounted to RMB7.466 billion, representing a year-on-year increase of 0.8%; net cash generated from operating activities per share was RMB0.81, representing a year-on-year decrease of RMB0.07; and basic earnings per share was RMB0.56, which was the same as 2009.

	For the year ended 31 December 2010 RMB100 million	For the year ended 31 December 2009 RMB100 million (restated)	Increase/decrease RMB100 million	%
Revenue	703.03	531.87	171.16	32.2
Profit before income tax	109.99	103.16	6.83	6.6
EBIDTA	145.90	124.67	21.23	17.0
Profit attributable to the equity holders of the Company	74.66	74.09	0.57	0.8
Net cash generated from operating activities	106.83	116.88	-10.05	-8.6

As at 31 December 2010, the gearing ratio (total interest-bearing debts/(total interest-bearing debts + equity)) of the Group was 12.3%, representing a decrease of 1.3 percentage point from the beginning of the year.

	As at 31 December 2010 RMB100 million	As at 31 December 2009 RMB100 million (restated)	Increase/decrease RMB100 million	%
Assets	1,229.36	1,111.00	118.36	10.7
Liabilities	365.98	329.04	36.94	11.2
Interest-bearing debts	121.38	122.76	-1.38	-1.1
Equity	863.38	781.96	81.42	10.4
Equity attributable to equity holders of the Company	740.48	685.95	54.53	7.9

II. Operating Results

1 Revenue

(1) Consolidated Revenue

For the year ended 31 December 2010, the Group's total revenue (net of inter-segmental sales) increased from RMB53.187 billion for the year ended 31 December 2009 to RMB70.303 billion, representing an increase of 32.2%. This was mainly attributable to the substantial growth in revenue from coal operations over the 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 year ended 31 December 2010 in comparison with the year ended 31 December 2009 were set out as follows:

	Revenue net of inter-segmental sales			
	For the year ended 31 December 2010	**For the year ended 31 December 2009**	**Increase**	
	RMB100 million	**RMB100 million (restated)**	**RMB100 million**	**%**
Coal operations	558.39	409.09	149.30	36.5
Coking operations	48.88	35.90	12.98	36.2
Coal mining equipment operations	60.95	52.55	8.40	16.0
Other operations	34.81	34.33	0.48	1.4
Total	703.03	531.87	171.16	32.2

The proportion of revenue net of inter-segmental sales generated by each operating segment of the Group for the year ended 31 December 2010 and the year ended 31 December 2009 in the Group's total revenue were set out as follows:

	Proportion of revenue net of inter-segmental sales		
	For the year ended 31 December 2010	**For the year ended 31 December 2009 (restated)**	**Increase/ decrease (percentage points)**
	%	**%**	
Coal operations	79.4	76.9	2.5
Coking operations	7.0	6.7	0.3
Coal mining equipment operations	8.7	9.9	-1.2
Other operations	4.9	6.5	-1.6

(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 year ended 31 December 2010, the total revenue from coal operations of the Group increased from RMB41.175 billion for the year ended 31 December 2009 to RMB56.266 billion, representing an increase of 36.7%; revenue net of other inter-segmental sales increased from RMB40.909 billion for the year ended 31 December 2009 to RMB55.839 billion, representing an increase of 36.5%.

For the year ended 31 December 2010, revenue from sales of self-produced commercial coal increased from RMB33.111 billion for the year ended 31 December 2009 to RMB41.341 billion, representing an increase of 24.9%. After offsetting the revenue from inter-segment sales, the sales increased from RMB32.845 billion to RMB40.914 billion for the year ended 31 December 2009, representing an increase of 24.6%. Revenue from sales of proprietary coal trading increased from RMB8.035 billion for the year ended 31 December 2009 to RMB14.880 billion, representing an increase of 85.2%. Revenue from coal import and export agency services increased from RMB29 million for the year ended 31 December 2009 to RMB45 million, representing an increase of 55.2%.

Changes in the Group's coal sales volume and selling price for the year ended 31 December 2010 in comparison with the year ended 31 December 2009 were set out as follows:

			For the year ended 31 December 2010		For the year ended 31 December 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	8,975	456	7,897	416	1,078	40
		(I) Thermal coal	8,868	446	7,746	408	1,122	38
		1. Export	140	662	130	522	10	140
		(1) Long-term contract	140	660	130	522	10	138
		(2) Spot trading	0.3	1,458	☆	☆	0.3	–
		2. Domestic sales	8,728	443	7,616	406	1,112	37
		(1) Long-term contract	6,150	410	5,559	402	591	8
		(2) Spot trading	2,578	521	2,057	417	521	104
		(II) Coking coal	107	1,267	151	829	-44	438
		1. Export	☆	☆	3	770	-3	–
		(1) Long-term contract	☆	☆	☆	☆	–	–
		(2) Spot trading	☆	☆	3	770	-3	–
		2. Domestic sales	107	1,267	148	830	-41	437
		(1) Long-term contract	30	1,274	38	1,057	-8	217
		(2) Spot trading	77	1,264	110	753	-33	511
II.	Proprietary coal trading	Total	2,394	621	1,529	525	865	96
		(I) Self-operated exports	1*	2,982	1*	2,932	–	50
		(II) Domestic resale	2,077	636	1,344	518	733	118
		(III) Import trading	309	510	184	565	125	-55
		(IV) Transshipment trading	7	568	☆	☆	7	–
III.	Import and export agency	Total	358	13★	299	10★	59	3
		(I) Import agency	☆	☆	7	1★	-7	–
		(II) Export agency	358	13★	292	10★	66	3

☆: N/A

* Briquette export

★: Agency service fee

• Coking operations

For the year ended 31 December 2010, the Group's revenue from coking operations increased from RMB3.590 billion for the year ended 31 December 2009 to RMB4.888 billion (all from revenue of external sales), representing an increase of 36.2%. This was mainly due to a year-on-year increase in both of the selling price and sales volume of coke and the fact that the 0.25 million tons/year methanol project of China Coal Coal Chemical Engineering Company Limited in Heilongjiang was completed and came into operation, which also increased the revenue of sales.

For the year ended 31 December 2010, the revenue from the coke sales of the Group was RMB4.073 billion, representing a year-on-year increase of RMB674 million.

The changes in volumes and prices of the Group's coke sales were set out in the table below:

	For the year ended 31 December 2010		For the year ended 31 December 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)
1. Self-produced	217	1,564	215	1,386	2	178
Domestic sales	217	1,564	215	1,386	2	178
Exports	☆	☆	☆	☆	–	–
2. Proprietary trading	36	1,901	27	1,571	9	330
Domestic sales	26	1,680	27	1,571	-1	109
Exports	10	2,456	☆	☆	10	–
3. Export agency	6	21★	☆	☆	6	–

☆: N/A

★: Agency service fee

For the year ended 31 December 2010, the Group's revenue from methanol, coal tar, crude benzol, etc. in the coking operations (excluding coke sales) amounted to RMB815 million, representing a year-on-year increase of RMB624 million. The 0.25 million tons/year methanol project of China Coal Coal Chemical Engineering Company Limited was completed and came into operation during the first half of 2010, contributing self-produced methanol sales volume of 0.1218 million tons. Meanwhile, to avoid competition within the same industry, as required by the undertakings made by China Coal Group upon the listing of the A Shares of the Company, all the methanol products produced by China Coal Longhua Company of China Coal Group were sold externally via the Group after such project was put into operations, resulting in an increase of 0.1215 million tons in sales volume of methanol. During the reporting period, the Group's sales volume of methanol amounted to 0.2433 million tons, with a comprehensive selling price of RMB1,784/ton and revenue of RMB434 million.

- Coal mining equipment operations

For the year ended 31 December 2010, the Group's revenue from the coal mining equipment operations increased from RMB5.949 billion for the year ended 31 December 2009 to RMB7.071 billion, representing an increase of 18.9%, of which the revenue net of other inter-segmental sales increased from RMB5.255 billion for the year ended 31 December 2009 to RMB6.095 billion, representing an increase of 16.0%. The increase was mainly attributable to the year-on-year increase in the sales volume of coal mining equipment products.

- Other operations

For the year ended 31 December 2010, the Group's total revenue from operations such as sales of primary aluminum and power generation decreased from RMB4.198 billion for the year ended 31 December 2009 to RMB4.170 billion, representing a decrease of 0.7%, of which the revenue net of other inter-segmental sales increased from RMB3.433 billion for the year ended 31 December 2009 to RMB3.481 billion, representing an increase of 1.4%.

2 Cost of sales

1. Consolidated cost of sales

For the year ended 31 December 2010, the Group's cost of sales increased from RMB41.156 billion for the year ended 31 December 2009 to RMB55.825 billion, representing an increase of 35.6%. Changes in major items of cost of sales were set out as follows:

Materials costs increased from RMB21.551 billion for the year ended 31 December 2009 to RMB31.190 billion, representing an increase of 44.7%. The increase was mainly attributable to the corresponding increase in the Group's materials consumption as a result of its expansion of production and the significant increase in the sales volume of proprietary coal trading.

Staff costs increased from RMB3.172 billion for the year ended 31 December 2009 to RMB3.768 billion, representing an increase of 18.8%. The increase was mainly attributable to the adjustment of staff wages in light of the growth in business performance as well as operational growth and the increase in the number of employees during the reporting period.

Depreciation and amortisation expenses increased from RMB2.339 billion for the year ended 31 December 2009 to RMB3.437 billion, representing an increase of 46.9%. The increase was mainly attributable to the increase of new production equipment and facilities as a result of the Group's expansion of production and operation.

Repair and maintenance costs increased from RMB551 million for the year ended 31 December 2009 to RMB682 million, representing an increase of 23.8%. The increase was mainly attributable to the increase in expenditure on repair and maintenance due to the higher utilization rate of equipment as a result of the increase in coal production volume.

Transportation costs increased from RMB6.905 billion for the year ended 31 December 2009 to RMB8.479 billion, representing an increase of 22.8%. The increase was mainly attributable to the increase in the self-produced coal sales volume of the Group during the reporting period which bore transportation costs, as well as the increase in such sales volume bearing shipping and port expenses.

Sales taxes and surcharges increased from RMB919 million for the year ended 31 December 2009 to RMB1.175 billion, representing an increase of 27.9%. 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 RMB5.719 billion for the year ended 31 December 2009 to RMB7.094 billion for the year ended 31 December 2010, representing an increase of 24.0%. The increase was mainly attributable to the corresponding increase of expenses incurred in relation to coal mining, such as the environmental restoration expenses, mining engineering expenses, sustainable development fund, mining resources compensation charges and water resources compensation charges as a result of the increase of coal mining activities or production and sales volume.

2. Segmental cost of sales

- **Coal operations**

For the year ended 31 December 2010, cost of sales for the Group's coal operations increased from RMB30.650 billion for the year ended 31 December 2009 to RMB43.279 billion, representing an increase of 41.2%. Changes in the major cost items were set out as follows:

	For the year ended 31 December 2010 RMB100 million	For the year ended 31 December 2009 RMB100 million (restated)	Increase/decrease RMB100 million	%
Materials	211.45	136.18	75.27	55.3
Of which: proprietary coal trading	145.77	78.57	67.20	85.5
Staff costs	27.97	22.23	5.74	25.8
Depreciation and amortisation	28.89	18.91	9.98	52.8
Repair and maintenance expenses	7.22[1]	4.83	2.39	49.5
Transportation costs	80.26	66.29	13.97	21.1
Sales taxes and surcharges	9.97	8.32	1.65	19.8
Sustainable development fund	14.81	11.53	3.28	28.4
Mining resources compensation charges	2.54	2.15	0.39	18.1
Water resources compensation charges	2.34	1.85	0.49	26.5
Outsourcing mining engineering fee	18.85	15.42	3.43	22.2
Other costs[2]	28.49	18.79	9.70	51.6
Total cost of coal sales	432.79	306.50	126.29	41.2

Note: 1. The repair and maintenance expenses of the coal operations segment of RMB722 million include the repair and maintenance expenses incurred among the inter-segmental transactions, which was offset during consolidation.

2. Other costs mainly include environmental restoration expenses incurred in relation to the coal mining operation and expenses for small and medium projects included in costs directly relating to coal production.

For the year ended 31 December 2010, the Group's cost of sales of self-produced commercial coal was RMB28.702 billion, representing an increase of RMB5.909 billion or 25.9% over 2009. Unit cost of sales of self-produced commercial coal was RMB319.78/ton, representing a year-on-year increase of RMB31.15/ton or 10.8%.

Changes of the major cost items of the Group's unit cost of sales of self-produced commercial coal for the year ended 31 December 2010 and the year ended 31 December 2009 were as follows:

	For the year ended 31 December 2010 RMB/ton	**For the year ended 31 December 2009 RMB/ton (restated)**	**Increase/decrease RMB/ton**	**%**
Materials	73.18	72.96	0.22	0.3
Staff costs	31.16	28.15	3.01	10.7
Depreciation and amortisation	32.18	23.95	8.23	34.4
Repair and maintenance	8.04	6.12	1.92	31.4
Transportation costs	89.42	83.95	5.47	6.5
Sales taxes and surcharges	11.11	10.54	0.57	5.4
Sustainable development fund	16.50	14.60	1.90	13.0
Mining resources compensation charges	2.83	2.73	0.10	3.7
Water resources compensation charges	2.61	2.34	0.27	11.5
Outsourcing mining engineering fee	21.01	19.53	1.48	7.6
Other costs	31.74	23.76	7.98	33.5
Unit cost of sales of self-produced commercial coal	319.78	288.63	31.15	10.8

The Group's unit cost of materials for self-produced commercial coal remained flat in general over 2009. This was mainly attributable to the increase in production and sales volume, which in turn diluted the unit cost of materials. In addition, unit cost of materials was also reduced effectively by improving centralised material purchasing; unit cost of staff increase by RMB3.01/ton over 2009, which was mainly due to the effect of the adjustment of remuneration levels in accordance with the growth in business performance and the increase in the number of staff as a result of the expansion in production and operation; unit expense of depreciation and amortisation increased by RMB8.23/ton over 2009, which was mainly due to the increase of production equipment and facilities put into use during the current period; unit expense of repair and maintenance increased by RMB1.92/ton over 2009, which was mainly attributable to the increase of production volume and utilisation rate of the equipment of the Group's open pit mines and underground mines, resulting in the increase in the unit cost of repair; unit cost of transportation increased by RMB5.47/ton over 2009, which was mainly due to the increase in the self-produced coal sales volume which bore transportation costs, as well as the increase in sales volume bearing shipping and port expenses in such sales volume; unit sustainable development fund posted a year-on-year increase of RMB1.90/ton, which was mainly because that the coal production volume from the Shanxi-based coal-producing enterprise which contributed to the fund amounted to a higher proportion of the Group's coal production volume; unit outsourcing mining engineering fee increased by RMB1.48/ton over 2009, which was primarily due to the increase in the expenditure on outsourcing mining engineering projects as a result of the expansion of the Group's production during the year; other unit cost gained a year-on-year increase of RMB7.98/ton over 2009, which was mainly the result of the more environmental restoration expenses and the expenses on small and medium engineering projects incurred to the Group during the current period.

- **Coking operations**

For the year ended 31 December 2010, cost of sales of coking operations increased from RMB3.408 billion for the year ended 31 December 2009 to RMB4.958 billion, representing an increase of 45.5%, which was mainly attributable to the increase in sales volume of coke, the increase in purchase price of coal as raw materials and that the 0.25 million tons/year methanol project of China Coal Coal Chemical Engineering Company Limited in Heilongjiang came into operation and generated sales revenue, resulting in the corresponding increase in the cost of sales.

- **Coal mining equipment operations**

  For the year ended 31 December 2010, cost of sales of coal mining equipment operations increased from RMB4.871 billion for the year ended 31 December 2009 to RMB5.695 billion, representing an increase of 16.9%. The increase was mainly attributable to the increase in sales volume of coal machinery products and more external purchases of spare parts, resulting in the corresponding increase in costs.

3 Gross profit

For the year ended 31 December 2010, the Group's gross profit increased from RMB12.031 billion for the year ended 31 December 2009 to RMB14.478 billion, representing an increase of 20.3%; gross profit margin decreased from 22.6% for the year ended 31 December 2009 to 20.6%, representing a decrease of 2.0 percentage points. The year-on-year decrease in the Group's gross profit margin was primarily attributable to the substantial year-on-year increase in the sales volume of proprietary coal trading with lower gross profit margin and its corresponding increase in proportion, as a result of the Group's efforts made to actively expand the sales volume of proprietary coal trading and to further cement and expand market channels for the expanded production capacity upon future commencement of production of the Group's mines under construction.

The gross profit and gross profit margin of the Group's each operating segment for the year ended 31 December 2010 and for the year ended 31 December 2009 were as follows:

	Gross profit			Gross profit margin		
	For the year ended 31 December 2010 RMB100 million	For the year ended 31 December 2009 RMB100 million (restated)	Increase/ decrease RMB100 million	For the year ended 31 December 2010 %	For the year ended 31 December 2009 (restated) %	Increase/ decrease (percentage points)
Coal operations	129.87	105.25	24.62	23.1	25.6	-2.5
Self-produced commercial coal	126.39	103.18	23.21	30.6	31.2	-0.6
Proprietary coal trading	3.03	1.78	1.25	2.0	2.2	-0.2
Coking operations	-0.70	1.82	-2.52	-1.4	5.1	-6.5
Coal mining equipment operations	13.76	10.78	2.98	19.5	18.1	1.4
Other operations	2.91	3.43	-0.52	7.0	8.2	-1.2
The Group	144.78	120.31	24.47	20.6	22.6	-2.0

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

4 Selling, general and administrative expenses

For the year ended 31 December 2010, the Group's selling, general and administrative expenses increased from RMB2.936 billion for the year ended 31 December 2009 to RMB3.749 billion, representing an increase of 27.7%. The increase was mainly attributable to the year-on-year increase in the labor costs of RMB321 million resulting from the adjustment of remuneration level in accordance with the growth in business performance and the increase in the number of staff due to the expansion of production and operations. Furthermore, during the reporting period, the loss on asset impairment of the Group recorded a year-on-year increase of RMB209 million. This was mainly because coke production enterprises under the Group made provisions for impairment for certain fixed assets due to the coke market conditions.

5 Other (loss)/income

For the year ended 31 December 2010, the Group's other (loss)/income recorded net losses of RMB54 million from the net income of RMB429 million for the year ended 31 December 2009, which was mainly attributable to the investment losses of RMB165 million incurred from disposal of long-term equity investment in China Coal and Coke Mudanjiang Limited under the Group during the reporting period, whereas investment gains of RMB296 million was realised from disposal of its A Shares holdings in China COSCO Holdings Company Limited and long-term equity investment in Xi'an Design Company last year.

6 Other gains, net

For the year ended 31 December 2010, the other net gains of the Group increased from RMB248 million for the year ended 31 December 2009 to RMB387 million, representing an increase of 56.0%. The increase 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 acquired by the Group during the reporting period, while there was no such gains last year.

7 Profit from operations

For the year ended 31 December 2010, the Group's profit from operations increased from RMB9.772 billion for the year ended 31 December 2009 to RMB11.062 billion, representing an increase of 13.2%. Changes in profit from operations for each operating segment were as follows:

		For the year ended 31 December 2010 RMB100 million	For the year ended 31 December 2009 RMB100 million (restated)	Increase/decrease RMB100 million	%
Group		110.62	97.72	12.9	13.2
Of which:	Coal operations	114.43	91.60	22.83	24.9
	Coking operations	-5.68	0.29	-5.97	-2,058.6
	Coal mining equipment operations	4.97	4.37	0.60	13.7
	Other operations	0.72	1.37	-0.65	-47.4

Note: The above profit from operations for each operating segment are figures before netting of inter-segmental sales.

8 Finance income and finance cost

For the year ended 31 December 2010, the Group's net financial cost amounted to RMB109 million as compared to a net finance income of RMB453 million last year, among which financial cost increased from RMB445 million for the year ended 31 December 2009 to RMB593 million, representing an increase of 33.3%. The increase was mainly attributable to an exchange loss of RMB128 million on the Group's borrowings denominated in Japanese Yen due to the appreciation of Japanese Yen against RMB during this reporting period, as compared to an exchange gain of RMB36 million last year. Finance income decreased from RMB898 million for the year ended 31 December 2009 to RMB484 million, representing a decrease of 46.1%, which was primarily attributable to a decrease in interest income from bank deposits.

9 Profit before income tax

For the year ended 31 December 2010, the Group's profit before income tax increased from RMB10.316 billion for the year ended 31 December 2009 to RMB10.999 billion, representing an increase of 6.6%.

10 Income tax expenses

For the year ended 31 December 2010, the Group's income tax expenses increased from RMB2.395 billion for the year ended 31 December 2009 to RMB2.848 billion, representing an increase of 18.9%.

11 Profit attributable to equity holders of the Company

For the year ended 31 December 2010, profit attributable to equity holders of the Company increased from RMB7.409 billion for the year ended 31 December 2009 to RMB7.466 billion, representing an increase of 0.8%.

III. Cash Flow

As at 31 December 2010, the Group's cash and cash equivalents amounted to RMB22.922 billion, representing a net increase of RMB10.294 billion as compared to the cash and cash equivalents of RMB12.628 billion as at 31 December 2009.

Net cash generated from operating activities decreased from RMB11.688 billion for the year ended 31 December 2009 to RMB10.683 billion for the year ended 31 December 2010, representing a decrease of 8.6%. This was mainly attributable to a year-on-year decrease of RMB524 million in net cash inflow generated from operations caused by the year-on-year increase in the Group's operating receivables during the reporting period, a year-on-year decrease of RMB1.104 billion in cash inflow from interest income, and a year-on-year decrease of RMB656 million in cash outflow for the payment of income tax.

Net cash generated from/(used in) investing activities for the year ended 31 December 2010 was net cash inflow of RMB1.466 billion, compared to the net cash outflow of RMB6.530 billion for the year ended 31 December 2009. Cash used in such investing activities as the acquisition of property, plant and equipment for the Group's core businesses during the year recorded significant increase, whereas the decrease amount of term deposits with initial terms exceeding three months increased by RMB13.620 billion over 2009 and offset the increase in net cash used in investment activities.

Net cash used in financing activities increased from RMB416 million for the year ended 31 December 2009 to RMB1.853 billion for the year ended 31 December 2010, representing an increase of 345.4%. This was mainly attributable to the decrease in the proceeds from the Group's borrowings and the increase in the funds used for the payment of borrowings during the reporting period.

IV. Liquidity and Sources of Capital

For the year ended 31 December 2010, the Group's funds were mainly from the proceeds generated from business operations, bank borrowings and net amounts of funds raised in capital markets. The Group's funds were mainly used for investments in production facilities and equipment for coal, coking and coal mining equipment operations, repayment of debts owed by the Group, and the Group's working capital and general recurring expenditures.

The cash generated from the Group's operation, 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 for future production and operation activities as well as project construction.

V. Assets and Liabilities

1 Property, plant and equipment

As at 31 December 2010, the net value of property, plant and equipment of the Group amounted to RMB46.418 billion, representing an increase of RMB8.297 billion or 21.8% as compared to RMB38.121 billion as at 31 December 2009. This was mainly attributable to the utilisation of a large amount of production equipment and facilities as a result of the production expansion of the Company's coal production enterprises.

The composition of the Group's property, plant and equipment (net) as at 31 December 2010 and 31 December 2009 were set out as follows:

	As at 31 December 2010 RMB100 million	Percentage %	As at 31 December 2009 RMB100 million (restated)	Percentage %
Buildings	85.77	18.5	76.22	20.0
Mining structures	54.55	11.7	60.00	15.7
Plant, machinery and equipment	155.93	33.6	136.35	35.8
Railway	4.52	1.0	4.69	1.2
Motor vehicles, fixtures and others	7.77	1.7	5.98	1.6
Construction in progress	155.64	33.5	97.97	25.7
Total	464.18	100.0	381.21	100.0

2 Mining rights

As at 31 December 2010, the net value of the Group's mining rights amounted to RMB18.611 billion, representing an increase of RMB3.352 billion or 22.0% as compared to RMB15.259 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 Xiaohuigou Coal by the Group during the reporting period.

3 Trade and note receivables

As at 31 December 2010, the net amount of trade and note receivables of the Group amounted to RMB7.006 billion, representing an increase of RMB2.042 billion or 41.1% as compared to RMB4.964 billion as at 31 December 2009, of which the net amount of trade receivables amounted to RMB4.574 billion, representing an increase of RMB1.319 billion or 40.5% as compared to RMB3.255 billion as at 31 December 2009. The increase in trade receivables was mainly attributable to the increase in sales revenue as a result of the expansion of sales of the Group during the reporting period. The balance of trade receivables aged within six months amounted to RMB3.646 billion, accounting for 74.8% of the total trade receivables and representing an increase of RMB890 million or 32.3% as compared to RMB2.756 billion as at 31 December 2009.

4 Borrowings

As at 31 December 2010, the balance of borrowings of the Group amounted to RMB12.138 billion, representing a decrease of RMB138 million or 1.1% 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 RMB11.742 billion, representing a decrease of RMB147 million as compared to RMB11.889 billion as at 31 December 2009; and the balance of short-term borrowings amounted to RMB396 million, representing an increase of RMB9 million as compared to RMB387 million as at 31 December 2009.

VI. Significant Pledge of Assets

For the year ended 31 December 2010, the Group had no significant pledge of assets.

VII. Significant Investment

For the year ended 31 December 2010, the Group had no new significant investment.

VIII. Material Acquisition and Disposal

For the year ended 31 December 2010, the Group had no material acquisition and disposal.

IX. Proposed Registration and Issuance of Medium-term Notes and Short-term Bonds

On 22 March 2011, the Board of the Group passed a resolution for registration and issuance of medium-term notes and short-term bonds, approving the Company to register each of the medium term notes and short-term bonds for an amount up to RMB35 billion (or an issuance cap determined based on 40% of the most recent audited net assets at each registration), including the proposed registration and issuance of medium-term notes of RMB15 billion for the first time in 2011. The proceeds from the issuance of medium-term notes and short-term bonds are intended to be used as general working capital of the Company and for adjusting debt structure. The proceeds from the medium-term notes may also be injected to related projects of the Company in line with actual needs. The resolution is subject to the approval by way of a special resolution at the annual general meeting to be convened on 27 May 2011. For details regarding the resolution, please refer to the circular of the Company which is expected to be dispatched to shareholders prior to 11 April 2011.

X. Operating Risks

(1) Risks of fluctuation in macro-economy

The coal industry is a fundamental sector of Chinese economy, which is closely linked to the macro-economy and significantly affected by other relevant industries i.e. electricity, metallurgy, construction materials and chemistry. The cyclical fluctuation of the macro-economy will have a material effect on the coal consumption industry as well as the operation of the coal industry and coal enterprises.

(2) Risks of overcapacity

With the rapid expansion of production capacity due to the increasing investment in the coal industry, the newly developed production capacity will swarm to release in the next few years and the coal market will probably be confronted with serious oversupply. As domestic coal enterprises have similar business models, the homogenised competition among them is fierce and overcapacity may trigger significant price wars and squeeze the profit margin of the coal enterprises.

(3) Risks of rising costs

Due to the varying conditions of coal reserves, costs of coal mining, excavating and transportation may increase significantly. The rising CPI and bulk purchase price have brought up the costs of labour and raw materials of the Company. In recent years, the Company's continuous expenditure on production safety and environment protection also fuelled the rising costs.

(4) Risks of changes in global coal markets

As affected by conditions of demand/supply and the changes in prices of global and domestic coal markets, Chinese coal import underwent significant growth as opposed to dwindling coal export since 2009. As Chinese economy develops in tune with global trend as well as market-oriented reform of its coal industry, the changes in global coal markets will have material effects on the domestic coal market.

(5) Risks of policy changes

The regulatory policies of the central and local governments of China on the coal industry, including tightening approval procedure for mining rights, restricting the pricing of key electricity-coal contracts and the reform on resource taxation will have material effects on the production and operation of the coal enterprises.

(6) Risks of production safety

Due to the restriction of the geological and mining conditions, coal production involves certain inherent risks in production safety. The Company will push forward the "Three Constructions" covering safe and efficient mines, safety-assured mines and the production technology management system, and improve its safety management system through upgrading automatic production and reducing staff working underground with an aim to ensure safety production. Chinese central and local governments exercise stringent regulatory control and impose more strict requirements on the production and operation, technical support, investment in safety production and infrastructure construction, which present challenges to the domestic coal production. The Company will strengthen communication with the relevant regulatory authorities in an attempt to comply with industrial regulatory requirements and ensure its normal production and operation.

(7) Risks of environment protection

The mining of coal resources will unavoidably affect the environment to a certain extent. The Company has consistently complied with the laws and regulations on energy saving and waste discharge reduction as well as environment protection and upheld the concept of developing "black resources" in a "green way". It has strived to strike a balance between coal mining development and environment protection with increasing investment in technology and environment protection, while actively promoting the recycling economy to establish itself as an energy-saving and environment friendly enterprise.

(8) Risks of foreign exchange rates

The Group's operation is affected by the changes in Renminbi exchange rate. The Group's export sales are generally settled with US dollars and has liabilities denominated in foreign currencies, including Japanese Yen and US dollars. Meanwhile, the Group needs foreign currencies, mainly US dollars, to pay for imported equipment and spare parts. As a result, the changes in foreign exchange rates of Renminbi to any other foreign currencies will have two-side compound effects on the operating results of the Company. The appreciation of Renminbi will reduce the Company's export sales income but will lower the Company's costs of imported equipment and spare parts, which in turn will reduce the repayment costs of debts in foreign currencies in the meanwhile.

XI. Contingent Liabilities

1 Bank guarantees

As at 31 December 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 have been fully implemented 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 is currently no any other environmental protection liabilities that may have material adverse impact on the financial position of the Group.

3 Contingent legal liabilities

For the year ended 31 December 2010, the Group was not involved in any material litigation or arbitration, and to the knowledge of the Group, there is no material litigation or arbitration pending or threatened against or involving the Group. As at 31 December 2010, the Group was involved in certain non-material lawsuits. However, the management of the Group believes that none of these cases would have any material adverse effect on the financial conditions of the Group.

BUSINESS PERFORMANCE

I. Operations of the core businesses of the Company in 2010

The overall steady domestic coal market in 2010 witnessed essentially balanced production and sales, with a year-on-year increase in import and thermal coal prices fluctuating at high levels periodically. In light of its annual production and operation targets, the Company organised coal production and sales in an effective way, strengthened monitoring on business operation, and strived to optimise business structure and product composition to improve its product profitability. As a result, the Company's principal operations maintained a smooth and rapid growth.

- **Coal Operations**

1. Coal production

Rapid growth in coal production volume for five consecutive years. In 2010, the Company's raw coal production volume reached 122.53 million tons, representing a year-on-year increase of 21.73 million tons or 21.6%. Commercial coal production volume reached 94.38 million tons, representing a year-on-year increase of 13.85 million tons or 17.2%. In the past five years, the Company's raw coal production volume posted an average annual growth of 14.48 million tons, representing a compound annual growth rate of 19.6%.

Production volume of self-produced raw coal (10 thousand tons)	2010	2009	Change %
Pingshuo Mining Area	10,388	8,702	19.4
Including: Antaibao Open Pit Mine	2,700	2,272	18.8
Anjialing Open Pit Mine	2,304	2,028	13.6
Anjialing No. 1 Underground Mine	1,552	1,604	-3.2
Anjialing No. 2 Underground Mine	1,682	1,554	8.2
Antaibao Underground Mine	850	674	26.1
Jingdong Mine	1,300	570	128.1
Datun Mining Area	909	861	5.6
Including: Yaoqiao Mine	445	410	8.5
Kongzhuang Mine	150	143	4.9
Xuzhuang Mine	184	175	5.1
Longdong Mine	130	133	-2.3
Liliu Mining Area	261	165	58.2
Including: Shaqu Mine	247	165	49.7
Dongpo Coal Mine	510	186	174.2
Nanliang Coal Mine	185	166	11.4
Total	12,253	10,080	21.6

A leap of Pingshuo Mining Area to 100 million tons. Under the conditions of shallow cover depth, hard coal seam and hard roof top, Pingshuo Mining Area successfully adopted fully mechanised top caving method and mad full play of the overall advantage of open pit and underground joint mining for large-scale mines. Raw coal production volume for the year reached 103.88 million tons, representing a year-on-year increase of 16.86 million tons or 19.4%, and thus the first single mining area with 100 million tons production capacity adopting open pit and underground joint mining in the PRC was established. In addition to significant production expansion, Pingshuo Mining Area further improved safety control and resource recovery ratio. With continuously improving industrial chains of recycling economy, Pingshuo Mining Area has become a model of safe, efficient and green production in Chinese coal industry.

At Datun Mining Area, the important metallurgical coal production base in East China, the overall standardisation of safety and quality was reinforced in 2010. Through optimising production schedules and mining layout and upgrading equipment by introducing heavy-duty road headers and dual-pillar top caving roof supports etc., raw coal production volume for the year reached 9.09 million tons, representing a year-on-year increase of 5.6%. The premium coking coal produced at Liliu Mining Area was regarded as national preserved resources. The Company actively carried out special tasks including water prevention and gas treatment to accelerate the construction of the model mine, where raw coal production volume reached 2.61 million tons, representing a year-on-year increase of 58.2%. At Dongpo Coal Mine, as a result of rapidly expanded capacity following the accomplishment of its technological upgrading, raw coal production volume for the year reached 5.10 million tons, representing a year-on-year increase of 174.2%. At Nanliang Coal Mine, the commissioning of fully mechanised mining system has significantly improved the safe control capability.

Remarkable effect in construction of safe and highly efficient mines. Addressing the challenging production safety pressure in 2010, the Company strengthened construction of safe and highly efficient mines, improved fundamental management on production safety and adopted strict monitoring and assessment initiatives, leading to growths both in production volume and efficiency. The raw coal production efficiency of the Company reached 43 tons/worker-shift, representing a year-on-year increase of 11.8 tons/worker-shift. Three underground mines and two open pit mines of Pingshuo Mining Area were rated as national super first class safe and highly efficient mines, where open pit mines recorded a national historical high in daily raw coal production of 135,000 tons; and the raw coal production efficiency reached 120.0 tons/worker-shift, taking the lead in the industry.

Commercial Coal Production (10 thousand tons)	**2010**	**2009**	**Change %**
Pingshuo Mining Area	7,442	6,376	16.7
Datun Mining Area	753	780	-3.5
Including: Self usage	126	84	50.0
Liliu Mining Area	223	148	50.7
Dongpo Coal Mine	510	186	174.2
Nanliang Coal Mine	190	171	11.1
Shuozhong Company	277	123	125.2
Dazhong Company	343	357	-3.9
Total	9,438	8,053	17.2

Note: There was certain intra-group transactions volume in the Company, of which amounted to 3 million tons for 2010 and 880,000 tons for 2009.

2. Coal sales

			2010	2009	Change %
Commercial coal sales (10 thousand tons)			11,727	9,725	20.6
(1)	Domestic sales of self-produced coal		8,835	7,764	13.8
	By region:	North China	2,888	2,392	20.7
		East China	3,372	3,210	5.0
		South China	1,055	832	26.8
		Northeast China	21	27	-22.2
		Other	1,499	1,303	15.0
	By coal type:	Thermal coal	8,728	7,616	14.6
		Coking coal	107	148	-27.7
	By contract:	Long-term contract	6,180	5,597	10.4
		Spot trading	2,655	2,167	22.5
	By transportation:	Seaborne	6,156	5,775	6.6
		Direct arrival	1,077	1,036	4.0
		Local sales	1,602	953	68.1
(2)	Self-produced coal export		140	133	5.3
	By region:	Taiwan, China	108	76	42.1
		Korea	18	37	-51.4
		Japan	7	20	-65.0
		Other	7	–	–
	By coal type:	Thermal coal	140	130	7.7
		Coking coal	0	3	-100.0
	By contract:	Long-term contract	140	130	7.7
		Spot trading	0.3	3	-90.0
(3)	Proprietary trading		2,394	1,529	56.6
	Including:	Self-operated export	1	1	0.0
		Domestic resale	2,077	1,344	54.5
		Import trading	309	184	67.9
		Transshipment trade	7	–	–
(4)	Import & export agency sales		358	299	19.7
	Including:	Import agency	-	7	–
		Export agency	358	292	22.6

Significant increase in commercial coal sales volume on the back of increasing marketing efforts. Under the market-oriented and customer-focused operation philosophy, the Company improved the coordination among production, transportation and sales, shrewdly streamlined coal flows and took more efforts in marketing to respond to the declined coal quality due to changes in coal depositing conditions in 2010. Consequently, coal sales of 2010 recorded a historical high. Commercial coal sales volume of the Company reached a total of 117.27 million tons, representing an increase of 20.02 million tons or 20.6% over 2009.

Sales volume of self-produced coal reached 89.75 million tons, representing an increase of 10.78 million tons or 13.7% over 2009. In particular, domestic sales reached 88.35 million tons, representing a significant increase of 13.8% over 2009. Export of self-produced coal reached 1.40 million tons, representing an increase of 5.3% over 2009.

Proprietary coal trading reached 23.94 million tons, representing an increase of 8.65 million tons or 56.6% over 2009. In particular, domestic proprietary trading was 20.77 million tons, representing an increase of 54.5% over 2009; import trading was 3.09 million tons, representing an increase of 67.9% over 2009.

Import and export agency sales reached 3.58 million tons, representing an increase of 590,000 tons or 19.7% over 2009.

Optimised market structure under flexible marketing strategy. Given the enlarging gap between prices under major thermal coal contracts and market coal prices in 2010, the Company sought to increase the weight of spot coal sales to improve product profitability while ensuring thermal coal supply to major customers. The percentage of spot sales in domestic sales of self-produced coal reached 30.1%, 2.2 percentage points higher than that of 2009. Meanwhile, by developing building materials, metallurgical and other industrial markets which are less price sensitive, the percentage of non-thermal coal sales increased by 4 percentage points year-on-year.

Continuously optimized product structure through developing new coal types. In response to the declined raw coal quality due to changes in coal depositing conditions in Pingshuo Mining Area, the Company timely developed new coal types and actively expanded coal blending and lump coal processing businesses. Firstly, by improving coal blending with premium low sulphur coal, coal blending sales for the year reached 25 million tons, resulting in sound business performance as well as an improvement in coal quality of Pingshuo Mining Area. Secondly, through developing lump coal products of 6 specifications, lump coal sales for the year reached 2.35 million tons, which met different customer needs and increased the product value.

Emerging marketing advantages by accelerating construction of sales and logistic networks. The Company embarked on its distribution business under a unified purchase and sales platform to integrate and develop distribution markets of local branches. Accordingly, a sales network with headquarters playing a main part supplemented by local branches covering major domestic regions of energy consumption was taking shape. Meanwhile, the Company optimised the coordination among its production, transportation and sales and ports under an improving logistic network extending from the source of coal products, loading port and to port of destination, which ensured efficient delivery of resources from the origin to market.

- **Coking Operations**

  Mainly as a result of serious capacity surplus and product price outrun by cost, the domestic coking industry remained in the market trough in 2010. Facing the challenging market, the Company's coking subsidiaries took initiatives including reducing inventory, accelerating collection of trade receivables and restricting production in a timely manner to minimise operating loss. Given the market changes and under its development strategy, the Company decisively closed China Coal and Coke Longquan Limited in May, and disposed of China Coal and Coke Mudanjiang Limited at the end of the year through an agreement. Next, the Company will speed up business restructuring to gradually eliminate obsolete capacity and enhance product profitability.

  As at 31 December 2010, the Company's coke production capacity was 2.5 million tons/year, representing a year-on-year decrease of 800,000 tons/year.

  In 2010, the Company's coke production amounted to 2.06 million tons, representing a year-on-year decrease of 3.7%. Coke sales volume reached 2.59 million tons, representing a year-on-year increase of 7.0%. In particular, self-produced coke sales volume was 2.17 million tons, a slightly increase as compared with 2009; proprietary trading volume was 360,000 tons, accounting for 13.9% of total sales volume and representing an increase of 33.3% over 2009.

  During the year, the Company's methanol project with a production capacity of 250,000 tons/year commenced production, which produced 142,000 tons of methanol, representing a year-on-year increase of 127,000 tons. To avoid competition within the same industry, the Company was also in charge of methanol sales of its controlling shareholder China Coal Group, and sold a total of 243,000 tons of methanol in 2010.

- **Coal Mining Equipment Operations**

  The Company's coal mining equipment operations maintained a fast growth momentum in 2010. Total production value of coal mining equipment operations was RMB7.16 billion, representing a year-on-year increase of 22.8%. The production volume of coal mining equipment reached 302,000 tons, representing a year-on-year increase of 25.3%, of which 18,300 units (sets) were major coal mining equipment. The sale market of the Company's coal mining equipment has basically covered the domestic major coal miners, with leading market shares of high-end armoured face conveyors, high-end roof supports and high-end road headers in the PRC.

Product type	Percentage of sales of the product in the Company in 2010 %	Market share in 2010 %
Medium and high-end armoured face conveyors	59	65
Medium and high-end hydraulic roof supports	65	18
Medium and high-end shearers	70	29
Medium and high-end electric motors	51	68
Medium and high-end road headers and drilling machines	30	15

Scientific and technological innovation led the coal mining equipment industry in the PRC. The Company has held a number of national coal mining equipment technology research projects, and was appointed to prepare the research topics in the "Twelfth Five-year Plan" for the coal mining equipment industry of the PRC. Among the major national technological improvement prizes won by the Company in 2010, three achievements including "High-efficiency Mine SGZ1000/3x1000 (855) armoured face conveyor complete set equipment" were granted the first prize for technological improvements by the China National Coal Association.

The Company solidified its management and control system focusing on "production, quality and service" to improve business performance of its coal mining equipment operations. Through rational allocation of the factors of production, the Company made breakthroughs in key production bottlenecks and increased order performance ratio. By implementing quality track form system and field inspection system, product quality was steadily improved and meanwhile, the brand of zhangjiakou mining machinery was recognised as Famous Trademark of China, which significantly enhanced the intangible asset value. Furthermore, industrial value chains were further extended and upgraded as after-sale services were improved and sound cooperation relationship was established with major customers and large-scale group enterprises at home and abroad.

- **Other Operations**

In 2010, the production volume of the Company's primary aluminum was 109,000 tons, representing a year-on-year increase of 1.6%. Electricity generated was 4.59 billion Kwh, representing a year-on-year increase of 26.1%. The production volume of gas reached 297 million cubic meters, representing a year-on-year increase of 49.3%.

II. Industry Trend in 2011

(1) Coal Demand

As the Chinese government will strengthen its control on macro-economy to maintain the steady growth of economy, the total coal consumption by thermal power, steel, building materials and chemical industries in China will grow continuously in 2011, which will provide a favourable environment for sound development of coal industry. The coal consumption for 2011 is expected to maintain a moderate expansion. However, influenced by the macro-control policies especially the renewable energy development goal and the energy saving and emission reduction requirement for the "Twelfth Five-year Period", the growth of demand will slow down to some extent.

(2) Coal Supply

As a result of the gradual completion of large-scale coal bases and production resumption of local consolidated coal mines, major coal producers such as Shanxi and Inner Mongolia will release their production capacities in 2011. Meanwhile, the operation renovation of a number of railways including Baotou-Xi'an Railway and Taiyuan-Zhongwei-Yinchuan Railway will accelerate the release of coal production capacity in north Shaanxi and west Inner Mongolia. It is expected that coal production volume in the PRC will post a year-on-year increase of approximately 300 million tons in 2011.

(3) Railway Transportation Capacity

Railway transportation of coal is still far from promising due to the lagged railway construction. Currently, coal transportation demand from Shanxi, Shaanxi and west Inner Mongolia to eastern coastal areas is far beyond the railway capacity, with noticeable gaps both in the increments and the totals. Daqin Railway Line, an artery of coal transportation, is expected to post a capacity expansion around 40 million to 50 million tons in 2011, with Shuohuang Railway Line and Houyue Railway Line little expansion.

(4) Coal Import and Export

In 2010, China imported 165 million tons of coal, representing a year-on-year increase of 30.99%; and the net import amounted to 146 million tons, representing an increase of 40.96%. The year 2011 is expected to witness considerable net coal import as driven by growing demand from south-eastern coastal areas of China and the appreciation of Renminbi, despite of a gradual increase in global coal prices.

(5) Coal Prices

Based on the scenario of basically balanced supply and demand, coal prices are expected to maintain steady as a whole in 2011. The contractual prices of major thermal coal in the year will maintain as the level of last year due to the regulatory control imposed by national macro-control policies. There will still be significant difference between spot prices and major thermal coal contractual prices. When coal consumption increases in peak season and transportation capacity gets tight in some areas, spot prices in certain areas and periods are expected to be stable or on the upside.

III. Principal Production and Operation Activities of the Company in 2011

In 2011, the Company will adhere to its annual production and operation plan closely, strengthen its management, improve the Company's economic performance, enhance the safety assurance ability and the strength and competitiveness of principal operations, in order to accelerate its paces into a large energy enterprise with international competitive edge.

1. **Strive to increase coal production through organising the production in a scientific way.** The Company will press forward the "Three Constructions" covering safe and efficient mines, safety-assured mines and the production technology management system. Production system, layout and equipment of mines will be optimised for coordinated production, with a focus on solidifying the production capacity of 100 million tones for Pingshuo Mining Area. Marketable products will be produced on the market-oriented basis, with improved coal washing process to ensure product quality.

2. **Enhance marketing capability to maximise economic benefit and market presence.** The Company will strengthen the coordination among production, transportation and sales, enhance the organization capacity of coal sourcing, coal blending, purchase and product reengineering capabilities, while enhancing the customised products and marketing for improvements both in volume and efficiency. In addition, the Company will vigorously develop proprietary coal trading business to expand sales. To predominate in the potential market niches, the Company will increase its market sensibility to optimise market network in advance.

3. **Create a safety-assured enterprise to enhance safety assurance capability.** Targeting "zero-fatality", the Company will decisively prevent any large and more serious accident with minor accidents under effective control. Under the requirements on safety and quality standards, the Company will reinforce the construction of three fundamentals comprising production lines, fundamentals and basic capabilities with an aim at improving the safe assurance capability.

4. **Accelerate project progress to fuel the Company's development momentum.** The Company will accelerate the preliminary work of projects to strive for the early construction of projects. Meanwhile, the Company will expedite the construction progress of major projects, aiming to achieve economies of scale as soon as possible. The Company will also make efforts to acquire resources, with a priority to resource assurance for the five major bases.

5. **Strive for key technology research to take the lead in technological advancement in the industry.** To support the five major bases and industrial development, the Company will lay stresses on key technology research including thin coal seam fully-automated complete equipment and domestic manufacturing of large-scale open pit equipment etc., as well as major technology research for construction of Inner Mongolia and Shaanxi bases, goaf areas of small mines and detection of geological structure, to build a technological foundation for the transformation and upgrading.

6. **Strengthen management and control on operations to improve economic benefit.** The Company will improve fundamentals of operation budgets and strengthen control over budgeting process for better practice of refined management. Centralised purchase will be pushed forward with expanded scope to further reduce purchase cost. The Company expects to reinforce cost management and control overgrowth of costs by optimising production technique, rationally organising production and improving production efficiency.

7. **Expedite team building to provide sufficient talents for the development of the Company.** According to the progresses of major projects, the Company will strengthen the introduction of leading talents at senior level. The Company will continue to use the talent selection and election system oriented by the market, recruit the staffs both internally and externally, enhance the talent reserve system of the Company.

SIGNIFICANT EVENTS

(1) Share capital structure

As at 31 December 2010, the structure of the share capital of the Company was as follows:

Type of Shares	Number of Shares	Percentage%
A Shares	9,152,000,400	69.03
Inclusive of A Shares held by China Coal Group	7,481,643,774	56.43
H Shares	4,106,663,000	30.97
Inclusive of H Shares held by China Coal Hong Kong Limited, a wholly owned subsidiary of China Coal Group	120,000,000	0.90
Total	13,258,663,400	100.00
Inclusive of shares held by China Coal Group and parties acting in concert with it	7,601,643,774	57.33

(2) Distribution of final dividends for 2009

The Company's 2009 final profit distribution plan was considered and approved at the Company's 2009 annual general meeting held on 25 June 2010. Cash dividends of RMB1,986,650,700 were paid to the shareholders of the Company, equal to 30% of the total profits of the Company available for distribution for the year ended 31 December 2009, which was RMB6,622,169,000 as set out in the consolidated financial statement prepared in accordance with the PRC Accounting Standards of Business Enterprises. The distribution was made based on the Company's entire issued share capital of 13,258,663,400 shares, representing a dividend of RMB0.14984 per share (inclusive of tax).

As at the date of this report, the above final dividends for 2009 had been duly paid to the shareholders of the Company.

(3) Profits available for distribution

On 22 March 2011, pursuant to relevant laws and regulations of the PRC, the Board recommended the payment of cash dividends of RMB2,072,693,400 to the shareholders of the Company, equal to 30% of the net profit attributable to equity holders of the Company for the year ended 31 December 2010, which was RMB6,908,978,000 as set out in the consolidated financial statement prepared in accordance with the PRC Accounting Standards of Business Enterprises. The distribution will be made based on the Company's entire issued share capital of 13,258,663,400 shares, representing a dividend of RMB0.15633 per share (inclusive of tax).

(4) Amendments to the Articles of Association

During the reporting period, the Company made one amendment to the Articles of Association whereas:

(1) Pursuant to the relevant requirements of the State Administration for Industry & Commerce, the wording "mining products" shall be deleted from the business scope of the Company.

(2) According to the operations of the Company, as the sales centre is in charge of the sale and purchase of coke, the wording "sales of coke products" shall be added to the business scope accordingly.

(3) In order to further enhance the specific mechanism for safeguarding the rights of minority shareholders of the Company, the occasion where shareholders individually or jointly holding more than 3% of the total number of the Company's shares with voting rights are entitled to propose resolutions shall be amended from "the Company's annual general meeting" to "the Company's general meeting".

The Company made corresponding amendments to the "business scope" in Article 13 and Clause 1 of Article 79 of the Articles of Association according to the regulatory requirements of the State Administration for Industry & Commerce and the substance of the actual operations of the Company so as to ensure that the Company's operations are lawful and compliant and to further protect the legal rights of minority shareholders of the Company. The above amendments to the Articles of Association were approved at the 2009 annual general meeting of the Company held on 25 June 2010 and were approved by SASAC before the date of this report.

(5) Assets transactions

During the reporting period, there were no material assets transactions.

(6) Other major events

1. Change in investment projects using the proceeds from the A Share issuance

The resolution on the change in investment projects using the proceeds from the A Share issuance was considered and passed at the second board meeting of the first session of the Board for the year 2010 convened on 14 July 2010 and was approved at the first extraordinary general meeting for the year 2010 convened on 3 September 2010. The Company agreed to cease using the proceeds from the A Share issuance to invest in the Heilongjiang-based project and ancillary engineering facilities with an annual production capacity of 10 million tons of coal, 1.8 million tons of methanol and 0.6 million tons of olefin (hereinafter referred to as the "Heilongjiang Project") and to direct the Heilongjiang Project's surplus from the proceeds of A Share issuance of RMB17.017 billion plus interests from the special account of the proceeds of A Share issuance of RMB422 million (in total of RMB17.439 billion) for the following new projects respectively:

(1) RMB1.669 billion for the Nalin River No.2 Coal Mine Project developed by Mengda Mining Company with an annual production capacity of 8 million tons of coal;

(2) RMB4.464 billion for the Muduchaideng Coal Mine Project developed by Ordos Yihua Mining Resources Company Limited with an annual production capacity of 6 million tons of coal;

(3) RMB2.806 billion for the Xiaohuigou Coal Mine Project developed by Shanxi China Coal Pingshuo Xiaohuigou Coal Co., Ltd. with an annual production capacity of 3 million tons of coal;

(4) RMB1.200 billion for the Hecaogou Coal Mine Project developed by Shaanxi Yan'an Hecaogou Coal Mine Co., Ltd. with an annual production capacity of 3 million tons of coal;

(5) RMB2.362 billion for the Zhangjiakou Coal Machinery Equipment Industrial Park Project to be developed by China Coal Zhangjiakou Coal Mining Machinery Co., Ltd.;

(6) RMB2.100 billion for the energy and chemical comprehensive utilisation project to be developed by Shaanxi Yulin Energy Chemical Company Limited with an annual production capacity of 0.6 million tons of polyethylene and 0.6 million tons of polypropylene;

(7) RMB2.838 billion for supplementing the Company's working capital.

Please refer to the relevant announcement for more details in relation to the change in investment projects using the proceeds from the A Share issuance.

2. The flooding accident at Wangjialing Coal Mine, a mine owned by Huajin Company

On 28 March 2010, a flooding accident occurred in the course of construction at Wangjialing Coal Mine, a mine under construction of Huajin Company (50% owned by the Company), resulting in a death toll of 38 and direct economic loss of RMB49.3729 million. As a result, the completion and operation date of Wangjialing Coal Mine, which was originally scheduled in October 2010, was delayed. On 21 January 2011, Huajin Company was imposed a penalty of RMB2.25 million under the Circular on Results of Investigation and Treatment on Two Extraordinarily Serious Production Safety Accidents at Two Coal Mines (An Wei Ban (2011) No.2) issued by the Office of Safe Production Commission under the State Council. After the accident, the Company instantly launched the safe production special rectification campaign which lasted to the end of the year, focusing on management on flooding prevention and treatment and strengthening field monitoring and examination to eliminate potential accidents and solidify comprehensive works of safe production. Currently, Wangjialing Coal Mine is preparing for resuming coal production in full swing and striving to coordinate with the relevant government authorities for the early resumption of construction.

3. Environmental Protection

In May 2010, the Ministry of Environmental Protection of China issued the Circular on Examination Results after Environment Inspection on Listed Companies, which addressed the environmental issues in eliminating obsolete capacity of China Coal and Coke Mudanjiang Limited and relocation in relation to China Coal and Coke Jiuxin Limited, both being subsidiaries of the Company. The Company attached great importance to the issues of elimination of obsolete capacity by China Coal and Coke Mudanjiang Limited. Given the responsibility of the company for gas supply to Mudanjiang city in Heilongjiang, the Company entered into an equity interest transfer agreement with Mudanjiang municipal government on 31 December 2010, pursuant to which the Company transferred 100% equity interest in China Coal and Coke Mudanjiang Limited to Mudanjiang Municipal State-owned Asset Administration Corporation. The relevant registration change procedures were completed on 30 January 2011. In response to the issue on relocation of local villagers in relation to China Coal and Coke Jiuxin Limited, the Company took initiatives to communicate and negotiate with local government and villagers. Currently, the issue is being addressed in an active manner.

4. Provision of financing guarantee for Wangjialing Coal Mine of Huajin Company

At the third board meeting of the first session of the Board for the year 2010 convened on 13 August 2010 and the second extraordinary general meeting for the year 2010, the Company passed a resolution to approve the provision of a guarantee for an amount not exceeding RMB931.8250 million for Huajin Company's borrowings from the National Development Bank. As of 31 December 2010, no loan agreement in relation to such borrowings was signed by Huajin Company. As such, there in no actual aggregate amount of the said guarantee. For more details, please refer to the announcement which was published on 13 August 2010 by the Company in relation to the external guarantees.

5. General election of directors

(1) Appointment of members of the second session of the Board and the Supervisory Committee

At the second extraordinary general meeting for the year 2010 convened on 23 December 2010, a resolution was passed to appoint Mr. Wang An and Yang Lieke as executive directors of the second session of the Board of the Company, Mr. Peng Yi and Li Yanmeng as non-executive directors of the Company, Mr. Zhang Ke, Wu Rongkang, Zhang Jiaren, Zhao Pei and Ngai Wai Fung as independent non-executive directors of the Company. The second session of the Board shall comprise the above nine directors. The term of service for the second session of the Board shall be three years commencing from the date on which the resolution proposed at such general meeting was approved. Among the directors, the term of service for Mr. Zhang Ke shall commence from the date of appointment to 23 August 2012 while the term of service for Mr. Wu Rongkang shall commence from the date of appointment and end on 21 November 2012.

At the second extraordinary general meeting for the year 2010 convened on 23 December 2010, a resolution was passed to appoint Mr. Wang Xi and Zhou Litao as the non-employee representative supervisors of the second session of the Supervisory Committee of the Company. At the employee representative meeting on 22 December 2010, Mr. Zhang Shaoping was appointed as the employee representative supervisor of the second session of the Supervisory Committee of the Company. The second session of the Supervisory Committee of the Company shall Comprise Mr. Zhang Shaoping, Wang Xi and Zhou Litao. The term of service for the second session of the Supervisory Committee shall be three years commencing from the date on which the resolution proposed at such general meeting was approved.

Among the members of the first session of the Board of the Company, Mr. Gao Shangquan, Peng Ru Chuan, Li Yanmeng ceased to be independent non-executive directors of the Company with effect from 23 December 2010 due to the expiration of their terms of service; among the members of the first session of the Supervisory Committee of the Company, Mr. Du Ji'an and Chen Xiangshan ceased to be supervisors of the Company with effect from 23 December 2010 due to the expiration of their terms of service.

(2) Election of chairman and vice chairman of the second session of the Board of the Company

At the first meeting of the second session of the Board for the year 2010 held on 27 December 2010, a resolution was passed to approve the election of Mr. Wang An and Mr. Peng Yi as chairman and vice chairman of the second session of the Board respectively.

(3) Election of the chairman of the second session of the Supervisory Committee of the Company

At the first meeting of the second session of the Supervisory Committee for the year 2010 held on 27 December 2010, a resolution was passed to approve the election of Mr. Wang Xi as the chairman of the Supervisory Committee.

(4) Appointment and resignation of senior management

At the first meeting of the second session of the Board for the year 2010 held on 27 December 2010, a resolution was passed to approve the appointment of Mr. Yang Lieke as the president of the Company, Mr. Gao Jianjun, Qi Hegang, Niu Jianhua and Pu Jin as vice presidents of the Company, Mr. Weng Qing'an as the chief financial officer of the Company and Mr. Zhou Dongzhou as the secretary to the Board and the company secretary of the Company. The terms of office for the said senior management shall commence from the date on which the resolution proposed at such board meeting was approved and end on the date on which the third session of the Board of the Company is being constituted and a new session of senior management of the Company is being appointed.

At the fifth meeting of the first session of the Board for the year 2010 held on 5 November 2010, a resolution was passed to approve the resignation of Mr. Li Fuyou as the vice president of the Company due to change of work. Mr. Li Fuyou ceased to discharge his duties as a vice president of the Company commencing from the date on which the resolution proposed at such board meeting was approved. At the first meeting of the second session of the Board for the year 2010 held on 27 December 2010, a resolution was passed to approve the resignation of Mr. Wang Yuanheng as the joint company secretary of the Company. Mr. Wang Yuanheng ceased to discharge his duties as the joint company secretary of the Company commencing from the date on which the resolution proposed at such board meeting was approved.

(5) Re-election of the Board committees under the second session of the Board

At the first meeting of the second session of the Board for the year 2010 held on 27 December 2010, a resolution was passed to approve that the Strategic Planning Committee under the second session of the Board of the Company shall be chaired by Mr. Wang An, the chairman of the Board and an executive director, with Mr. Peng Yi, Yang Lieke, Wu Rongkang, Zhang Jiaren and Zhao Pei as the members.

At the first meeting of the second session of the Board for the year 2010 held on 27 December 2010, a resolution was passed to approve that the Audit Committee under the second session of the Board of the Company shall be chaired by Mr. Zhang Ke, an independent non-executive director, with Mr. Peng Yi, Zhao Pei and Ngai Wai Fung as the members.

At the first meeting of the second session of the Board for the year 2010 held on 27 December 2010, a resolution was passed to approve that the Nomination Committee under the second session of the Board of the Company shall be chaired by Mr. Zhang Jiaren, an independent non-executive director, with Mr. Wang An and Wu Rongkang as the members.

At the first meeting of the second session of the Board for the year 2010 held on 27 December 2010, a resolution was passed to approve that the Remuneration Committee under the second session of the Board of the Company shall be chaired by Mr. Ngai Wai Fung, an independent non-executive director, with Mr. Peng Yi, Zhang Ke and Zhao Pei as the members.

At the first meeting of the second session of the Board for the year 2010 held on 27 December 2010, a resolution was passed to approve that the Safety, Health and Environmental Protection Committee under the second session of the Board of the Company shall be chaired by Mr. Wu Rongkang, an independent non-executive director, with Mr. Yang Lieke and Li Yanmeng as the members.

The terms of office of the members and chairmen of each of the said Board committees will commence from the date on which the resolution proposed at such board meeting was approved, and will end on the expiry of their terms of directorship of the second session of the Board.

EMPLOYEES

As at 31 December 2010, the Group had 56,013 employees in total (2009: 55,614 employees in total).

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company was dedicated in enhancing the quality of its corporate governance. As at 31 December 2010, the Company strictly complied with the "Code on Corporate Governance Practices" set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Company's annual results for the year ended 31 December 2010.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 as at 31 December 2010. The Company confirmed that all Directors, following a specific enquiry conducted by the Company, had complied with the Model Code then in force all the time for the year of 2010.

REMUNERATION OF DIRECTORS AND SUPERVISORS

In the year ended 31 December 2010, no directors or supervisors of the Company had agreed to waive any remuneration.

The remuneration package of directors of the Company is determined by the remuneration committee of the Company and is subject to approval by the Board and Shareholders at the forthcoming annual general meeting. When determining the remuneration package, the remuneration committee of the Company and the Board will take into consideration a number of factors, such as directors' duties, responsibilities and performance as well as the operation results of the Group and so on.

DIVIDENDS AND DISTRIBUTABLE PROFITS, CLOSURE OF SHARE REGISTER

On 22 March 2011, pursuant to the relevant PRC laws and regulations, the Board recommended the payment of cash dividends of RMB2,072,693,400 to shareholders of the Company, representing 30% of the net profits attributable to equity holders of the Company for the year ended 31 December 2010, which amounted to RMB6,908,978,000 as set out in the consolidated financial statements of the Company prepared in accordance with the PRC Accounting Standards for Business Enterprises. The proposed dividend distribution will be made based on the Company's entire issued share capital of 13,258,663,400 shares, representing a dividend of RMB0.15633 per share (inclusive of tax). The proposed dividend distribution is subject to shareholders' consideration and approval at the 2010 annual general meeting to be convened on 27 May 2011. The dividends will be paid to shareholders whose names appear on the Company's register of members on 27 April 2011. The share registrar of the Company will be closed from 27 April 2011 to 27 May 2011 (both days inclusive). In order to qualify for attending the annual general meeting and receiving the dividends, all transfer in respect of H Shares must be lodged at the Company's share registrar for H Shares in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on 26 April 2011.

All dividends to be distributed will be denominated and declared in Renminbi and will be paid to holders of H Shares in Hong Kong dollars. The amount of dividends payable in Hong Kong dollars shall be calculated based on the average benchmark exchange rate of Renminbi to Hong Kong dollars announced by the People's Bank of China on the date which is five business days prior to 22 March 2011 (Tuesday), being the date of dividend declaration. The dividends are expected to be paid on or about 28 June 2011.

Under relevant regulations of China Securities Depository and Clearing Corporation Limited Shanghai Branch and in line with the market practice regarding dividend distribution for A Shares, the Company will publish a separate announcement in respect of its dividend distribution to holders of A Shares after the Company's annual general meeting for 2010, which, among others, will set out the record date and ex-rights date of dividend distribution for A Shares.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE GROUP

For the year ended 31 December 2010, the Company and its subsidiaries had not purchased, sold or redeemed any securities (the term "securities" has the prescribed meaning under the Hong Kong Listing Rules) of the Group.

USE OF PROCEEDS FROM H SHARE ISSUE

After deducting related expenses, the net proceeds from H Shares issue of the Company was RMB14.466 billion. As at 31 December 2010, all net proceeds have been used in accordance with the usage plans disclosed in the prospectus of H Shares of the Company.

AUDITORS

The Company has appointed PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian CPAs Limited Company as its international and domestic auditor, respectively, for the year ended 31 December 2010. The financial statements for the year 2010 prepared by the Company in accordance with International Financial Reporting Standards have been audited by PricewaterhouseCoopers.

ANNOUNCEMENT OF ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Pursuant to the requirements of the Hong Kong Listing Rules regarding the reporting period, the 2010 annual report of the Company will set out all information disclosed in the annual results announcement for 2010 and will be disclosed on the website of the Company (http://www.chinacoalenergy.com) and the website of the Hong Kong Stock Exchange (http://www.hkex.com.hk) on or before 30 April 2011.

DEFINITIONS

In this results announcement, unless the context otherwise requires, the following expressions have the following meanings:

The Group/The Company/ Company/China Coal Energy	China Coal Energy Company Limited, unless otherwise indicated, also includes all of its subsidiaries
Board of the Company/Board	the board of directors of China Coal Energy Company Limited
Directors	the directors of the Company, including all the executive directors, non-executive directors and independent non-executive directors
China Coal Group	China National Coal Group Corporation, the controlling shareholder of the Company
Shanghai Company	Shanghai Datun Energy Resources Company Limited, a subsidiary of the Company
Pingshuo Mining Area	the coal mining area in Shanxi Province, mainly comprising the Antaibao Open Pit Mine and Underground Mine, the Anjialing Open Pit Mine and Underground Mine, and the Jingdong Mine
Datun Mining Area	the coal mining area in Jiangsu Province operated by Shanghai Company, comprising the Yaoqiao, Kongzhuang, Xuzhuang and Longdong mines
Liliu Mining Area	the coal mining area in Shanxi Province operated by Huajin Coking Coal Company Limited, comprising the Shaqu Underground Mine
Dongpo Coal Mine	a coal mine in Shanxi Province operated by Shanxi China Coal Dongpo Industry Company Limited
Nanliang Coal Mine	a coal mine in Shaanxi Province operated by Shaanxi Nanliang Coal Company Limited
China Coal Equipment Company	China National Coal Mining Equipment Company Limited, a wholly-owned subsidiary of the Company
Pingshuo Coal Industry Company	China Coal Pingshuo Coal Industry Company Limited

Huajin Company	Huajin Coking Coal Company Limited
CCIE Company	China Coal Import and Export Company
China Coal Jinhaiyang Company	China Coal Group Shanxi Jinhaiyang Energy Co., Limited
Taiyuan Coal Gastification Group	Taiyuan Coal Gastification (Group) Co., Limited
China Coal Longhua Company	China Coal Longhua Group Co., Limited
Zhongtian Synergetic Company	Zhongtian Synergetic Energy Company Limited
Ministry of Finance	the Ministry of Finance of the People's Republic of China
SAIC	the State Administration for Industry and Commerce of the People's Republic of China
SASAC	the State-owned Assets Supervision and Administration Commission of the State Council
CSRC	China Securities Regulatory Commission
HKSE	The Stock Exchange of Hong Kong Limited
SSE	the Shanghai Stock Exchange
Articles of Association	the articles of association passed at the inaugural meeting of the Company on 18 August 2006 and approved by the relevant state authorities, as amended and supplemented from time to time
A Share(s)	the ordinary share(s) issued to domestic investors in China with approval from CSRC, which are listed on the SSE and traded in RMB
H Share(s)	the overseas listed foreign share(s) of RMB1.00 each in the share capital of the Company, which are listed on the HKSE for subscription in Hong Kong dollars
PricewaterhouseCoopers	PricewaterhouseCoopers Zhong Tian CPAs Limited Company
Mengda Mining Company	Wushenqi Mengda Mining Company Limited

Xiaohuigou Coal	Shanxi Xiaohuigou Coal Industry Company Limited
Xi'an Design Company	China Coal Xi'an Design Engineering Company Limited
Share(s)	the ordinary shares of the Company, including A Share(s) and H Share(s)
Shareholder(s)	the Shareholder(s) of the Company, including holder(s) of A Share(s) and H Share(s)
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
SSE Listing Rules	the Listing Rules of the SSE
Yuan	RMB yuan

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

Beijing, the PRC, 22 March 2011

As at the date of this announcement, the executive directors of the Company are Wang An and Yang Lieke; the non-executive directors of the Company are Peng Yi and Li Yanmeng, and the independent non-executive directors of the Company are Zhang Ke, Wu Rongkang, Zhang Jiaren, Zhao Pei and Ngai Wai Fung.

* *For identification purpose only*