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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 2011

Financial highlights:

- In 2011, the Group's revenue amounted to RMB87.773 billion, representing an increase of RMB17.470 billion or 24.8% as compared with 2010.

- In 2011, the profit attributable to equity holders of the Company amounted to RMB9.802 billion, representing an increase of RMB2.336 billion or 31.3% as compared with 2010.

- Basic earnings per share was RMB0.74.

- In 2011, EBIDTA amounted to RMB18.594 billion, representing an increase of RMB4.004 billion or 27.4% as compared with 2010.

- The Board recommended the payment of final dividends of RMB0.215 per share (inclusive of tax) for the year 2011, which is subject to the approval by the Company's shareholders in the annual general meeting to be held on 25 May 2012.

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 2011 prepared in accordance with the International Financial Reporting Standards ("**IFRS**"):

A. SELECTED CONSOLIDATED FINANCIAL INFORMATION PREPARED IN ACCORDANCE WITH IFRS

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

		Year ended 31 December	
		2011	**2010**
	Note	RMB'000	RMB'000
Revenue	4	87,773,054	70,302,637
Cost of sales			
Materials		(39,985,287)	(31,189,858)
Staff costs		(4,080,139)	(3,767,958)
Depreciation and amortisation		(4,081,296)	(3,437,439)
Repair and maintenance		(1,113,575)	(682,127)
Transportation costs		(9,693,832)	(8,478,956)
Sales taxes and surcharges		(1,363,979)	(1,174,810)
Others		(9,147,768)	(7,093,436)
Cost of sales		(69,465,876)	(55,824,584)
Gross profit		18,307,178	14,478,053
Selling, general and administrative expenses		(4,574,347)	(3,749,111)
Other income/(loss)		75,001	(53,896)
Other gains, net		115,929	386,537
Profit from operations		13,923,761	11,061,583
Finance income	5	622,042	484,087
Finance costs	5	(798,698)	(593,065)
Share of profits of associates and jointly controlled entities		294,755	46,290
Profit before income tax		14,041,860	10,998,895
Income tax expense	6	(3,382,822)	(2,847,876)
Profit for the year		10,659,038	8,151,019
Profit attributable to:			
Equity holders of the Company		9,801,542	7,466,357
Non-controlling interests		857,496	684,662
		10,659,038	8,151,019
Basic and diluted earnings per share for the profit attributable to the equity holders of the Company (RMB)	7	0.74	0.56
Dividends distributed	8	2,072,693	1,986,651
Dividends proposed after the balance sheet date attributable to all shareholders of the Company	8	2,851,145	2,072,693

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

	Year ended 31 December	
	2011	**2010**
	RMB'000	*RMB'000*
Profit for the year	10,659,038	8,151,019
Other comprehensive income:		
Fair value changes on available-for-sale financial assets, net of tax	(1,215)	(8,518)
Share of other comprehensive income of an associate	–	(4,040)
Currency translation differences	(6,647)	(3,816)
Other comprehensive loss for the year, net of tax	(7,862)	(16,374)
Total comprehensive income for the year	10,651,176	8,134,645
Total comprehensive income attributable to:		
Equity holders of the Company	9,793,680	7,449,983
Non-controlling interests	857,496	684,662
	10,651,176	8,134,645

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	As at 31 December 2011 *RMB'000*	As at 31 December 2010 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		60,224,021	46,417,897
Investment properties		29,912	31,158
Land use rights		2,815,270	2,563,782
Mining and exploration rights		28,419,571	18,611,170
Intangible assets		110,299	42,579
Investments in associates		7,058,652	3,994,877
Investments in jointly controlled entities		578,015	426,516
Available-for-sale financial assets		1,220,791	1,220,765
Deferred income tax assets		202,046	180,737
Long-term receivables		114,713	684,894
Other non-current assets		3,048,458	61,844
		103,821,748	74,236,219
Current assets			
Inventories		7,318,715	6,215,074
Trade and notes receivables	9	7,802,765	7,005,589
Prepayments and other receivables		5,643,201	5,438,569
Restricted bank deposits		3,173,248	2,494,816
Term deposits with initial terms of over three months		11,295,045	4,623,526
Cash and cash equivalents		20,878,522	22,922,396
		56,111,496	48,699,970
TOTAL ASSETS		159,933,244	122,936,189
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		13,258,663	13,258,663
Reserves	10	43,944,415	42,817,681
Retained earnings	10		
– Dividends proposed after the balance sheet date		2,851,145	2,072,693
– Others		21,690,819	15,899,529
		81,745,042	74,048,566
Non-controlling interests		14,219,747	12,289,979
Total equity		95,964,789	86,338,545

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	**As at 31 December 2011** *RMB'000*	**As at 31 December 2010** *RMB'000*
LIABILITIES			
Non-current liabilities			
Long-term borrowings		11,456,013	10,715,916
Long-term bonds		14,955,000	–
Deferred income tax liabilities		6,969,057	5,091,269
Deferred revenue		349,309	295,992
Provision for employee benefits		158,768	265,726
Provision for close down, restoration and environmental costs		1,086,384	822,149
Other long-term liabilities		214,739	15,807
		35,189,270	17,206,859
Current liabilities			
Trade and notes payables	11	10,917,010	9,253,983
Accruals, advance and other payables		11,676,488	6,997,116
Taxes payable		3,534,279	1,651,332
Short-term borrowings		1,824,696	396,196
Current portion of long-term borrowings		798,449	1,025,989
Current portion of provision for close down, restoration and environmental costs		28,263	66,169
		28,779,185	19,390,785
Total liabilities		63,968,455	36,597,644
TOTAL EQUITY AND LIABILITIES		159,933,244	122,936,189
NET CURRENT ASSETS		27,332,311	29,309,185
TOTAL ASSETS LESS CURRENT LIABILITIES		131,154,059	103,545,404

B. NOTES TO THE FINANCIAL INFORMATION

1 ORGANISATION

China Coal Energy Company Limited (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 Ordos Yinhe Hongtai Coal Power Company Limited in 2011

In order to increase the Group's coal resources, from 23 June 2011 to 30 December 2011, the Company entered into a series of share purchase agreements with Baotou Hongtai Economics Technology Consulting Company Limited, Ordos Rongcheng Energy Chemical Company Limited, China Datang Group Coal Industry Company Limited and Datang Group Company Limited, which are all third-party companies, pursuant to which 78.84% equity interests in Ordos Yinhe Hongtai Coal Power Company Limited ("Yinhe Hongtai") were transferred to the Company for a total consideration of RMB6,621,137,000. The acquisition was completed on 31 December 2011, when the Company paid over 50% of the total consideration and obtained the control of Yinhe Hongtai.

As a result of the acquisition, the Group is expected to increase its share of the coal resources in the Inner Mongolia region, which is an area rich of coal resources in China. Up to 31 December 2011, Yinhe Hongtai has primarily completed its exploration activities and is in the planning phase for coal mine design and construction.

(b) Acquisition of Shanxi Pinglu Xindu Coal Mining Group Company Limited in 2011

In order to increase the Group's coal resources, in January 2011, the Company's subsidiary, China Coal Pingshuo Coal Industry Company Limited ("Pingshuo Coal"), entered into a share purchase agreement with two unrelated individuals, pursuant to which 100% equity interest in Shanxi Pinglu Xindu Coal Mining Group Company Limited ("Xindu Mining"), was transferred to Pingshuo Coal for a total consideration of RMB332,293,000.

Xindu Mining is principally engaged in coal mining activities. As at 31 December 2011, Xindu Mining is still in the construction phase.

(c) Loss of control in Huajin Coking Coal Company Limited in 2011

Prior to August 2011, Huajin Coking Coal Company Limited ("Huajin Coking Coal") was a subsidiary of the Company, in which the Company owned 50% interest and the other shareholder Shanxi Coking Coal Group Co. Ltd. ("Shanxi Coking Coal") owned the other 50% interest.

In August 2011, the Company entered into an agreement (the "Split") with Shanxi Coking Coal, pursuant to which China Coal Huajin Company Limited ("China Coal Huajin") was established and certain assets and liabilities of Huajin Coking Coal was transferred to China Coal Huajin based on the book values on 31 August 2011. Upon the Split, the Company and Shanxi Coking Coal each still own 50% interest in each of Huajin Coking Coal and China Coal Huajin; however, China Coal lost control over Huajin Coking Coal and gains control over China Coal Huajin.

Effective from the date of the Split, 31 August, 2011, Huajin Coking Coal was derecognised as a subsidiary of the Company and excluded from the scope of the consolidation, and was accounted for as an associate using equity accounting in the Group's consolidated financial statements.

No gain or loss was generated from the Split as the share of interest remains unchanged for both of the Company and Shanxi Coking Coal, the fair value of Huajin Coking Coal approximates its book value at the date of the Split, and there was no consideration relating to the Split.

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

In order to increase the Group's coal resources, prior to January 2010, the Company's subsidiary, 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.

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 financial assets 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 following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2011.

- IAS 24 (Revised), "Related Party Disclosures" is effective for annual period beginning on or after January 2011. It introduces an exemption from all of the disclosure requirements of IAS 24 for transactions among government related entities and the government. Those disclosures are replaced with a requirement to disclose:

  - The name of the government and the nature of their relationship;

  - The nature and amount of any individually significant transactions; and

  - The extent of any collectively-significant transactions qualitatively or quantitatively.

    It also clarifies and simplifies the definition of a related party. Upon the adoption of IAS 24 (Revised), sales of goods to associates of China Coal Group, the ultimate parent of the Group, are identified as related party transactions with the Group.

The following amendment to standard has been issued and is effective for the financial year beginning 1 January 2011, which has been early adopted by the Group in 2010:

- 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 applied this amendment from 1 January 2010.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2011, but are not currently relevant for the Group.

- IFRS 1 (Amendment) 'Limited exemption from comparative IFRS 7 disclosures for first-time adopters'
- IFRS 1 'Accounting policy changes in the year of adoption'
- IAS 32 (Amendment), 'Classification of rights issues'
- IFRIC-Int 14 (amendments), 'Prepayments of a minimum funding requirement'
- IFRIC-Int 19, 'Extinguishing financial liabilities with equity instruments'

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).

The Group's reportable segments are entities or group of entities that offer different products and services. The following reportable segments are presented in a manner consistent with the way in which information is reported internally to the Group's CODM for the purpose of resource allocation and performance assessment. 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. Reportable segments

The Group's reportable segments are coal, coke and coal-chemical product and mining machinery:

- 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 2011						
	Coal	**Coke and coal-chemical product**	**Machinery**	**Others** *(note (a))*	**Non operating segment**	**Inter-segment Elimination**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue							
Total Revenue	72,035,049	5,273,586	8,128,517	4,399,523	–	(2,063,621)	87,773,054
Inter-segment revenue	(293,550)	–	(1,055,130)	(714,941)	–	2,063,621	–
Revenue from external customers	71,741,499	5,273,586	7,073,387	3,684,582	–	–	87,773,054
Profit/(Loss) from operations	13,713,749	(74,634)	584,964	6,944	(194,847)	(112,415)	13,923,761
Profit/(Loss) before income tax	13,607,183	(79,096)	533,401	(80,602)	173,389	(112,415)	14,041,860
Interest income	86,074	65,651	8,961	4,873	886,631	(430,148)	622,042
Interest expense	(266,911)	(122,949)	(69,615)	(54,410)	(662,275)	430,148	(746,012)
Depreciation and amortisation	(4,058,713)	(188,876)	(141,578)	(341,843)	(8,716)	–	(4,739,726)
Share of profits of associates and jointly controlled entities	95,268	40,389	12,046	–	147,052	–	294,755
Income tax expense/credit	(3,280,757)	7,681	(87,711)	(21,293)	(742)	–	(3,382,822)
Other material non-cash items							
Provision for impairment of property, plant and equipment	(37,343)	(972)	–	–	–	–	(38,315)
Provision for impairment of other assets	(12,446)	(43)	(1,452)	(18,112)	(14,924)	–	(46,977)
Segment assets and liabilities							
Total assets	77,717,355	11,340,490	11,284,526	6,235,177	56,856,157	(3,500,461)	159,933,244
Include: investment in associates and jointly controlled entities	543,204	599,299	63,954	–	6,430,210	–	7,636,667
Expenditures for non-current assets	29,611,625	3,826,741	1,685,949	908,312	84,186	–	36,116,813
Total liabilities	16,221,615	1,023,838	4,646,256	4,397,768	40,933,133	(3,254,155)	63,968,455

	For the year ended and as at 31 December 2010						
	Coal	**Coke and coal-chemical product**	**Machinery**	**Others** *(note (a))*	**Non operating segment**	**Inter-segment Elimination**	**Total**
	RMB'000	*RMB'000*	*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	–	(2,091,919)	70,302,637
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	(279,912)	(102,898)	11,061,583
Profit/(Loss) before income tax	11,134,575	(602,371)	450,633	835	118,121	(102,898)	10,998,895
Interest income	73,823	58,700	4,589	2,363	675,919	(331,307)	484,087
Interest expense	(302,746)	(104,469)	(57,499)	(48,983)	(279,283)	331,307	(461,673)
Depreciation and amortisation	(2,956,567)	(162,385)	(126,582)	(354,484)	(8,127)	–	(3,608,145)
Share of profits/(losses) of associates and jointly controlled entities	29,158	8,417	9,908	–	(1,193)	–	46,290
Income tax expense	(2,732,805)	(19,066)	(75,897)	(20,108)	–	–	(2,847,876)
Other material non-cash items							
Provision for impairment of property, plant and equipment	–	(137,351)	–	(25,602)	–	–	(162,953)
Provision for impairment of other assets	(6,234)	(22,215)	(30,087)	–	(17,158)	–	(75,694)
Segment assets and liabilities							
Total assets	65,722,967	6,467,012	9,215,319	5,042,808	39,050,835	(2,562,752)	122,936,189
Include: investment in associates and jointly controlled entities	351,919	551,642	77,431	–	3,440,401	–	4,421,393
Expenditures for non-current assets	10,845,221	825,279	558,849	183,058	120,375	–	12,532,782
Total liabilities	16,470,858	486,421	4,055,761	3,132,233	14,793,023	(2,340,652)	36,597,644

note:

(a) Others segment comprises of the four operating segments of the Group with the revenue below the quantitative thresholds. Those segments include two aluminium factories, three 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) Geographical information

Analysis of revenue

	Year ended 31 December	
	2011	**2010**
	RMB'000	*RMB'000*
Domestic markets	86,766,592	69,037,360
Asia Pacific markets	1,000,903	1,212,102
Other overseas markets	5,559	53,175
	87,773,054	70,302,637

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

Analysis of non-current assets

	31 December 2011	**31 December 2010**
	RMB'000	*RMB'000*
Domestic markets	102,355,891	72,788,440
Asia Pacific markets	4,964	6,312
Other overseas markets	38,056	39,965
	102,398,911	72,834,717

4) **Information about major customers**

Revenue from the top five customers of the Group for the year ended 31 December 2011 represents approximately 18% of the Group's total revenue (for the year ended 31 December 2010: 15%).

5 FINANCE INCOME AND COSTS

	2011	**2010**
	RMB'000	*RMB'000*
Interest expense:		
– bank borrowings	723,038	670,756
– bonds payable	331,188	–
– unwinding of discounts of provision	50,969	64,315
Other incidental borrowing costs and charges	7,118	4,348
Net foreign exchange loss on financing activities	45,568	127,044
Finance costs	1,157,881	866,463
Less: amounts capitalised on qualifying assets	(359,183)	(273,398)
Total finance costs	798,698	593,065
Finance income:		
– interest income on short-term bank deposits	571,402	432,768
– interest income on loans receivable	50,640	51,319
Total finance income	622,042	484,087
Finance costs, net	176,656	108,978

note:

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

	2011	**2010**
Capitalisation rate used to determine the amount of finance costs eligible for capitalisation	4.16% – 6.98%	4.04% – 6.20%

6 INCOME TAX EXPENSE

	2011	2010
	RMB'000	*RMB'000*
Current income tax		
– PRC enterprise income tax *(note (a))*	3,903,204	2,893,928
Deferred income tax	(520,382)	(46,052)
	3,382,822	2,847,876

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 2011 and 2010 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 24% 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:

	2011	2010
	RMB'000	*RMB'000*
Profit before income tax	14,041,860	10,998,895
Tax calculated at applicable tax rates	3,510,465	2,749,724
Preferential tax rates on the income of certain subsidiaries	(69,352)	(102,312)
Income not subject to taxation	(80,046)	(32,297)
Expenses not deductible for taxation purposes	34,589	129,575
Utilisation of previously unrecognised tax losses	(374)	(3,628)
Tax losses for which no deferred income tax asset has been recognised	85,622	149,359
Additional expenses allowable for tax deduction	(98,082)	(42,545)
Income tax expense	3,382,822	2,847,876

7 EARNINGS PER SHARE

Basic earnings per share for the years ended 31 December 2011 and 2010 is calculated by dividing the profit attributable to equity holders of the Company by the number of 13,258,663,000 ordinary shares in issue during these years.

As the Company had no dilutive instruments for the year ended 31 December 2011 and 2010, no diluted earnings per share is presented.

8 DIVIDENDS

	2011	**2010**
	RMB'000	*RMB'000*
Dividends recorded:		
– final dividends for 2009, paid *(note (a))*	–	1,986,651
– final dividends for 2010, paid *(note (b))*	2,072,693	–

	2011	**2010**
	RMB'000	*RMB'000*
Dividends proposed after the balance sheet date:		
– final dividend for 2010 *(note (b))*	–	2,072,693
– final dividend for 2011 *(note (c))*	2,851,145	–

notes:

(a) 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 RMB1,986,651,000 (RMB0.1498 Yuan per share), based on total number of shares which are in issue as at 31 December 2009. Such dividend distribution was approved by the shareholders' meeting held on 25 June 2010 and had been fully paid to shareholders in July 2010.

(b) 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 RMB2,072,693,000 (RMB0.1563 Yuan per share), based on total number of shares which are in issue as at 31 December 2010. Such dividend distribution was approved by the shareholders' meeting held on 27 May 2011 and had been fully paid to shareholders in June 2011.

(c) The Board of Directors, in a meeting held on 27 March 2012, proposed to distribute a final dividend for 2011 to equity holders of the Company of RMB2, 851,145,000 (RMB0.2150 Yuan per share), based on total number of shares which are in issue as at 31 December 2011.Such dividend distribution is still subject to the approval of shareholders' meeting, and is not reflected in these financial statements.

9 TRADE AND NOTES RECEIVABLES

	2011	2010
	RMB'000	*RMB'000*
Trade receivables, net *(note (a))*	5,379,452	4,574,155
Notes receivables *(note (b))*	2,423,313	2,431,434
	7,802,765	7,005,589

notes:

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

	2011	2010
	RMB'000	*RMB'000*
Within 6 months	4,502,666	3,646,348
6 – 12 months	525,072	603,957
1 – 2 years	271,322	334,310
2 – 3 years	158,306	70,174
Over 3 years	196,211	222,617
Trade receivables, gross	5,653,577	4,877,406
Less: Impairment of receivables	(274,125)	(303,251)
Trade receivables, net	5,379,452	4,574,155

Trade receivables for sale of coal, coking and other products are with credit terms of six months, while those for sale of machineries generally are with longer credit terms.

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

10 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 2010	30,520,372	1,268,347	124,583	1,532,320	1,448,570	(24,891)	7,324,125	13,143,303	55,336,729
Profit for the year	–	–	–	–	–	–	–	7,466,357	7,466,357
Other comprehensive income	–	–	–	–	–	–	(12,558)	–	(12,558)
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 8)*	–	–	–	–	–	–	–	(1,986,651)	(1,986,651)
Others	–	–	–	(2,076)	–	1,020	–	(12,419)	(13,475)
Balance at 31 December 2010	30,573,812	1,853,357	121,795	1,370,904	1,664,056	(27,687)	7,261,444	17,972,222	60,789,903
Profit for the year	–	–	–	–	–	–	–	9,801,542	9,801,542
Other comprehensive income	–	–	–	–	–	(6,647)	(1,215)	–	(7,862)
Appropriations	–	751,974	60,388	(368,881)	666,062	–	–	(1,109,543)	–
Share of change in reserves of associates	–	–	–	–	–	–	(3,271)	–	(3,271)
Dividends *(Note 8)*	–	–	–	–	–	–	–	(2,072,693)	(2,072,693)
Attributable to change of a subsidiary to associate *(Note 2(c))*	–	49,564	(10,182)	(100,039)	(48,609)	–	158,830	(49,564)	–
Others	–	–	–	–	–	–	(21,240)	–	(21,240)
Balance at 31 December 2011	30,573,812	2,654,895	172,001	901,984	2,281,509	(34,334)	7,394,548	24,541,964	68,486,379

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 2011, the Company appropriated RMB751,974,000 (2010: RMB585,010,000) to the statutory surplus reserve fund, representing 10% of the Company's profit after tax for the year ended 31 December 2011, 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 tonne 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 tonne 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.

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(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 tonne 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.

(e) Sustainable development fund

Pursuant to a regulation issued by Jiangsu Province Xuzhou municipal government on 20 October 2010, the Company's subsidiary in Xuzhou is required to set aside an amount to a sustainable development fund at RMB10 per tonne of raw coal mined. The fund will be used for the transformation costs of the mine, land restoration and environmental cost, and is not available for distribution to shareholders. Upon incurring qualifying expenditures, an equivalent amount is transferred from sustainable development fund to retained earnings.

11 TRADE AND NOTES PAYABLES

	2011	**2010**
	RMB'000	*RMB'000*
Trade payables *(note (a))*	10,156,292	8,526,123
Notes payable	760,718	727,860
	10,917,010	9,253,983

note:

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

	2011	**2010**
	RMB'000	*RMB'000*
Less than 1 year	9,218,220	7,471,070
1 – 2 years	665,405	805,979
2 – 3 years	150,938	120,096
Over 3 years	121,729	128,978
	10,156,292	8,526,123

12 COMMITMENTS

(a) Capital commitments

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

	2011	**2010**
	RMB'000	*RMB'000*
Property, plant and equipment	10,797,613	5,800,014
Others	253,350	242,864
	11,050,963	6,042,878

(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:

	2011	**2010**
	RMB'000	*RMB'000*
Land and buildings:		
– Within 1 year	76,727	82,467
– From 1 year to 5 years	199,683	113,998
– Over 5 years	87,032	142,659
	363,442	339,124

CHAIRMAN'S STATEMENT

Dear Shareholders,

In 2011, the profound impact of the international financial crisis lingered through the year and the Eurozone sovereign debt crisis had been escalating and deteriorating. The issue of slowing growth in emerging economies intertwined with the rise of commodity prices. Despite volatile global affairs and new dynamics and problems concerning the domestic economy, the Chinese economy maintained a stable and moderately fast growth. Influenced by macroeconomics, the coal industry of China had been operating stably. Total supply kept increasing and net import maintained a double-digit growth. An overall balance between demand and supply was achieved. Overall speaking, the market can be characterised by robust prices in the low season and low prices in the high season. China Coal Energy adhered to the principle of scientific development and strived to execute the "Twelfth Five-Year Plan" comprehensively, which got off to a good start as the Company had already achieved numerous successes in various aspects, including speeding up the adjustment in structural layout of the Company, strengthening innovations in management and enjoying a sustained, rapid growth in production and operations. On behalf of the Board, I am pleased to report the Company's operating results for 2011 to Shareholders.

During the reporting period, the coal production enterprises of the Company strengthened production organisation, enhanced production efficiency and improved product quality, achieving an overall completion of different tasks in reform, development, production and operation. The production volume of commercial coal surpassed 100 million tonnes for the first time with double-digit growth maintained in terms of revenue, profit, and earnings per share. Each of the key performance indicators once again hit record high since listing. The Company's raw coal production volume for 2011 was 129.16 million tonnes, representing a year-on-year increase of 5.4%. The production volume of commercial coal reached 102.79 million tonnes, representing a year-on-year increase of 8.9%. The raw coal production volume of Pingshuo Mining Area, which had previously achieved a coal production volume of 100 million tonnes, reached another historical high of 109.21 million tonnes for 2011. Persistently focusing on efficiency maximisation, the Company continued to strengthen the coordination among production, transportation and sales, increased the procurement of resources from external channels and secured more railway capacity, while at the same time expanded the scale of front-end transshipment and distribution. The sales volume of commercial coal for 2011 was 134.7 million tonnes, representing a year-on-year increase of 14.9%. Spot sales accounted for 47.9% of domestic sales of self-produced coal, representing a year-on-year increase of 17.8 percentage points. The Company recorded revenue of RMB87.773 billion, representing a year-on-year increase of 24.8%. Profit attributable to equity holders of the Company was RMB9.802 billion, representing a year-on-year increase of 31.3%. Basic earnings per share was RMB0.74, representing a year-on-year increase of 32.1%. Following the enshrined principle of pursuing a safe, human-oriented development, the Company, with a fatality rate of 0.008 per million tonnes of raw coal production, maintained its international advanced standards.

In 2011, the Company took the initiative to execute the targets set out in the "Twelfth Five-Year Plan", making new progress on the preliminary preparations of certain major projects as the infrastructure projects advanced smoothly. In the Shanxi Base, the construction of Pingshuo East Open Pit Mine was expedited, both open pit mining and on-load test of the coal preparation plant were carried out in September and 2 million tonnes of raw coal was produced for 2011. Construction of Wangjialing Coal Mine was resumed and Xiaohuigou Coal Mine was granted state approval. The industry chain of coking enterprises was extended and the Company entered into share purchase agreements to acquire the equity interest in Jinchang Coal Mine and Yushuo Coal Mine, further increasing our capability to secure resources. In the Inner Mongolia-Shaanxi Mining Base, the Company secured absolute control over the Shalajida Coal Field at Hujierte Mining Area, increasing premium coal resources by 1.66 billion tonnes and shoring up the Company's dominant position in the development of that mining area. The preliminary construction works for coal mines including Muduchaideng Coal Mine and Nalin River No. 2 Coal Mine Projects proceeded smoothly. The restructuring of Hecaogou Coal Mine was speeded up under a general contracting arrangement and Hecaogou Coal Mine is expected to commence operation in the first half of 2012. In Xinjiang and Heilongjiang Mining Bases, the preparation works of Weizigou and No. 10 Coal Mine in Hami Dananhu advanced smoothly, and the deep coal resources of Yilan Coal Mine No.3 were secured. As of the end of 2011, under the PRC mining standards, the Company's coal resource reserve amounted to 19.64 billion tonnes, further improving the Company's sustainable development abilities.

In 2011, the Company completed the shareholding adjustment and split of Huajin Company, streamlining the relationship of management responsibilities of Wanjialing Coal Mine. The Company also actively promoted coal and power joint operations with large electricity enterprises, including the co-development of 2×600 MW power generation project with Datang Corporation and the cooperation with China Power International in the development of 2×600 MW power generation project, of which relevant companies have been established and preparation works have started. The Company successfully issued RMB15 billion medium-term notes, which was the largest issuance of medium-term notes by a Chinese enterprise in 2011. With financing cost being RMB700 million less than the finance costs of the current five-year term bank loan, the aforementioned issuance provided a solid capital support for the operations and development of the Company.

In 2011, the Company proactively pursued new strategies on technological innovations and continuously enhanced independent innovation capabilities. The Company formulated strategies to execute technological development and intellectual property planning during the "Twelfth Five-Year Plan". The Company also established China Coal Technology Research Institute and China Coal Coal Chemical Industry Research Institute, built strategic close alliance with China Coal Technology & Engineering Group Corporation on technological innovations, forming a technological research and development system which was independent, open and integrated. The Company focused on the development of key operations and the construction of coal production bases, organising and implementing 50 major technological projects. Automatic integrated equipment for thin coal seams was successfully put to test in underground mining, while projects such as exploration of goaf and geological structure and established National Resources Coal Mine Excavation Equipment Research and Development (Experiment) Centre achieved significant progress. The Company was awarded with 1 national technological improvement award, 18 provincial and ministerial technological improvement awards and registered 168 patents, representing a rapid year-on-year increase. The Company strived to develop "Green China Coal" and established the conceptual direction and strategic position of green development for the Company. The Company maintained leading position in the industry in terms of major energy conservation and emission reduction indicators. The development of a recycling economy in Pingshuo Mining Area was rated as an outstanding practice of corporate social responsibility by a state-owned enterprise in 2011.

In 2012, the dynamics of both international and domestic affairs are becoming more complicated. The recovery of the U.S., Japan and the Eurozone economies have been lackluster while the growth in emerging economies are showing clear signs of slowdown. Coupled with the significant increase in volatility of financial markets in some countries, a slump in global demand and a more intensified market competition, the global economy is heading towards a period of downturn. Coupled with rising prices, the downward trend in domestic economic growth aggravated most industries' problem of having a surplus production capacity, and contributed to a lack of ability to innovate in most industries as well as a rapid increase of operating costs. Regarding the coal industry, coal production capacity have been expanding quickly and has now entered a phase of concentrated release. The rate of increase for coal demand has appeared to slow down, in contrast with a sustained high level of coal import and increasing capabilities in coal supply. With logistical bottlenecks causing an under-utilisation of some of the industry's production capacity, it is expected that the demand and supply of coal will basically maintain a balance, although there may be cases of coal oversupply in some areas, and during certain periods. The sentiment of the coal industry, though expected to remain positive, is on a downward trend, and the operating pressure facing coal enterprises will see a marked increase. At the same time, we believe that the development of China is still at a time where vital strategic opportunities may yet arise for the industry. The investment projects of the "Twelfth Five-Year Plan" are in a phase of intense construction in 2012, and the central government's proactive fiscal policy shall boost domestic demand. These factors shall be conducive to a continuous, steady and healthy growth of the coal industry. As the central government encourages the construction of large coal production bases as well as construction projects by large enterprises, together with substantial support from local governments, the external environment shall be favourable to the Company's development.

China Coal Energy is determined to face any difficulties or challenges through proactively leveraging on government policies and market dynamics. Through focused efforts on effective production management, the Company shall aim to attain over 5% increase of raw coal production in 2012; through focused efforts on effectively coordinating production, transportation and sales, the Company shall strive to capture a greater market share; through focused efforts on the preliminary works for projects, the Company shall aim to have projects executed as planned; through focused efforts on management of construction projects, the Company shall aim to expedite the commencement of operations and shorten the time needed for operations to be on track and generate profits; through focused efforts on production safety, the Company shall aim to eradicate major and serious accidents; through focused efforts on the sound management of the Company's fundamentals, the Company shall aim to improve quality and efficiency of the Company's operations; through focused efforts on technological innovations, the Company shall aim to enhance the drive for innovation within the Company. While still placing great importance on safety and striving to enhance technology, increase production, lower cost, secure more railway capacity and maintain financing capabilities, the Company will put greater emphasis on long-term planning by keeping a close watch on preliminary works, expediting the completion of construction projects, building a solid foundation, nurturing a competent team, pooling talents and developing a sound corporate culture. The Company shall unceasingly pursue the enhancement of both corporate governance and the operating results in its unyielding efforts to create more value for the Company's 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 2011, the Group arranged its production in a scientific way, strengthened the coordination among its production, transportation and sales, optimised its product structure and enhanced the profitability of its products, and its revenue and profit hit another record high. For the year ended 31 December 2011, the Group's total revenue (net of inter-segmental sales) amounted to RMB87.773 billion, representing a year-on-year increase of 24.8%; profit before income tax amounted to RMB14.042 billion, representing a year-on-year increase of 27.7%; profit attributable to equity holders of the Company amounted to RMB9.802 billion, representing a year-on-year increase of 31.3%; net cash generated from operating activities per share was RMB1.11, representing a year-on-year increase of RMB0.30; and basic earnings per share was RMB0.74, representing a year-on-year increase of RMB0.18.

	For the year ended 31 December 2011 (RMB100 million)	For the year ended 31 December 2010 (RMB100 million)	Increase/decrease (RMB100 million)	(%)
Revenue	877.73	703.03	174.70	24.8
Profit before income tax	140.42	109.99	30.43	27.7
EBIDTA	185.94	145.90	40.04	27.4
Profit attributable to equity holders of the Company	98.02	74.66	23.36	31.3
Net cash generated from operating activities	146.98	106.83	40.15	37.6

As at 31 December 2011, the gearing ratio (total interest-bearing debts/(total interest-bearing debts + equity)) of the Group was 23.2%, representing an increase of 10.9 percentage points from the beginning of the year.

	As at 31 December 2011 (RMB100 million)	As at 31 December 2010 (RMB100 million)	Increase/decrease (RMB100 million)	(%)
Assets	1,599.33	1,229.36	369.97	30.1
Liabilities	639.68	365.98	273.70	74.8
Interest-bearing debts	290.34	121.38	168.96	139.2
Equity	959.65	863.38	96.27	11.2
Equity attributable to the equity holders of the Company	817.45	740.48	76.97	10.4

II. Operating Results

(1) Combined Operating Results

1. Revenue

For the year ended 31 December 2011, the Group's total revenue (net of inter-segmental sales) increased from RMB70.303 billion for the year ended 31 December 2010 to RMB87.773 billion, representing an increase of 24.8%. The increase is mainly attributable to the significant year-on-year growth in revenue of the Group's coal and coal mining equipment business.

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 2011 in comparison with the year ended 31 December 2010 were set out as follows:

	Revenue net of inter-segmental sales			
	For the year ended 31 December 2011 (RMB100 million)	For the year ended 31 December 2010 (RMB100 million)	Increase/decrease (RMB100 million)	(%)
Coal operations	717.41	558.39	159.02	28.5
Coking operations	52.74	48.88	3.86	7.9
Coal mining equipment operations	70.73	60.95	9.78	16.0
Other operations	36.85	34.81	2.04	5.9
Total	877.73	703.03	174.70	24.8

The proportion of revenue net of inter-segmental sales generated by each operating segment of the Group for the year ended 31 December 2011 and the year ended 31 December 2010 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 2011 (%)	For the year ended 31 December 2010 (%)	Increase/decrease (percentage points)
Coal operations	81.7	79.4	2.3
Coking operations	6.0	7.0	-1.0
Coal mining equipment operations	8.1	8.7	-0.6
Other operations	4.2	4.9	-0.7

2. Cost of sales

For the year ended 31 December 2011, the Group's cost of sales increased from RMB55.825 billion for the year ended 31 December 2010 to RMB69.466 billion, representing an increase of 24.4%.

Materials costs increased from RMB31.190 billion for the year ended 31 December 2010 to RMB39.985 billion, representing an increase of 28.2%. The increase was mainly attributable to the growth in the Group's materials consumption as a result of its expansion of production, the rise of raw materials prices and sales volume of proprietary coal trading, which led to a corresponding increase of materials costs.

Staff costs increased from RMB3.768 billion for the year ended 31 December 2010 to RMB4.080 billion, representing an increase of 8.3%. The increase was mainly attributable to the adjustment to staff wages in light of the growth in business performance during the reporting period. In addition, the provision of enterprise annuity made by the Group since January 2011 also contributed to the increase in staff costs.

Depreciation and amortisation expenses increased from RMB3.437 billion for the year ended 31 December 2010 to RMB4.081 billion, representing an increase of 18.7%. The increase was mainly attributable to an increase of production equipment and facilities being put into operation as a result of the Group's expansion of production and operation, resulting in a corresponding increase in the expenses.

Repair and maintenance costs increased from RMB682 million for the year ended 31 December 2010 to RMB1.114 billion, representing an increase of 63.3%. The increase was mainly attributable to the increase in expenditure on repair and maintenance due to the higher utilisation rate of equipment as a result of the increase in coal production volume.

Transportation costs increased from RMB8.479 billion for the year ended 31 December 2010 to RMB9.694 billion, representing an increase of 14.3%. The increase in costs during the reporting period was mainly attributable to the increase in the volume of the Group's seaborne coal sales for which the Group bore the transportation costs and the increase in the transportation and port charges levied since 1 October 2011 in accordance with relevant PRC regulations.

Sales taxes and surcharges increased from RMB1.175 billion for the year ended 31 December 2010 to RMB1.364 billion, representing an increase of 16.1%. 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 RMB7.094 billion for the year ended 31 December 2010 to RMB9.148 billion, representing an increase of 29.0%. The increase was mainly attributable to the corresponding increase of expenses incurred in relation to coal mining, including environmental restoration expenses and the sustainable development funds.

3. Gross profit and gross profit margin

For the year ended 31 December 2011, gross profit increased from RMB14.478 billion for the year ended 31 December 2010 to RMB18.307 billion, representing an increase of 26.4%, and gross profit margin increased from 20.6% for the year ended 31 December 2010 to 20.9%, representing an increase of 0.3 percentage point.

The gross profit and gross profit margin of each operating segment of the Group for the year ended 31 December 2011 and for the year ended 31 December 2010 were as follows:

	Gross profit			Gross profit margin		
	For the year ended 31 December 2011 (RMB100 million)	For the year ended 31 December 2010 (RMB100 million)	Increase/ decrease (%)	For the year ended 31 December 2011 (%)	For the year ended 31 December 2010 (%)	Increase/ decrease (percentage points)
Coal operations	164.53	129.87	26.7	22.8	23.1	-0.3
Self-produced commercial coal	158.85	126.39	25.7	31.5	30.6	0.9
Proprietary coal trading	5.14	3.03	69.6	2.4	2.0	0.4
Coking operations	0.83	-0.70	–	1.6	-1.4	3.0
Coal mining equipment operations	15.54	13.76	12.9	19.1	19.5	-0.4
Other operations	2.98	2.91	2.4	6.8	7.0	-0.2
Group	183.07	144.78	26.4	20.9	20.6	0.3

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

(2) Operating results of segments

1. Coal segment

- Revenue

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 was engaged in coal import and export agency services.

For the year ended 31 December 2011, the total revenue from coal operations of the Group increased from RMB56.266 billion for the year ended 31 December 2010 to RMB72.035 billion, representing an increase of 28.0%; revenue net of other inter-segmental sales increased from RMB55.839 billion for the year ended 31 December 2010 to RMB71.741 billion, representing an increase of 28.5%.

For the year ended 31 December 2011, revenue from sales of self-produced commercial coal increased from RMB41.341 billion for the year ended 31 December 2010 to RMB50.408 billion, representing an increase of 21.9%. After offsetting the revenue from inter-segmental sales, the revenue increased from RMB40.914 billion for the year ended 31 December 2010 to RMB50.114 billion, representing an increase of 22.5%. Revenue from sales of proprietary coal trading increased from RMB14.880 billion for the year ended 31 December 2010 to RMB21.573 billion, representing an increase of 45.0%. Revenue from coal import and export agency services increased from RMB45 million for the year ended 31 December 2010 to RMB54 million, representing an increase of 20.0%.

Changes in the Group's coal sales volume and selling price for the year ended 31 December 2011 in comparison with the year ended 31 December 2010 were set out as follows:

		For the year ended 31 December 2011		For the year ended 31 December 2010		Increase/decrease		Increase/decrease	
		Sales volume (10,000 tonnes)	Selling price (RMB/tonne)	Sales volume (10,000 tonnes)	Selling price (RMB/tonne)	Sales volume (10,000 tonnes)	Selling price (RMB/tonne)	Sales volume (%)	Selling price (%)
I. Self-produced commercial coal	Total	10,015	500	8,975	456	1,040	44	11.6	9.6
	(I) Thermal coal	9,928	493	8,868	446	1,060	47	12.0	10.5
	1. Domestic sale	9,854	490	8,728	443	1,126	47	12.9	10.6
	(1) Long-term contract	5,157	425	6,150	410	-993	15	-16.1	3.7
	(2) Spot trading	4,697	562	2,578	521	2,119	41	82.2	7.9
	2. Export	74	795	140	662	-66	133	-47.1	20.1
	(1) Long-term contract	74	795	140	660	-66	135	-47.1	20.5
	(2) Spot trading	☆	☆	0.3	1,458	-0.3	–	-100	–
	(II) Coking Coal	87	1,382	107	1,267	-20	115	-18.7	9.1
	1. Domestic sale	87	1,382	107	1,267	-20	115	-18.7	9.1
	(1) Long-term contract	21	1,412	30	1,274	-9	138	-30.0	10.8
	(2) Spot trading	66	1,373	77	1,264	-11	109	-14.3	8.6
	2. Export	☆	☆	☆	☆	–	–	–	–
II. Proprietary coal trading	Total	3,087	699	2,394	621	693	78	28.9	12.6
	(I) Domestic resale	2,639	710	2,077	636	562	74	27.1	11.6
	(II) Self-operated exports	5*	2,529	1*	2,982	4	–453	400.0	–15.2
	(III) Import trading	443	614	309	510	134	104	43.4	20.4
	(IV) Transshipment trading	☆	☆	7	568	–7	–	–100	–
III. Import and export agency	Total	368	15★	358	13★	10	2	2.8	15.4
	(I) Import agency	84	3★	☆	☆	84	–	–	–
	(II) Export agency	284	18★	358	13★	–74	5	–20.7	38.5

☆ : N/A
* : Briquette export
★ : Agency service fee

- Cost of sales

For the year ended 31 December 2011, cost of sales for the Group's coal operations increased from RMB43.279 billion for the year ended 31 December 2010 to RMB55.582 billion, representing an increase of 28.4%. Changes in the major cost items are set out as follows:

Unit: RMB100 Million

Item	For the year ended 31 December 2011 (RMB100 million)	For the year ended 31 December 2010 (RMB100 million)	Increase/decrease (RMB100 million)	(%)
Materials costs (excluding the cost of external purchases of raw coal for washing purpose and proprietary coal trading cost)	58.62	49.39	9.23	18.7
Cost of external purchases of raw coal for washing purpose	22.11	16.29	5.82	35.7
Proprietary coal trading cost	210.59	145.77	64.82	44.5
Staff costs	29.87	27.97	1.90	6.8
Depreciation and amortisation	35.05	28.89	6.16	21.3
Repair and maintenance☆	11.59	7.22	4.37	60.5
Transportation costs	91.31	80.26	11.05	13.8
Coal sustainable development fund (reserve)	19.14	14.81	4.33	29.2
Outsourcing mining engineering fee	24.09	18.85	5.24	27.8
Sales taxes and surcharges	11.99	9.97	2.02	20.3
Other costs*	41.46	33.37	8.09	24.2
Total costs of sales for coal operations	555.82	432.79	123.03	28.4

Notes: ☆: Repair and maintenance expenses for coal operations include inter-segmental repair and maintenance expenses to be offset upon combination.

*: Other costs include environmental restoration expenses incurred in relation to coal mining operation and expenses for small and medium projects etc. incurred in relation to coal production.

For the year ended 31 December 2011, the Group's cost of sales of self-produced commercial coal was RMB34.523 billion, representing a year-on-year increase of RMB5.821 billion or 20.3%. The unit cost of sales of self-produced commercial coal was RMB344.71/tonne, representing a year-on-year increase of RMB24.93/tonne or 7.8%.

Changes of the major items of the Group's unit cost of sales of self-produced commercial coal are as follows:

Items	**For the year ended 31 December 2011 million (RMB/tonne)**	**For the year ended 31 December 2010 million (RMB/tonne)**	**Increase/decrease (RMB/tonne)**	**(%)**
Materials costs (excluding cost of external purchases of raw coal)	58.54	55.04	3.50	6.4
Cost of external purchases of raw coal	22.08	18.14	3.94	21.7
Staff costs	29.83	31.16	-1.33	-4.3
Depreciation and amortisation	35.00	32.18	2.82	8.8
Repair and maintenance	11.58	8.04	3.54	44.0
Transportation costs	91.18	89.42	1.76	2.0
Sales taxes and surcharges	11.97	11.11	0.86	7.7
Coal sustainable development fund (reserve)	19.11	16.50	2.61	15.8
Outsourcing mining engineering fee	24.05	21.01	3.04	14.5
Other costs	41.37	37.18	4.19	11.3
Total unit cost of sales of self-produced commercial coal	344.71	319.78	24.93	7.8

The increase in the Group's unit cost of sales of self-produced commercial coal for the year ended 31 December 2011 as compared to the same period of 2010 was mainly attributable to:

Materials costs increased by RMB3.50/tonne over the same period of 2010, which was mainly attributable to the corresponding increase in the cost of components, construction materials and explosives consumed as a result of factors including the entering into major maintenance period of some of the aged equipment of the open pit mines, the extension of working face excavation of underground mines, as well as the inflated cost of material. Furthermore, the expenses on anti-freeze spray for the coal products transported by railway increased year-on-year due to the cold weather in Shanxi Province at the beginning of the year and the safety management requirements by the relevant local department of railway authority.

Unit cost of externally purchased raw coal increased by RMB3.94/tonne over 2010, which was mainly due to the increase of volume and total costs of external purchases of raw coal for washing purpose.

Unit staff costs decreased by RMB1.33/tonne over the same period of 2010, which was mainly attributable to the decrease in staff cost per unit of coal produced due to the increase in production and sales volume of self-produced commercial coal.

Unit expenses of depreciation and amortisation increased by RMB2.82/tonne over 2010, which was mainly due to the increase in depreciation and amortisation costs as a result of the increase of production equipment and facilities put into use by the Group during the reporting period.

Unit repair and maintenance expenses increased by RMB3.54/tonne over the same period of 2010, which was mainly due to the increase in expenses resulting from the concentrated repairing of the production equipment of the Group's mining areas including Pingshuo Mining Area and Datun Mining Area.

Unit transportation costs increased by RMB1.76/tonne over the same period of 2010. The increase in costs was mainly due to the increase in the sales volume of seaborne coal for which the Group bore the transportation costs during the reporting period and the increase in the transportation and port charges levied since 1 October 2011 in accordance with relevant PRC regulations.

Unit cost in the coal sustainable development fund (reserve) increased by RMB2.61/tonne year-on-year. From 2011, in compliance with payment standard, Shanghai Company of the Group booked the coal sustainable development reserve as expense in accordance with the relevant policies of Xuzhou City, Jiangsu Province. The subsidiaries of the Group in Shanxi Province were, from 1 March onwards, subject to a statutory increase in the contribution to the coal sustainable development fund in the amount of RMB3/tonne of raw coal (which meant the contribution for thermal coal was increased from RMB13/tonne to RMB16/tonne and coking coal from RMB20/tonne to RMB23/tonne) under the relevant requirements of Shanxi Province, which resulted in an increase in cost.

Unit outsourcing mining engineering fees recorded a year-on-year increase of RMB3.04/tonne, which was primarily due to the increase in the outsourcing engineering volume, which includes outsourcing stripping volume and fully-mechanised contracting volume, as well as the increase in unit settlement price of the mining areas of the Group.

Unit other costs increased by RMB4.19/tonne over the same period of 2010, which was mainly due to the increase in environmental restoration expenses attributable to the mining areas, the labour costs settled and expenses for small and medium underground projects.

- Segmental gross profit and gross profit margin

  For the year ended 31 December 2011, gross profit of the Group's coal operations segment increased from RMB12.987 billion for the year ended 31 December 2010 to RMB16.453 billion, representing an increase of 26.7%, and gross profit margin decreased by 0.3 percentage point from 23.1% for the year ended 31 December 2010 to 22.8%. Gross profit margin of self-produced commercial coal was 31.5%, representing a year-on-year increase of 0.9 percentage point. The decrease in gross profit margin of coal segment was mainly due to the year-on-year increase in sales volume and the increase in proportion of proprietary coal trading with lower gross profit margin. The Group actively increased proprietary coal trading sales mainly to prepare for the commissioning and production expansion of its coal mines which are under construction, so as to further reinforce and expand its market position.

II. COKING OPERATIONS

- Segmental revenue

  For the year ended 31 December 2011, the Group's revenue from coking operations increased from RMB4.888 billion for the year ended 31 December 2010 to RMB5.274 billion (all from revenue of external sales), representing an increase of 7.9%. This was mainly due to a year-on-year increase in the selling price of coke and methanol.

  For the year ended 31 December 2011, the revenue from the sales of coke of the Group was RMB4.321 billion, representing a year-on-year increase of RMB248 million.

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

	For the year ended 31 December 2011		For the year ended 31 December 2010		Increase/decrease	
	(10,000 tonnes)	(RMB/ tonne)	(10,000 tonnes)	(RMB/ tonne)	(10,000 tonnes)	(RMB/ tonne)
1. Self-produced	210	1,689	217	1,564	-7	125
Domestic sales	210	1,689	217	1,564	-7	125
Exports	☆	☆	☆	☆	–	–
2. Proprietary trading	38	2,045	36	1,901	2	144
Domestic sales	29	1,835	26	1,680	3	155
Exports	9	2,711	10	2,456	-1	255
3. Export agency	10	28*	6	21*	4	7

☆: N/A

*: Agency service fee

For the year ended 31 December 2011, the Group's revenue from methanol, coal tar, crude benzol, etc. in the coking operations (excluding coke sales) amounted to RMB953 million, representing a year-on-year increase of RMB138 million. China Coal Longhua Company contributed self-produced methanol sales volume of 0.1634 million tonnes. Meanwhile, to avoid horizontal competition, as required by the undertakings made by China Coal Group upon the listing of the A Shares, all the methanol products produced by China Coal Longhua of China Coal Group were sold externally via the Group after the 0.25 million tonnes/year methanol project of China Coal Longhua Company came into operation, resulting in an increase of 0.0699 million tonnes in sales volume of methanol. During the reporting period, the Group's sales volume of methanol amounted to 0.2333 million tonnes, with a comprehensive selling price of RMB2,169/tonne and revenue of RMB506 million, representing a year-on-year increase of RMB385/tonne and RMB72 million respectively.

- Segmental costs

For the year ended 31 December 2011, sales costs of coking operations increased from RMB4.958 billion for the year ended 31 December 2010 to RMB5.190 billion, representing an increase of 4.7%. The increase was mainly attributable to the increase in unit cost of sales of methanol.

- Segmental gross profit and gross profit margin

  For the year ended 31 December 2011, gross profit of the Group's coking operations segment increased from a loss of RMB70 million for the year ended 31 December 2010 to a profit of RMB84 million, representing an increase of RMB154 million, and gross profit margin increased from -1.4% for the year ended 31 December 2010 to 1.6%, representing an increase of 3.0 percentage points.

3. **Coal mining equipment operations**

- Segmental revenue

  For the year ended 31 December 2011, the Group's revenue from the coal mining equipment operations increased from RMB7.071 billion for the year ended 31 December 2010 to RMB8.129 billion, representing an increase of 15.0%, of which the revenue net of other inter-segmental sales increased from RMB6.095 billion for the year ended 31 December 2010 to RMB7.073 billion, representing an increase of 16.0%. The increase was mainly attributable to the year-on-year increase in the sales volume of coal machinery products.

- Segmental costs

  For the year ended 31 December 2011, cost of sales of coal mining equipment operations increased from RMB5.695 billion for the year ended 31 December 2010 to RMB6.575 billion, representing an increase of 15.5%. The increase was mainly attributable to the increase in sales volume of coal machinery products, resulting in the corresponding increase in cost of sales.

- Segmental gross profit and gross profit margin

  For the year ended 31 December 2011, gross profit of the Group's coal mining equipment operations segment increased from RMB1.376 billion for the year ended 31 December 2010 to RMB1.554 billion, representing an increase of 12.9%, and gross profit margin decreased from 19.5% for the year ended 31 December 2010 to 19.1%, representing a decrease of 0.4 percentage point.

4. **Other operations segments**

For the year ended 31 December 2011, the Group's total revenue from operations such as sales of primary aluminum and power generation increased from RMB4.170 billion for the year ended 31 December 2010 to RMB4.400 billion, representing an increase of 5.5%, of which the revenue net of other inter-segmental sales increased from RMB3.481 billion for the year ended 31 December 2010 to RMB3.685 billion, representing an increase of 5.9%. The gross profit of other business segments increased by 2.4% from RMB291 million for the year ended 31 December 2010 to RMB298 million, and gross profit margin decreased from 7.0% for the year ended 31 December 2010 to 6.8%, representing a decrease of 0.2 percentage point.

(3) Selling, general and administrative expenses

For the year ended 31 December 2011, the Group's selling, general and administrative expenses increased from RMB3.749 billion for the year ended 31 December 2010 to RMB4.574 billion, representing an increase of 22.0%. The increase was mainly attributable to the year-on-year increase in staff costs resulting from the adjustment of remuneration level in accordance with the growth in business performance and provision for enterprise annuity.

(4) Other income/(loss)

For the year ended 31 December 2011, the Group's other income/(loss) recorded net income of RMB75 million from the net loss of RMB54 million for the year ended 31 December 2010, which was mainly attributable to the investment loss of RMB165 million incurred from the disposal of long-term equity investment in China Coal and Coke Mudanjiang Limited under the Group in 2010, while there weren't any such loss recorded for the current reporting period.

(5) Other gains, net

For the year ended 31 December 2011, the other net gains of the Group decreased from RMB387 million for the year ended 31 December 2010 to RMB116 million, representing a decrease of 70.0%. The decrease was mainly attributable to 2010's recognition of the RMB278 million excess of identifiable net asset fair value in the consideration paid for the shares of Xiaohuigou Coal acquired by the Group as other gains, while there were no analogous gains for the current reporting period.

(6) Profit from operations

For the year ended 31 December 2011, the Group's profit from operations increased from RMB11.062 billion for the year ended 31 December 2010 to RMB13.924 billion, representing an increase of 25.9%. Changes in profit from operations for each operating segment were as follows:

		For the year ended 31 December 2011 (RMB100 million)	For the year ended 31 December 2010 (RMB100 million)	Increase/decrease (RMB100 million)	(%)
The Group		139.24	110.62	28.62	25.9
Of which:	Coal operations	137.14	114.43	22.71	19.8
	Coking Operations	-0.75	-5.68	4.93	–
	Coal mining equipment operations	5.85	4.97	0.88	17.7
	Other operations	0.07	0.72	-0.65	-90.3

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

(7) Finance income and finance costs

For the year ended 31 December 2011, the Group's net finance costs increased from RMB109 million for the year ended 31 December 2010 to RMB177 million, representing an increase of 62.4%, of which the finance income increased from RMB484 million for the year ended 31 December 2010 to RMB622 million, representing an increase of 28.5%. The increase was mainly attributable to an increase in the interest from bank deposits. The finance costs increased from RMB593 million for the year ended 31 December 2010 to RMB799 million, representing an increase of 34.7%, which was mainly due to the increase in bank borrowings and the year-on-year increase in interest expenses of RMB284 million in relation to the issuance of medium-term notes by the Group during the reporting period, while the year-on-year decrease in foreign exchange loss of RMB81 million partially offset the increase in finance costs.

(8) Share of profits of associates and jointly controlled entities

For the year ended 31 December 2011, the Group's share of profits of associates and jointly controlled entities increased from RMB46 million for the year ended 31 December 2010 to RMB295 million, representing an increase of 541.3%. This was mainly because the Group's investment gain from associates and jointly controlled entities recognised based on its shareholding increased during the reporting period.

(9) Profit before income tax

For the year ended 31 December 2011, the Group's profit before income tax increased from RMB10.999 billion for the year ended 31 December 2010 to RMB14.042 billion, representing an increase of 27.7%.

(10) Income tax expenses

For the year ended 31 December 2011, the Group's income tax expenses increased from RMB2.848 billion for the year ended 31 December 2010 to RMB3.383 billion, representing an increase of 18.8%.

(11) Profit attributable to equity holders of the Company

For the year ended 31 December 2011, profit attributable to equity holders of the Company increased from RMB7.466 billion for the year ended 31 December 2010 to RMB9.802 billion, representing an increase of 31.3%.

III. Cash Flow

As at 31 December 2011, the Group's cash and cash equivalents amounted to RMB20.878 billion, representing a net decrease of RMB2.044 billion as compared to the cash and cash equivalents of RMB22.922 billion as at 31 December 2010.

Net cash generated from operating activities increased from RMB10.683 billion for the year ended 31 December 2010 to RMB14.698 billion for the year ended 31 December 2011, representing an increase of 37.6%, mainly due to a year-on-year increase of RMB5.628 billion in net cash inflow generated from operating activities as a result of the expansion in operation, a year-on-year decrease of RMB429 million in cash inflow from interest income, a year-on-year increase of RMB38 million in cash outflow for the payment of interest and a year-on-year increase of RMB1.147 billion in cash outflow for the payment of income tax.

Net cash used in/(generated from) investing activities for the year ended 31 December 2011 was net cash outflow of RMB35.178 billion, compared to the net cash inflow of RMB1.466 billion for the year ended 31 December 2010. This was mainly attributable to the cash outflow for the reporting period of RMB6.672 billion incurred in relation to term deposits with initial terms exceeding three months, as compared to the cash inflow of RMB18.190 billion for 2010. And cash used in the acquisition of property, plant and equipment for the Group's core businesses as well as cash paid for the acquisition of subsidiaries recorded a year-on-year increase of RMB10.300 billion.

Net cash flow generated from/(used in) financing activities for the year ended 31 December 2011 was net cash inflow of RMB18.443 billion, as compared to the net cash outflow of RMB1.853 billion for the year ended 31 December 2010. This was attributed to the net cash inflow of RMB 14.955 billion incurred in relation to the issuance of medium-term notes by the Group during the reporting period and the year-on-year increase of RMB5.775 billion in cash received from borrowings to meet the needs of production, operation and project construction, while the year-on-year decrease of RMB589 million in contribution from non-controlling interests partially offset the increase in cash received from the issuance of medium-term notes and borrowings.

IV. Liquidity and Sources of Capital

For the year ended 31 December 2011, the Group's funds were mainly derived 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 2011, the net value of property, plant and equipment of the Group amounted to RMB60.224 billion, representing a net increase of RMB13.806 billion or 29.7% as compared to RMB46.418 billion as at 31 December 2010. This was mainly attributable to an increase in the net value of property, plant and equipment of RMB16.102 billion resulted from the increase in investment in construction projects of the Group and the fulfillment of production and operation needs, an increase in the net value of property, plant and equipment of RMB299 million resulted from the acquisition of subsidiaries, as well as a decrease in the net value of property, plant and equipment of RMB2.519 billion resulting from the loss of control over Huajin Company.

The composition of the Group's property, plant and equipment (net) as at 31 December 2011 and 31 December 2010 is set out as follows:

	As at 31 December 2011 (RMB100 million)	Percentage (%)	As at 31 December 2010 (RMB100 million)	Percentage (%)
Buildings	91.14	15.1	85.77	18.5
Mining structures	44.45	7.4	54.55	11.7
Plant, machinery and equipment	165.75	27.5	155.93	33.6
Railway structures	4.41	0.7	4.52	1.0
Motor vehicles, fixtures and others	9.82	1.7	7.77	1.7
Construction in progress	286.67	47.6	155.64	33.5
Total	602.24	100.0	464.18	100.0

(2) Mining rights

As at 31 December 2011, the net value of the Group's mining rights amounted to RMB28.420 billion, representing a net increase of RMB9.809 billion or 52.7% as compared to RMB18.611 billion as at 31 December 2010. This was primarily attributable to an increase of RMB11.006 billion in mining rights from the acquisition of equity interests in Ordos Yinhe Hongtai Coal Electricity Company Limited during the reporting period, as well as a corresponding decrease of RMB934 million in mining rights resulting from the loss of control over Huajin Company.

(3) Other non-current assets

As at 31 December 2011, other non-current assets of the Group amounted to RMB3.048 billion, representing an increase of RMB2.986 billion as compared to RMB62 million as at 31 December 2010. This was mainly attributable to the advance payment of mining rights acquisition and investment to be booked under other non-current assets by the Group according to the development progress of the projects. The payments shall be changed to mining rights or equity investments upon acquisition or realisation of investment in future.

(4) Trade and note receivables

As at 31 December 2011, the net amount of trade and note receivables of the Group amounted to RMB7.803 billion, representing an increase of RMB797 million or 11.4% as compared to RMB7.006 billion as at 31 December 2010, of which the net amount of trade receivables amounted to RMB5.379 billion, representing an increase of RMB805 million or 17.6% as compared to RMB4.574 billion as at 31 December 2010. 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 RMB4.503 billion, accounting for 79.6% of the balance of trade receivables, representing an increase of RMB857 million or 23.5% as compared to RMB3.646 billion as at 31 December 2010.

(5) Borrowings

As at 31 December 2011, the balance of borrowings of the Group amounted to RMB14.079 billion, representing a net increase of RMB1.941 billion or 16.0% as compared to RMB12.138 billion as at 31 December 2010. The increase was mainly attributable to the corresponding increase in borrowings during the reporting period of RMB6.716 billion for the projects of the Group including the Pingshuo East Open Pit Mine Project during the reporting period, the corresponding decrease in borrowings of RMB3.380 billion resulting from the loss of control over Huajin Company, as well as the repayment of borrowings fallen due of RMB1.395 billion.

(6) Debentures payables

As at 31 December 2011, the balance of debentures payables of the Group amounted to RMB14.955 billion as a result from the issuance of medium-term notes by the Group during the reporting period.

VI. Significant Pledge of Assets

For the year ended 31 December 2011, the Group had no significant pledge of assets.

VII. Significant Investment

On 22 March 2011, the resolution of the First Meeting of the Second Session Board of the Company for the year 2011 approved the Proposal on Investment in the Construction of Phase 1 of Ordos Tuke Fertiliser Project, agreeing that the Company would make investment in the construction of the project and establish a wholly-owned subsidiary to take charge of the project's implementation. For the purpose of controlling risks, the Company decided to implement the project phase by phase, in which the annual output of Phase 1 was 1 million tonnes of synthetic ammonia and 1.75 million tonnes of urea, with an estimated total investment of approximately RMB9.511 billion.

Save as disclosed above, the Group did not have other significant investment for the year ended 31 December 2011.

VIII. Material Acquisition and Disposal

On 27 May 2011, the third meeting in 2011 of the Second Session of the Board of the Company resolved to approve the split and restructuring arrangement of Huajin Company. On 5 August 2011, the Company officially entered into the Split Agreement of Huajin Coking Coal Company Limited with Shanxi Coking Coal Group, Huajin Company and China Coal Huajin Company. Pursuant to the agreement, Huajin Company would split into two limited liability companies by way of split-off and both of the limited liability companies would jointly held by the Company and Shanxi Coking Coal Group each with 50% shareholding. Upon the split, China Coal Huajin Company, a company holding the segmental assets of Wangjialing Mine would become a subsidiary of the Company; whereas the original Huajin Company would be become a subsidiary of Shanxi Coking Coal Group. In addition, the parties to the agreement have been approved to make the further capital contribution. Therefore, upon the completion of capital contribution, China Coal Huajin Company will be held as to 51% and 49% by the Company and Shanxi Coking Coal Group respectively and the original Huajin Company will be held as to 51% and 49% by Shanxi Coaking Coal Group and the Company respectively. On 8 September 2011, China Coal Huajin Company officially completed the registration to the relevant administrative authority for industry and commerce.

Save as disclosed above, the Group did not have other material acquisition and disposal for the year ended 31 December 2011.

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

On 27 May 2011, the Company adopted at its 2010 annual general meeting the Proposal on China Coal Energy Company Limited's 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 latest audited net assets at each registration).

The proceeds from the issuance of medium-term notes and short-term bonds are intended to be used for replenishing 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.

On 17 August 2011, the Company issued the first tranche of medium-term notes of 2011 with the total actual issuance amount of RMB15 billion and the term of 5 years. The face value is RMB100 each, with the issuance coupon rate of 5.65%. All the proceeds were fully credited into the Company's account on 18 August 2011.

X. Operational Risks

(I) Risks of fluctuation in macroeconomy

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

(II) 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 all come into play in the next few years and the coal market may be confronted with serious oversupply. As coal enterprises have similar business models, the homogenised competition among them shall be fierce and overcapacity will trigger price decrease and squeeze the profit margins of the coal enterprises.

(III) Risks of regulation in the sector

The PRC government imposed temporary control over thermal coal prices: based on the contractual prices set at the beginning of 2011, the increase in the contractual prices of major thermal coal in 2012 shall not exceed 5%. Since 1 January, the ceiling FOBT price of thermal coal with calorific value of 5,500 kcal from Northern harbours shall not exceed RMB800 per tonne. The prices of other thermal coal with different calorific value shall be calculated based on the ceiling price set for 5,500 kcal. For the two sides of thermal coal trade, the market trading price of thermal coal transported by railways and by roads shall not exceed the actual settlement price as at the end of April 2011.

Regulation policies including price intervention may have a certain impact on coal enterprises in the short term, but they will help the coal sector and other relevant industries to enjoy a sound and harmonious development in the long run.

(IV) Risks of safety production

Restricted by geological and mining conditions, coal mining involves inherent production safety risks. The Company makes energetic efforts in promoting the "Three Constructions" policies, which cover safe and efficient mines, safety-assured enterpises and production technology management system, and improving its safety management system through upgrading automatic production and reducing staff working underground to stay ahead in safety production amongst its competitors.

(V) Risks of environmental protection

The mining of coal resources will unavoidably affect the environment to a certain extent. The Company has strictly complied with the laws and regulations on energy saving and emission reduction and upheld the concept of developing “black resources” in a “green way”. The Company has strived to strike a balance between coal mining development and environmental protection through increasing investment in technological and environmental protection, while actively promoting the recycling economy to build itself into an energy-saving and environmental-friendly enterprise.

(VI) Risks of rising costs

Rising raw material costs, rigid growth of labour cost and increasing investment in safety production and environmental protection have been persistently bringing up the costs of coal production. In the future, the Company will exert more efforts in cost control, optimise production distribution and reduce material purchase costs and unit consumption through adopting new technologies, new working processes and equipment to maintain its leading competitive edge in cost control in the industry.

(VII) Risks of changes in global coal markets

As affected by conditions of demand and supply and the changes in prices in global and domestic coal markets, Chinese coal import underwent significant growth, while coal export has been dwindling since 2009. As the Chinese economy globalises, together with a market-oriented reform of its coal industry, changes in global coal markets will have material effects on the domestic coal market.

(VIII) Foreign exchange risk

The Group’s export sales are generally settled with US dollars and the Group 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. The changes in foreign exchange rates of Renminbi to any other foreign currencies will have bilateral compound effects on the operating results of the Company.

XI. Contingent Liabilities

(1) Bank guarantees

As at 31 December 2011, the Group provided guarantees of RMB2.255 billion to its associates for bank loans in proportion to the Group’s shareholding in the respective companies. The guarantees include RMB1.597 billion to Huajin Company (RMB885 million of which would be used for the construction of Wangjialing Mine Project; upon the Split, the guarantee would be changed to guarantee to the Company’s subsidiary China Coal Huajin Company) and RMB658 million to Shanxi Pingshuo Gangue-fired Power Generation Company Limited.

(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 are 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 2011, 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.

BUSINESS PERFORMANCE

I. Principal Business Operations of the Company in 2011

In 2011, the domestic coal production and sales volume maintained a relatively fast growth and the net import volume of coal witnessed a year-on-year increase. The capacity of railway transportation and port transshipment was further strengthened. The supply and demand of coal was basically balanced, with thermal coal prices fluctuating at high levels. Fully leveraging on favourable opportunities in the coal market, China Coal Energy enhanced the management of safe production, strengthened the coordination among coal production, transportation and sales, optimised the product structure and sales strategies, and focused on improving the profitability of the products. All core businesses achieved fast growth momentum and all major operation indicators reached historical high levels.

- **Coal Operations**

(I) Rapid growth in coal production volume

In 2011, the Company's commercial coal production volume reached 102.79 million tonnes, representing a year-on-year increase of 8.41 million tonnes or 8.9%. Raw coal production volume reached 129.16 million tonnes, representing a year-on-year increase of 6.63 million tonnes or 5.4%.

Pingshuo Mining Area achieved a new record high with commercial coal production volume for the year amounting to 80.23 million tonnes, representing a year-on-year increase of 7.8%. The production arrangement of Datun Mining Area was strengthened while the production potential was maximised to achieve a constantly efficient and abundout production. The raw coal production volume of Datun mining area maintained at 10-million-tonne level. During the reporting period, the mining right of Liliu Mining Area was adjusted to further clarify the property rights of management entities and created favourable conditions for coal production volume growth in the future. By adopting the top caving technology, the commercial coal production volume of Dongpo Coal Mine reached 7.20 million tonnes, representing a year-on-year increase of 41.2%. Shuozhong Company and Dazhong Company utilised the washing capacity of coal washing plants by expanding the external purchases of coal. The commercial coal production volume of the mine reached 9.48 million tonnes, representing a year-on-year increase of 52.9%.

Commercial Coal Production (10 thousand tonnes)	**2011**	**2010**	**Change %**
Pingshuo Mining Area	8,023	7,442	7.8
Datun Mining Area	726	753	-3.6
Liliu Mining Area	149	223	-33.2
Dongpo Coal Mine	720	510	41.2
Nanliang Mine	189	190	-0.5
Shuozhong Company	608	277	119.5
Dazhong Company	340	343	-0.9
Total	10,279	9,438	8.9

Note: 1. There was certain intra-group transactions volume in the Company, of which 4.76 million tonnes were transacted in 2011 and 3 million tonnes in 2010.

2. Due to the split of Huajin Company, the report only contains production information of Liliu Mining Area from January to August during the reporting period.

The Company made new progress in the construction of safe and highly efficient mines. The raw coal production efficiency of the Company reached 44.9 tonnes/worker-shift, representing a year-on-year increase of 4.4%. The average production efficiency rate of underground mines in Pingshuo Mining Area reached a new record of production at 111.9 tonnes/worker-shift. The Company, with a fatality rate of 0.008 per million tonnes of raw coal, maintained its international advanced standards. The completion of the "Six Systems" and permanent refuge chambers in main operating pits greatly improved the safety assurance capability of the Company.

(II) Significant year-on-year increase in coal sales volume

In 2011, the Company's commercial coal sales volume reached 134.70 million tonnes, representing a year-on-year increase of 17.43 million tonnes or 14.9%.

		2011	2010	Change %
Commercial Coal Sales (10 thousand tonnes)		13,470	11,727	14.9
(1) Domestic sales of self-produced coal		9,941	8,835	12.5
By region:	North China	4,202	2,888	45.5
	East China	4,102	3,372	21.6
	South China	1,589	1,055	50.6
	Northeast China	–	21	-100.0
	Others	48	1,499	-96.8
By coal type:	Thermal coal	9,854	8,728	12.9
	Coking coal	87	107	-18.7
By contract:	Long-term contract	5,178	6,180	-16.2
	Spot trading	4,763	2,655	79.4
By transportation:	Seaborne	6,903	6,156	12.1
	Direct arrival	1,195	1,077	11.0
	Local sales	1,843	1,602	15.0
(2) Self-produced coal export		74	140	-47.1
By region:	Taiwan, China	58	108	-46.3
	Korea	3	18	-83.3
	Japan	13	7	85.7
	Others	–	7	-100.0
By coal type:	Thermal coal	74	140	-47.1
	Coking coal	–	–	–
By contract:	Long-term contract	74	140	-47.1
	Spot trading	–	0.3	-100.0
(3) Proprietary trading		3,087	2,394	28.9
Of which:	Domestic resale	2,639	2,077	27.1
	Self-operated exports	5	1	400.0
	Import trading	443	309	43.4
	Transshipment trading	–	7	-100.0
(4) Import and export agency sales		368	358	2.8
Of which:	Import agency	84	–	–
	Export agency	284	358	-20.7

Sales volume of self-produced commercial coal grew steadily. Sales volume of self-produced coal reached 100.15 million tonnes, representing an increase of 10.40 million tonnes or 11.6% over 2010. In particular, domestic sales of self-produced coal reached 99.41 million tonnes, representing an increase of 12.5% over 2010. Export of self-produced coal reached 740,000 tonnes, representing a year-on-year decrease of 47.1%.

Reach of sales further extended by actively exploring coal resources purchased from external channels. The Company actively extended its reach to the hinterland of resources by making full use of the mega sales network platform and attaching more emphasis on connecting the down-stream markets. External purchase and sales of coal reached 30.87 million tonnes in 2011, representing an increase of 6.93 million tonnes over 2010. The annual accumulated coal import reached 5.27 million tonnes, representing a 70.6% increase over 2010.

Coal transportation volume significantly increased by streamlining the coordination among production, transportation and sales and enhancing transshipment. In face of the unfavourable situation of limited growth in the transportation capacity of the major domestic railway lines for coal transportation, the Company actively coordinated with the railway authorities and went all out in organising the transportation of coal in Northern Shanxi. The measures guaranteed a smooth implementation of the production, transportation and sales process and raised the economic benefit of the products.

Efficiency of products raised by optimising product and customer structure. The Company closely monitored the Bohai-Rim Steam-Coal Price Index and timely adjusted the spot trading sales price. Spot sales accounted for 47.9% of the domestic sales of self-produced coal, representing a year-on-year increase of 17.8 percentage points. The percentage in terms of sales to metallurgy, construction materials and chemical industries increased year-on-year. The Company strived to develop new products and increase the sales of profitable products. In 2011, 2.74 million tonnes of lump coal were screened at the loading port, resulting in nearly RMB100 million worth of economic benefit.

- **Coking Operations**

In 2011, the domestic coke industry continued to face the problem of oversupply. The majority of coke enterprises found it difficult in putting production capacity into full use and operating loss was prevalent. In response to the grim situation of the coke market, the Company stepped up its control over cost and product quality, actively strived for more railway transportation capacity and speeded up the collection of receivables, actively expanded the industry chain and further enhanced its operating results. The Company speeded up the adjustment on product structure and actively looked for coking coal resources. The project that transfers coke-oven gas into chemical fertiliser in Lingshi of Shanxi shall commence production in 2012. The integration and transformation stage for the acquired coking coal resource projects, namely Jinchang Coal Mine and Yushuo Coal Mine, shall also take place, which shall provide favourable conditions for the Company to improve its coking operations in the future.

In 2011, the Company realised coke production of 2.06 million tonnes, which was the same as 2010. Coke sales volume amounted to 2.58 million tonnes, roughly the same as 2010, of which, self-produced coke sales volume was 2.10 million tonnes, representing a year-on-year decrease of 3.2%; proprietary coke sales volume was 380,000 tonnes, representing a year-on-year increase of 5.6%.

Sales volume of coke (10 thousand tonnes)	2011	2010	Percentage change %
Self-produced	210	217	-3.2
Of which: Metallurgical coke	177	176	0.6
Foundry coke	33	41	-19.5
Proprietary and agency	48	42	14.3
Total	258	259	-0.4

During the reporting period, the Company produced 153,000 tonnes of methanol, representing a year-on-year increase of 11,000 tonnes.

- **Coal Mining Equipment Operations**

The Company's coal mining equipment operations continued to maintain a fast growth momentum in 2011. Total production value of coal mining equipment operations was RMB8.15 billion, representing a year-on-year increase of 13.8%. The production volume of coal mining equipment reached 359,000 tonnes, representing a year-on-year increase of 18.9%, of which 21,477 units (sets) were major coal mining equipment.

	Production value (RMB100 million)				
Coal mining equipment	**2011**	**2010**	**Percentage change %**	**Revenue in 2011 (RMB100 million)**	**Percentage of revenue of the coal mining equipment segment %**
Conveyor equipment	31.7	27.6	14.9	17.5	21.5
Support equipment	25.7	23.1	11.3	20.4	25.1
Road header	7.9	6.8	16.2	2.1	2.6
Shearer	7.2	6.1	18.0	4.7	5.8
Electric mining motor	9.0	8.0	12.5	7.2	8.9
Total	81.5	71.6	13.8	81.3	–

Note: Revenue refers to revenue before eliminator of inter-segmental sales and the total revenue refers to the total revenue of the coal mining equipment segment.

Product type	Percentage of sales of the product in the Company in 2011 %	Market share in 2011 %
Medium and high-end armoured face conveyors	61	65
Medium and high-end hydraulic roof supports	83	19
Medium and high-end shearers	68	30
Medium and high-end electric motors	60	68
Medium and high-end road headers and drilling machines	30	10

The Company's strategy in committing to cutting-edge technology has led the coal mining equipment industry towards a path of technological innovation. During the reporting period, the Company assumed the responsibility to undertake a research task on the development of the coal mining equipment industry in the PRC during the "Twelfth Five-Year Plan" period and established the first National Energy Coal Mining Equipment R&D (Laboratory) Centre in China. Science awards on national, provincial and ministerial levels were granted to the Company in recognition of its accomplishment in a number of research projects. The Company also undertook a number of major national projects and gained remarkable achievements.

The Company enhanced its ability to manufacture the entire set of coal mining equipment and stepped up quality control, thereby increased its brand recognition and reputation in the market. The Company's major products were unrivaled in terms of market share. The Company also improved its after-sale services and strived to extend the value chain of products. Overall efficiency was further increased and the gross margin of the major coal mining equipment was raised as compared to 2010.

- **Other Operations**

In 2011, the production volume of the Company's primary aluminum was 110,000 tonnes, which was basically the same as 2010. Electricity generated was 4.27 billion Kwh, representing a year-on-year decrease of 7.0%.

II. Industry Trend in 2012

(I) Coal Demand

Currently, the global economy is facing more uncertainties. While the Chinese economy can still maintain a steady and relatively fast growth, the momentum is inevitably gearing down. The slowing economic growth will directly affect the coal demand of industries such as electricity, cement, building materials and metallurgy. Moreover, the Chinese government will proactively adjust the industrial structure and urge energy saving and emission reduction, causing a drop in energy consumption to a certain extent. It is expected that the growth rate of domestic coal demand for 2012 will gear down and the pressure on business operations will be significantly increased.

(II) Coal Supply

The raw coal production volume of China in 2011 was 3.52 billion tonnes. 2012 is the year when the industry's newly developed production capacity will be released. It is expected that the production volume of Shanxi and Inner Mongolia will grow by over 100 million tonnes respectively, while the coal production volume in provinces such as Henan will resume normal as the integration of coal mines completes. Meanwhile, the opening of several high speed railway lines such as Beijing-Shanghai High-Speed Railway released some of the transportation capacity of the previous routes. Coal supply in the PRC is expected to increase further.

(III) Railway Transportation Capacity

Currently, the transportation capacity of two of the three major railways for transporting coal is almost saturated. In 2011, Daqin Railway Line and Houyue Railway Line either reached or exceeded the designed capacity, with limited space for expansion. Although Shuohuang Railway Line had some space for expansion, it did not contribute much for 2011. Given the current transportation capacity, it is expected that railway transportation capacity in 2012 will still be the major bottleneck limiting the transportation of coal, particularly in the region of Northern Shanxi where the railway capacity for the transportation of coal is the most tight.

(IV) Coal Import and Export

Due to the robust domestic market demand and international and local coal price fluctuations in the past several years, coal export has been decreasing every year while import has been increasing. In 2011, net coal import in the PRC amounted to 168 million tonnes, representing a year-on-year increase of 15.2%. It is expected that the import volume in 2012 will remain high.

(V) Coal Prices

According to the relevant PRC regulations, and based on the contractual prices set at the beginning of 2011, the increase in the contractual prices of major thermal coal in 2012 shall not exceed 5%. Since 1 January, the ceiling FOBT price of thermal coal with calorific value of 5,500 kcal from Northern harbours shall not exceed RMB800 per tonne. The prices of other thermal coal with different calorific value shall be calculated based on the ceiling price set for 5,500 kcal. For the two sides of the thermal coal trade, the market trading price of thermal coal transported by railways and by roads shall not exceed the actual settlement price as at the end of April 2011. Based on an analysis of the market trend and the transportation capacity, it is more likely that during the peak seasons in 2012, the spot price will hover around the ceiling price set by the government.

III. Principal Production and Operation Activities of the Company in 2012

In 2012, the Company will adhere to annual production and operation goals, enhance coal production management, actively acquire more transportation capacity, optimise product structure and marketing efforts, strengthen corporate governance and improve business results, so as to ensure that all the operational missions set by the Board will be attained.

1. **Enhance production management to achieve the production goal set for 2012.** To live up to the standard of upgrading safe and highly-efficient mines, establish a motivation mechanism for safe and highly-efficient coal production and fulfill the six major system requirements of coal production, the Company will proactively promote economies of scale in production, modernisation in equipment, specialisation of professional teams and informatisation of management. In addition, the Company will endeavour to strengthen coal production technology management, continual management of mining and exploitation and fundamental coal quality control to ensure that the production goal set for 2012 can be achieved.

2. **Strengthen the coordination among coal production, transportation and sales to expand market share.** The Company will enhance the communication and cooperation with the railway authorities, coordinate coal transportation in Northern Shanxi and strive to achieve beyond the goal of railway transportation for 2012. Meanwhile, the Company will proactively complete the product optimising support system to maximise sales profits of self-produced coal. The Company will also fully utilise the strength of a traditional trading enterprise to expand the source of external purchase and the scale of proprietary coal trading.

3. **Accelerate the preparation of projects to speed up construction progress.** Through speeding up project approval and acquisition of resources and fully prepared in exploration rights application, the Company will make all efforts to ensure early commencement of projects. Meanwhile, the Company will, while ensuring safety and quality, strengthen the management of construction projects to speed up the construction progress and improvement of coal mining technology to increase production capacity as soon as possible.

4. **Strive for safe production to eradicate large and serious accidents.** With safety measures gradually implemented and the "Ten Precautions" closely adhered to, the Company will start in-depth improvement and reform in mining technology and work safety. By adopting the most suitable measures, the Company is determined to eradicate large and serious accidents and limit minor accidents in order to establish a long-lasting safe production mechanism, strengthen the foundation of safety management and achieve "zero fatality".

5. **Excel in corporate foundation management to enhance operation quality and efficiency.** The Company will strengthen budget management. Through strict evaluation, supervision and implementation of budgets, the Company will ensure cost control and achievement of operation goal. Meanwhile, the Company will promote comprehensive risk management and internal control system to raise risk alert, response capacity and management standard. By enforcing fundamental management and enhancing the application of informatisation, the Company will develop its innovative corporate management.

6. **Strive for technological innovation to increase the momentum for innovation.** Integrating innovative resources and cooperating with production and research professionals will allow the Company to upgrade the standard of safe and highly-efficient modern mines for further promotion and application. The Company will proactively explore and implement energy-saving projects such as green mining and restoration of the natural habitat around mines; and a contingency system will also be established to remedy environmental incidents.

SIGNIFICANT EVENTS

(I) Share capital structure

As at 31 December 2011, 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	7,505,225,354	56.61
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	0.91
Total	13,258,663,400	100.00
Inclusive of shares held by China Coal Group and parties acting in concert with it	7,625,225,354	57.52

(II) Distribution of final dividends for 2010

The Company's 2010 profit distribution plan was considered and approved at the Company's 2010 annual general meeting held on 27 May 2011. Cash dividends of RMB2,072,693,400 were distributed to the shareholders of the Company, equal to 30% of the net profit attributable to the shareholders of the Company, which was RMB6,908,978,000 (the lower of post-tax profits in the financial statements prepared in accordance with PRC Accounting Standards of Business Enterprises and International Financial Reporting Standards). The distribution was 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 above final dividends were paid to the shareholders of the Company on 28 June 2011.

As at the date of this results announcement, the above final dividends for 2010 had been duly paid to the shareholders of the Company.

(III) Other Significant Events

1. Production Resumption of Wangjialing Coal Mine of China Coal Huajin Company

Resulting from the flooding accident on 28 March 2010, the completion of Wangjialing Coal Mine, which was owned and was being constructed by Huajin Company, a company also 50% owned by China Coal Energy, had to be postponed and the Company made corresponding information disclosure on the follow-up. During the reporting period, Wangjialing Coal Mine obtained and resumed construction pursuant to the Notice on Approval of Construction Resumption of Wangjialing Coal Mine (Lin Mei Gong Fa [2011] No. 447) issued by Linfen Coal Industry Bureau.

2. Production Suspension and Resumption of Coal Mine

On 16 September 2011, a flooding accident occurred in Yuanbaowan Coal Mine when integration and technological renovation works were being carried out. Yuanbaowan Coal Mine was owned by China Coal Jinhaiyang Company, a company affiliated with the Company's controlling shareholder, China Coal Group, and had been undergoing integration and technological renovation. After the flooding accident, Shanxi Provincial People's Government required that both China Coal Group's underground mines and the Company's five underground mines in Shanxi Province be suspended for rectification and shall not resume operation until they pass the relevant inspections by the local authorities. To draw a lesson from the accident and aiming to strengthen safety consciousness, the Company had made active efforts in identifying and eliminating hidden perils, through campaigns like "eliminating the flooding problem through prevention" and "one ventilation, three prevention", through control-focused major safety inspections, and through adopting effective measures to ensure production safety. By the end of the reporting period, the Company's five underground mines in Shanxi have resumed operation. The Company thinks that the short-term suspension for rectification will not have a huge impact on the production and operation of the Company.

3. Shareholding Increase in the Company by Controlling Shareholder

The Company's controlling shareholder China Coal Group has, since September 2011, increased its shareholding in A shares of the Company on several occasions, amounting to 23,581,580 shares during the reporting period, and after which China Coal Group held 7,505,225,354 A shares, accounting for 56.61% of the Company's total issued shares. China Coal Group undertook not to decrease its shareholding in the Company within 12 months from the date of the said increase.

4. Environmental protection

In May 2010, the Ministry of Environmental Protection of China issued the Circular on Examination Results after Environmental Protection Inspection on Listed Companies, which addressed the environmental issues in the relocation of China Coal and Coke Jiuxin Limited (a subsidiary of the Company) in Lingshi. The Company attached great importance to the issues on the relocation of China Coal and Coke Jiuxin Limited and took initiatives to communicate and negotiate with local government and villagers. Currently, the issue is being addressed in a proactive manner.

EMPLOYEES

As at 31 December 2011, the Group had 54,948 employees in total (2010: 56,013 employees in total).

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company was dedicated in enhancing the quality of its corporate governance. As at 31 December 2011, 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 2011.

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 2011. The Company, following a specific enquiry conducted by the Company, confirmed that all Directors had complied with the Model Code throughout 2011.

REMUNERATION OF DIRECTORS AND SUPERVISORS

For the year ended 31 December 2011, 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 and is subject to approval by the Board and shareholders at the forthcoming annual general meeting. To determine the remuneration package, the remuneration committee and the Board will take into consideration a number of factors, such as directors' duties, responsibilities and performance as well as the operating results of the Group and so on.

DIVIDENDS AND DISTRIBUTABLE PROFITS, CLOSURE OF SHARE REGISTER

On 27 March 2012, pursuant to the relevant PRC laws and regulations, the Board recommended the payment of cash dividends of RMB2,851,145,100 to shareholders of the Company, representing 30% of the net profits attributable to shareholders of the Company for the year ended 31 December 2011, which amounted to RMB9,503,817,000 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 RMB0.215 per share (inclusive of tax). Should the proposed profits distribution plan be approved by the Shareholders at the 2011 annual general meeting by passing an ordinary resolution, a final dividend will be distributed to the H Shareholders whose names appear on the Company's H Share register of members on 31 May 2012.

Pursuant to the Enterprise Income Tax Law of the People's Republic of China which came into effect on 1 January 2008 and its implementing rules and other relevant rules, the Company is required to withhold enterprise income tax at a rate of 10% before distributing the final dividend to non-resident enterprise Shareholders whose names appear on the Company's H Share register of members. Any shares registered in the name of the non-individual registered Shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organisations, will be treated as being held by non-resident enterprise shareholders and therefore an enterprise income tax shall be withheld for their dividends receivables.

Pursuant to The Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 issued by the State Administration of Taxation on 28 June 2011, the dividend received by the overseas resident individual Shareholders from the stocks issued by domestic non-foreign invested enterprises in Hong Kong is subject to individual income tax at a rate of 10% in general. However, the tax rates for respective overseas resident individual Shareholders may vary, depending on the relevant tax agreements between those countries where the overseas resident individual Shareholders reside and China. Pursuant to the abovementioned notice, the Company will withhold 10% of the final dividend as individual income tax unless otherwise required by the relevant tax agreements, tax treaties or notices, while distributing the final dividend to the H Shareholders whose names appear on the Company's H Share register of members on 31 May 2012.

The 2011 annual general meeting will be convened by the Company on 25 May 2012. The share register of the Company will be closed from 25 April 2012 to 25 May 2012 (both days inclusive). In order to qualify for attending and voting at the annual general meeting, holders of H Shares of the Company should, no later than 4:30 p.m. on 24 April 2012, submit all the transfer documents to 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, Wanchai, Hong Kong.

The share register of the Company will be closed from 31 May 2012 to 4 June 2012 (both days inclusive). In order to qualify for receiving dividend, holders of H Shares of the Company should, no later than 4:30 p.m. on 30 May 2012, submit all the transfer documents to 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, Wanchai, Hong Kong.

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 2011, which, among other things, will set out the record date and ex-rights date of dividend distribution for A Shares.

As of 31 December 2011, no arrangement was reached pursuant to which the shareholders waived or agreed to waive their dividends.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE GROUP

For the year ended 31 December 2011, 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 Share issuance of the Company amounted to RMB14.466 billion. For the year ended 31 December 2009, all net proceeds were used in the way disclosed in the prospectus of H Shares. As at 31 December 2011, among the many investment projects funded by the H Share proceeds, Antaibao underground mine and Heilongjiang methanol project (with a production capacity of 250,000 tonnes/year) were completed and put into operation, and began to generate revenue, and Pingshuo East Open Pit Mine has realised open pit mining and on-load trial operation in coal preparation plant, with raw coal output of 2.00 million tonnes for 2011.

AUDITORS

The Company has appointed PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian as its international and domestic auditor, respectively, for the year ended 31 December 2011. The financial statements 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 2011 annual report of the Company will set out all information disclosed in the annual results announcement for 2011 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 2012.

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
Huajin Company	Huajin Coking Coal Company Limited
China Coal Jinhaiyang Company	China Coal Group Shanxi Jinhaiyang Energy Co., Limited
China Coal Longhua Company	China Coal Heilongjiang Coal Chemical Engineering (Group) Company., Limited
China Coal Huajin Company	Shanxi China Coal Huajin Energy Co., Ltd. （山西中煤華晉能源有限責任公司）
Shanxi Coking Coal Group	Shanxi Coking Coal Group Co., Ltd.
CSRC	China Securities Regulatory Commission
HKSE	The Stock Exchange of Hong Kong Limited
SSE	the Shanghai Stock Exchange
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
PricewaterhouseCoopers Zhong Tian	PricewaterhouseCoopers Zhong Tian CPAs Limited Company
Xiaohuigou Coal	Shanxi Xiaohuigou Coal Industry 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
Datang Corporation	China Datang Corporation
China Power International	China Power International Development Limited
Shuozhong Company	Shuozhou China Coal Pingshuo Energy Company Limited
Dazhong Company	Datong China Coal Export Base Development Company Limited
Yuan	RMB yuan

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

Beijing, the PRC, 27 March 2012

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*