中国中煤能源股份有限公司
CHINA COAL ENERGY COMPANY LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code : 01898

Interim Report 2013

Note: In this report, unless otherwise indicated, all financial indicators are presented in RMB.

Contents

Overview of Key Business Data

Items	January to June 2013	January to June 2012 (Restated)	Change (%)
(1) Coal operations (10 thousand tonnes)			
Production volume of commercial coal	**5,884**	5,592	5.2
Sales volume of commercial coal	**7,517**	7,277	3.3
Of which: Sales volume of self-produced commercial coal	**5,629**	5,443	3.4
(2) Coking operations (10 thousand tonnes)			
Production volume of coke	**92**	92	0.0
Sales volume of coke	**120**	119	0.8
Of which: Sales volume of self-produced coke	**91**	90	1.1
Production volume of methanol	**5.8**	6.5	-10.8
Sales volume of methanol	**6.8**	9.4	-27.7
Production volume of urea	**5.0**	☆	-
Sales volume of urea	**1.2**	☆	-
(3) Coal mining equipment operations			
Production value of coal mining equipment (RMB 100 million)	**33.3**	46.5	-28.4
Sales volume of coal mining equipment (10 thousand tonnes)	**16.2**	19.5	-16.9

Note: 1. In the second half of 2012, the Group acquired the 80% equity interest in Tang Shan Gou Company from Import and Export Company, a subsidiary of China Coal Group. The relevant data for the comparative period have been restated (same as below).

2. The Group was also responsible for the sale of all methanol produced by Heilongjiang Coal Chemical Group, a subsidiary of China Coal Group.

3. The Group's coke oven gas produced fertiliser project in Lingshi of Shanxi was transferred to fixed asset at the end of May 2013. The sales volume of urea for the reporting period comprises the data for June only.

4. ☆: N/A for the period (same as below).

Commercial Coal Production (10 thousand tonnes)	January to June 2013	January to June 2012 (Restated)	Change (%)
Pingshuo Company	**4,501**	4,439	1.4
Shanghai Energy Company	**404**	390	3.6
China Coal Huajin Company	**301**	13	2,215.4
Dongpo Company	**349**	415	-15.9
Nanliang Company	**104**	72	44.4
Tang Shan Gou Company	**66**	68	-2.9
Shuozhong Company	**264**	334	-21.0
Dazhong Company	**151**	204	-26.0
Shaanxi Company	**69**	5	1,280.0
Total	**5,884**	5,592	5.2

Note: 1. 3.25 million tonnes were eliminated from the total commercial coal production volume for January to June 2013 due to intra-group transactions, while 3.48 million tonnes were eliminated for January to June 2012.

2. As Hecaogou Coal Mine has not been consolidated into the Company, the commercial coal production volume of Shaanxi Company was calculated based on management statistics.

Production value of coal mining equipment (RMB 100 million)	**January to June 2013**	January to June 2012	Change (%)
Conveyor equipment	**13.2**	17.6	-25.0
Support equipment	**9.9**	13.9	-28.8
Road header	**3.1**	4.5	-31.1
Shearer	**4.0**	5.0	-20.0
Electric mining motor	**3.1**	5.5	-43.6
Total	**33.3**	46.5	-28.4

Sales volume of commercial coal (10 thousand tonnes)			**January to June 2013**	January to June 2012 (Restated)	Change (%)
(1)	**Domestic sales of self-produced coal**		**5,603**	5,404	3.7
	By region:	North China	**2,974**	2,115	40.6
		East China	**2,024**	2,266	-10.7
		South China	**605**	995	-39.2
		Others	☆	28	–
	By coal type:	Thermal coal	**5,321**	5,401	-1.5
		Coking coal	**282**	3	9,300.0
	By contract:	Long-term contract	**3,327**	2,352	41.5
		Spot trading	**2,276**	3,052	-25.4
(2)	**Self-produced coal export**		**26**	39	-33.3
	By region:	Taiwan, China	**26**	7	271.4
		Japan	☆	32	–
	By coal type:	Thermal coal	**26**	39	-33.3
		Coking coal	☆	☆	-
	By contract:	Long-term contract	**26**	39	-33.3
		Spot trading	☆	☆	-
(3)	**Proprietary trading**		**1,709**	1,665	2.6
	Of which:	Domestic resale	**1,639**	1,441	13.7
		Self-operated exports	**2**	2	0.0
		Import trading	**54**	217	-75.1
		Transshipment trading	**14**	5	180.0
(4)	**Import & export agency sales**		**179**	169	5.9
	Of which:	Import agency	**77**	41	87.8
		Export agency	**102**	128	-20.3
Total			**7,517**	7,277	3.3

Overview of Key Financial Data

Summary of consolidated balance sheet

Unit: RMB 100 million

Items		As at 30 June 2013	As at 31 December 2012	Percentage change (%)	Notes to financial statements
Assets		**1,936.58**	1,856.87	4.3	
Of which:	Property, plant and equipment	**955.41**	855.10	11.7	Note 7
	Mining and exploration rights	**322.13**	324.79	-0.8	Note 8
	Investment in associates	**90.91**	84.84	7.2	
	Inventories	**73.16**	66.97	9.2	Note 10
	Trade and notes receivables	**133.96**	113.94	17.6	Note 11
	Term deposits with initial terms of over 3 months	**86.27**	94.71	-8.9	Note 13
	Cash and cash equivalents	**84.83**	132.22	-35.8	Note 13
Equity		**1,022.15**	1,014.20	0.8	
Of which:	Equity attributable to the equity holders of the Company	**871.35**	867.26	0.5	
	Non-controlling interests	**150.80**	146.94	2.6	
Liabilities		**914.43**	842.67	8.5	
Of which:	Long-term borrowings	**250.74**	201.71	24.3	Note 15
	Long-term bonds	**199.35**	199.06	0.1	Note 16
	Provision for close down, restoration and environmental costs	**11.86**	11.74	1.0	Note 20
	Trade and notes payables	**178.64**	161.02	10.9	Note 18
	Short-term borrowings	**65.47**	51.30	27.6	Note 15

Summary of consolidated income statement

Unit: RMB 100 million

Items	For the six months ended 30 June 2013	For the six months ended 30 June 2012 (Restated)	Percentage change (%)	Notes to financial statements
Revenue	**403.98**	457.20	-11.6	Note 6
Cost of sales	**331.61**	360.93	-8.1	
Gross profit	**72.37**	96.27	-24.8	
Profit from operations	**52.21**	73.27	-28.7	
Profit before income tax	**52.06**	73.62	-29.3	
Profit for the period	**38.99**	55.25	-29.4	
Profit attributable to the equity holders of the Company	**32.21**	51.82	-37.8	
Basic earnings per share attributable to the equity holders of the Company (RMB/Share)	**0.24**	0.39	-38.5	

Summary of the operating results of the segments (for the six months ended 30 June 2013 and as at 30 June 2013)

Unit: RMB 100 million

Items	Coal operations	Coking operations	Coal mining equipment operations	Other operations	Non-operating segments	Elimination	Total
Revenue	335.12	19.47	39.30	17.85	–	-7.76	403.98
Of which: Revenue from external sales	333.73	19.47	36.63	14.15	–	–	403.98
Profit from operations	50.70	-0.02	3.23	0.16	-1.86	–	52.21
Profit before income tax	48.47	-0.15	3.22	-0.07	0.59	–	52.06
Assets	972.74	299.91	152.82	88.26	466.39	-43.54	1,936.58
Liabilities	346.44	93.82	53.96	48.39	408.82	-37.00	914.43

Summary of consolidated cash flow statement

Unit: RMB 100 million

Items	**For the six months ended 30 June 2013**	For the six months ended 30 June 2012 (Restated)
Net cash generated from operating activities	**31.32**	41.82
Net cash used in investing activities	**-112.36**	-122.76
Net cash generated from financing activities	**33.70**	19.73
Net decrease in cash and cash equivalents	**-47.34**	-61.21
Cash and cash equivalents at the beginning of the period	**132.22**	209.48
Net foreign exchange losses	**-0.05**	–
Cash and cash equivalents at the end of the period	**84.83**	148.27

Reconciliation of profit before tax to net cash generated from operations

Unit: RMB 100 million

Items	**For the six months ended 30 June 2013**	For the six months ended 30 June 2012 (Restated)
Profit before tax	**52.06**	73.62
Adjustments for		
Depreciation and amortisation	**27.78**	21.86
Losses from disposal of property, plant and equipment	**0.03**	0.09
Provision for impairment of available-for-sale financial assets, receivables, inventories and property, plant and equipment	**0.40**	1.86
Share of profits of associates and jointly controlled entities	**-1.41**	-2.08
Net foreign exchange gains	**-1.04**	-0.17
Interest and dividend income	**-3.01**	-4.28
Interest expense	**5.53**	6.10
Changes in working capital	**-18.45**	-32.14
Decrease in provision for employee benefits	**-0.32**	-0.05
(Decrease)/increase in provision for close down, restoration and environmental costs	**-0.08**	0.27
Net cash generated from operating activities	**61.49**	65.08

Chairman's Statement

Dear Shareholders,

The grim world economy showed few fundamental improvements in the first half of 2013, as witnessed by the slow recovery course in the United States and other developed economies coupled with the lingering depression in the Eurozone. The international coal market experienced a slowdown in demand, leading to an oversupply and the declining coal prices. In China, the structural contradictions were

Chairman Wang An

still apparent and the domestic economy, albeit with a continued stable growth, slowed down its momentum notably. The domestic coal market remained sufficient in overall supply with disproportionable surplus, mainly attributable to the gradual commissioning of new coal production capacities, increasing coal imports and slower growth in demand from major coal consuming sectors. The bloating total coal inventory and an unqualified downward trend of thermal coal prices resulted in a sharp decrease in profitability of coal enterprises amid substantially increased difficulties in operation.

In face of the challenging market, the Company exerted itself to tap on internal potentials, responding to market impacts proactively in the principle of "adjustment, improvement, enhancement and upgrading". During the first half of 2013, the Company produced 58.84 million tonnes of commercial coal, representing an increase of 5.2%, as a result of the balanced and efficient production on the back of the proven scale merit and intensive production strengths of its major coal mines. Taking efforts in building up a safety-assured enterprise with safe and efficient mines, the Company set a new record in coal production safety for 26 consecutive months. Sales volume of coal increased by 3.3% to 75.17 million tonnes, thanks to the strengthened coal quality management and optimised product mix to draw upon the Company's brand strengths under a realigned marketing strategy. With an aim at enhancing cost-effectiveness to improve profitability, the unit cost of sales of self-produced commercial coal and the selling, general and administrative expenses recorded decrease of 4.6% and 13.5% respectively as compared to the same period of 2012. The Company managed to improve the quality of operations and risk resistance capacity by promoting collaboration across its business segments, strengthening centralised management on core businesses, streamlining inefficient operations and eliminating backward production capacity. Despite the broader loss-making scope across the industry, the Company posted profit before income tax of RMB5.206 billion and maintained stable production and operation during the reporting period.

While seeking to stabilise its business performance, the Company accelerated its industrial layout and restructuring paces. Adhering to the concept of recycling economy, the Company explored a new road in a coal-based approach featuring efficient utilisation and low carbon to create new strengths for future development. New mines including Pingshuo East Open Pit Mine, Wangjialing and Hecaogou Coal Mine further increased utilisation of coal production capacity, while Xiaohuigou Coal Mine and other coal mines projects expedited their construction paces. New progress was made in coal conversion projects: the Yulin Methanol and Acetic Acid Deep Processing Project and the Mengda Engineering Plastics Project broke ground; the coke oven gas produced fertiliser project in Lingshi of Shanxi was expected to reach full capacity by the end of 2013; and the Tuke Fertiliser project was planned to complete the commissioning test run by the end of 2013. The power generation segment was promoted proactively, as demonstrated by the faster progress of the 2x660MW mine mouth coal gangue power generation model project in Pingshuo Mining Area. The new businesses and bases will greatly promote the synergy of the Company's relevant segments, laying a solid foundation for a globally competitive energy giant with more reasonable industrial layout and healthy growth in operating performance.

Currently, in spite of the short-term difficulties in a correction cycle, China's coal industry shall benefit from the following positive factors in the long run. Firstly, the PRC government is committed to upgrading China's economy based upon stabilised growth and optimised structure. The improving economic structure will be conducive for maintaining healthy economic growth and hence the continuous expansion in coal demand in the future. Secondly, according to China's resource endowments and energy consumption structure, coal will remain as one of the most important fundamental energy resources in a longer horizon, along with the persisted imbalance between short-term sufficient supply and long-term insufficiency as a whole. Thirdly, China is eager to cultivate new coal economic advantages by encouraging the construction of large-scale coal bases and conglomerates and increasing the industry concentration. The current market implies favourable acquisition and consolidation opportunities for large-scale coal enterprises with cost strength and strong background. As a leading player in domestic coal industry, China Coal Energy will uphold its philosophy of "rooted in coal operations for extension and breakthroughs" and leverage on its resource concentration pattern to build up two growth engines in Pingshuo and Inner Mongolia-Shaanxi, so as to create new cutting edge by formulating a scientific landscape. The Company will leverage on its pattern of industrial value chain to speed up industrial restructuring, including shifting the application of coal from fuel to both raw material and fuel and increasing the coal conversion ratio, to translate resource strength into economic advantage as soon as possible to foster new growth drivers. The Company will also leverage on the pattern of industrial cycle, capturing market consolidation opportunities to draw upon its strong market competitiveness in cost control, customer retention, product profitability and railway transportation capacity so as to create new advantages from transformation and upgrading. During the "Twelfth Five-year Plan" period, a string of projects with an aim at industrial chain extensions and structural adjustments will be expedited and expected to gradually generate income in the coming years. The second 100 million-tonne coal electricity chemical base is taking shape.

During the second half of 2013, the Company will keep a close eye on market evolution while enhancing the coordination among production, transportation and sales, refining management and speeding up project construction in order to improve the quality and efficiency of business operations. Focuses will be placed on the following aspects under the annual targets of production and operation:

– Reinforcing production organisation to expand coal production capacity. The Company will strengthen on-site management, continuously carry forward technical researches on complicated geological conditions, and tackle the technological bottlenecks restricting unit output and unit roadheading level in order to increase production efficiency.

– Aggressively exploring market to improve economic efficiency. With increasing marketing efforts, the Company will optimise customer management system and make timely adjustments to sales strategy in order to enhance its rapid market responsiveness.

– Strengthening coal quality management to sharpen the market competitive edge. The Company will improve its coal quality management by strengthening source management, continuing to promote coal quality forecast, exercising stricter coal production process control and standardising operational activities in coal production.

- Focusing on cost effectiveness to upgrade corporate management. With a comprehensive budgetary system for stricter control on unbudgeted expenditures, a number of initiatives will be introduced to ensure that the unit cost of sales of self-produced commercial coal shall stay within the budget target.

- Speeding up project construction for earlier commissioning and faster payback. While assigning the targets and responsibilities under well-paced investment schedules for better quality of project construction and utilisation of information technology, the Company will strengthen staff training to prepare for the commissioning of new production capacity, aiming to translate resource strength into development advantage as soon as possible.

Victory belongs to the team united by sharing common goals and weathering storms together. Facing difficult market environment and unprecedented operating pressure, the management and the whole staff of the Company will collaborate with each other in a courageous, confident and determined manner to go against the odds and forge through all difficulties with concerted efforts and endless vitality. We shall be committed to improving the operating performance and quality of development with an aim to realise the long-term goals of the Company.

Wang An
Chairman

Beijing, the PRC
20 August 2013

Management Discussion and Analysis
of Financial Conditions and Operating Results

The following discussion and analysis should be read in conjunction with the Group's reviewed financial statements and the notes thereto. The Group's interim financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

I. Overview

In the first half of 2013, the Group proactively addressed the grave situation in coal market by organising production scientifically, optimising product structure, adjusting marketing strategies in a timely manner and reinforcing the efforts to bring down costs and boost efficiency. As a result, costs remained under effective control. However, due to the decline of coal prices, for the six months ended 30 June 2013, the Group's total revenue (net of inter-segmental sales) amounted to RMB40.398 billion, representing a decrease of 11.6% as compared to the same period of 2012; profit before income tax amounted to RMB5.206 billion, representing a decrease of 29.3% as compared to the same period of 2012; profit attributable to the equity holders of the Company amounted to RMB3.221 billion, representing a decrease of 37.8% as compared to the same period of 2012; and basic earnings per share were RMB0.24, representing a decrease of RMB0.15 as compared to the same period of 2012.

Unit: RMB100 million

	For the six months ended 30 June 2013	For the six months ended 30 June 2012 (Restated)	Increase/ decrease	
			Increase/ decrease in amount	Increase/ decrease (%)
Revenue	**403.98**	457.20	-53.22	-11.6
Profit before income tax	**52.06**	73.62	-21.56	-29.3
EBITDA	**79.99**	95.13	-15.14	-15.9
Profit attributable to the equity holders of the Company	**32.21**	51.82	-19.61	-37.8
Net cash generated from operating activities	**31.32**	41.82	-10.50	-25.1

As at 30 June 2013, the gearing ratio (total interest-bearing debts/(total interest-bearing debts + equity)) of the Group was 34.1%, representing an increase of 2.6 percentage points from the beginning of 2013.

Unit: RMB100 million

	As at 30 June 2013	As at 31 December 2012	Increase/decrease	
			Increase/ decrease in amount	Increase/ decrease (%)
Assets	**1,936.58**	1,856.87	79.71	4.3
Liabilities	**914.43**	842.67	71.76	8.5
Interest-bearing debts	**529.33**	466.19	63.14	13.5
Equity	**1,022.15**	1,014.20	7.95	0.8
Equity attributable to the equity holders of the Company	**871.35**	867.26	4.09	0.5

II. Operating Results

(1) Consolidated Operating Results

1. Revenue

For the six months ended 30 June 2013, the Group's total revenue (net of inter-segmental sales) decreased from RMB45.720 billion for the six months ended 30 June 2012 to RMB40.398 billion, representing a decrease of 11.6%.

Changes in revenue net of inter-segmental sales from the Group's four operating segments of coal, coking, coal mining equipment and other operations for the six months ended 30 June 2013 in comparison with the six months ended 30 June 2012 are set out as follows:

Unit: RMB100 million

	Revenue net of inter-segmental sales			
			Increase/decrease	
	For the six months ended 30 June 2013	For the six months ended 30 June 2012 (Restated)	Increase/ decrease in amount	Increase/ decrease (%)
Coal operations	**333.73**	376.47	-42.74	-11.4
Coking operations	**19.47**	23.45	-3.98	-17.0
Coal mining equipment operations	**36.63**	39.76	-3.13	-7.9
Other operations	**14.15**	17.52	-3.37	-19.2
Total	**403.98**	457.20	-53.22	-11.6

The proportion of revenue net of inter-segmental sales generated by each operating segment of the Group for the six months ended 30 June 2013 and the six months ended 30 June 2012 in the Group's total revenue is set out as follows:

	Proportion of revenue net of inter-segmental sales		
	For the six months ended 30 June 2013 (%)	For the six months ended 30 June 2012 (Restated) (%)	Increase/ decrease (Percentage point)
Coal operations	**82.6**	82.3	0.3
Coking operations	**4.8**	5.1	-0.3
Coal mining equipment operations	**9.1**	8.7	0.4
Other operations	**3.5**	3.9	-0.4
Total	**100.0**	100.0	–

2. Cost of sales

For the six months ended 30 June 2013, the Group's cost of sales decreased from RMB36.093 billion for the six months ended 30 June 2012 to RMB33.161 billion, representing a decrease of 8.1%.

Material costs decreased from RMB19.851 billion for the six months ended 30 June 2012 to RMB16.361 billion, representing a decrease of 17.6%. The decrease was mainly attributable to the decrease in sales volume of proprietary coal purchased by the Group and the decrease in external purchase of raw coal for washing purpose as compared to the same period of 2012. In addition, the Group's further enhancement of the management of per unit consumption of materials in response to market changes and the decrease in per unit purchasing prices of some materials as compared to the same period of 2012 also led to a decrease in material costs.

Staff costs increased from RMB2.278 billion for the six months ended 30 June 2012 to RMB2.284 billion, representing an increase of 0.3%. The increase was mainly attributable to the commencement of operation of the Group's construction-in-progress projects during the reporting period, such as Wangjialing coal mine, which led to an increase in staff number on the payroll as expensed in costs. However, thanks to the salary adjustment linked with the Group's results and the on-going optimisation of staff salary strategies, the increase in costs as a result of additional number of staff was offset, thus effectively curbing the rise in labour cost.

Depreciation and amortisation expenses increased from RMB2.110 billion for the six months ended 30 June 2012 to RMB2.525 billion, representing an increase of 19.7%. The increase was mainly attributable to the transfer of the Group's construction-in-progress projects, such as Wangjialing coal mine, to fixed assets, and an increase in equipment and facilities purchased to satisfy the need in production and operation.

Repair and maintenance costs increased from RMB0.549 billion for the six months ended 30 June 2012 to RMB0.560 billion, representing an increase of 2.0%. During the reporting period, the Group's subsidiaries made full play to their own repair and maintenance capacities for the equipment used in production and operation despite the intensified operation of such equipment, and therefore the repair expenditures incurred remained stable.

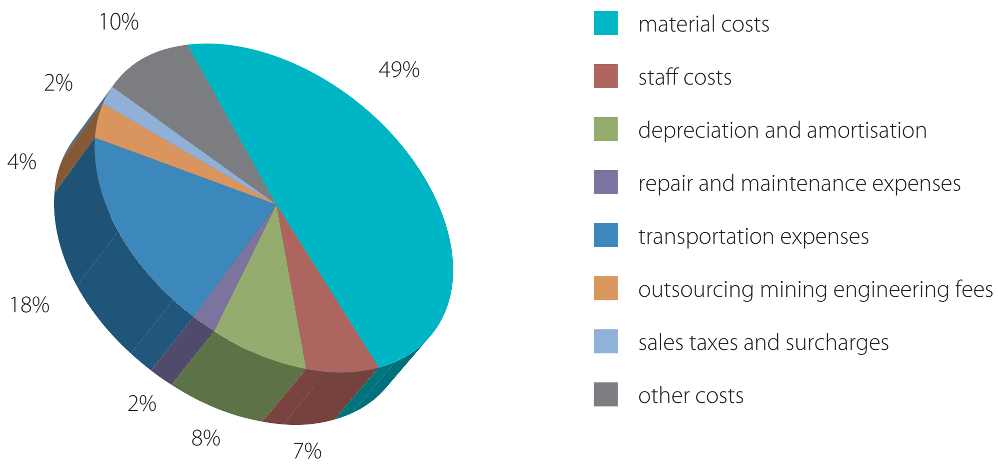
Transportation costs increased from RMB5.459 billion for the six months ended 30 June 2012 to RMB5.910 billion, representing an increase of 8.3%. The increase was mainly attributable to the combined effect of the increased tariff rate of cargo transport through certain railway routes as well as the increase in the sales of self-produced coal that bore transport costs in the Group's Pingshuo Mining Area as compared to the same period of 2012, resulting in the increase in transportation costs.

Outsourcing mining engineering fees for coal mines decreased from RMB1.623 billion for the six months ended 30 June 2012 to RMB1.500 billion, representing a decrease of 7.6%. The decrease was mainly attributable to the scientific arrangement of stripping and fully-mechanised mining projects in light of production schedules by the Group's coal producing subsidiaries as well as the strengthening of the management of outsourcing businesses.

Sales taxes and surcharges decreased from RMB0.722 billion for the six months ended 30 June 2012 to RMB0.654 billion, representing a decrease of 9.4%. The decrease was mainly attributable to the decrease in revenue from operation as compared to the same period of 2012.

Other costs decreased from RMB3.501 billion for the six months ended 30 June 2012 to RMB3.367 billion, representing a decrease of 3.8%. During the reporting period, the decrease was mainly attributable to the decrease in payment of water discharge fees levied on mining activities and mining resources compensation fee as compared to the same period of 2012. The decrease was also attributed to the decrease in the corresponding expenses as compared to the same period of 2012 due to the Group's enhanced management of small and medium engineering projects expenses in the normal course of business.

The proportion of each cost element item to the costs of operations is set out as follows:



3. Gross profit and gross profit margin

For the six months ended 30 June 2013, gross profit of the Group decreased from RMB9.627 billion for the six months ended 30 June 2012 to RMB7.237 billion, representing a decrease of 24.8%, and gross profit margin decreased from 21.1% for the six months ended 30 June 2012 to 17.9%, representing a decrease of 3.2 percentage points.

The gross profit and gross profit margin of the Group's each operating segment for the six months ended 30 June 2013 and for the six months ended 30 June 2012 are as follows:

Unit: RMB100 million

	Gross profit			**Gross profit margin(%)**		
	For the six months ended 30 June 2013	For the six months ended 30 June 2012 (Restated)	Increase/ decrease (%)	**For the six months ended 30 June 2013**	For the six months ended 30 June 2012 (Restated)	Increase/ decrease (Percentage point(s))
Coal operations	**62.71**	85.83	-26.9	**18.7**	22.7	-4.0
Self-produced commercial coal	**62.07**	83.78	-25.9	**25.2**	30.9	-5.7
Proprietary coal trading	**0.70**	1.60	-56.3	**0.8**	1.5	-0.7
Coking operations	**0.58**	0.01	–	**3.0**	0.04	2.96
Coal mining equipment operations	**7.89**	8.80	-10.3	**20.1**	19.4	0.7
Other operations	**1.24**	1.75	-29.1	**6.9**	8.5	-1.6
Group	**72.37**	96.27	-24.8	**17.9**	21.1	-3.2

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**

Revenue from the coal operations of the Group was mainly generated from sales of 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 six months ended 30 June 2013, the total revenue from coal operations of the Group decreased from RMB37.814 billion for the six months ended 30 June 2012 to RMB33.512 billion, representing a decrease of 11.4%; revenue net of other inter-segmental sales decreased from RMB37.647 billion for the six months ended 30 June 2012 to RMB33.373 billion, representing a decrease of 11.4%.

For the six months ended 30 June 2013, revenue from sales of self-produced commercial coal of the Group decreased from RMB27.087 billion for the six months ended 30 June 2012 to RMB24.672 billion, representing a decrease of 8.9%; revenue net of other inter-segmental sales decreased from RMB26.977 billion for the six months ended 30 June 2012 to RMB24.538 billion, representing a decrease of 9.0%. Revenue from sales of proprietary coal trading decreased from RMB10.489 billion for the six months ended 30 June 2012 to RMB8.650 billion, representing a decrease of 17.5%. Revenue from coal import and export agency services decreased from RMB24 million for the six months ended 30 June 2012 to RMB19 million, representing a decrease of 20.8%.

Changes in the Group's coal sales volume and selling price for the six months ended 30 June 2013 in comparison with the six months ended 30 June 2012 are set out as follows:

		For the six months ended 30 June 2013		For the six months ended 30 June 2012 (Restated)		Increase/decrease in amount		Increase/decrease	
		Sales volume (10,000 tonnes)	**Selling price (RMB/ tonne)**	Sales volume (10,000 tonnes)	Selling price (RMB/ tonne)	Sales volume (10,000 tonnes)	Selling price (RMB/ tonne)	Sales volume (%)	Selling price (%)
1. Self-produced commercial coal	**Total**	**5,629**	**436**	5,443	496	186	-60	3.4	-12.1
	(I) Thermal coal	**5,347**	**416**	5,440	496	-93	-80	-1.7	-16.1
	1. Domestic sale	**5,321**	**415**	5,401	494	-80	-79	-1.5	-16.0
	(1) Long-term contract	**3,327**	**434**	2,352	463	975	-29	41.5	-6.3
	(2) Spot trading	**1,994**	**383**	3,049	518	-1,055	-135	-34.6	-26.1
	2. Export	**26**	**624**	39	797	-13	-173	-33.3	-21.7
	(1) Long-term contract	**26**	**624**	39	797	-13	-173	-33.3	-21.7
	(2) Spot trading	☆	☆	☆	☆	–	–	–	–
	(II) Coking coal	**282**	**810**	3	812	279	-2	–	-0.2
	1. Domestic sale	**282**	**810**	3	812	279	-2	–	-0.2
	(1) Long-term contract	☆	☆	☆	☆	–	–	–	–
	(2) Spot trading	**282**	**810**	3	812	279	-2	–	-0.2
	2. Export	☆	☆	☆	☆	–	–	–	–
2. Proprietary coal trading	**Total**	**1,709**	**506**	1,665	630	44	-124	2.6	-19.7
	(I) Domestic resale	**1,639**	**503**	1,441	631	198	-128	13.7	-20.3
	(II) Self-operated exports	**2***	**2,245**	2*	3,144	–	-899	–	-28.6
	(III) Import trading	**54**	**539**	217	599	-163	-60	-75.1	-10.0
	(IV) Transshipment trading	**14**	**551**	5	1,056	9	-505	180.0	-47.8
3. Import and export agency★	**Total**	**179**	**10**	169	14	10	-4	5.9	-28.6
	(I) Import agency	**77**	**11**	41	6	36	5	87.8	83.3
	(II) Export agency	**102**	**10**	128	17	-26	-7	-20.3	-41.2

★ Selling price is agency service fee

* Briquette export

- **Cost of sales**

For the six months ended 30 June 2013, cost of sales for the Group's coal operations decreased from RMB29.231 billion for the six months ended 30 June 2012 to RMB27.241 billion, representing a decrease of 6.8%. Changes in the major cost items are set out as follows:

Unit: RMB100 million

Items	For the six months ended 30 June 2013	Percentage (%)	For the six months ended 30 June 2012 (Restated)	Percentage (%)	Increase/ decrease in amount	Increase/ decrease (%)
Material costs (excluding cost of external purchase of raw coal for washing purpose and proprietary coal trading cost)	**28.06**	**10.3**	30.11	10.3	-2.05	-6.8
Cost of external purchase of raw coal for washing purpose	**6.42**	**2.4**	12.02	4.1	-5.60	-46.6
Proprietary coal trading cost	**85.20**	**31.3**	103.29	35.3	-18.09	-17.5
Staff costs	**17.22**	**6.3**	16.91	5.8	0.31	1.8
Depreciation and amortisation	**22.06**	**8.1**	17.77	6.1	4.29	24.1
Repairs and maintenance	**5.19**	**1.9**	5.07	1.7	0.12	2.4
Transportation costs	**56.78**	**20.8**	52.64	18.0	4.14	7.9
Coal sustainable development fund (reserve)	**10.94**	**4.0**	10.48	3.6	0.46	4.4
Outsourcing mining engineering fees	**15.00**	**5.5**	16.23	5.6	-1.23	-7.6
Sales taxes and surcharges	**6.21**	**2.3**	6.60	2.3	-0.39	-5.9
Other costs*	**19.33**	**7.1**	21.19	7.2	-1.86	-8.8
Total costs of sales for coal operations	**272.41**	**100.0**	292.31	100.0	-19.90	-6.8

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

For the six months ended 30 June 2013, the Group's cost of sales of self-produced commercial coal was RMB18.465 billion, representing a decrease of RMB244 million or 1.3% over the same period of 2012. The unit cost of sales of self-produced commercial coal was RMB328.09/tonne, representing a decrease of RMB15.64/tonne or 4.6% over the same period of 2012.

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

Unit: RMB/tonne

Items	**For the six months ended 30 June 2013**	**Percentage (%)**	For the six months ended 30 June 2012 (Restated)	Percentage (%)	Increase/ decrease in amount	Increase/ decrease (%)
Material costs (excluding the cost of external purchase of raw coal for washing purpose)	**49.87**	**15.2**	55.33	16.1	-5.46	-9.9
Cost of external purchase of raw coal for washing purpose	**11.41**	**3.5**	22.08	6.4	-10.67	-48.3
Staff costs	**30.60**	**9.3**	31.06	9.0	-0.46	-1.5
Depreciation and amortisation	**39.19**	**12.0**	32.72	9.5	6.47	19.8
Repairs and maintenance	**9.23**	**2.8**	9.31	2.7	-0.08	-0.9
Transportation costs	**99.83**	**30.4**	96.72	28.1	3.11	3.2
Sales taxes and surcharges	**11.03**	**3.4**	12.23	3.6	-1.20	-9.8
Coal sustainable development fund (reserve)	**19.44**	**5.9**	19.26	5.6	0.18	0.9
Outsourcing mining engineering fees	**26.65**	**8.1**	29.83	8.7	-3.18	-10.7
Other costs	**30.84**	**9.4**	35.19	10.3	-4.35	-12.4
Total unit cost of sales of self-produced commercial coal	**328.09**	**100.0**	343.73	100.0	-15.64	-4.6

The decrease in the Group's unit cost of sales of self-produced commercial coal for the six months ended 30 June 2013 as compared to the same period of 2012 was mainly attributable to:

Unit material cost decreased by RMB5.46/tonne as compared to the same period of 2012. The decrease was mainly attributable to stepped-up management of unit consumption of materials and enhancement of obsolete materials repair and waste reuse, as well as decreased procurement prices for some of the materials as compared to the same period of 2012.

Unit cost of external purchase of raw coal for washing purpose decreased by RMB10.67/tonne as compared to the same period of 2012. The decrease was mainly attributable to the decrease in the procurement volume of external purchase of raw coal for washing purpose and the procurement price of raw coal during the reporting period, which led to the decrease in cost of external purchase of raw coal for washing purpose.

Unit depreciation and amortisation cost increased by RMB6.47/tonne as compared to the same period of 2012. The increase was mainly attributable to the transfer of the Group's construction projects such as Wangjialing coal mine to fixed assets during the reporting period and continuous procurement of equipment, which led to the increase in depreciation cost.

Unit transportation cost increased by RMB3.11/tonne as compared to the same period of 2012. The increase was mainly attributable to the combined effect of the increased tariff rate of cargo transport through certain railway routes since May 2012 and February 2013 respectively and the increase in the sales of the self-produced coal that bore transport costs in the Group's Pingshuo Mining Area as compared to the same period of 2012, resulting in the increase in transportation costs.

Unit outsourcing mining engineering fees decreased by RMB3.18/tonne as compared to the same period of 2012. The decrease was mainly attributable to the scientific arrangement of stripping and fully-mechanised mining projects in light of production schedules by the Group's coal producing subsidiaries as well as the strengthening of the management of outsourcing businesses, which led to the decrease in unit outsourcing mining engineering fee as compared to the same period of 2012.

Unit other costs decreased by RMB4.35/tonne as compared to the same period of 2012. During the reporting period, the decrease was mainly attributable to the decrease in payment of water discharge fees levied on mining activities and mining resources compensation fee as compared to the same period of 2012. The decrease was also attributed to the decrease in the corresponding expenses as compared to the same period of 2012 due to the Group's enhanced management of small and medium engineering projects expenses in the normal course of business.

- **Gross profit and gross profit margin**

For the six months ended 30 June 2013, gross profit of the Group's coal operations segment decreased from RMB8.583 billion for the six months ended 30 June 2012 to RMB6.271 billion, representing a decrease of 26.9%, and gross profit margin decreased by 4.0 percentage points from 22.7% for the six months ended 30 June 2012 to 18.7%, which was mainly attributable to a decrease in gross profit margin of coal segment as a result of a significant decrease in coal selling price as compared to the same period of 2012 due to coal market conditions.

2. *Coking Segment*

- **Revenue**

For the six months ended 30 June 2013, the Group's revenue from coking operations decreased from RMB2.345 billion for the six months ended 30 June 2012 to RMB1.947 billion (generated entirely from revenue of external sales), representing a decrease of 17.0%. This was mainly due to a reduction in the weighted average selling price of coke as compared to the same period of 2012.

The revenue from coke sales of the Group for the six months ended 30 June 2013 was RMB1.532 billion, representing a decrease of RMB371 million as compared to the same period of 2012.

Changes in the sales volume and selling price of coke of the Group for the six months ended 30 June 2013 and for the six months ended 30 June 2012 are set out in the table below:

	For the six months ended 30 June 2013		For the six months ended 30 June 2012		Increase/decrease in amount		Increase/decrease	
	Sales volume (10,000 tonnes)	**Selling price (RMB/ tonne)**	Sales volume (10,000 tonnes)	Selling price (RMB/ tonne)	Sales volume (10,000 tonnes)	Selling price (RMB/ tonne)	Sales volume (%)	Selling price (%)
Self-produced	**90.8**	**1,256**	90.2	1,601	0.6	-345	0.7	-21.5
Domestic sales	**90.8**	**1,256**	90.2	1,601	0.6	-345	0.7	-21.5
Exports	☆	☆	☆	☆	–	–	–	–
Proprietary trading	**28.3**	**1,382**	27.5	1,663	0.8	-281	2.9	-16.9
Domestic sales	**25.7**	**1,404**	27.2	1,659	-1.5	-255	-5.5	-15.4
Exports	**2.6**	**1,166**	0.3	2,004	2.3	-838	766.7	-41.8
Export agency*	**0.6**	**13**	1.5	20	-0.9	-7	-60.0	-35.0

*: Selling price is agency service fee

For the six months ended 30 June 2013, the Group's revenue from sales of chemical products including methanol, coal tar, crude benzol, urea etc. in the coking operations of the Group (in addition to coke sales) amounted to RMB415 million, representing a decrease of RMB27 million as compared to the same period of 2012. Among the sales, the sales volume of self-produced methanol of China Coal Heilongjiang Coal Chemical Company Limited of the Group amounted to 42.4 thousand tonnes. In addition, all methanol products produced by Heilongjiang Coal Chemical Group, a subsidiary of the China Coal Group, were sold externally via the Company, which increased the sales volume of methanol by 25.3 thousand tonnes. For the six months ended 30 June 2013, the Group's total sales volume of methanol amounted to 67.7 thousand tonnes with weighted average selling price of RMB2,049/tonne, achieving operating revenue of RMB139 million.

- **Cost of sales**

For the six months ended 30 June 2013, the Group's cost of sales for coking operations decreased from RMB2.344 billion for the six months ended 30 June 2012 to RMB1.889 billion, representing a decrease of 19.4%. The details are as follows:

Unit: RMB100 million

Items	For the six months ended 30 June 2013	For the six months ended 30 June 2012	Increase/ decrease in amount	Increase/ decrease (%)
Material costs	**15.87**	20.64	-4.77	-23.1
Staff costs	**0.37**	0.32	0.05	15.6
Depreciation and amortisation	**0.70**	0.79	-0.09	-11.4
Repair expenses	**0.14**	0.08	0.06	75.0
Transportation costs	**1.66**	1.42	0.24	16.9
Sales taxes and surcharges	**0.04**	0.10	-0.06	-60.0
Other costs	**0.11**	0.09	0.02	22.2
Total costs of coking operations	**18.89**	23.44	-4.55	-19.4

- **Gross profit and gross profit margin**

For the six months ended 30 June 2013, the gross profit of the Group's coking operations increased by RMB57 million from RMB1 million for the six months ended 30 June 2012 to RMB58 million, and the gross profit margin increased from 0.04% for the six months ended 30 June 2012 to 3.0%, representing an increase of 2.96 percentage points. This was mainly due to a continued decrease in the price of coal, resulting in a decrease in the purchase price of feed coal as compared to the same period of 2012. Since the decrease in costs was higher than the decrease in revenues, the gross profit margin of the coking operations increased as compared to the same period of 2012.

3. Coal mining equipment segment

- **Revenue**

For the six months ended 30 June 2013, the Group's revenue from the coal mining equipment operations decreased from RMB4.532 billion for the six months ended 30 June 2012 to RMB3.930 billion, representing a decrease of 13.3%, of which the revenue net of other inter-segmental sales decreased from RMB3.976 billion for the six months ended 30 June 2012 to RMB3.663 billion, representing a decrease of 7.9%. The decrease was mainly attributable to a decrease in the sales volume of products as compared to the same period of 2012.

- **Cost of sales**

For the six months ended 30 June 2013, the Company's cost of sales for the coal mining equipment operations decreased from RMB3.652 billion for the six months ended 30 June 2012 to RMB3.141 billion, representing a decrease of 14.0%. The decrease was mainly attributable to a decrease in the sales volume of major products as compared to the same period of 2012, and a decrease in the unit cost of products such as armoured face conveyors and hydraulic roof supports as compared to the same period of 2012 to further strengthen the cost control in response to market changes. The details are as follows:

Unit: RMB100 million

Items	For the six months ended 30 June 2013	For the six months ended 30 June 2012	Increase/ decrease in amount	Increase/ decrease (%)
Material costs	**25.49**	30.41	-4.92	-16.2
Staff costs	**3.09**	3.42	-0.33	-9.6
Depreciation and amortisation	**0.49**	0.46	0.03	6.5
Repair expenses	**0.18**	0.25	-0.07	-28.0
Transportation costs	**0.60**	0.63	-0.03	-4.8
Sales taxes and surcharges	**0.16**	0.37	-0.21	-56.8
Other costs	**1.40**	0.98	0.42	42.9
Total costs of coal mining equipment operations	**31.41**	36.52	-5.11	-14.0

- **Gross profit and gross profit margin**

For the six months ended 30 June 2013, the gross profit of the Group's coal mining equipment operations segment decreased from RMB880 million for the six months ended 30 June 2012 to RMB789 million, representing a decrease of 10.3%, and the gross profit margin increased from 19.4% for the six months ended 30 June 2012 to 20.1%, representing an increase of 0.7 percentage point. This was mainly due to further strengthening of cost control and an increase in the sales of high-end products and accessories with higher gross profit margins as compared to the same period of 2012.

4. Other operating segments

For the six months ended 30 June 2013, the Group's revenue from other operating segments decreased from RMB2.058 billion for the six months ended 30 June 2012 to RMB1.785 billion, representing a decrease of 13.3%, of which the revenue net of other inter-segmental sales decreased from RMB1.752 billion for the six months ended 30 June 2012 to RMB1.415 billion, representing a decrease of 19.2%. Cost of operations decreased from RMB1.883 billion for the six months ended 30 June 2012 to RMB1.661 billion, representing a decrease of 11.8%. Gross profit decreased by 29.1% from RMB175 million for the six months ended 30 June 2012 to RMB124 million, and gross profit margin decreased from 8.5% for the six months ended 30 June 2012 to 6.9%, representing a decrease of 1.6 percentage points.

(3) Selling, general and administrative expenses

For the six months ended 30 June 2013, the Group's selling, general and administrative expenses decreased from RMB2.352 billion for the six months ended 30 June 2012 to RMB2.035 billion, representing a decrease of 13.5%. This was mainly attributed to a decrease of RMB151 million in provision for impairment of assets and a decrease of RMB34 million in stamp duty and other taxes as compared to the same period of 2012. Besides, the selling, general and administrative expenses decreased as compared to the same period of 2012 due to the decreased controllable costs and expenses under the further strengthened cost control of the Group.

(4) Other net gains

For the six months ended 30 June 2013, the other net gains of the Group decreased from RMB47 million for the six months ended 30 June 2012 to RMB16 million, representing a decrease of 66.0%. This was mainly attributable to a decrease in the transfer of unpaid payables from subsidiaries of the Group as compared to the same period of 2012.

(5) Profit from operations

For the six months ended 30 June 2013, the Group's profit from operations decreased from RMB7.327 billion for the six months ended 30 June 2012 to RMB5.221 billion, representing a decrease of 28.7%. Changes in profit from operations for each operating segment are as follows:

Unit: RMB100 million

Items		**For the six months ended 30 June 2013**	For the six months ended 30 June 2012 (Restated)	Increase/ decrease in amount	Increase/ decrease (%)
The Group		**52.21**	73.27	-21.06	-28.7
Of which:	Coal operations	**50.70**	72.62	-21.92	-30.2
	Coking operations	**-0.02**	-1.18	1.16	-98.3
	Coal mining equipment operations	**3.23**	3.47	-0.24	-6.9
	Other operations	**0.16**	–	0.16	–

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

(6) Finance income and finance cost

For the six months ended 30 June 2013, the Group's net finance costs decreased from RMB173 million for the six months ended 30 June 2012 to RMB156 million, representing a decrease of 9.8%, of which finance income decreased from RMB421 million for the six months ended 30 June 2012 to RMB299 million, representing a decrease of 29.0%. This was mainly attributable to the decrease in interest income. The finance costs decreased from RMB594 million for the six months ended 30 June 2012 to RMB455 million, representing a decrease of 23.4%. This was mainly attributable to an increase in capitalised interest expenses of interest-bearing debts and a decrease in expensed interest expenses of interest-bearing debts due to the utilisation of proceeds for project constructions of the Group. Besides, foreign exchange gains from the Japanese Yen borrowings by Pingshuo Company gained an increase of RMB87 million as compared to the same period of 2012.

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

For the six months ended 30 June 2013, the Group's share of profits of associates and jointly controlled entities decreased from RMB208 million for the six months ended 30 June 2012 to RMB141 million, representing a decrease of 32.2%. This was mainly attributable to the recognition of an investment gain of RMB28 million from Huajin Coking Coal Company by the Group in proportion to its shareholding during the reporting period, representing a decrease of RMB57 million as compared to the same period of 2012. In addition, the investment gain from other associates and jointly controlled entities decreased by RMB10 million as compared to the same period of 2012.

(8) Profit before income tax

For the six months ended 30 June 2013, the profit of the Group before income tax decreased from RMB7.362 billion for the six months ended 30 June 2012 to RMB5.206 billion, representing a decrease of 29.3%.

(9) Income tax expenses

For the six months ended 30 June 2013, the Group's income tax expenses decreased from RMB1.837 billion for the six months ended 30 June 2012 to RMB1.307 billion, representing a decrease of 28.9%.

(10) Profit attributable to the equity holders of the Company

For the six months ended 30 June 2013, profit attributable to the equity holders of the Company decreased from RMB5.182 billion for the six months ended 30 June 2012 to RMB3.221 billion, representing a decrease of 37.8%.

III. Cash Flow

As at 30 June 2013, the Group's cash and cash equivalents amounted to RMB8.483 billion, representing a decrease of RMB4.739 billion or 35.8% as compared to RMB13.222 billion as at 31 December 2012.

Net cash generated from operating activities decreased from RMB4.182 billion for the six months ended 30 June 2012 to RMB3.132 billion, representing a decrease of 25.1%. This was mainly attributable to a decrease of RMB2.156 billion in profit before income tax due to a drop in profitability of the Group as compared to the same period of 2012, as a result of the continuously decreasing prices in coal market. However, as the Group took initiatives to speed up collection of receivables which led to a decrease in the additional receivables attributable to operating activities as compared to the same period of 2012, together with an increase in non-cash costs such as depreciation and amortisation as compared to the same period of 2012, the net cash inflow generated from operating activities recorded a decrease of RMB359 million as compared to the same period of 2012. In addition, cash paid for interests increased by RMB457 million, cash inflow from interest income decreased by RMB284 million, and cash paid for taxes decreased by RMB50 million as compared to the same period of 2012.

Cash used in investing activities decreased from RMB12.276 billion for the six months ended 30 June 2012 to RMB11.236 billion, representing a decrease of 8.5%. This was mainly attributable to an increase of RMB1.045 billion in expenses as compared to the same period of 2012 on project construction and equipment purchase related to core businesses of the Group along with the advancement of project constructions, as well as a cash inflow of RMB844 million, with a decrease of RMB1.289 billion as compared to the same period of 2012, which was generated from less term deposits with initial terms exceeding three months arranged as compared to the beginning of 2013. However, the cash paid for equity investment decreased by RMB3.392 billion as compared to the same period of 2012 (mainly due to the decrease in the consideration paid for acquisition of subsidiaries as compared to the same period of 2012), resulting in the decrease in cash used in investing activities as compared to the same period of 2012.

Net cash inflow generated from financing activities increased from RMB1.973 billion for the six months ended 30 June 2012 to RMB3.370 billion, representing an increase of 70.8%. This was mainly attributable to an increase of RMB2.336 billion in net cash inflow as compared to the same period of 2012 as a result of borrowings, partially offset by an increase of RMB858 million in cash paid for dividend distribution as compared to the same period of 2012.

IV. Sources of Capital

For the six months ended 30 June 2013, the Group's funds were mainly derived from the amounts generated from business operations, bank borrowings and net proceeds raised in capital markets. The Group's funds were mainly used for investments in production facilities and equipment for coal, coal chemical and coal mining equipment operations, repayment of debts, and working capital and general recurring expenditures of the Group.

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 operating activities as well as project construction.

V. Assets and Liabilities

(1) Property, plant and equipment

As at 30 June 2013, property, plant and equipment of the Group amounted to RMB95.541 billion, representing a net increase of RMB10.031 billion or 11.7% as compared to RMB85.510 billion as at 31 December 2012. This was mainly attributable to an increase in project investment by the Group's subsidiaries and the increase in equipment and facilities for production and operation.

(2) Mining and exploration rights

As at 30 June 2013, the Group's mining and exploration rights amounted to RMB32.213 billion, representing a decrease of RMB266 million or 0.8% as compared to RMB32.479 billion as at 31 December 2012. This was mainly attributable to the amortisation during the reporting period.

(3) Other non-current assets

As at 30 June 2013, other non-current assets of the Group amounted to RMB3.952 billion, representing a net increase of RMB401 million or 11.3% as compared to RMB3.551 billion as at 31 December 2012. This was mainly attributable to the increase in the advance payment of the Group for investment and resource acquisition, which will be transferred to investment or mining and exploration rights according to the progress of projects.

(4) Trade and notes receivables

As at 30 June 2013, the net amount of trade and note receivables of the Group amounted to RMB13.396 billion, representing an increase of RMB2.002 billion or 17.6% as compared to RMB11.394 billion as at 31 December 2012, of which the net amount of trade receivables amounted to RMB9.489 billion, representing an increase of RMB1.314 billion or 16.1% as compared to RMB8.175 billion as at 31 December 2012. The increase in trade receivables was mainly attributable to the longer sales settlement period of products for coal mining equipment business due to the impact from the market.

(5) Borrowings

As at 30 June 2013, the balance of borrowings of the Group amounted to RMB32.998 billion, representing a net increase of RMB6.286 billion or 23.5% as compared to RMB26.712 billion as at 31 December 2012. This was mainly attributable to an increase in bank borrowings used for project construction, production and operation of the Group, of which the balance of long-term borrowings (including the portion due within one year) was RMB26.451 billion, representing a net increase of RMB4.869 billion as compared to RMB21.582 billion as at 31 December 2012, and the balance of short-term borrowings amounted to RMB6.547 billion, representing a net increase of RMB1.417 billion as compared to RMB5.130 billion as at 31 December 2012.

(6) Long-term bonds

As at 30 June 2013, the balance of long-term bonds of the Group amounted to RMB19.935 billion, which were the medium-term notes issued by the Group.

VI. Significant Pledge of Assets

The Group did not have significant pledge of assets during the reporting period.

VII. Significant Investment

For details of significant investment of the Group during the reporting period, please refer to the paragraph "X. Other Significant Events" under the section headed "Disclosure of Major Events" in this report.

VIII. Material Acquisition and Disposal

The Group had no material acquisition and disposal related to its subsidiaries and associates during the reporting period.

IX. Risks of Exchange Rate

The business operations of the Group are subject to the impact of fluctuations in the exchange rate of RMB. The export sales of the Group are primarily settled in US dollars and the Group had 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 accessories. As such, the fluctuations in foreign exchange rates against RMB will have bilateral compound effects on the operating results of the Group. An appreciation of RMB would decrease the Group's export income but also decrease the cost for the import of equipment and accessories as well as the repayment of external debts.

X. Risks of Commodity Value

The Group was also exposed to risks of commodity value arising from the changes in product prices and material costs of the Group.

XI. Industry Risks

Like other coal companies and coking companies in China, the Group's operational activities are subject to the regulations by the Chinese government in terms of industry policies, project approvals, granting of permits, industry specific taxes and surcharges, environmental protection and safety standards, etc. As a result, the Group may be subject to restrictions in business expansion or profitability enhancement. Certain future policies of the coal and coal chemical related industries promulgated by the Chinese government may have an impact on the operational activities of the Group.

XII.Contingent Liabilities

(1) Bank guarantees

As at 30 June 2013, the Group provided guarantees for a total amount of RMB6.315 billion, of which RMB3.483 billion were the guarantees provided in proportion to the Group's shareholdings for the bank borrowings of the Group's associates and jointly controlled entities. Details are set out below:

Unit: RMB10 thousand

Guarantor	Relationship between guarantor and listed company	Guarantee	Guaranteed amount	Date of execution of guarantee (the date of signing agreement)	Commencement date of guarantee	Expiry date of guarantee	Type of the guarantee	Completed or not	Overdue or not	Overdue amount	Counter guarantee available or not	Provided to the related party or not	Related party relationship
China Coal Energy Company Limited	Company headquarters	Shanxi Pingshuo Gangue-fired Power Generation Company Limited	9,300	19 December 2008	19 December 2008	18 December 2020	Joint and several liability guarantee	No	No	-	Yes	No	Associate
China Coal Energy Company Limited	Company headquarters	Shanxi Pingshuo Gangue-fired Power Generation Company Limited	47,400	24 December 2008	24 December 2008	23 December 2020	Joint and several liability guarantee	No	No	-	Yes	No	Associate
China Coal Energy Company Limited	Company headquarters	Huajin Coking Coal Company Limited	10,575	28 March 2008	28 March 2008	20 December 2022	Joint and several liability guarantee	No	No	-	No	No	Associate
China Coal Energy Company Limited	Company headquarters	Huajin Coking Coal Company Limited	41,576	28 March 2008	28 March 2008	20 December 2023	Joint and several liability guarantee	No	No	-	No	No	Associate
China Coal Energy Company Limited	Company headquarters	Huajin Coking Coal Company Limited	9,981	28 March 2008	28 March 2008	20 December 2023	Joint and several liability guarantee	No	No	-	No	No	Associate
China Coal Energy Company Limited	Company headquarters	Huajin Coking Coal Company Limited	8,500	21 November 2012	21 November 2012	20 November 2027	Joint and several liability guarantee	No	No	-	No	No	Associate
China Coal Energy Company Limited	Company headquarters	Taiyuan Coal Gasification Longquan Energy Development Company Limited	58,344	29 October 2012	29 October 2012	31 January 2021	Joint and several liability guarantee	No	No	-	No	No	Associate
China Coal and Coke Holdings Limited	Subsidiary	China Coal and Coke Xuyang China Coal Group	13,500	23 August 2012	23 August 2012	31 August 2017	Joint and several liability guarantee	No	No	-	Yes	No	Joint venture
China Coal and Coke Holdings Limited	Subsidiary	China Coal and Coke Xuyang China Coal Group	3,600	17 September 2012	17 September 2012	17 September 2015	Joint and several liability guarantee	No	No	-	Yes	No	Joint venture
China Coal and Coke Holdings Limited	Subsidiary	China Coal and Coke Xuyang China Coal Group	4,500	7 March 2013	7 March 2013	7 March 2018	Joint and several liability guarantee	No	No	-	Yes	No	Joint venture
China Coal Energy Company Limited	Company headquarters	Shaanxi Yanchang China Coal Yulin Energy Chemical Company Limited	141,000	28 April 2013	28 April 2013	28 April 2023	Joint and several liability guarantee	No	No	-	Yes	No	Associate

Total guarantee incurred during the reporting period (excluding those provided to subsidiaries)	178,819
Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries)	348,276
Guarantee provided by the Company to its subsidiaries	
Total guarantee to subsidiaries incurred during the reporting period	-39,964
Total balance of guarantee to subsidiaries as at the end of the reporting period (B)	283,233
Total guarantee of the Company (including those to subsidiaries)	
Total guarantee (A+B)	631,509
Percentage of total guarantee to net assets of the Company (%)	7.3
Of which:	
Amount of guarantee provided to shareholders, de facto controllers and related parties (C)	-
Balance of debts guarantee directly or indirectly provided to guaranteed parties with gearing ratio of over 70% (D)	217,694
Excess amount of total guarantee over 50% of net assets (E)	-
Total amount of the above three categories (C+D+E)	217,694

(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 other environmental protection responsibilities that may have a material adverse impact on the financial position of the Group.

(3) Contingent legal liabilities

For the six months ended 30 June 2013, 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.

XIII. Analysis of Principal Subsidiaries and Equity Investment Companies

(1) Operation and result of principal subsidiaries

Unit: RMB10 thousand

Company name	Nature of business	Principal products or services	Registered capital	Total assets	Equity attributable to the equity holders of the Company	Revenue	Profit attributable to the equity holders of the Company	Proportion of profit attributable to the equity holders of the Company in the profit attributable to the equity holders of the Company recorded in the consolidated statement of the Group (%)
China Coal Pingshuo Group Company Limited	Coal production	Coal	1,607,828.80	6,073,545.39	2,894,719.24	1,774,608.08	219,263.79	68.1
Shanghai Datun Energy Resources Company Limited	Coal production	Coal and primary Aluminium, etc.	72,271.80	1,196,286.20	800,621.60	452,066.80	26,746.75	8.3
Shanxi China Coal Huajin Energy Company Limited	Coal production	Coal	165,641.00	963,211.83	255,571.29	229,974.15	82,952.33	25.8

(2) Operation and result of principal equity investment companies

Unit: RMB10 thousand

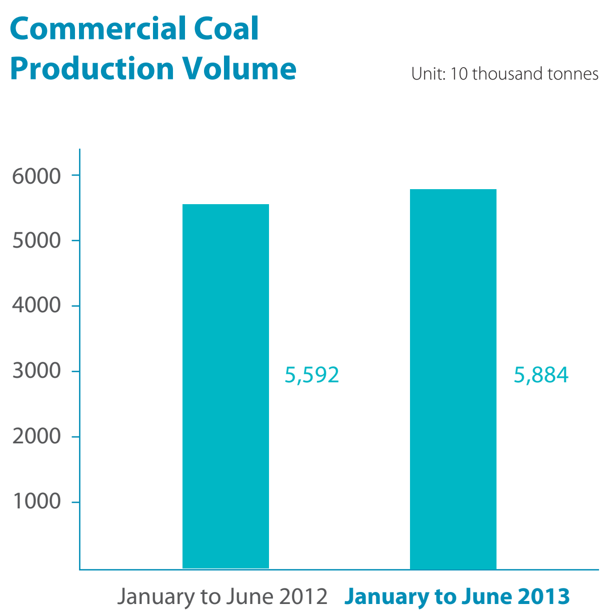
Company Name	Nature of business	Shareholding (%)	Registered capital	Total assets	Revenue	Profit attributable to the equity holders of the Company
Huajin Coking Coal Company Limited	Coal production	49	51,987.00	1,117,357.34	275,030.38	5,742.07
China Coal and Coke Xuyang China Coal Group	Coke production	45	10,000.00	348,095.69	291,832.04	9,694.62
Datong Zhongxin Energy Company Limited	Coal production	42	16,100.00	22,095.72	7,318.09	-935.07
Guotou China Coal Tongmei Jingtang Port Company Limited	Coal quay construction	21	20,000.00	349,256.93	48,758.78	18,392.43
Tianjin Port China Coal Huaneng Coal Terminal Co. Ltd.	Port logistics	24.50	112,500.00	202,389.46	21,874.19	-1,233.11
Zhongtian Synergetic Energy Company Limited	Coal production and coal chemical	38.75	540,376.85	901,002.44	–	–
Shaanxi Yanchang China Coal Yulin Energy Chemical Company Limited	Coal chemical	30	700,000.00	1,715,157.59	–	–

Business Performance

I. Coal operations

(1) Coal production volume maintained growth

Domestic demand of coal continued to slow down since 2013 and coal import exerted an ever-increasing adverse impact. Coal price plummeted further due to insufficient demand from major coal-consuming industries. Facing severe market conditions, the Company spared no efforts in organising coal production actively, strengthening the coordination among production, transportation and sales and improving coal quality. In the first half of 2013, the production volume of raw coal amounted to 78.15 million tonnes, representing an increase of 6.98 million tonnes or 9.8% as compared to the same period of 2012. The production volume of commercial coal reached 58.84 million tonnes, representing an increase of 2.92 million tonnes or 5.2% as compared to the same period of 2012. The Company secured stable growth in coal production against the backdrop of decrease in national coal production as compared to the same period of 2012. The Company reinforced the management of production safety and continued to promote the development of a safety-assured enterprise, in a bid to improve coal production efficiency. All mines achieved the standards of production safety, marking the best historical record of the Company in terms of production safety.



Taking full advantage of its position as a large coal base with production capacity of one hundred million tonnes, the Company's Pingshuo Mining Area optimised the layout of underground mine working faces, shortened the transport distance and elevation difference of open pits, and enhanced the equipment utilisation efficiency so as to achieve a commercial coal production volume of 45.01 million tonnes in the first half of 2013, with the momentum of production growth sustained. By streamlining its production system and making efforts in maintaining stable production while increasing productivity, Datun Mining Area recorded a commercial coal production volume of 4.04 million tonnes, representing an increase of 3.6% as compared to the same period of 2012. China Coal Huajin Company realised a commercial coal production volume of 3.01 million tonnes, representing a sharp increase of 2.88 million tonnes as compared to the same period of 2012, through actively utilising the production capacity of new mine which contributed to rapid growth in coking coal production volume. Nanliang Company attained a 44.4% increase in commercial coal production volume as compared to the same period of 2012 by strengthening its production organisation, reinforcing its coal quality management and maximising the equipment operating efficiency.

Commercial Coal Production Volume (10 thousand tonnes)	January to June 2013	January to June 2012 (Restated)	Change (%)
Pingshuo Company	**4,501**	4,439	1.4
Shanghai Energy Company	**404**	390	3.6
China Coal Huajin Company	**301**	13	2,215.4
Dongpo Company	**349**	415	-15.9
Nanliang Company	**104**	72	44.4
Tang Shan Gou Company	**66**	68	-2.9
Shuozhong Company	**264**	334	-21.0
Dazhong Company	**151**	204	-26.0
Shaanxi Company	**69**	5	1,280.0
Total	**5,884**	5,592	5.2

Notes: 1. 3.25 million tonnes were eliminated from the total commercial coal production volume for January to June 2013 due to intra-group transactions, while 3.48 million tonnes were eliminated for January to June 2012.

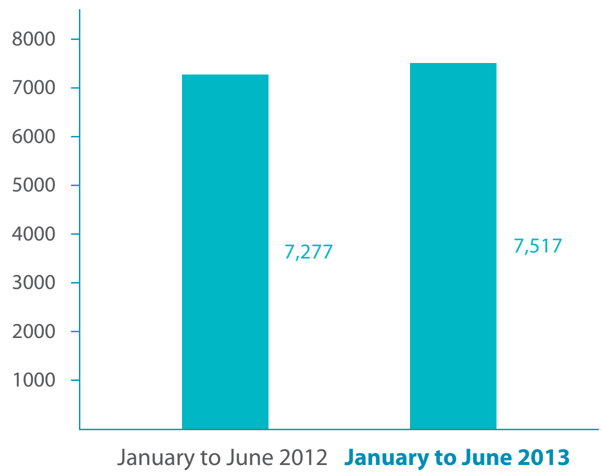
2. As Hecaogou Coal Mine has not been consolidated into the Company, the commercial coal production volume of Shaanxi Company was calculated based on management statistics.

(2) Coal sales volume grew steadily

In the first half of 2013, coal demand from major domestic coal-consuming industries slowed down, and the pressure of oversupply escalated. Meanwhile, as the linkage between on-grid power tariffs and coal prices brought forth heightened market competition, the sales of coal faced further challenges. The Company strengthened its marketing management, optimised the decision-making mechanism, and adopted various measures to actively cope with the market impact. The Company also reinforced the coordination among production, transportation and sales, and established a dynamic coordination mechanism to respond to the market in a speedy manner. The Company stepped up its management in coal quality and strived to improve product quality tailoring to the needs of users to enhance the market competitiveness of the products. The Company also deepened the reform of the sales system, speeded up the establishment of the logistics network, and further improved the system for large-scale marketing. The sales volume of commercial coal reached 75.17 million tonnes during the reporting period, representing an increase of 2.4 million tonnes or 3.3% as compared to the same period of 2012.

Commercial Coal Sales Volume

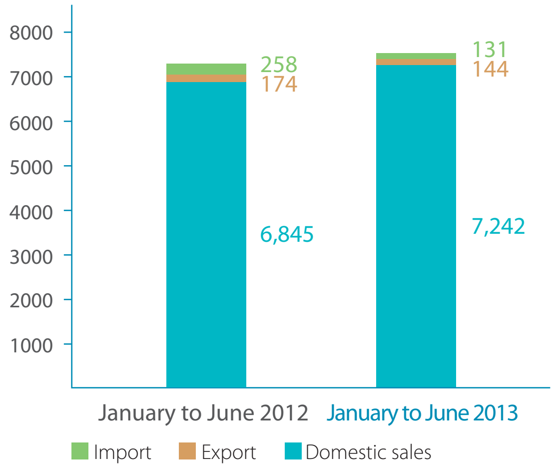
Unit: 10 thousand tonnes



Sales volume of commercial coal (10 thousand tonnes)			**January to June 2013**	January to June 2012 (Restated)	Change (%)
(1)	**Domestic sales of self-produced coal**		**5,603**	5,404	3.7
	By region:	North China	**2,974**	2,115	40.6
		East China	**2,024**	2,266	-10.7
		South China	**605**	995	-39.2
		Others	☆	28	–
	By coal type:	Thermal coal	**5,321**	5,401	-1.5
		Coking coal	**282**	3	9,300.0
	By contract:	Long-term contract	**3,327**	2,352	41.5
		Spot trading	**2,276**	3,052	-25.4
(2)	**Self-produced coal export**		**26**	39	-33.3
	By region:	Taiwan, China	**26**	7	271.4
		Japan	☆	32	–
	By coal type:	Thermal coal	**26**	39	-33.3
		Coking coal	☆	☆	–
	By contract:	Long-term contract	**26**	39	-33.3
		Spot trading	☆	☆	–
(3)	**Proprietary trading**		**1,709**	1,665	2.6
	Of which:	Domestic resale	**1,639**	1,441	13.7
		Self-operated exports	**2**	2	0.0
		Import trading	**54**	217	-75.1
		Transshipment trading	**14**	5	180.0
(4)	**Import & export agency sales**		**179**	169	5.9
	Of which:	Import agency	**77**	41	87.8
		Export agency	**102**	128	-20.3
Total			**7,517**	7,277	3.3

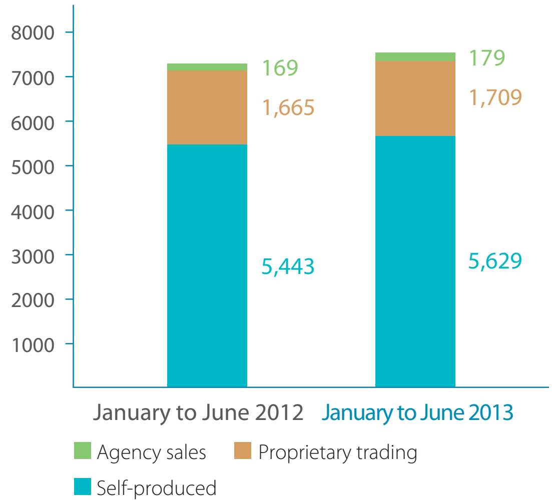
By market

Unit: 10 thousand tonnes



By product sources

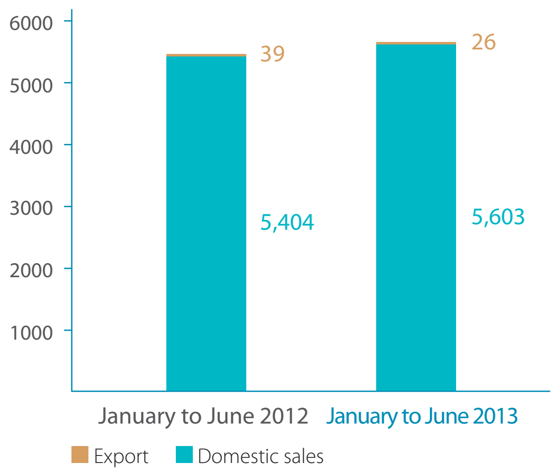
Unit: 10 thousand tonnes



The Company consolidated its long-term and key customers and further expanded its sales channels to ensure smooth sales of its self-produced resources. In the first half of 2013, the sales volume of self-produced coal reached 56.29 million tonnes, representing an increase of 1.86 million tonnes or 3.4% as compared to the same period of 2012, of which the domestic sales volume of self-produced coal reached 56.03 million tonnes, representing an increase of 3.7% as compared to the same period of 2012; and the export volume of self-produced coal reached 260 thousand tonnes, representing a decrease of 33.3% as compared to the same period of 2012.

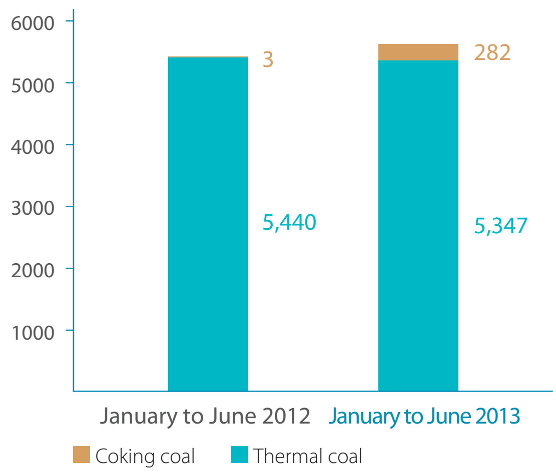
Self-produced coal sales – by market

Unit: 10 thousand tonnes



Self-produced coal sales – by coal type

Unit: 10 thousand tonnes



The Company endeavoured to increase its external purchase of complementary premium coal resources to further optimise the product structure by blending with self-produced coal for sale and improved the product recycling capacity. In the first half of 2013, the volume of proprietary coal trading reached 17.09 million tonnes, representing an increase of 440 thousand tonnes or 2.6% as compared to the same period of 2012, of which domestic sales volume reached 16.39 million tonnes, representing an increase of 13.7% as compared to the same period of 2012; and import volume reached 540 thousand tonnes, representing a decrease of 75.1% as compared to the same period of 2012.

In the first half of 2013, the Company's import and export agency sales volume of coal maintained its growth momentum. Import and export agency sales of coal reached 1.79 million tonnes, representing an increase of 5.9% as compared to the same period of 2012, of which import agency sales reached 770 thousand tonnes, representing an increase of 87.8% as compared to the same period of 2012; and export agency sales reached 1.02 million tonnes, representing a decrease of 20.3% as compared to the same period of 2012.

Affected by falling market demand, national railway and port transportation volume of coal decreased in the first half of 2013 as compared to the same period of 2012. The Company actively organised its coal transportation and achieved the commercial coal transportation volume by railway at 44.79 million tonnes, representing a decrease of 1.72 million tonnes or 3.7% as compared to the same period of 2012.

II. Coking operations

Coke market remained sluggish during the first half of 2013, mainly due to the insufficient demand of the downstream steel industries etc. The price of coke recorded a decrease as compared to the same period of 2012, while widened losses incurred in the whole industry. However, product profitability was slightly improved as there was a relatively large decrease in price of feed coal which lowered the production cost of coke. The Company gradually closed down and transferred three coking plants over the years so that substantial losses were avoided. Currently, China Coal and Coke Jiuxin Limited is the only coking plant which is still under operation. Meanwhile, the Company recorded a significant improvement in coking business thanks to the trial production of the coke-oven gas produced chemical fertiliser project which commenced in the first half of 2013. During the reporting period, the production volume of coke amounted to 920 thousand tonnes, which remained the similar level as compared to the same period of 2012. Coke sales volume amounted to 1.2 million tonnes, representing an increase of 0.8% as compared to the same period of 2012, of which the self-produced coke sales volume was 910 thousand tonnes, representing an increase of 1.1% as compared to the same period of 2012. Production volume of methanol and urea amounted to 58 thousand tonnes and 50 thousand tonnes respectively. In the coming years, the coal chemical business will become the growth driver to generate additional profits for the Company as new projects are completed and put into operation gradually.

Production and sales volume of coking and chemical products (10 thousand tonnes)	**January to June 2013**	January to June 2012	Change (%)
Production volume of coke	**92**	92	0.0
Sales volume of coke	**120**	119	0.8
Of which: Sales volume of self-produced coke	**91**	90	1.1
Production volume of methanol	**5.8**	6.5	-10.8
Sales volume of methanol	**6.8**	9.4	-27.7
Production volume of urea	**5.0**	☆	–
Sales volume of urea	**1.2**	☆	–

Notes: 1. The Company is concurrently responsible for the sales of all methanol products produced by Heilongjiang Coal Chemical Group, a subsidiary of China Coal Group.

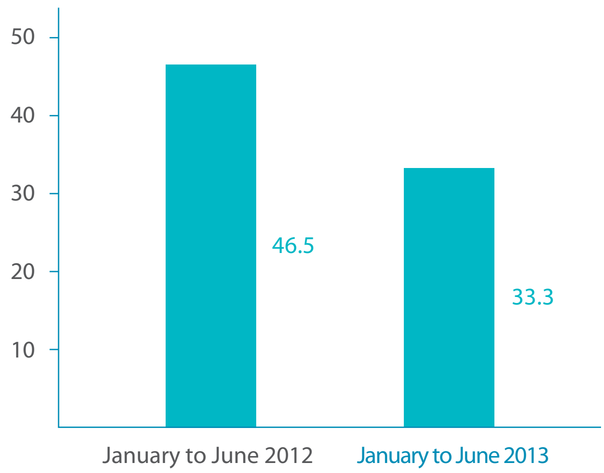
2. The Company's coke oven gas produced fertiliser project in Lingshi of Shanxi was transferred to fixed asset at the end of May 2013. The sales volume of urea for the reporting period comprises the data for June only.

III. Coal mining equipment operations

The weak demand of coal gradually affected the coal mining equipment industry during the first half of 2013. The domestic coal mining equipment market witnessed its first decline in demand and decrease in orders over the years, thus dampening the Company's coal mining equipment operations. With an aim to strengthening product technology and competitive edges, the Company put great efforts in enhancing technological innovation and proactively developing new models of products, so as to strengthen the research and development of the complete sets of high-end and green equipment. By widening the product profitability and opening up the equipment leasing business, the Company expanded its service provision from technical services and after-sales services to the front line of coal production, thus creating greater value for its customers. Moreover, the Company also secured steady market sales through stringent control over product quality and optimisation of production process and procedure control. In order to seize new market share, the Company consolidated its long-term strategic partnership and enhanced the exploration of international markets. The Company achieved RMB3.33 billion of production value of coal mining equipment during the first half of 2013, representing a decrease of 28.4% as compared to the same period of 2012. The production volume of coal mining equipment reached 167 thousand tonnes, representing a decrease of 19.7% as compared to the same period of 2012, of which 8,265 units (sets) were major coal mining equipment. The Company's market share in major coal mining equipment product remained a leading position in the PRC.

Production value of coal mining equipment

Unit: RMB100 million



Coal mining equipment	Production value (RMB100 million) January to June 2013	January to June 2012	Change (%)	Revenue of principal operation (RMB100 million) January to June 2013	Percentage of revenue of the coal mining equipment segment (%)
Conveyor equipment	**13.2**	17.6	-25.0	**6.2**	16.4
Support equipment	**9.9**	13.9	-28.8	**8.6**	22.8
Road header	**3.1**	4.5	-31.1	**1.0**	2.7
Shearer	**4.0**	5.0	-20.0	**2.3**	6.1
Electric mining motor	**3.1**	5.5	-43.6	**3.8**	10.1
Total	**33.3**	46.5	-28.4	**37.7**	–

Note: The revenue of principal operation represents the revenue of principal operation of the coal mining equipment segment before elimination.

Product type	Percentage of sales of the product(%)	Market share(%)
Medium and high-end armoured face conveyors	83	56
Medium and high-end hydraulic roof supports	74	23
Medium and high-end shearers	85	30
Medium and high-end electric motors	62	69
Medium and high-end road headers and drilling machines	45	10

IV. Other operations

In order to further reduce losses, the Company closed 50 thousand tonnes of production capacity of primary aluminium and production lines of carbon anodes respectively at the beginning of 2013. In the first half of 2013, the production volume of primary aluminium decreased by 47.4% to 30 thousand tonnes, representing a decrease of 27 thousand tonnes over the same period of 2012. In the first half of 2013, the Company generated electricity of 1.79 billion Kwh, representing a decrease of 13.9% over the same period of 2012 due to the decrease in production of primary aluminium.

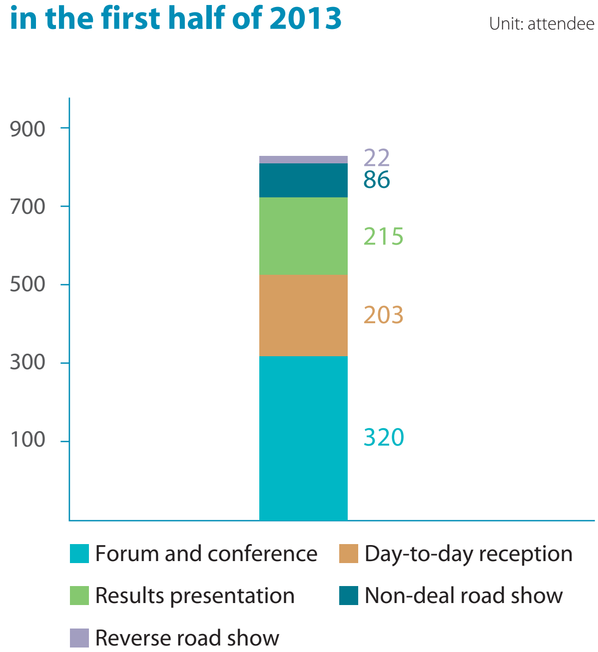
V. Progress of operating plans

From January to June 2013, as the global economy did not show any signs of complete recovery, the coal demand remained sluggish in the PRC and coal prices decreased as well. With a view to achieving the annual production and operation target, the Company adopted scientific measures to organise production and strengthened the linkage among production, transportation and sales, so as to enhance cost control and accelerate the pace of structural improvement, thereby optimising product portfolios and market sales. In the first half of 2013, the raw coal production increased by 9.8% over the same period of 2012, while the unit cost of sales of self-produced commercial coal dropped by 4.6% over the same period of 2012, which laid a solid foundation for the Company to attain annual operating target amidst a challenging market environment.

Investor Relations

In the first half of 2013, the sluggish macro-economy in China and weak demand in the coal market led to a falling coal price. Depressed by the bleak industrial landscape, the coal segment in the capital market experienced lackluster performance. In the face of the unfavorable coal industry and capital market environment, China Coal Energy proactively adjusted its business strategies by upholding the philosophy of "consolidating foundation, caring for shareholders, providing bespoke services and enhancing feedback" to spend more efforts on monitoring share prices and maintaining investor relations, and to strive to extend the scope and depth of information disclosures as well as improve the platform for communication with investors. In the first half of 2013, the Company held 264 investor meetings with 846 attendees in total. These activities included 95 presentations of annual results and road-show meetings with 361 attendees, 2 reverse road shows with 22 attendees, 109 day-to-day receptions of investor visits and telephone conferences with 203 participants and attendees, and 58 forums organised by 11 domestic and overseas securities firms with 260 attendees.

Investor relations activities in the first half of 2013



Attaching great importance to investor communications, the Company's management attended the presentation of annual results and road shows in person. After announcing the annual results for 2012, the Company dispatched teams led by senior management to visit substantial shareholders and potential investors at home and abroad and patiently answered investors' inquiries in detail, which was highly recognised by investors. After the results of road shows, the Department of Investor Relations actively conducted surveys to collect investors' opinions on the road shows, timely summarised their advice and provided the management of the Company with such feedback to serve as references for the Company in adopting more targeted operating strategies.

To deepen the investors' understanding of the Company's newly commenced coal mine project in Wangjialing, the Company earnestly organised a reverse road show for the project. In June 2013, the Company invited domestic and overseas shareholders and analysts to visit the coal mine, the coal preparation plant, the comprehensive utilization power plant as well as the dedicated railway line in Wangjialing. During the trip, the Company answered in detail the questions raised by investors concerning the construction scale of the project and total investment, etc. The above reverse road show achieved satisfactory results.

By actively participating in various investment forums, the Company strived to extend its influence. To intensify the work on investor relations in order to address market shocks, the Company actively participated in various investment forums, striving to grasp various opportunities to conduct face-to-face communications directly with broader investor groups. In the first half of 2013, the management of the Company and Department of Investor Relations attended 11 different forums respectively, of which 5 were the domestic forums and 6 were overseas forums. Visits were also paid to shareholders and potential institutional investors in Hong Kong, the US, Japan, London, Singapore and the PRC by way of "one-on-one" meetings, group meetings and so on where frank and thorough communications with investors were conducted.

The Company handled investor receptions sincerely and maintained proper relations with the mainstream economic and financial media. Holding on to the practice of receiving investors on every Tuesday and Thursday, the Company optimised the reception procedures to streamline the communication channels. To protect the interests of minority shareholders and enhance service quality, the Company responded to the investors' inquiries through telephone call, mail and facsimile in a timely manner and referred the advice given by minority shareholders to the management of the Company. In the future, China Coal Energy will continue to strengthen its shareholder-oriented service mentality through continuously exploring new methods in investor relations management and further improving the quality of the work on investor relations.

Corporate Governance

I. Overview of Corporate Governance

During the reporting period, the Company strictly complied with domestic and overseas laws, regulations and related supervisory rules in an effort to continuously standardise and improve its governance structure as a legal person. The Company continuously boosted the corporate management efficiency and the governance level as a legal person through intensified efforts in developing the information system and improving the internal control system. The corporate governance of the Company was in compliance with the requirements of related documents, including the Governance Standards for Listed Companies issued by the CSRS, the Listing Rules of SSE and the Listing Rules of HKSE.

The Company strictly abided by the requirements of related laws and regulations including the Company Law and the Securities Law when making critical decisions on major operating issues and managing daily operations. According to the Articles of Associations, the Company has properly defined the terms of reference for the general meeting, the board of directors, the supervisory committee and the operating teams, so as to ensure regulated operation with clear-cut responsibilities, mutual supports and checked and balanced powers among the top authority, decision-making body, supervisory body and execution body of the Company, and to achieve maximum value for the shareholders of the Company and society. The current board of directors of the Company consists of nine directors, including two executive directors, three non-executive directors and four independent non-executive directors. Five special committees have been set up under the board of directors, namely the Strategic Planning Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Safety, Health and Environmental Protection Committee, to assist the board of directors from various aspects in decision-making, managing and controlling, so as to guarantee compliance and efficiency when making critical decisions and operating the Company.

During the reporting period, the Company convened two general meetings, four board meetings and two supervisory committee meetings.

During the reporting period, the Company compiled and disclosed periodic reports and provisional announcements in a true, accurate, complete and timely manner and in strict compliance with the listing rules of domestic and overseas places where shares of the Company were listed and the information disclosure system of the Company.

During the reporting period, the Company and its controlling shareholder, China Coal Group, were independent of each other in respect of business, staff, assets and financial affairs.

During the reporting period, save for the internal work relationship in the Company, the directors, the supervisors and the senior management were not related to each other in respect of financial affairs, business, family members and other material aspects. Save for the service agreements entered into with the Company, the directors and the supervisors of the Company had no personal interests, directly or indirectly, in any material contracts entered into by the Company and its subsidiaries in the first half of 2013.

II. Compliance with the Corporate Governance Code

The Company always attaches great importance to corporate governance and the enhancement of its transparency. In this regard, the Company has complied with the requirements on corporate governance prescribed by domestic and overseas regulatory bodies and made ongoing efforts to improve the internal control of the Company, so as to facilitate more standardised and efficient operation of the Company and maximise returns for shareholders through excellent corporate governance.

During the reporting period, the Company had complied with the principles and code provisions under the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules of HKSE.

III. Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 of the Listing Rules of HKSE. Upon making specific enquiries, the Company confirmed that all directors and supervisors had complied with the Model Code during the reporting period.

IV. Audit Committee

The Audit Committee under the Board reviewed the interim report of the Company. In addition, PricewaterhouseCoopers, the external auditor of the Company, performed an independent review on the unaudited condensed consolidated interim financial information of the Company for the six months ended 30 June 2013 in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. On the basis of their review, which did not constitute an audit, PricewaterhouseCoopers confirmed in writing that nothing came to their attention which would cause them to believe that the interim financial information was not, in any material aspect, properly prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting".

Disclosure of Major Events

I. Share Capital Structure

As at 30 June 2013, the Company's share capital structure was as follows:

Type of Shares	Number of Shares (Share)	Percentage of the total issued share capital (%)
A Shares	9,152,000,400	69.03
Of which: A Shares held by China Coal Group	7,585,191,069	57.20
H Shares	4,106,663,000	30.97
Of which: H Shares held by China Coal Hong Kong Limited	125,351,000	0.95
Total	13,258,663,400	100.00
Of which: shares held by China Coal Group and parties acting in concert with it	7,710,542,069	58.15

II. Distribution of Final Dividends for 2012

The Company's 2012 profit distribution plan was approved at the Company's 2012 Annual General Meeting held on 13 May 2013. Cash dividends of RMB2,785,296,150 were distributed to the Shareholders, representing 31.5% of the profit attributable to the Shareholders in the consolidated financial statements prepared in accordance with the International Financial Reporting Standards, which was RMB8,842,210,000, being 30% of the net profit attributable to the shareholders of the parent company under the PRC Accounting Standards for Business Enterprises. The distribution was based on the Company's total issued share capital of 13,258,663,400 shares, representing a dividend of RMB 0.210 per share (inclusive of tax). The aforesaid final dividends were duly paid to the Shareholders by 30 June 2013.

III. Interim Profit Distribution Plan for 2013

The Company will not distribute any interim profit for 2013.

IV. Assets Transactions

During the reporting period, the Company had no significant assets transactions.

V. Investment of the Company during the Reporting Period

(1) Performance of Capital Expenditure Budget during the Reporting Period

In 2013, the Company's capital expenditure budget mainly focused on four major business segments, namely coal, coal chemical, coal mining equipment and power generation, and included three categories, namely infrastructure projects, acquisition and maintenance of fixed assets and equity investment. The total capital expenditure budgeted for 2013 was RMB32.889 billion in total. During the reporting period, the actual investment amount was RMB11.100 billion, representing 33.7% of the annual budget.

Performance of Capital Expenditure Budgeted for the First Half of 2013 (By items)

Unit: RMB 100 million

Items of capital expenditure	Actual investment from January to June 2013	Budgeted investment in 2013	Actual investment ratio (%)
Total	**111.00**	328.89	33.7
Infrastructure projects	**100.50**	267.68	37.5
Acquisition and maintenance of fixed assets	**4.83**	29.62	16.3
Equity investment	**5.67**	31.59	18.0

Performance of Capital Expenditure Budgeted for the First Half of 2013 (By business segments)

Unit: RMB 100 million

Business segments	Actual investment from January to June 2013	Budgeted investment in 2013	Actual investment ratio (%)
Total	**111.00**	328.89	33.7
Coal	**32.51**	132.06	24.6
Coal chemical	**72.55**	174.02	41.7
Coal mining equipment	**3.71**	14.21	26.1
Power generation	**1.44**	0.71	202.8
Others	**0.79**	7.89	10.0

During the reporting period, the Company took active measures to overcome the difficulties and promoted the construction of projects under construction. As a result, the actual investment performance was better than the corresponding period of 2012. As the construction of the key coal chemical projects was in full swing, the actual investment ratio was higher. The power generation project in Pingshuo Mining Area has obtained a letter of reply from the NDRC which approved the commencement of preliminary work.

(2) Overall Analysis of External Equity Investments

In the first half of 2013, the Company's actual external equity investment was RMB567 million. Major equity investment projects included: contribution of RMB387.5 million for capital increase in Zhongtian Synergetic Company, contribution of RMB50 million for capital increase in China Power Shentou Company Limited, and payment of RMB120 million as the consideration for the acquisition of the equity interest in Shanxi Yuquan Coal Industry Co., Ltd. in Yu County of Yangquan City.

Name of the investee	Principal activities	Percentage of the equity interest in the investee
Shanxi Yuquan Coal Industry Co., Ltd. in Yu County of Yangquan City	Coal production	70%
China Power Shentou Company Limited	Power generation	20%
Zhongtian Synergetic Company	Coal production and coal chemical	38.8%

(3) Use of Proceeds

1. *General Use of Proceeds*

Unit: RMB100 million

Year of proceeds-raising	Method	Net proceeds	Total amount of proceeds used during the year	Total amount of proceeds used accumulatively	Balance of unutilised proceeds	Intended use and whereabouts of unutilised proceeds
2006	Initial Public Offering of H Shares	144.66	–	144.66	–	–
2008	Initial Public Offering of A Shares	253.20	8.24	205.30	47.9	Deposited as term deposit with the bank in which the special account for proceeds was maintained.*
Total	/	397.86	8.24	349.96	47.9	/

*: Apart from the balance of unutilised proceeds, the bank interest of RMB1,070 million incurred by the abovementioned proceeds was also included in the balance of such special account.

2. *Use of proceeds from H Share issuance*

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 30 June 2013, among various 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 both of projects came into operation and generated revenue. Pingshuo East Open Pit Mine and its auxiliary coal preparation plant were completed and the auxiliary designated railway line project was substantially completed.

3. *Use of proceeds from A Share issuance*

As at 30 June 2013, the actual application of proceeds from A Share issuance of the Company amounted to RMB20.530 billion in total, representing approximately 81% of the net proceeds from A Share issuance, details of which are listed below:

Unit: RMB100 million

Net proceeds	253.20	Total amount of proceeds used during the reporting period				8.24
		Total amount of proceeds used accumulatively				205.30
Committed projects	**Any change in project**	**Proposed investment**	**Actual investment**	**Meets the planned schedule or not**	**Estimated gains (internal rate of gains of the project investment after taxation)**	**Status of gains generated**
Ordos project with an annual production capacity of 25 million tonnes of coal, 4.2 million tonnes of methanol and 3 million tonnes of dimethyl ether and ancillary engineering facilities	No	41.58	34.62	No	13.9%	—
Heilongjiang project with an annual production capacity of 10 million tonnes of coal, 1.8 million tonnes of methanol and 0.6 million tonnes of olefin and ancillary engineering facilities	No	—	0.12	—	—	—
Supplementing the working capital of the Company for general corporate purpose or the acquisitions of core business related assets	No	41.33	41.33	Yes	—	—
Nalin River No. 2 Coal Mine Project developed by Wushenqi Mengda Mining Company Limited with an annual production capacity of 8 million tonnes of coal	Yes	16.69	13.30	No	18.4%	—
Muduchaideng Coal Mine Project developed by Ordos Yihua Mining Resources Company Limited with an annual production capacity of 6 million tonnes of coal	Yes	44.64	16.94	No	19.6%	—
Xiaohuigou Coal Mine Project developed by Shanxi China Coal Pingshuo Xiaohuigou Coal Industry Company Limited with an annual production capacity of 3 million tonnes of coal	Yes	28.06	14.18	No	34.2%	—
Hecaogou Coal Mine Project developed by Shaanxi Yan'an Hecaogou Coal Mine Company Limited (to be established) with an annual production capacity of 3 million tonnes of coal	Yes	12.00	12.00	Yes	30.6%	—
Coal Machinery Equipment Industrial Park Construction Project developed by China Coal Zhangjiakou Coal Mining Machinery Company Limited	Yes	23.62	23.43	Yes	11.6%	—
Energy and Chemical Comprehensive Utilisation Project developed by Shaanxi Yulin Energy Chemical Company Limited with an annual production capacity of 0.6 million tonnes of polyethylene and 0.6 million tonnes of polypropylene	Yes	21.00	21.00	Yes	15.5%	—
Supplementing the working capital of the Company for general corporate purpose or the acquisitions of core business related assets	Yes	28.38	28.38	Yes	—	—
Total	—	257.30	205.30	—	—	—
Explanation on failure to meet the planned schedule (by specific projects)	Pursuant to the document Fa Gai Ban Chan Ye [2013] No. 1459, the Ordos project with an annual production capacity of 25 million tonnes of coal, 4.2 million tonnes of methanol and 3 million tonnes of dimethyl ether and ancillary engineering facilities was approved by the NDRC in June 2013 to commence preliminary work as a coal deep processing demonstration project in Ordos. The phase 1 of the project includes works such as construction of the Hulusu Coal Mine with an annual production capacity of 13 million tonnes, Menkeqing Coal Mine with an annual production capacity of 12 million tonnes, and methanol plant with an annual production capacity of 3.6 million tonnes and ancillary thermal power station, and phase 2 includes construction of plants for production of methanol-based olefin and downstream deep processing of olefin. At present, approval for phase 1 of the project is being actively pursued and the preparation work before the commencement of the project has been basically completed. At the same time, the preliminary work for phase 2 of the project is being actively carried out. For details, please refer to the relevant announcements published on the websites of SSE, HKSE and the Company on 26 July 2013. Preliminary preparations are being actively carried out for the Nalin River No. 2 Coal Mine Project developed by Wushenqi Mengda Mining Company Limited with an annual production capacity of 8 million tonnes of coal, Muduchaideng Coal Mine Project developed by Ordos Yihua Mining Resources Company Limited with an annual production capacity of 6 million tonnes of coal and Xiaohuigou Coal Mine Project developed by Shanxi China Coal Pingshuo Xiaohuigou Coal Industry Company Limited with an annual production capacity of 3 million tonnes of coal. And the approval for the commencement of construction of Xiaohuigou Coal Mine Project has recently been obtained and the construction is in full swing.					
Intended use and whereabouts of unutilised proceeds	Deposited as term deposit with the bank in which the special account for proceeds was maintained.					

(4) Status of Investment Projects with Funds not Raised through the Issuance of Shares

The status of major investment projects with funds not raised through the issuance of shares in the first half of 2013 is set out below:

Unit: RMB100 million

Name of project	Amount involved in the project	Progress of the project	Amount of investment during the reporting period	Accumulated actual amount of investment	Revenue generated from the project
Coal segment					
Renovation and expansion of Huaning Coal Mine in Shanxi	9.33	Under construction	1.08	1.72	Currently, the project is not completed and no revenue is generated.
Renovation and expansion of Hanzui Coal Mine in Shanxi	8.76	Under construction	0.97	2.44	Currently, the project is not completed and no revenue is generated.
Weizigou Coal Mine in Xinjiang	15.17	Under construction	0.66	5.68	Currently, the project is not completed and no revenue is generated.
Renovation and expansion of No.106 Coal Mine in Xinjiang	6.77	Under construction	1.24	7.29	Currently, the project is not completed and no revenue is generated.
No. 3 Coal Mine in Yilan of Heilongjiang	19.01	Preliminary work in progress	0.46	8.18	Currently, the project is not completed and no revenue is generated.
Coal chemical segment					
Mengda Coal Based Methanol Project in Ordos	35.47	Under construction	3.11	30.01	Currently, the project is not completed and no revenue is generated.
Phase 1 of Tuke Fertiliser Project in Ordos	95.06	Under construction	14.21	77.86	Currently, the project is not completed and no revenue is generated.
Mengda 500,000 tonnes/year Engineering Plastics Project	104.22	Under construction	7.21	10.16	Currently, the project is not completed and no revenue is generated.
Pingshuo Inferior Coal Comprehensive Utilisation Project	42.47	Under construction	4.93	11.45	Currently, the project is not completed and no revenue is generated.
Coal mining equipment segment					
Equipment Manufacturing Base Project in Ordos	8.99	Under construction	0.40	6.72	Currently, the project is not completed and no revenue is generated.
Power generation segment					
Pingshuo 2x660MW Electricity Plant Demonstration Project in Shanxi	63.92	Preliminary work in progress	0.25	1.26	Currently, the project is not completed and no revenue is generated.
Resource comprehensive utilisation segment					
Pingshuo Purified Fly Ash Resource Comprehensive Utilisation Demonstration Project in Shanxi	8.34	Under construction	0.75	4.15	Currently, the project is not completed and no revenue is generated.

VI. Purchase, Sale or Redemption of Listed Securities of the Company

For the six months ended 30 June 2013, the Company and its subsidiaries had not purchased, sold or redeemed any securities (the term "securities" has the meaning ascribed to it under the Listing Rules of HKSE) of the Company.

VII. Substantial Interests and Short Positions

As at 30 June 2013, the persons set out in the table below had interests or short positions in the shares or equity derivatives or underlying shares of the Company as recorded in the register of interests required to be kept under section 336 of the Securities and Futures Ordinance:

Unit: Share

Name	Number of shares	Class of shares	Nature of interests	Capacity	Percentage of the total shares in issue under the respective class of shares (%)	Percentage of the total shares in issue (%)
China National Coal Group Corporation	7,585,191,069	A Shares	Not applicable	Beneficial owner	82.88	57.20
BlackRock, Inc.	372,722,012	H Shares	Long position	Interest of corporation controlled by major shareholders	9.08	2.81
	15,677,000		Short position	Interest of corporation controlled by major shareholders	0.38	0.12
JPMorgan Chase & Co.	285,832,373	H Shares	Long position	Of which, 68,728,240 shares were held in the capacity of beneficial owner and 217,104,133 shares (lending pool) were held in the capacity of custodian – corporation/approved lending agent	6.96	2.16
	17,811,718		Short position	Beneficial owner	0.43	0.13

Note: The information disclosed is based on the information provided on the website of HKSE (www.hkex.com.hk).

Save as disclosed above, as at 30 June 2013, there were no other persons who had interests or short positions in the shares or equity derivatives or underlying shares of the Company as recorded in the register of interests required to be kept under section 336 of the Securities and Futures Ordinance.

VIII. Interests and Short Positions of Directors, Supervisors and Chief Executives in the Shares, Underlying Shares and Debentures of the Company

As at 30 June 2013, none of the Directors, supervisors or chief executives of the Company had any interests and/or short positions in shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) which are required to be recorded in the register of interests kept by the Company under section 352 of the Securities and Futures Ordinance, or which are required to be notified to the Company and HKSE under the Model Code for Securities Transactions by Directors of Listed Issuers.

As at 30 June 2013, the Company had not granted any rights to any Directors, supervisors or chief executives of the Company or their spouses or children under 18 years of age to subscribe for shares or debentures of the Company or its associated corporations, nor did any of the above-mentioned individuals exercise any such rights to subscribe for the aforesaid shares or debentures.

IX. Employees and Remuneration Policy

As at 30 June 2013, the Company had a total of 54,622 on-the-job employees, of whom 36,592 were production staff, 949 were sales staff, 8,945 were technical staff, 795 were financial staff, 3,892 were administrative staff and 3,449 were other staff.

Adhering to its "people oriented" management philosophy, the Company's human resources management has been dedicated to service development, and has set a main theme of building up a talent pool since the beginning of 2013. The Company actively pushed forward the three tasks of building up of a younger workforce, standardisation of organisation and informatisation of human resources work. Committed to the three principles of keeping the workforce lean and effective, controlling the total number of employees and preventing risks, the Company further enhanced the building of the three systems, i.e. deployment system, training system and career advancement system. The Company determined its human resources tasks based on scientific development objectives, and formulated human resources policies and measures based on scientific development needs. Achievements in talent pool building were used for assessing the effectiveness of human resources work. Through realising the value and mission of human resources work, every effort was made to provide the driving force for the sustained development of the Company.

The Company continuously enhanced the calibre of its employees through a multitude of effective means, and proactively optimised the deployment of its human resources. With talented management and technical staff recruited through open recruitment, the Company strengthened its project personnel, which was in short supply. Through building up a high level talent pool, the Company demonstrated its innovative platform for capabilities and skills and fully capitalised on the functions of high level talent in solving difficulties in production technology, tackling technological problems, and passing on skills and techniques. Through the e-learning institute and independent learning, the Company enhanced learning efficiency and accommodated the concurrent needs for working and learning.

In relation to remuneration strategy for employees, the fundamental principle in allocating the income of the Company is to strengthen the link between performance and remuneration with an aim to achieve a mutually beneficial situation where remuneration will increase if performance improves and vice versa. In order to fully optimise the incentive and restrictive functions of the remuneration system, the Company attaches high importance to develop internal growth potential and reasonably widens the wage difference between different positions, thus transforming the management of income allocation from extrinsic growth to organic growth.

In relation to senior management, annual remuneration packages and corresponding appraisal and incentive schemes are implemented. The annual remuneration for senior management consists of basic salary and performance-based compensation. The basic salary is determined by the production and operating scales of the Company with reference to the prevailing market level and income level of employees. The performance-based compensation is determined in line with the actual operational results of the Company. The basic salary for the senior management of the Company is paid on a monthly basis whereas the payment of performance-based compensation is made after annual performance appraisal.

X. Other Significant Events

(1) Issues on the relocation of the neighbouring residents of China Coal and Coke Jiuxin Limited

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 on the relocation of China Coal and Coke Jiuxin Limited (a subsidiary of the Company) in Lingshi. The Company took the initiative to converse and coordinate with the local government and residents, and the "Agreement on the Relocation of Residents" was entered into by China Coal and Coke Jiuxin Limited in Lingshi and the Lingshi county government in July 2012. The company paid one-off relocation expense in full, while the Lingshi county government was responsible for the execution of relocation. So far, most of the residents have been relocated and the relocation of the remaining residents is in progress.

For details, please refer to relevant announcements published on the websites of SSE, HKSE and the Company on 27 May 2010.

(2) Shareholding increase in the Company by China Coal Group

China Coal Group intended to increase its shareholdings in the Company, either in its own name or through parties acting in concert with it, via the secondary market within 12 months from 10 October 2012 subject to the share price performance of the Company. China Coal Group and its parties acting in concert undertook that they would not decrease their shareholding in the Company during the period of increase of shareholding.

During the reporting period, China Coal Group increased its shareholding in the Company by acquiring a total of 46,357,722 A shares. As at the end of the reporting period, China Coal Group and China Coal Hong Kong Limited held 7,585,191,069 A shares and 125,351,000 H shares, respectively. The A shares and H shares held by China Coal Group and its parties acting in concert represented 58.15% of the total issued shares of the Company. China Coal Group and its parties acting in concert have honoured their undertakings not to decrease their shareholding in the Company during the implementation period of the plan on shareholding increase and within the statutory period.

For details, please refer to relevant announcements published on the websites of SSE, HKSE and the Company on 10 October 2012.

(3) Change of directors and election of new vice chairman of the second session of the Board

Due to the expiration of terms of office of Mr. Zhang Ke and Mr. Wu Rongkang, the independent non-executive directors of the second session of the Board, Mr. Li Yanjiang was elected as the non-executive director, and Mr. Zhou Qinye was elected as the independent non-executive director of the second session of the Board of the Company as approved at the sixth meeting of the second session of Board for the year of 2012 convened on 11 December 2012 and the first extraordinary general meeting for the year of 2013 convened on 1 February 2013.

Mr. Peng Yi has resigned as the vice chairman of the second session of the Board due to job rearrangement. However, he will continue to serve as the non-executive director of the Company. As approved at the first meeting of the second session of the Board for the year of 2013 convened on 1 February 2013, Mr. Li Yanjiang, the non-executive director of the Company, was elected as the vice chairman of the second session of the Board.

For details, please refer to relevant announcements published on the websites of SSE, HKSE and the Company on 11 December 2012 and 1 February 2013.

(4) Investment in the Construction of China Coal Shaanxi Yulin Energy Chemical Company Limited Methanol Acetic Acid Series Deep Processing and Comprehensive Utilisation Project

The Resolution on the Investment in the Construction of China Coal Shaanxi Yulin Energy Chemical Company Limited Methanol Acetic Acid Series Deep Processing and Comprehensive Utilisation Project was considered and approved at the fourth meeting of the second session of the Board of the Company for the year of 2013 on 13 May 2013. The same was considered and approved at the second extraordinary general meeting of the Company for the year of 2013 on 5 July 2013. The project is currently undergoing steady progress as scheduled.

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

XI. Subsequent Event

On 23 July 2013, the Company issued the first tranche of the medium-term notes of 2013 with an aggregate amount of RMB5 billion and a term of 7 years. The par value is RMB100 each, with the coupon interest rate of 5.26%. All the proceeds were fully credited into the Company's account on 25 July 2013.

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

XII.Forward-looking Statement

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

Report on Review of Interim Financial Information

pwc 羅兵咸永道

TO THE BOARD OF DIRECTORS OF CHINA COAL ENERGY COMPANY LIMITED
(Incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 53 to 91, which comprises the condensed consolidated interim balance sheet of China Coal Energy Company Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2013 and the related condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 August 2013

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Condensed Consolidated Interim Balance Sheet

As at 30 June 2013
(All Amounts in RMB unless otherwise stated)

	Note	30 June 2013 Unaudited RMB'000	31 December 2012 Audited RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	**95,540,728**	85,510,277
Investment properties		**45,163**	45,973
Land use rights		**3,530,253**	3,528,506
Mining and exploration rights	8	**32,213,074**	32,478,629
Intangible assets		**130,754**	126,677
Investments in associates		**9,090,894**	8,484,033
Investments in jointly controlled entities		**485,305**	378,506
Available-for-sale financial assets		**1,666,365**	1,687,917
Deferred income tax assets	17	**428,169**	377,626
Long-term receivables		**40,274**	137,304
Other non-current assets	9	**3,952,350**	3,550,900
Total non-current assets		**147,123,329**	136,306,348
Current assets			
Inventories	10	**7,316,031**	6,697,169
Trade and notes receivables	11	**13,395,626**	11,393,750
Prepayments and other receivables	12	**6,785,727**	6,366,984
Restricted bank deposits	13	**1,926,756**	2,229,495
Term deposits with initial terms of over three months	13	**8,627,355**	9,471,440
Cash and cash equivalents	13	**8,483,486**	13,222,515
Total current assets		**46,534,981**	49,381,353
TOTAL ASSETS		**193,658,310**	185,687,701
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital	14	**13,258,663**	13,258,663
Reserves		**43,989,017**	43,316,190
Retained earnings			
– Dividends proposed after the balance sheet date		**—**	2,785,296
– Others		**29,887,789**	27,366,244
		87,135,469	86,726,393
Non-controlling interests		**15,079,876**	14,694,025
Total equity		**102,215,345**	101,420,418

Condensed Consolidated Interim Balance Sheet

As at 30 June 2013
(All Amounts in RMB unless otherwise stated)

	Note	30 June 2013 Unaudited RMB'000	31 December 2012 Audited RMB'000
LIABILITIES			
Non-current liabilities			
Long-term borrowings	15	**25,074,423**	20,170,908
Long-term bonds	16	**19,935,092**	19,906,414
Deferred income tax liabilities	17	**7,680,343**	7,444,881
Deferred revenue		**413,859**	392,987
Provision for employee benefits		**115,696**	144,692
Provision for close down, restoration and environmental costs	20	**1,125,869**	1,137,265
Other long-term liabilities		**889,274**	944,028
Total non-current liabilities		**55,234,556**	50,141,175
Current liabilities			
Trade and notes payables	18	**17,863,728**	16,101,537
Accruals, advance and other payables	19	**9,607,212**	9,261,601
Taxes payables		**753,838**	2,184,553
Short-term borrowings	15	**6,546,768**	5,130,346
Current portion of long-term borrowings	15	**1,376,712**	1,411,010
Current portion of provision for close down, restoration and environmental costs	20	**60,151**	37,061
Total current liabilities		**36,208,409**	34,126,108
Total liabilities		**91,442,965**	84,267,283
TOTAL EQUITY AND LIABILITIES		**193,658,310**	185,687,701
NET CURRENT ASSETS		**10,326,572**	15,255,245
TOTAL ASSETS LESS CURRENT LIABILITIES		**157,449,901**	151,561,593

The accompanying notes are an integral part of this condensed consolidated interim financial information.

Wang'an
Chairman of the Board
Executive Director

Weng Qing'an
Chief Financial Officer

Chai Qiaolin
Manager of Finance Department

Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2013
(All Amounts in RMB unless otherwise stated)

		Six months ended 30 June	
		2013	2012
		Unaudited	Unaudited and restated
	Note	**RMB'000**	RMB'000
Revenue	6	**40,398,169**	45,719,981
Cost of sales			
Materials		**(16,360,639)**	(19,850,961)
Staff costs		**(2,284,304)**	(2,277,559)
Depreciation and amortisation		**(2,524,698)**	(2,110,345)
Repair and maintenance		**(560,230)**	(548,809)
Transportation costs		**(5,910,015)**	(5,459,156)
Sales taxes and surcharges		**(653,888)**	(722,360)
Others		**(4,866,799)**	(5,123,547)
Cost of sales		**(33,160,573)**	(36,092,737)
Gross profit		**7,237,596**	9,627,244
Selling, general and administrative expenses		**(2,034,747)**	(2,352,022)
Other income		**2,346**	4,175
Other gains, net		**15,816**	47,349
Profit from operations		**5,221,011**	7,326,746
Finance income	22	**298,993**	421,156
Finance costs	22	**(455,105)**	(593,749)
Share of profits of associates and jointly controlled entities		**141,085**	207,975
Profit before income tax		**5,205,984**	7,362,128
Income tax expense	23	**(1,307,228)**	(1,837,080)
Profit for the period		**3,898,756**	5,525,048
Profit attributable to:			
Equity holders of the Company		**3,221,388**	5,182,218
Non-controlling interests		**677,368**	342,830
		3,898,756	5,525,048
Basic and diluted earnings per share for the profit attributable to the equity holders of the Company (RMB Yuan)	24	**0.24**	0.39
Dividends distributed	25	**2,784,319**	2,851,145
Dividends proposed after the balance sheet date	25	**—**	—

The accompanying notes are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2013
(All Amounts in RMB unless otherwise stated)

	Six months ended 30 June	
	2013	2012
	Unaudited	Unaudited and restated
	RMB'000	RMB'000
Profit for the period	**3,898,756**	5,525,048
Other comprehensive (loss)/income:		
Fair value changes on available-for-sale financial assets, net of tax	**(2,106)**	145
Currency translation differences	**(25,887)**	680
Total items that may be reclassified subsequently to profit or loss	**(27,993)**	825
Other comprehensive (loss)/income for the period, net of tax	**(27,993)**	825
Total comprehensive income for the period	**3,870,763**	5,525,873
Total comprehensive income attributable to:		
Equity holders of the Company	**3,193,395**	5,183,043
Non-controlling interests	**677,368**	342,830
	3,870,763	5,525,873

The accompanying notes are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2013
(All Amounts in RMB unless otherwise stated)

	Attributable to the equity holders of the Company					
	Share capital RMB'000	**Reserves** RMB'000	**Retained earnings** RMB'000	**Subtotal** RMB'000	**Non-controlling interests** RMB'000	**Total equity** RMB'000
Unaudited						
Balance at 1 January 2012 (as previously reported)	13,258,663	44,078,174	24,625,636	81,962,473	14,207,845	96,170,318
Acquisition of subsidiaries under common control (Note 2(c))	—	537,652	25,008	562,660	140,664	703,324
Balance at 1 January 2012 (restated)	13,258,663	44,615,826	24,650,644	82,525,133	14,348,509	96,873,642
Total comprehensive income for the period ended 30 June 2012 (restated)	—	825	5,182,218	5,183,043	342,830	5,525,873
Appropriations (restated)	—	625,127	(625,127)	—	—	—
Acquisition of subsidiaries under common control	—	(134,288)	(72,294)	(206,582)	—	(206,582)
– Including: a subsidiary's transfer of retained earnings to share capital	—	72,294	(72,294)	—	—	—
Purchase of equity from non-controlling shareholders	—	(377,042)	—	(377,042)	(667,947)	(1,044,989)
Share of change in reserves of associates and jointly controlled entities	—	88,023	—	88,023	8,958	96,981
Dividends (Note 25)	—	—	(2,851,145)	(2,851,145)	(208,494)	(3,059,639)
Profit distributed to original shareholder prior to common control acquisition	—	—	(3,950)	(3,950)	—	(3,950)
Contributions	—	11,400	—	11,400	77,624	89,024
Balance at 30 June 2012 (restated)	13,258,663	44,829,871	26,280,346	84,368,880	13,901,480	98,270,360
Unaudited						
Balance at 1 January 2013	**13,258,663**	**43,316,190**	**30,151,540**	**86,726,393**	**14,694,025**	**101,420,418**
Total comprehensive income for the period ended 30 June 2013	**—**	**(27,993)**	**3,221,388**	**3,193,395**	**677,368**	**3,870,763**
Appropriations	**—**	**625,854**	**(625,854)**	**—**	**—**	**—**
Share of other change of reserves of associates	**—**	**74,966**	**(74,966)**	**—**	**—**	**—**
Dividends (Note 25)	**—**	**—**	**(2,784,319)**	**(2,784,319)**	**(298,592)**	**(3,082,911)**
Contributions	**—**	**—**	**—**	**—**	**19,690**	**19,690**
Reduction of capital of a subsidiary	**—**	**—**	**—**	**—**	**(12,615)**	**(12,615)**
Balance at 30 June 2013	**13,258,663**	**43,989,017**	**29,887,789**	**87,135,469**	**15,079,876**	**102,215,345**

The accompanying notes are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Cash Flow Statement

For the six months ended 30 June 2013
(All Amounts in RMB unless otherwise stated)

	Note	Six months ended 30 June	
		2013	2012
		Unaudited	Unaudited and restated
		RMB'000	RMB'000
Cash flows from operating activities			
Cash generated from operations	26	**6,148,638**	6,508,492
Interest paid		**(961,491)**	(504,655)
Interest income received		**335,840**	619,711
Income tax paid		**(2,391,375)**	(2,441,878)
Net cash generated from operating activities		**3,131,612**	4,181,670
Cash flows from investing activities			
Purchases of property, plant and equipment		**(10,879,280)**	(9,011,408)
Proceeds from disposal of property, plant and equipment		**39,832**	13,849
Purchases of land use rights, mining rights and intangible assets		**(294,090)**	(1,116,638)
Proceeds from disposal of land use rights, mining rights and intangible assets		**—**	3,162
Purchases of available-for-sale financial assets		**(1,257)**	(177,323)
Proceeds from disposal of available-for-sale financial assets		**20,000**	—
Increase in prepayment for investments		**(204,340)**	—
Purchase of non-controlling interest of subsidiaries		**—**	(1,044,989)
Acquisition of a subsidiary (Note 2(b))		**—**	(206,582)
Payment of prior year's acquisition consideration		**(195,736)**	(2,429,567)
Dividends received		**38,064**	23,021
Increase in investments in associates		**(562,500)**	(511,313)
Increase in investments in jointly controlled entities		**(65,000)**	(51,000)
Repayments of loan receivables from a jointly controlled entity		**124,894**	100,000
Increase in loan receivables		**(100,000)**	—
Decrease in placement of term deposits with initial terms of over three months		**844,085**	2,132,887
Net cash used in investing activities		**(11,235,328)**	(12,275,901)

Condensed Consolidated Interim Cash Flow Statement

For the six months ended 30 June 2013
(All Amounts in RMB unless otherwise stated)

	Six months ended 30 June	
	2013	2012
	Unaudited	Unaudited and restated
	RMB'000	RMB'000
Cash flows from financing activities		
Proceeds from short-term borrowings	**2,474,404**	655,308
Repayments of short-term borrowings	**(1,057,982)**	(1,654,707)
Proceeds from long-term borrowings	**5,593,825**	5,368,325
Repayments of long-term borrowings	**(641,625)**	(336,274)
Contributions from Company's shareholders	**—**	11,400
Contributions from non-controlling shareholders	**19,690**	77,624
Dividends paid to the Company's shareholders	**(2,784,319)**	(2,069,923)
Dividends paid to non-controlling shareholders	**(221,350)**	(78,394)
Proceeds from reduction of capital of a subsidiary	**(12,615)**	—
Net cash generated from financing activities	**3,370,028**	1,973,359
Net decrease in cash and cash equivalents	**(4,733,688)**	(6,120,872)
Cash and cash equivalents, at beginning of the period	**13,222,515**	20,947,961
Net foreign exchange losses	**(5,341)**	—
Cash and cash equivalents at end of the period	**8,483,486**	14,827,089

The accompanying notes are an integral part of this condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2013
(Amounts expressed in RMB unless otherwise stated)

1 ORGANISATION AND PRINCIPAL ACTIVITIES

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") in preparing for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Restructuring"). The Company and its subsidiaries (collectively the "Group") is principally engaged in mining and processing of coal, sales of coal and coke products and manufacturing and sales of coal mining machinery. The address of the Company's registered office is 1 Huang Si Da Jie, Chaoyang District, Beijing, the PRC.

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.

This condensed consolidated interim financial information was approved for issue by the Board of Directors on 20 August 2013.

This condensed consolidated interim financial information has been reviewed, not audited by the independent auditors.

2 BASIS OF PRESENTATION

(a) These condensed consolidated interim financial statements for the six months ended 30 June 2013 has been prepared in accordance with International Accounting Standard ("IAS") 34, 'Interim Financial Reporting'. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

2 BASIS OF PRESENTATION (Continued)

(b) Acquisition of China Coal Sales and Transportation Company Limited ("China Coal Sales and Transportation Company") in the six months ended 30 June 2012

In order to further enhance coal sales networks of the Group, on 27 March 2012, the Company entered into a share purchase agreement with China Coal Group, pursuant to which 100% equity interest in China Coal Sales and Transportation Company, was transferred to the Company for a consideration of RMB206,581,200. The acquisition date of this transaction is 30 June 2012, when the consideration was paid and control was obtained. China Coal Sales and Transportation Company is principally engaged in the trading of coal product in China.

As China Coal Group is the ultimate holding company of both the Company and China Coal Sales and Transportation Company, this acquisition is a transaction under common control, and the Company had accounted for it in a manner similar to a uniting of interests. Comparative information has been restated as if the operations of China Coal Sales and Transportation Company had been under the control of the Company since the beginning of the earliest period presented.

(c) Acquisition of Shanxi Zhongxin Tangshangou Coal Industry Company Limited ("Tang Shan Gou Company") in 2012

In order to increase the Group's coal resources, on 27 March 2012, the Company entered into a share purchase agreement with China Coal Group, pursuant to which 80% equity interest in Tang Shan Gou Company, was transferred to the Company for a consideration of RMB1,112,609,000. The acquisition date of this transaction is 31 December 2012, when the consideration was fully paid and control was obtained. Tang Shan Gou Company is principally engaged in the coal mining activities in China.

As China Coal Group is the ultimate holding company of both the Company and Tang Shan Gou Company, this acquisition is a transaction under common control, and the Group had accounted for it in a manner similar to a uniting of interests. Comparative information has been restated as if the operations of Tang Shan Gou Company had been under the control of the Company since the beginning of the earliest period presented.

3 SIGNIFICANT ACCOUNTING POLICIES

Except described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012, as described in those annual financial statements.

The Group has adopted the following standards, amendments to standards and interpretation which are effective from 1 January 2013 and relevant to the operations of the Group in the current period:

- Amendment to IFRS 7 'Financial instruments: Disclosures'
- IFRS 10 'Consolidated financial statements'
- IFRS 11 'Joint arrangements'
- IFRS 12 'Disclosures of interests in other entities'
- IFRS 13 'Fair value measurement'
- IAS 1 (Amendment) 'Presentation of financial statements'
- IAS 19 (Revised 2011) 'Employee benefits'
- IAS 27 (Revised 2011) 'Separate financial statements'
- IAS 28 (Revised 2011) 'Investments in associates and joint ventures'
- IFRIC 20 'Stripping costs in the production phase of a surface mine'

The adoptions, apart from certain additional disclosures, don't have significant impact on the condensed consolidated interim financial information of the Group.

The Group has not early adopted any new or amended standards that have been issued but are not effective for the financial year beginning 1 January 2013.

4 ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including price risk, currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group historically has no fixed policy to use derivatives for hedging purposes. The majority of the financial instruments held by the Group are for purposes other than trading.

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2012.

There have been no changes in the risk management department since year end or in any risk management policies.

5.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

5.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at 30 June 2013, the Group has the following assets which we defined as level 1 and level 2:

	As at 30 June 2013 Unaudited RMB'000	As at 31 December 2012 Audited RMB'000
Available-for-sale financial assets		
– Equity securities (level 1)	**13,139**	15,948
– Debt instruments (level 2)	**—**	20,000
	13,139	35,948

There were no transfers between Levels 1 and 2 during the period.

The fair value of financial instruments traded in active market is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

5.4 Fair value of financial assets and liabilities measured at amortised cost.

The fair value of borrowings and long-term bonds are as follows:

	As at 30 June 2013 Unaudited RMB'000	As at 31 December 2012 Audited RMB'000
Borrowings		
Non-current	25,071,049	20,166,534
Current	7,923,480	6,541,356
	32,994,529	26,707,890
Long-term bonds	19,301,277	19,437,206

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and notes receivables
- Other receivables
- Restricted bank deposits
- Term deposits with initial teams of over three months
- Cash and cash equivalents
- Long-term receivables
- Trade and notes payables
- Other payables
- Other long-term liabilities

6 SEGMENT INFORMATION

6.1 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 segment

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.

6.2 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.

6 SEGMENT INFORMATION (Continued)

6.2 Information about reportable segment profit, assets and liabilities (Continued)

b. Reportable segments' profit, assets and liabilities

	For the six months ended and as at 30 June 2013 (Unaudited)						
	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	33,512,268	1,947,271	3,929,971	1,784,742	—	(776,083)	40,398,169
Inter-segment revenue	(139,006)	—	(266,606)	(370,471)	—	776,083	—
Revenue from external customers	33,373,262	1,947,271	3,663,365	1,414,271	—	—	40,398,169
Profit/(loss) from operations	5,070,488	(2,364)	323,457	15,654	(186,066)	(158)	5,221,011
Profit/(loss) before income tax	4,847,341	(15,304)	322,532	(7,265)	58,838	(158)	5,205,984
Interest income	93,887	8,160	3,907	1,095	415,928	(223,984)	298,993
Interest expense	(455,077)	(52,046)	(8,261)	(23,391)	(238,689)	223,984	(553,480)
Depreciation and amortisation	(2,405,728)	(76,060)	(78,715)	(204,218)	(13,012)	—	(2,777,733)
Share of profits of associates and jointly controlled entities	45,248	30,832	4,506	—	60,499	—	141,085
Income tax expense	(1,266,969)	(1,459)	(22,261)	(14,494)	(2,045)	—	(1,307,228)
Other material non-cash items							
Reversal of/(provision for) impairment of other assets	(6,616)	34	(31,563)	(1,392)	—	—	(39,537)
Segment assets and liabilities							
Total assets	97,274,479	29,991,305	15,282,141	8,826,685	46,638,704	(4,355,004)	193,658,310
Include: investment in associates and jointly controlled entities	532,604	612,264	79,575	—	8,351,756	—	9,576,199
Expenditures for non-current assets	5,622,506	6,370,636	524,228	137,524	5,877	—	12,660,771
Total liabilities	34,643,500	9,382,200	5,395,874	4,839,398	40,881,724	(3,699,731)	91,442,965

6 SEGMENT INFORMATION (Continued)

6.2 Information about reportable segment profit, assets and liabilities (Continued)

b. Reportable segments' profit, assets and liabilities (Continued)

	For the six months ended 30 June 2012 (Unaudited and restated) and as at 31 December 2012 (Audited)						
	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	37,814,130	2,344,797	4,531,808	2,058,369	—	(1,029,123)	45,719,981
Inter-segment revenue	(166,364)	—	(556,097)	(306,662)	—	1,029,123	—
Revenue from external customers	37,647,766	2,344,797	3,975,711	1,751,707	—	—	45,719,981
Profit/(loss) from operations	7,262,307	(118,083)	346,664	(188)	(157,273)	(6,681)	7,326,746
Profit/(loss) before income tax	7,259,853	(173,049)	337,875	(27,200)	(28,670)	(6,681)	7,362,128
Interest income	96,203	36,899	4,559	1,496	695,450	(413,451)	421,156
Interest expense	(220,153)	(84,834)	(17,880)	(28,050)	(672,060)	413,451	(609,526)
Depreciation and amortisation	(1,974,255)	(85,606)	(73,508)	(44,892)	(7,747)	—	(2,186,008)
Share of profits of associates and jointly controlled entities	107,073	(9,247)	5,712	—	104,437	—	207,975
Income tax expense	(1,763,754)	(1,807)	(51,640)	(16,747)	(3,132)	—	(1,837,080)
Other material non-cash items							
Provision for impairment of property, plant and equipment	(30,104)	(43,000)	—	—	—	—	(73,104)
Reversal of/(provision for) impairment of other assets	(54,194)	11	(16,905)	(41,974)	—	—	(113,062)
Segment assets and liabilities							
Total assets	89,980,877	24,014,970	13,958,356	8,004,666	53,685,199	(3,956,367)	185,687,701
Include: investment in associates and jointly controlled entities	414,034	581,432	78,316	—	7,788,757	—	8,862,539
Expenditures for non-current assets	18,633,417	12,112,439	1,376,956	451,864	333,608	—	32,908,284
Total liabilities	29,963,400	7,357,638	5,440,008	4,751,442	39,959,442	(3,204,647)	84,267,283

Note:

(a) Others segment comprises of the five operating segments of the Group with the revenue below the quantitative thresholds. Those segments include two aluminium factories, four power generating plants, an equipment purchase agency, a tendering service provider and four manufacturing enterprises. None of those segments has ever met any of the quantitative thresholds for determining reportable segments.

6 SEGMENT INFORMATION (Continued)

6.3 Geographical information

Analysis of revenue

	Six months ended 30 June	
	2013	2012
	Unaudited	Unaudited and restated
	RMB'000	RMB'000
Domestic markets	**40,188,328**	45,303,371
Asia-Pacific markets	**209,841**	416,610
	40,398,169	45,719,981

Note:

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

Analysis of non-current assets

	30 June 2013	31 December 2012
	Unaudited	Audited
	RMB'000	RMB'000
Domestic markets	**144,978,034**	134,087,597
Other overseas markets	**10,487**	15,904
	144,988,521	134,103,501

6.4 Information about major customers

Revenue from top five customers of the Group for the six months ended 30 June 2013 represents approximately 11.91% of the Group's total revenue (for the six months ended 30 June 2012 (restated): 18.66%).

7 PROPERTY, PLANT AND EQUIPMENT

	30 June 2013 Unaudited RMB'000	31 December 2012 Audited RMB'000
Opening net book amount	**85,510,277**	60,823,320
Attributable to change of a jointly controlled entity to a subsidiary	**—**	291,525
Additions	**12,608,895**	30,505,295
Transfer to mining rights and other intangible assets	**—**	(1,441,503)
Disposals	**(42,880)**	(326,628)
Depreciation charge	**(2,535,564)**	(4,268,628)
Provision for impairment	**—**	(73,104)
Closing net book amount	**95,540,728**	85,510,277

8 MINING AND EXPLORATION RIGHTS

	Mining rights RMB'000	**Exploration rights** RMB'000	**Total** RMB'000
Unaudited			
Balance at 1 January 2013	**9,233,686**	**23,244,943**	**32,478,629**
Additions	**200**	**109**	**309**
Amortisation	**(265,864)**	**—**	**(265,864)**
Balance at 30 June 2013	**8,968,022**	**23,245,052**	**32,213,074**
Audited			
Balance at 1 January 2012	6,234,536	22,738,047	28,972,583
Additions	3,371,216	506,896	3,878,112
Amortisation	(372,066)	—	(372,066)
Balance at 31 December 2012	9,233,686	23,244,943	32,478,629

9 OTHER NON-CURRENT ASSETS

	30 June 2013 Unaudited RMB'000	31 December 2012 Audited RMB'000
Prepayments for long-term investments (Note (a))	**3,200,849**	2,834,509
Prepayments for mining rights	**497,595**	497,595
Others	**253,906**	218,796
Total	**3,952,350**	3,550,900

Note:

(a) In line with Shanxi Provincial Government's policy of restructuring local coal mines and the Group's strategy of expanding its coal resources, the Group has entered into a series of agreements for the acquisition and restructuring of several local coal mines. In this regard, as at 30 June 2013, the Group has paid RMB3,200,849,000 (31 December 2012: RMB2,834,509,000) according to the signed agreements. As the relevant legal procedures are still in process, such balances are recorded as other non-current assets.

10 INVENTORIES

	30 June 2013 Unaudited RMB'000	31 December 2012 Audited RMB'000
Coal	**1,346,752**	622,403
Coke	**125,167**	82,237
Machinery for sale	**2,232,478**	2,394,930
Auxiliary materials, spare parts and tools	**3,611,634**	3,597,599
	7,316,031	6,697,169

11 TRADE AND NOTES RECEIVABLES

	30 June 2013 Unaudited RMB'000	31 December 2012 Audited RMB'000
Trade receivables, net (Note (a))	**9,489,216**	8,174,843
Notes receivables (Note (b))	**3,906,410**	3,218,907
	13,395,626	11,393,750

Notes:

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

	30 June 2013 Unaudited RMB'000	31 December 2012 Audited RMB'000
Within 6 months	**7,521,049**	7,025,354
6 months – 1 year	**1,314,510**	735,979
1 – 2 years	**624,579**	388,223
2 – 3 years	**139,842**	116,579
Over 3 years	**254,981**	242,860
Trade receivables, gross	**9,854,961**	8,508,995
Less: Impairment of receivables	**(365,745)**	(334,152)
Trade receivables, net	**9,489,216**	8,174,843

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. There are no significant trade receivables that are past due but are not impaired.

The individually impaired receivables relate to customers which are in unexpected difficult economic situations.

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, domestically and internationally dispersed.

The Group does not hold any collateral as security.

Trade receivables from related parties are unsecured, interest free and repayable on demand in accordance with the relevant contract entered into between the Group and the related parties.

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

12 PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2013 Unaudited RMB'000	31 December 2012 Audited RMB'000
Advances to suppliers	**2,673,752**	2,838,411
Loan receivables	**1,902,000**	1,824,894
Interest receivable	**196,136**	232,983
Dividends receivable	**45,446**	28,094
Other amounts due from related parties, gross	**125,097**	100,242
Other amounts due from third parties, gross	**2,135,403**	1,630,822
	7,077,834	6,655,446
Less: Impairment of other receivables	**(292,107)**	(288,462)
Prepayments and other receivables, net	**6,785,727**	6,366,984

13 CASH AND BANK DEPOSITS

	30 June 2013 Unaudited RMB'000	31 December 2012 Audited RMB'000
Restricted bank deposits (Note (a))	**1,926,756**	2,229,495
Term deposits with initial terms of over three months	**8,627,355**	9,471,440
Cash and cash equivalents		
– Cash on hand	**3,240**	1,577
– Deposits with banks and other financial institutions	**8,480,246**	13,220,938
	19,037,597	24,923,450

Note:

(a) Restricted bank deposits mainly include the deposits set aside for the transformation fund and the environmental restoration fund as required by the regulations and deposits pledged for issuance of notes payable.

14 SHARE CAPITAL

	30 June 2013 (Unaudited)		31 December 2012 (Audited)	
	Number of shares (thousands)	**Nominal value RMB'000**	Number of shares (thousands)	Nominal value RMB'000
Registered, issued and fully paid:				
Domestic shares of RMB1.00 each				
– held by China Coal Group	**7,585,191**	**7,585,191**	7,538,833	7,538,833
– held by other A share shareholders	**1,566,809**	**1,566,809**	1,613,167	1,613,167
H shares of RMB1.00 each				
– held by a wholly owned subsidiary of China Coal Group	**125,351**	**125,351**	125,351	125,351
– held by other H share shareholders	**3,981,312**	**3,981,312**	3,981,312	3,981,312
	13,258,663	**13,258,663**	13,258,663	13,258,663

14 SHARE CAPITAL (Continued)

A summary of the movements in the Company's issued share capital is tabulated below:

	Domestic shares held by China Coal Group RMB'000	Domestic shares held by other A share shareholders RMB'000	H shares held by a wholly owned subsidiary of China Coal Group RMB'000	H shares held by other H share shareholders RMB'000	Total RMB'000
Unaudited					
As at 1 January 2013	**7,538,833**	**1,613,167**	**125,351**	**3,981,312**	**13,258,663**
Share transaction (Note (a))	**46,358**	**(46,358)**	**—**	**—**	**—**
As at 30 June 2013	**7,585,191**	**1,566,809**	**125,351**	**3,981,312**	**13,258,663**
Audited					
As at 1 January 2012	7,505,225	1,646,775	120,000	3,986,663	13,258,663
Share transaction (Note (b))	33,608	(33,608)	5,351	(5,351)	—
As at 31 December 2012	7,538,833	1,613,167	125,351	3,981,312	13,258,663

Notes:

(a) In the six months ended 30 June 2013, China Coal Group purchased 46,357,722 A shares via the Shanghai Stock Exchange, resulting in an increase of its shareholding to 57.20% (31 December 2012: 56.86%).

(b) In 2012, China Coal Group purchased 33,607,993 A shares via the Shanghai Stock Exchange, resulting in increase its shareholding to 56.86%.

15 BORROWINGS AND BANKING FACILITIES

	30 June 2013 Unaudited RMB'000	31 December 2012 Audited RMB'000
Long-term borrowings		
Bank loans		
– Guaranteed	**2,943,650**	2,761,825
– Unsecured	**23,491,485**	18,804,093
Other unsecured loans from		
– Non-controlling shareholders of certain subsidiaries	**16,000**	16,000
	26,451,135	21,581,918
Less: Amount due within one year under current liabilities	**(1,376,712)**	(1,411,010)
	25,074,423	20,170,908
Short-term borrowings		
Bank loans		
– Secured	**500,000**	350,000
– Unsecured	**6,046,168**	4,779,746
	6,546,168	5,129,746
Other unsecured loans from		
– Non-controlling shareholders of certain subsidiaries	**600**	600
	6,546,768	5,130,346

15 BORROWINGS AND BANKING FACILITIES (Continued)

Notes:

(a) The movements in borrowings are analysed below:

	Six months ended 30 June 2013 Unaudited RMB'000	Year ended 31 December 2012 Audited RMB'000
Opening balance	**26,712,264**	14,517,588
Additions	**8,068,229**	15,672,199
Payments	**(1,699,607)**	(3,400,082)
Exchange gains	**(82,983)**	(77,441)
Ending balance	**32,997,903**	26,712,264

(b) The Group's long-term borrowings are repayable as follows:

	30 June 2013 Unaudited RMB'000	31 December 2012 Audited RMB'000
Banks loans		
– Within one year	**1,376,712**	1,411,010
– In the second year	**4,901,353**	3,026,086
– In the third to fifth year	**9,332,469**	6,557,033
– After the fifth year	**10,824,601**	10,571,789
	26,435,135	21,565,918
Loans from non-controlling interests of certain subsidiaries		
– In the second year	**16,000**	16,000
	26,451,135	21,581,918

(c) The Group has the following undrawn borrowing facilities:

	30 June 2013 Unaudited RMB'000	31 December 2012 Audited RMB'000
Floating rates		
– Expiring within one year	**66,109,000**	41,637,000
– Expiring beyond one year	**127,423,000**	153,775,000
	193,532,000	195,412,000

16 LONG-TERM BONDS

	Group	
	30 June 2013	31 December 2012
	Unaudited	Audited
	RMB'000	RMB'000
Bonds payable	**19,785,092**	19,756,414
Commission payable – non-current	**150,000**	150,000
	19,935,092	19,906,414

Notes:

(a) On 17 August 2011, the Company issued corporate bonds with a total amount of RMB15,000,000,000 at a par value of RMB100 for each and received total proceeds of RMB15,000,000,000. The bonds are fully repayable on 18 August 2016 when they become due. These bonds carry a coupon rate of 5.65% per annum and the interest charge will be paid on 18 August annually in each of the following five years. The effective interest rate is 5.97% per annum.

In addition, the Company is obliged to pay RMB225,000,000 to the underwriter as the underwriting commission, which is payable in five instalments of RMB45,000,000 annually. First instalment of RMB45,000,000 was paid on 18 August 2011 when the transaction was completed. As of 30 June 2013, RMB105,750,000 of the underwriting commission has been paid.

(b) On 18 September 2012, the Company issued corporate bonds with a total amount of RMB5,000,000,000 at a par value of RMB100 for each and received a total proceeds of RMB5,000,000,000. The bonds are fully repayable on 19 September 2019 when they become due. These bonds carry a coupon rate of 5.12% per annum and the interest charge will be paid on 19 September annually in each of the following seven years. The effective interest rate is 5.38% per annum.

In addition, the Company is obliged to pay RMB84,000,000 to the underwriter as the underwriting commission, which is payable in seven instalments of RMB12,000,000 annually. First instalment of RMB12,000,000 was paid on 19 September 2012 when the transaction was completed.

The bonds are initially recognised at the amount of the total proceeds net of the commission paid on the date of issuance. The accrued interest and the current portion of commission payable are recorded in interest payable and accruals, advance and other payables as follows.

	Group	
	30 June 2013	31 December 2012
	Unaudited	Audited
	RMB'000	RMB'000
Bonds interest payable	**931,820**	383,553
Commission payable - current	**41,250**	57,000
	973,070	440,553

17 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movements in deferred tax assets and liabilities during the period, without taking into account the offsetting of balances within the same tax jurisdiction, are as follows:

	Deferred income tax assets RMB'000	**Deferred income tax liabilities** RMB'000	**Total** RMB'000
Unaudited			
Opening balance at 1 January 2013	**765,260**	**(7,832,515)**	**(7,067,255)**
Credited/(charged) to income statement	**31,450**	**(217,072)**	**(185,622)**
Credited to equity due to fair value change in available-for-sale financial assets	**—**	**703**	**703**
Ending balance at 30 June 2013	**796,710**	**(8,048,884)**	**(7,252,174)**
Audited			
Opening balance at 1 January 2012	721,265	(7,670,716)	(6,949,451)
Attributable to change of a jointly controlled entities to a subsidiary	6,341	—	6,341
Credited/(charged) to income statement	37,654	(161,428)	(123,774)
Charged to other comprehensive income	—	(371)	(371)
Ending balance at 31 December 2012	765,260	(7,832,515)	(7,067,255)

18 TRADE AND NOTES PAYABLES

	30 June 2013 Unaudited RMB'000	31 December 2012 Audited RMB'000
Trade payables (Note (a))	**16,392,505**	14,628,126
Notes payables	**1,471,223**	1,473,411
	17,863,728	16,101,537

Note:

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

	30 June 2013 Unaudited RMB'000	31 December 2012 Audited RMB'000
Less than 1 year	**14,764,604**	13,003,636
1 – 2 years	**916,927**	1,126,700
2 – 3 years	**366,353**	333,837
Over 3 years	**344,621**	163,953
	16,392,505	14,628,126

19 ACCRUALS, ADVANCE AND OTHER PAYABLES

	30 June 2013 Unaudited RMB'000	31 December 2012 Audited RMB'000
Customer deposits and receipts in advance	**2,165,347**	2,130,320
Payable for acquisition of subsidiaries	**1,115,643**	1,311,379
Payable for compensation for local mining companies	**516,709**	592,325
Dividends payable	**460,279**	383,037
Payable for site restoration	**266,219**	265,336
Mineral resource compensation payable	**157,601**	162,727
Salaries and staff welfare payable (Note (a))	**598,511**	570,443
Interest payable	**991,505**	424,779
Payable for mining right	**235,549**	471,764
Advance from a minority shareholder of a subsidiary	**200,000**	150,000
Other amounts due to related parties	**616,810**	604,837
Other amounts due to third parties	**2,283,039**	2,194,654
	9,607,212	9,261,601

Note:

(a) Included in the balance of salaries and staff welfare payable was the current portion of provision for employ benefits for early retirement of RMB48,985,000 (31 December 2012: RMB63,564,000).

20 PROVISION FOR CLOSE DOWN, RESTORATION AND ENVIRONMENTAL COSTS

	30 June 2013 Unaudited RMB'000	31 December 2012 Audited RMB'000
Opening balance	**1,174,326**	1,114,647
Interest charge on unwinding of discount on provision	**19,459**	38,048
Provision, net	**5,053**	134,992
Payments	**(12,818)**	(113,361)
Ending balance	**1,186,020**	1,174,326
Less: current portion	**(60,151)**	(37,061)
	1,125,869	1,137,265

21 EXPENSES BY NATURE

Expenses included in cost of sales and selling, general and administrative expenses are analysed below:

	Six months ended 30 June	
	2013	2012
	Unaudited	Unaudited and restated
	RMB'000	RMB'000
Depreciation	**2,466,127**	1,968,338
Amortisation	**311,606**	217,670
Cost of inventories sold	**16,360,639**	19,850,961
Transportation costs	**5,910,015**	5,459,156
Sales tax and surcharges	**653,888**	722,360
Auditors' remuneration	**2,000**	2,000
Net losses on disposal of property, plant and equipment	**3,048**	8,765
Repair and maintenance	**574,713**	596,185
Operating lease rentals	**82,885**	89,524
Provision for impairment of inventories	**4,299**	107,643
Provision for impairment of property, plant and equipment	**—**	73,104
Provision for impairment of receivables	**35,238**	5,419
Staff costs (including directors' emoluments)	**3,284,079**	3,311,066
Resource compensation fees	**357,008**	476,716
Sustainable development charge	**1,145,143**	1,048,356
Other expenses	**4,004,632**	4,507,496
Total cost of sales, selling, general and administrative expenses	**35,195,320**	38,444,759

22 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2013	2012
	Unaudited	Unaudited and restated
	RMB'000	RMB'000
Interest expense:		
– Bank borrowings	**979,950**	513,932
– Long-term bonds	**576,945**	446,384
– Provisions: unwinding of discount	**22,122**	22,258
Other incidental borrowing costs and charges	**5,262**	1,314
Net foreign exchange gains	**(103,637)**	(17,091)
Finance costs	**1,480,642**	966,797
Less: amounts capitalised on qualifying assets	**(1,025,537)**	(373,048)
Total finance costs	**455,105**	593,749
Finance income:		
– interest income on bank deposits	**292,217**	396,577
– interest income on loans to related parties	**6,776**	24,579
Total finance income	**298,993**	421,156
Net finance costs	**156,112**	172,593

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:

	Six months ended 30 June	
	2013	2012
	Unaudited	Unaudited
Capitalisation rate used to determine the amount of finance costs eligible for capitalisation	**6.14%-6.77%**	5.68%-7.05%

23 INCOME TAX EXPENSE

	Six months ended 30 June	
	2013	2012
	Unaudited	Unaudited and restated
	RMB'000	RMB'000
Current income tax		
– PRC enterprise income tax (Note (a))	**1,121,606**	1,747,638
Deferred income tax (Note 17)	**185,622**	89,442
	1,307,228	1,837,080

Note:

(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 2013 and 2012 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 rate 15% based on the relevant PRC tax laws and regulations.

24 EARNINGS PER SHARE

Basic earnings per share for the six months ended 30 June 2013 and 2012 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 the period.

As the Company had no dilutive instruments for the six months ended 30 June 2013 and 2012, diluted earnings per share is the same as basic earnings per share.

25 DIVIDENDS

	Six months ended 30 June	
	2013	2012
	Unaudited	Unaudited
	RMB'000	RMB'000
Dividends		
– final dividends for 2011 (Note (a))	**—**	2,851,145
– final dividends for 2012 (Note (b))	**2,784,319**	—

Notes:

(a) 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 was approved by the shareholders' meeting held on 25 May 2012 and has been fully paid to shareholders in June and July 2012.

(b) On 13 May 2013, after approval from the annual general meeting of shareholders, the Company declared 2012 final dividend of RMB0.2100 Yuan per share, and the Company made dividend payment of approximately RMB2,784,319,000 for the six months ended 30 June 2013.

26 NOTES TO THE CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

a. Reconciliation of profit for the period to net cash inflows generated from operations

	Six months ended 30 June	
	2013	2012
	Unaudited	Unaudited and restated
	RMB'000	RMB'000
Profit before income tax	**5,205,984**	7,362,128
Adjustments for:		
Property, plant and equipment		
– depreciation charge	**2,466,127**	1,968,338
– net losses on disposals (Note 21)	**3,048**	8,765
Land use rights, mining rights and intangible assets		
– amortisation charge	**311,606**	217,670
Provision for impairment of property, plant and equipment (Note 7)	**—**	73,104
Provision for impairment of receivables	**35,238**	5,419
Provision for impairment of inventories	**4,299**	107,643
Share of profits of associates and jointly controlled entities	**(141,085)**	(207,975)
Net foreign exchange gains	**(103,637)**	(17,091)
Interest income	**(298,993)**	(421,156)
Interest expense	**553,480**	609,526
Dividend income	**(2,346)**	(6,435)
Changes in working capital:		
Inventories	**(552,914)**	(417,195)
Trade and notes receivables	**(2,106,453)**	(2,620,970)
Prepayments and other receivables	**96,298**	(505,135)
Trade and notes payables	**1,036,271**	1,141,912
Accruals, advance and other payables	**(621,600)**	(754,684)
Restricted bank deposits	**302,739**	(57,843)
Decrease in provision for employee benefits	**(31,659)**	(4,869)
(Decrease)/Increase in provision for close down, restoration, and environmental costs	**(7,765)**	27,340
Cash generated from operations	**6,148,638**	6,508,492

27 CONTINGENT LIABILITIES

The Group are defendants in certain lawsuits as well as plaintiffs in other proceedings arising in the ordinary course of business. While the outcomes of such lawsuits or other proceedings cannot be determined at present, management believes that any resulting liabilities will not have a material adverse effect on the financial position or operating results of the Group.

28 COMMITMENTS

(a) Capital commitments

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

	30 June 2013 Unaudited RMB'000	31 December 2012 Audited RMB'000
Property, plant and equipment	**24,792,549**	18,725,052
Others	**270,334**	379,316
	25,062,883	19,104,368

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

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

	30 June 2013 Unaudited RMB'000	31 December 2012 Audited RMB'000
Land and buildings:		
– Within 1 year	**122,663**	126,211
– From 1 year to 5 years	**285,164**	314,828
– Over 5 years	**831,869**	862,680
	1,239,696	1,303,719

28 COMMITMENTS (Continued)

(c) Investment commitments

The Company and China Coal Group signed an investment agreement on 21 August 2012 and agreed to jointly set up China Coal Energy Finance Company Limited, which has been approved by China Banking Regulatory Commission. As of 30 June 2013, the Company is committed to invest RMB2,730 million in this company.

The Company and China Railway Investment Corporation along with other 14 companies signed a founders' agreement on 16 August 2012 and agreed to jointly set up Mengxi-Huazhong Railway Company Limited. Up to 30 June 2013, the Company has paid the first investment instalment of RMB100 million and is committed to further invest RMB5,300 million in this company in future years.

29 SIGNIFICANT RELATED PARTY TRANSACTIONS

The Group has extensive transactions with its parent company, China Coal Group. For the purpose of disclosures of related party transactions, to the extent possible, the Group has procedures in place to assist the identification of the immediate ownership structure of its customers and suppliers as to whether they are related parties. Management believes that all material related party transactions and balances, of which they are aware of, have been adequately disclosed.

Sales of goods and provision of services to related parties are at state-prescribed prices or prices which are also available to other customers. The Group considers that these sales are activities in the ordinary course of business.

Set out below is a summary of significant related party transactions in the period ended 30 June 2013 and 2012.

29 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(a) Related party transactions

	Six months ended 30 June	
	2013	2012
	Unaudited	Unaudited and restated
	RMB'000	RMB'000
Transactions with the Parent Company and fellow subsidiaries:		
Integrated Material and Services Mutual Provision (i)		
Charges paid for production material and ancillary services	**1,372,736**	1,150,633
Charges paid for social and support services	**37,660**	49,125
Revenue received from supply of production material and ancillary services	**220,082**	273,307
Revenue received from provision of coal export-related services	**10,259**	26,346
Mine Construction and Design (ii)		
Charges paid for mine construction and design services	**2,758,512**	2,047,282
Property Leasing (iii)		
Rental charge paid	**42,907**	37,621
Land Use Rights (iv)		
Rental charge paid	**30,810**	30,810
Coal Supplies (v)		
Charges paid for coal supplies	**63,231**	315,054
Coal Export and Sales (vi)		
Charges paid for agency services of coal export	**1,815**	2,493
Transactions with jointly controlled entities		
Sales and services provided		
Interest income	**6,776**	24,579
Sales of coal	**45,459**	59,141
Purchases of goods and services		
Purchases of materials	**—**	1,118
Transactions with associates		
Sales and services provided		
Sales of coal	**191,169**	164,934
Sales of machinery and materials	**48,252**	2,314
Income from renting property, plant and equipment	**62,845**	128,283
Purchases of goods and services		
Purchases of materials and spare parts	**55,037**	—
Transportation services	**241,988**	237,805

29 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(a) Related party transactions (Continued)

Note:

(i) The Company and China Coal Group entered into Integrated Materials and Services Mutual Provision Framework Agreement on 5 September 2006, under which the Company provides to China Coal Group and China Coal Group provides to the Company production material supplies and ancillary services, and the Company also provides to China Coal Group export-related services. The Company renews the agreement with China Coal Group, extending the term of validity to 31 December 2014 after its expiry date of 31 December 2011.

(ii) The Company and China Coal Group entered into Mine Construction and Design Framework Agreement on 5 September 2006, followed with contract renewal under the name of Mine Construction, Mine Design and General Contracting Service Framework Agreement upon its expiry date of 31 December 2008. Subsequently, the Company and China Coal Group extend this contract and change its name to Project Design, Construction and General Contracting Framework Agreement when the contract is due on 31 December 2011. The deal mainly includes:

- China Coal Group provides the Company with engineering design, construction and general contracting;
- China Coal Group undertakes projects which the Company subcontracts;
- For engineering design, construction and general contracting, services providers and pricing would be determined in the form of public bidding;
- The agreement is valid up to 31 December 2014.

(iii) The Company and China Coal Group entered into a Property Leasing Framework Agreement on 5 September 2006, under which the Company leases from China Coal Group certain buildings and properties in the PRC for general business and ancillary purposes. This agreement is valid for 10 years, taking effect from 22 August 2006.

(iv) The Company and China Coal Group entered into a Land Use Rights Leasing Framework Agreement on 5 September 2006, under which the Company leases certain land use rights in the PRC from China Coal Group for general business and ancillary purposes. This agreement is valid for 20 years, taking effect from 22 August 2006.

(v) The Company and China Coal Group entered into a Coal Supplies Framework Agreement on 5 September 2006, under which China Coal Group will procure that all coal products produced from the retained mines be supplied exclusively to the Company, and has undertaken not to sell any such coal products to any third party. The Company renewed the agreement with China Coal Group, extending the term of validity to 31 December 2014 after its expiry date of 31 December 2011.

(vi) Under relevant PRC laws and regulations, coal exports shall only be made through one of four authorised PRC enterprises including China Coal Group. The Company appointed China Coal Group as its coal export sales agent under a Coal Export and Sales Agency Framework Agreement entered into on 5 September 2006. Pursuant to the agreement, the agency fee for coal exports to countries and territories other than the China Taiwan market is 0.7% of the FOB price in respect of each ton of coal products exported; and the agency fee for the coal exports and sales to the China Taiwan market is 0.7% of the FOB price, plus USD0.5 per ton of coal products sold. The agency fees are payable on a monthly basis, effective from 31 December 2008. The Company renews the agreement with China Coal Group, extending the term of validity to 31 December 2014 after its expiry date of 31 December 2011.

29 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(a) Related party transactions (Continued)

Transactions with other government related entities in PRC

Apart from transactions with China Coal Group, fellow subsidiaries, associates and jointly controlled entities, the Group has extensive transactions with other government related entities.

During the period ended 30 June 2013 and 2012, majority of the following Group's activities are conducted with other state-controlled entities:

- Sales of coal;
- Sales of machinery and equipment;
- Purchases of coal;
- Purchases of materials and spare parts;
- Purchases of transportation services; and
- Bank balances and borrowings.

In addition to the above mentioned, transactions with other state-controlled entities also include but not limited to the following:

- Lease of assets;

These transactions are conducted in accordance with the contracts the Group entered into based on market prices.

	Six months ended 30 June	
	2013	2012
	Unaudited	Unaudited
	RMB'000	RMB'000
Key management compensation		
Salary, allowances and other benefits		
– Directors and supervisors	**1,000**	1,144
– Other key management	**1,272**	1,195
Pension costs-defined contribution plans		
– Directors and supervisors	**36**	32
– Other key management	**106**	96

29 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(b) Loan guarantees to related parties

	30 June 2013 Unaudited RMB'000	31 December 2012 Audited RMB'000
Loan guarantees to related parties		
– Associates	**3,266,756**	1,523,566
– Jointly controlled entities	**216,000**	171,000
Total	**3,482,756**	1,694,566

30 SUBSEQUENT EVENTS

On 23 July 2013, the Company issued corporate bonds with a total amount of RMB5,000,000,000 at a par value of RMB100 for each and received total proceeds of RMB5,000,000,000. The bonds are fully repayable on 25 July 2020 when they become due. These bonds carry a coupon rate of 5.26% per annum and the interest charge will be paid on 25 July annually in each of the following 7 years.

Company Profile

Statutory Chinese Name of the Company	中國中煤能源股份有限公司
Abbreviated Statutory Chinese Name of the Company	中煤能源股份
Statutory English Name of the Company	China Coal Energy Company Limited
Abbreviated Statutory English Name of the Company	China Coal Energy
Legal Representative of the Company	Wang An

Information about Secretary to the Board of the Company	
Name of Secretary to the Board	Zhou Dongzhou
Contact Address of Secretary to the Board	Secretariat of the Board of Directors, China Coal Energy Company Limited, No. 1 Huangsidajie, Chaoyang District, Beijing, PRC
Contact Telephone Number of Secretary to the Board	(8610)-82236028
Fax Number of Secretary to the Board	(8610)-82256479
E-mail Address of Secretary to the Board	IRD@chinacoal.com

Basic Information about the Company	
Registered Address and Office Address of the Company	No. 1 Huangsidajie, Chaoyang District, Beijing, PRC
Post Code	100120
Internet Website	http://www.chinacoalenergy.com
Email Address	IRD@chinacoal.com
Newspapers Designated for Information Disclosure	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily
Internet Website Designated by CSRC for Publication of Annual Reports	http://www.sse.com.cn
Internet Website Designated by the HKSE for Publication of Annual Reports	http://www.hkex.com.hk
Location for Inspection of Annual Reports of the Company	Secretariat of the Board of Directors, China Coal Energy Company Limited, No. 1 Huangsidajie, Chaoyang District, Beijing, PRC

Company Profile

Brief information about shares of the Company				
Type of shares	Stock exchange for listing of share	Short name of stock	Stock code	Short name of stock before change
A Shares	Shanghai Stock Exchange	中煤能源	601898	
H Shares	The Stock Exchange of Hong Kong Limited	China Coal Energy	01898	

Authorised Representatives of the Company	Yang Lieke, Zhou Dongzhou
Company Secretary	Zhou Dongzhou

Other relevant information	
Date of first registration of the Company	22 August 2006
Location of first registration of the Company	No. 1 Huangsidajie, Chaoyang District, Beijing, PRC
Date of change in registration of the Company	28 June 2010
Location of change in registration of the Company	No change
Registration Number of Corporate Business Licence	100000000040475
Tax Registration Number	Jing Shui Zheng Zi No 110105710934289
Organisation Code	71093428-9

Accounting firms of the Company	
Domestic accounting firm of the Company	PricewaterhouseCoopers Zhong Tian LLP
Office address of the domestic accounting firm of the Company	11/F, PricewaterhouseCoopers Centre, Building 2, Corporate Avenue, 202 Hu Bin Road, Luwan District, Shanghai, PRC
International accounting firm of the Company	PricewaterhouseCoopers
Office address of the international accounting firm of the Company	22/F, Prince's Building, Central, Hong Kong

Company Profile

Legal Advisors of the Company	
Domestic legal advisor as to PRC law	Beijing Jiayuan Law Firm
Contact address	R407 Ocean Plaza, 158 Fuxingmennei Avenue, Xicheng District, Beijing, PRC
Foreign legal advisor	DLA Piper Hong Kong
Contact address	17/F, Edinburgh Tower, The Landmark, 15 Queen's Road, Central, Hong Kong

Share Registrars for domestic and overseas listed shares	
A Share Registrar	China Securities Depository and Clearing Corporation Limited Shanghai Branch
Contact Address	36/F, China Insurance Building, 166 Lujiazui East Avenue, Pudong New District, Shanghai, PRC
H Share Registrar	Computershare Hong Kong Investor Services Limited
Contact Address	Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Definitions

In this interim report, unless the context otherwise requires, the following expressions have the following meanings:

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
Articles of Association	the articles of association passed at the inaugural meeting of the Company on 18 August 2006 and approved by the relevant state authorities, as amended and supplemented from time to time
Board of the Company/Board	the board of directors of China Coal Energy Company Limited
China Coal Group	China National Coal Group Corporation, the controlling shareholder of the Company
China Coal Huajin Company	Shanxi China Coal Huajin Energy Co., Ltd.
Company Website	www.chinacoalenergy.com
CSRC	China Securities Regulatory Commission
Datun Mining Area	the coal mining area in Jiangsu Province operated by Shanghai Energy Company, comprising the Yaoqiao, Kongzhuang, Xuzhuang and Longdong mines
Dazhong Company	Datong China Coal Export Base Development Company Limited
Directors	the directors of the Company, including all the executive directors, non-executive directors and independent non-executive directors
Dongpo Company	Shanxi China Coal Dongpo Coal Industry Company Limited
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
Heilongjiang Coal Chemical Group	China Coal Heilongjiang Coal Chemical Engineering (Group) Company Limited
HKSE	The Stock Exchange of Hong Kong Limited
HKSE Website	www.hkexnews.hk
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Definitions

Huajin Coking Coal Company	Huajin Coking Coal Company Limited
Import and Export Company	China Coal Import and Export Company
Nanliang Company	Shaanxi Nanliang Coal Company Limited
NDRC	the National Development and Reform Commission
Pingshuo Company	China Coal Pingshuo Group Co., Ltd.
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, the Jingdong Mine and Pingshuo East Open Pit Mine
RMB	RMB yuan
Shaanxi Company	China Coal Shaanxi Yulin Energy Chemical Company Limited
Shanghai Energy Company	Shanghai Datun Energy Resources 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 Shares and holder(s) of H Shares
Shuozhong Company	Shuozhou China Coal Pingshuo Energy Company Limited
SSE	the Shanghai Stock Exchange
SSE Listing Rules	the Listing Rules of the Shanghai Stock Exchange
SSE Website	www.sse.com.cn
Tang Shan Gou Company	Shanxi Zhongxin Tangshangou Coal Industry Company Limited
The Group/The Company/Company/ China Coal Energy	China Coal Energy Company Limited, unless otherwise indicated, also includes all of its subsidiaries
Zhongtian Synergetic Company	Zhongtian Synergetic Energy Company Limited

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