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

2013
Annual Report







Contents

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

Overview of Key Financial Data

Summary of Consolidated Balance Sheet

Unit: RMB100 million

Items	As at 31 December 2013	As at 31 December 2012 (Restated)	Percentage change (%)	Notes to financial statements
Assets	2,165.20	1,856.99	16.6	
Of which: Property, plant and equipment	1,100.15	855.10	28.7	Note 7
Mining and exploration rights	325.67	324.79	0.3	Note 9
Investment in associates	95.60	84.84	12.7	Note 11
Inventories	68.06	66.97	1.6	Note 18
Trade and notes receivables	128.95	113.94	13.2	Note 19
Term deposits with initial terms of over 3 months	82.05	94.71	–13.4	Note 21
Cash and cash equivalents	112.33	132.23	–15.0	Note 21
Equity	1,030.93	1,014.31	1.6	
Of which: Equity attributable to the equity holders of the Company	878.11	867.37	1.2	
Non-controlling interests	152.82	146.94	4.0	
Liabilities	1,134.27	842.68	34.6	
Of which: Long-term borrowings	297.75	201.71	47.6	Note 24
Long-term bonds	298.68	199.06	50.0	Note 25
Provision for close down, restoration and environmental costs	11.74	11.74	–	Note 29
Trade and notes payable	226.31	161.02	40.5	Note 27
Taxes payable	17.85	21.85	-18.3	

Note: The Group acquired the 100% equity interests in Guangdong China Coal Import and Export Company Limited from China Coal Southern Energy Resources Company Limited, a subsidiary of China Coal Group in September 2013. The opening balance and the relevant data for the comparative period have been restated (same as below).

Summary of consolidated income statement

Unit: RMB100 million

Items	For the year ended 31 December 2013	For the year ended 31 December 2012 (Restated)	Percentage change (%)	Notes to financial statements
Revenue	823.16	872.92	–5.7	Note 6
Cost of sales	709.20	699.89	1.3	
Gross profit	113.96	173.03	–34.1	
Profit from operations	68.79	128.07	–46.3	
Profit before income tax	64.01	127.89	–49.9	
Profit for the year	46.20	95.75	–51.7	
Profit attributable to the equity holders of the Company	38.05	88.42	–57.0	
Basic earnings per share attributable to equity holders of the Company (RMB/Share)	0.29	0.67	–56.7	Note 35

Summary of the operating results of the segments (for the year ended 31 December 2013 and as at 31 December 2013)

Unit: RMB100 million

Items	Coal operations	Coal chemicals operations	Coal mining equipment operations	Other operations	Non-operating segments	Elimination	Total
Revenue	689.61	40.52	74.47	36.94	–	−18.38	823.16
Of which: Revenue from external sales	686.10	40.52	68.35	28.19	–	–	823.16
Profit from operations	70.88	0.09	3.12	−0.76	−4.50	−0.04	68.79
Profit before income tax	65.57	−0.46	3.11	−1.17	−3.00	−0.04	64.01
Assets	1,235.05	402.49	157.17	86.97	322.82	−39.30	2,165.20
Liabilities	307.03	221.76	53.96	44.51	540.18	−33.17	1,134.27

Summary of consolidated cash flow statement

Unit: RMB100 million

Items	For the year ended 31 December 2013	For the year ended 31 December 2012 (Restated)
Net cash generated from operating activities	67.88	108.87
Net cash used in investing activities	-292.47	-318.89
Net cash generated from financing activities	204.74	133.11
Net decrease in cash and cash equivalents	-19.85	-76.91
Cash and cash equivalents at the beginning of the period	132.23	209.08
Net foreign exchange (losses)/gains	-0.05	0.06
Cash and cash equivalents at the end of the period	112.33	132.23

Reconciliation of profit before tax to net cash generated from operations

Unit: RMB100 million

Items	For the year ended 31 December 2013	For the year ended 31 December 2012 (Restated)
Profit before tax	64.01	127.89
Adjustments for		
Depreciation and amortisation	52.06	46.97
Net (gains)/losses from disposal of property, plant and equipment	-0.24	0.13
Provision for impairment of available for sale financial assets, receivables, inventories and property, plant and equipment	2.37	2.34
Share of profits of associated and jointly controlled entities	-1.52	-2.36
Foreign exchange gains, net	-1.42	-0.71
Losses on disposal of investments	0.13	0.37
Interest and dividend income	-6.10	-8.12
Interest expense	13.64	11.19
Changes in working capital	1.12	-20.73
Decrease in provision for employee benefits	-0.97	-0.31
(Decrease)/Increase in provision for close down, restoration and environmental costs	-0.40	0.22
Net cash generated from operating activities	122.68	156.88

Overview of Business Data

Items	2013	2012	Change (%)
(1) Coal operations (10 thousand tonnes)			
Production volume of commercial coal	11,868	11,440	3.7
Sales volume of commercial coal	16,101	14,954	7.7
Of which: Sales volume of self-produced commercial coal	11,531	11,112	3.8
(2) Coal Chemical Operations (10 thousand tonnes)			
Production volume of coke	191	170	12.4
Sales volume of coke	243	229	6.1
Of which: Sales volume of self-produced coke	193	177	9.0
Production volume of methanol	12.4	13.4	–7.5
Sales volume of methanol	17.9	19.1	–6.3
Production volume of urea	16.2	☆	–
Sales volume of urea	12.2	☆	–
(3) Coal mining equipment operations			
Production value of coal mining equipment (RMB100 million)	64.8	85.0	–23.8
Sales volume of coal mining equipment (10 thousand tonnes)	34.3	39.2	–12.5

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 chemical fertiliser project in Lingshi of Shanxi came officially on stream in June 2013. The sales volume of urea for the reporting period only comprises the data since June.

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

Production volume of commercial coal (10 thousand tonnes)	2013	2012	Change (%)
Pingshuo Company	9,134	8,967	1.9
Shanghai Energy Company	783	766	2.2
China Coal Huajin Company	555	192	189.1
Dongpo Company	653	792	–17.6
Nanliang Company	204	210	–2.9
Tang Shan Gou Company	137	150	–8.7
Shuozhong Company	522	617	–15.4
Dazhong Company	318	370	–14.1
Shaanxi Company	154	60	156.7
Total	**11,868**	**11,440**	**3.7**

Production volume of raw coal

Notes: 1. 5.92 million tonnes raw coal produced by Dongpo Company and washed by Shuozhong Company were eliminated from the total commercial coal production volume in 2013, while 6.84 million tonnes were eliminated in 2012.

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

Sales volume of commercial coal (10 thousand tonnes)		2013	2012	Change (%)
(1) Domestic sales of self-produced coal		11,488	11,048	4.0
By region:	North China	4,596	4,662	−1.4
	East China	4,633	4,552	1.8
	South China	1,270	1,547	−17.9
	Others	989	287	244.6
By coal type:	Thermal coal	11,030	10,945	0.8
	Coking coal	458	103	344.7
By contract:	Long-term contract	6,911	5,211	32.6
	Spot trading	4,577	5,837	−21.6
By transportation:	Seaborne	8,521	7,814	9.0
	Direct arrival	1,580	1,419	11.3
	Local sales	1,387	1,815	−23.6
(2) Self-produced coal export		43	64	−32.8
By region:	Taiwan, China	43	48	−10.4
	Korea	☆	5	−100.0
	Japan	☆	11	−100.0
By coal type:	Thermal coal	43	64	−32.8
By contract:	Long-term contract	43	64	−32.8
(3) Proprietary trading		4,119	3,364	22.4
Of which:	Domestic resale	3,995	2,941	35.8
	Import trading	94	415	−77.3
	Transshipment trading	27	5	440.0
	Self-operated exports	3	3	–
(4) Agency		451	478	−5.6
Of which:	Import agency	146	133	9.8
	Export agency	196	225	−12.9
	Domestic agency	109	120	−9.2
Total		**16,101**	**14,954**	**7.7**

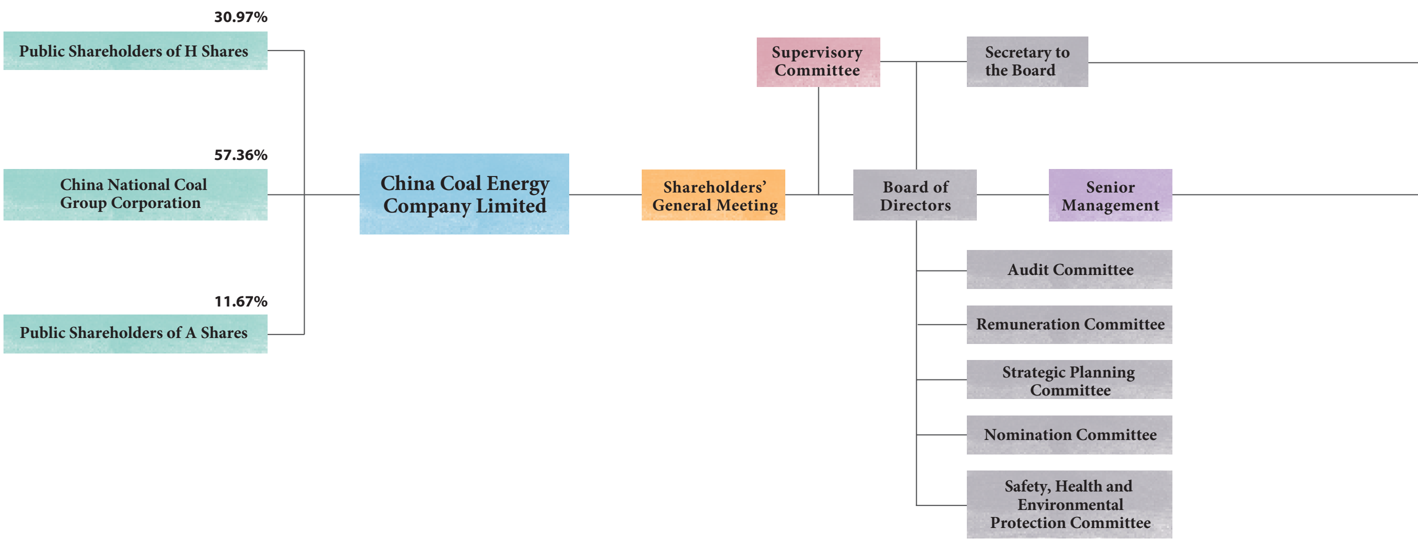
Production value of coal mining equipment (RMB100 million)	2013	2012	Change (%)
Conveyor equipment	25.8	33.3	−22.5
Support equipment	19.1	27.1	−29.5
Road header	6.8	7.5	−9.3
Shearer	6.9	7.6	−9.2
Electric mining motor	6.2	9.5	−34.7
Total	**64.8**	**85.0**	**−23.8**

Sales volume of coke (10 thousand tonnes)	2013	2012	Change (%)
Self-produced	193	177	9.0
Of which: Metallurgical coke	193	144	34.0
Foundry coke	☆	33	−100.0
Proprietary and agency	50	52	−3.8
Total	**243**	**229**	**6.1**

Coal resource reserve (100 million tonnes)	As of the end of 2013	Percentage (%)
By base:		
Shanxi	82.2	42.2
Inner Mongolia-Shaanxi	96.3	49.5
Jiangsu	8.1	4.1
Xinjiang	6.2	3.2
Heilongjiang	1.8	0.9
By coal type:		
Thermal coal	163.1	83.8
Coking coal	31.5	16.2
Total	**194.6**	**100**

Notes:
1. As at the end of 2013, the Company had coal resource reserve of 19.46 billion tonnes with mining rights in accordance with the mining standards of the PRC.
2. The Company used coal resource reserve of 223 million tonnes during coal mining in 2013.
3. Wangjialing Coal Mine of China Coal Huajin Company was approved by the Department of Land Resource of Shanxi Province to increase resource reserve by 617 million tonnes in coking coal in 2013.
4. In accordance with the relevant regulation requirements of the PRC, Datun Mining Area in Jiangsu Province was verified to decrease resource reserve in high sulphur coal and natural coke resources, and decrease coking coal resource reserve by 313 million tonnes.
5. After exploration and recalculation, thermal coal resource reserve in other mines of the Company decreased by 132 million tonnes for the whole year.

Organisation Chart
of the Company



Note: The equity interests of China National Coal Industry Qinhuangdao Import and Export Company Limited, China National Coal Imp. and Exp. Group (Tianjin) Company Limited, China Coal Shandong Company Limited, Shanghai China Coal East China Company Limited and Qinghuangdao China Coal Warehousing and Transportation Company Limited have been consolidated into China Coal Sales and Transportation Company Limited as third-level subsidiaries in terms of management.

Organisation Chart of the Company

- Secretariat of the Board
- President's Office
- Department of Strategy Planning
- Department of Human Resources
- Department of Operation Management
- Financial Department
- Department of Infrastructure Management
- Department of Production Technology Management
- Department of Science and Technology Development
- Department of Information Management
- Department of Safety and Health
- Chief Control Office
- International Collaboration & Development Department
- Department of Investor Relations
- Department of Legal Affairs
- Auditing Department
- Coal Chemical Industry Research Institute
- Coal Sales Centre
- Purchasing Centre

Branches

- China Coal Energy Company Limited, Jinnan Sales Branch
- China Coal Energy Company Limited, Jinbei Sales Branch
- China Coal Energy Company Limited, Xinjiang Branch
- China Coal Energy Company Limited, Ordos Branch

Subsidiaries

China Coal Pingshuo Group Company Limited	100%
Shanghai Datun Energy Resources Company Limited	62.43%
China National Coal Mining Equipment Company Limited	100%
China Coal and Coke Holdings Limited	100%
Shanxi China Coal Huajin Energy Company Limited	51%
Shanxi China Coal Dongpo Coal Industry Company Limited	100%
Shaanxi Nanliang Coal Company Limited	55%
Ordos Yihua Mining Resources Company Limited	51%
Wushenqi Mengda Mining Company Limited	66%
China Coal Hami Coal Industry Company Limited	100%
Shanxi Puxian China Coal Jinchang Mining Company Limited	51%
Shanxi Puxian China Coal Yushuo Mining Company Limited	63%
China Coal Xinjiang Coal Electricity Chemical Company Limited	60%
China Coal Yili Coal Electricity Chemical Company Limited	100%
China Coal Heilongjiang Coal Chemical Company Limited	100%
Inner Mongolia China Coal Mengda New Energy & Chemical Company Limited	75%
China Coal Finance Co., Ltd.	91%
Inner Mongolia China Coal Yuanxing Energy Chemical Company Limited	75%
China Coal Ordos Energy Chemical Company Limited	100%
Guangzhou China Coal South China Trading Company Limited	100%
China Coal Xing'an Energy Chemical Engineering Company Limited	100%
China National Coal Development Company Limited	100%
China Coal Tendering Company Limited	100%
Sunfield Resources Pty. Limited	100%
Ordos Yinhe Hongtai Coal Power Company Limited	78.84%
Shuozhou Great Company Limited	100%
Shanxi Zhongxin Tangshangou Coal Industry Company Limited	80%
China Coal Sales and Transportation Company Limited	100%
Shuozhou China Coal Pingshuo Energy Company Limited	100%
Datong China Coal Export Base Development Company Limited	60%
China Coal Shaanxi Yulin Energy & Chemical Company Limited	100%

Equity Investment Companies

Zhongtian Synergetic Energy Company Limited	38.75%
Taiyuan Coal Gasification Longquan Energy Development Company Limited	40%
Shaanxi Yanchang China Coal Yulin Energy Chemical Company Limited	30%
Datong Zhongxin Energy Company Limited	42%
Zhejiang Zheneng China Coal Zhoushan Coal & Electricity Company Limited	27%
Tianjin Port China Coal Huaneng Coal Terminal Company Limited	24.5%
Huajin Coking Coal Company Limited	49%
Guotou China Coal Tongmei Jingtang Port Company Limited	21%
Mengji Railway Company Limited	5%
Ordos Southern Railway Company Limited	10%
Tangshan Caofeidian Coal Port Company Limited	5%
Gansu China Coal Tianda Energy Company Limited	50%
China Power Shentou Power Generation Company Limited	20%
Hohhot-Zhungeer-Ordos Railway Company Limited	10%
Ordos Nalin River Coal Mine Development Company Limited	5%
Mengxi-Huazhong Railway Company Limited	10%

Chairman's Statement

Dedication, integrity, innovation, forerunner

Dear Shareholders,

The coal market remained sluggish in 2013 due to the in-depth restructuring of global economy and the slowdown of China's economic growth. The downward trend of domestic thermal coal prices, attributable to multiple factors like the rapid growth of coal production capacities, the slower growth in demand and the impact of coal imports on the domestic market, increased the competitiveness of the market, heightening the operating pressure of coal enterprises. In the face of difficulties and challenges, the Company exerted itself to quicken the pace in industrial layout restructuring, deepen management improvement, take vigorous measures to cut cost and increase efficiency and reinforce the management of production safety by upholding the principle of seeking progress in stability and making development in a scientific manner, thus achieving steady production and operations and attaining new achievements in various undertakings. On behalf of the Board of the Company, I would like to extend my sincere gratitude to all the shareholders for their support and concern for the development of the Company over the years, and herein present the operating results of China Coal Energy for 2013.

During 2013, the Company sustained growth momentum in the principal coal operations against the enormous market pressure by improving the coordination between production and sales. Capitalising on the advantage of safe and efficient mines, the Company organised production with a scientific approach, optimised system design and arranged the layout of mining areas in a reasonable manner, so as to improve the unit output and unit roadheading level, resulting in the production of 156.6 million tonnes of raw coal and 118.68 million tonnes of commercial coal in 2013, representing a year-on-year increase of 7.7% and 3.7%, respectively. To continuingly improve coal quality, the Company strengthened quality management and tightened the monitoring on the whole procedure of mining, washing and processing, blending and sales. By adhering to its market-oriented and customer-centred marketing philosophy, the Company optimised its coordination mechanism, improved its service quality and enhanced its market response capability, leading to the sales of 161.01 million tonnes of commercial coal, representing a year-on-year increase of 7.7%. The Company optimised its logistics planning and overall development layout, consolidated the traditional markets while expanding in the emerging markets so as to further build up a new network for coal sales.

The Company enhanced its cost control and continued to deepen lean management, achieving sound progress in cutting cost and increasing efficiency. Efforts were made by the Company to maintain competitive edge in low cost through further reducing costs in system, technology and labour, optimising system design, streamlining technique progress and tightening budget execution. The cost of coal remained stable in recent years; as a result, the compound annual growth rate of unit cost of sales of self-produced commercial coal was 3.1% from 2008 to 2013, and the unit cost of sales of self-produced commercial coal for 2013 was within the budget. The coke oven gas produced fertiliser project was successfully put into production and the overall coking operations turned profitable thanks to the optimisation of resources deployment and the improvement in asset profitability. During the reporting period, the Company achieved sales revenue of RMB82.32 billion and profit before tax of RMB6.4 billion under the scenario of sharp drop in coal prices.

Adhering to strategic guidance, the Company accelerated the construction of major projects and forged a new competitive edge on industrial layout. The construction of coal mines progressed smoothly. Wangjialing Coal Mine passed completion acceptance and reached designed capacity in the same year; the coal mine projects including Muduchaideng, Dahaize and Xiaohuigou expedited their construction paces; Menkeqing and Hulusu Coal Mines obtained approval recently. The coal chemical projects were in rapid progress. In particular, both Mengda Methanol Project and Phase 1 of Tuke Fertiliser Project entered trial operation; Yulin Methanol and Acetic Acid Deep Processing Project was scheduled to commence the commissioning test run in 2014; the main construction of Mengda Engineering Plastics Project was in full swing; the phase 1 of Coal Deep Processing Model Project of Zhongtian Synergetic Company obtained its approval. Power generation projects achieved significant progress as well. The 2×660MW, 2×350MW Low Calorific Value Coal Power Generation Projects in Pingshuo Mining Area were approved to commence preliminary preparations. The ancillary engineering facilities of major projects progressed at a rapid pace. The dedicated railway line for Hujierte Mining Area commenced full construction activities; the dedicated railway lines for Pingshuo East Open Pit Mine and Wangjialing Coal Mine were substantially completed. As the projects under construction will be completed and put into operation gradually, the industrial layout of the Company will be optimised and the risk resistance capacity will be improved. As of the end of 2013, under the PRC mining standards, the Company's coal resource reserve amounted to 19.46 billion tonnes.

The Company enhanced its risk awareness and optimised its capital control to ensure the stable operation. Upholding the principle of placing profitability as top priority, the Company dynamically reviewed the investment projects, optimised its investment layout and construction sequence and assured the progress of major projects to vigorously control the investment risks. The Company strengthened centralised capital management and deployment, raising the efficiency of capital utilisation and effectively reducing the capital cost. The Finance Company was formally put into operation, forging a new platform for corporate financial services. The Company strengthened its management on operating cash flow through reducing receivables and inventories and improving asset turnover. To inspire vitality of corporate management, the performance appraisal was optimised and oriented towards value creating. By tightening its overall control on investment, financing and operating activities, the Company managed to prevent capital risks, thus enhancing the quality of operations and the capability of sustainable development.

Along with the improvement in corporate management level and the rapid progress of reform and development, China Coal Energy actively assumed its social responsibility and demonstrated a sound corporate image. Through the enhancement of safety system construction, the consolidation of fundamental security and the steady improvement in production safety level, the Company achieved safety production during 2013 and set a new record in coal production safety for 32 consecutive months. To advance the construction of a "Green China Coal Energy", the Company optimised its standard system, raised the resource recovery rate and reduced energy consumption, resulting in the top ranking in the review and appraisal on energy conservation and emission reduction conducted by the relevant departments and ministries of the PRC. A number of coal mines of the Company were designated by the Ministry of Land and Resources as the pilot green mines at the state level, attributable to the increasing technology investment and the progress in the construction of ecological mines and beautiful mining areas.

The year 2013 witnessed the enormous difficulties and challenges in the coal industry. Experiencing rapid growth over the years, the coal industry in China underwent a cycle of adjustment and reform under the impact of the increasing commissioning of production capacity and the slower growth in demand. On the back of stabilised growth, optimised structure and strengthened management, the Company sustained steady growth momentum against the backdrop of the complex and challenging environment. Due to the sluggish recovery of world economy and the lack of stabilisation in China's economic growth, the coal industry was not out of the woods yet as the pressure of overcapacity remained high. Looking into the future, China's economy will continue to retain its upward trend in the long run, and coal will remain as one of the most important fundamental energy resources in a longer horizon. The efforts made at the state level to improve orderly competition, eliminate unreasonable taxes and fees and accelerate integration within the industry will facilitate large coal enterprises to enhance their market competitiveness. Adhering to the strategic guidance and the progress of reform and development, China Coal Energy will strive for identifying the development pattern of the industry, expediting the restructuring of industrial layout and deepening the management reform to significantly enhance its business scale and competence. A preliminary landscape has been formed through having the two growth engines in Pingshuo and Inner Mongolia-Shaanxi complementing to each other, coordinating the development of the four major businesses and pushing ahead the new layout of development through structural adjustment. Major breakthroughs in the industrial transformation will be achieved when the coal chemical projects are put into trial production consecutively after years of construction, which will lay a solid foundation for establishing an integrated energy company with global competitiveness.

In 2014, adhering to the principal requirement of "seeking progress in stability and advocating reform and innovation", we will strive to increase the production volume of coal through the organisation of efficient production, enhance coal profitability through the expansion of sales channels, accelerate project construction through the reinforcement of investment management, ensure production safety through the improvement in risk resistance, carry forward cost cutting and efficiency enhancement through the promotion of lean management and deepen the reform and innovation through the optimisation of management system. With the courage to address the difficulties as well as the confidence and determination to go against the odds, the management and the entire staff of the Company will forge through unfavorable situations concertedly and exert ourselves to realise the long-term goals of the Company.

Wang An
Chairman

Beijing, the PRC
18 March 2014

Management Discussion and Analysis of Financial Conditions and Operating Results

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

I. Overview

In 2013, the Group organised its production in a scientific manner, optimised its product structure, made every effort to expand its scale of production and sale, reinforced the efforts to cut the costs and increase efficiency and actively responded to the impacts of the market. For the year ended 31 December 2013, the Group's total revenue (net of inter-segmental sales) amounted to RMB82.316 billion, representing a year-on-year decrease of 5.7%; profit before income tax amounted to RMB6.401 billion, representing a year-on-year decrease of 49.9%; profit attributable to equity holders of the Company amounted to RMB3.805 billion, representing a year-on-year decrease of 57.0%; net cash generated from operating activities per share was RMB0.51, representing a year-on-year decrease of RMB0.31; and basic earnings per share amounted to RMB0.29, representing a year-on-year decrease of RMB0.38.

Unit: RMB100 million

	For the year ended 31 December 2013	For the year ended 31 December 2012 (Restated)	Increase/decrease	
			Increase/ decrease in amount	Increase/ decrease (%)
Revenue	**823.16**	872.92	-49.76	-5.7
Profit before income tax	**64.01**	127.89	-63.88	-49.9
EBIDTA	**120.85**	175.04	-54.19	-31.0
Profit attributable to equity holders of the Company	**38.05**	88.42	-50.37	-57.0
Net cash generated from operating activities	**67.88**	108.87	-40.99	-37.7

As at 31 December 2013, the gearing ratio (total interest-bearing debts/(total interest-bearing debts + equity)) of the Group was 40.4%, representing an increase of 8.9 percentage points from the beginning of 2013.

Unit: RMB100 million

	As at 31 December 2013	As at 31 December 2012 (restated)	Increase/decrease	
			Increase/ decrease in amount	Increase/ decrease (%)
Assets	**2,165.20**	1,856.99	308.21	16.6
Liabilities	**1,134.27**	842.68	291.59	34.6
Interest-bearing debts	**699.63**	466.19	233.44	50.1
Total Equity	**1,030.93**	1,014.31	16.62	1.6
Equity attributable to the equity holders of the Company	**878.11**	867.37	10.74	1.2

II. Operating Results

(1) Combined Operating Results

1. Revenue

For the year ended 31 December 2013, the Group's total revenue (net of inter-segmental sales) decreased from RMB87.292 billion for the year ended 31 December 2012 to RMB82.316 billion, representing a decrease of 5.7%. In face of changing market conditions and a substantial fall in coal price, the Group adhered to the strategies of pursuing "quantity to compensate for the low price, quality to boost the sales" to actively expand the sales of coal. As a result, the Group recorded 4.19 million tonnes and RMB1.961 billion year-on-year increases in production and revenue respectively from self-produced commercial coal. However, the overall sales price of self-produced commercial coal decreased by RMB46/ tonne and revenue decreased by RMB5.291 billion year-on-year. In addition, revenue from coal mining equipment operation recorded a year-on-year decrease of RMB1.050 billion.

Changes in revenue net of inter-segmental sales from the Group's four operating segments of coal, coal chemical, coal mining equipment and other operations for the year ended 31 December 2013 in comparison with the year ended 31 December 2012 are set out as follows:

Unit: RMB100 million

	Revenue net of inter-segmental sales		Increase/decrease	
	For the year ended 31 December 2013	For the year ended 31 December 2012	Increase/ decrease in amount	Increase/ decrease (%)
Coal operations	**686.10**	717.83	-31.73	-4.4
Coal chemical operations	**40.52**	41.85	-1.33	-3.2
Coal mining equipment operations	**68.35**	78.85	-10.50	-13.3
Other operations	**28.19**	34.39	-6.20	-18.0
Total	**823.16**	872.92	-49.76	-5.7

The proportion of revenue net of inter-segmental sales generated by each operating segment of the Group for the year ended 31 December 2013 and the year ended 31 December 2012 in the Group's total revenue are set out as follows:

	Proportion of revenue net of inter-segmental sales (%)		
	For the year ended 31 December 2013	For the year ended 31 December 2012	Increase/ decrease in (percentage point(s))
Coal operations	**83.4**	82.2	1.2
Coal chemical operations	**4.9**	4.8	0.1
Coal mining equipment operations	**8.3**	9.0	-0.7
Other operations	**3.4**	4.0	-0.6

2. *Cost of sales*

For the year ended 31 December 2013, the Group's cost of sales increased from RMB69.989 billion for the year ended 31 December 2012 to RMB70.920 billion, representing an increase of 1.3%.

Materials costs decreased from RMB37.266 billion for the year ended 31 December 2012 to RMB35.073 billion, representing a decrease of 5.9%. The decrease was mainly attributable to reduction in the scale of sales for coal mining equipment operations which led to a year-on-year decrease of RMB1.206 billion in material costs; reduction in the purchase price of raw coal for coal chemical operations which led to a year-on-year decrease of RMB479 million in material costs; and closure of 50,000 tonnes of primary aluminium production capacity in other operations which led to a year-on-year decrease of RMB337 million in material costs.

Staff costs increased from RMB4.453 billion for the year ended 31 December 2012 to RMB4.555 billion, representing an increase of 2.3%. The increase was mainly attributable to the commencement of operation of Wangjialing Mine of the Group's subsidiary, China Coal Huajin Company, which led to an increase in staff number on the payroll, thus incurring higher staff costs.

Depreciation and amortisation expenses increased from RMB4.260 billion for the year ended 31 December 2012 to RMB4.846 billion, representing an increase of 13.8%. The increase was mainly attributable to the transfer of the Group's construction-in-progress projects to fixed assets and an increase in production equipment and facilities purchased for production and operation, resulting in a corresponding year-on-year increase in provision for depreciation and amortisation expenses.

Repair and maintenance costs increased from RMB1.081 billion for the year ended 31 December 2012 to RMB1.135 billion, representing an increase of 5.0%. The increase was mainly attributable to the increased usage of mining equipment among subordinate coal production corporations, which led to more repairs, thus incurring higher repair costs correspondingly.

Transportation costs increased from RMB11.446 billion for the year ended 31 December 2012 to RMB13.016 billion, representing an increase of 13.7%. The increase was mainly attributable to the increased tariff rate of railway transportation, as well as a year-on-year increase in the volume of and transportation distance for sales of self-produced coal from the Group's Pingshuo Mining Area, for which transportation cost and harbour tolls had to be borne, thus incurring an increase in transportation cost correspondingly.

Sales taxes and surcharges decreased from RMB1.372 billion for the year ended 31 December 2012 to RMB1.294 billion, representing a decrease of 5.7%. The decrease was mainly attributable to the corresponding decrease in sales taxes and surcharges as a result of a decrease in the sales revenue during the reporting period.

Other expenses increased from RMB10.111 billion for the year ended 31 December 2012 to RMB11.001 billion, representing an increase of 8.8%. The increase was mainly attributable to the commencement of operation of Wangjialing Mine of China Coal Huajin Company and Nanliang Coal Washery, as well as the year-on-year increase in stripping and roadheading volume outsourced by Pingshuo Company, which led to an increase of RMB494 million in the cost of outsourced mining works. The water discharge fee for mining paid by subsidiaries of the Group, during the reporting period increased by RMB127 million year-on-year. In addition, there was a year-on-year increase in expenditure for routine sporadic repairs such as environmental restoration and land subsidence treatment.

3. Gross profit and gross profit margin

For the year ended 31 December 2013, the Group's gross profit decreased from RMB17.303 billion for the year ended 31 December 2012 to RMB11.396 billion, representing a decrease of 34.1%, and gross profit margin decreased from 19.8% for the year ended 31 December 2012 to 13.8%, representing a decrease of 6.0 percentage points.

The gross profit and gross profit margin of each operating segment of the Group for the year ended 31 December 2013 and for the year ended 31 December 2012 are as follows:

Unit: RMB100 million

	Gross profit			Gross profit margin (%)		
	For the year ended 31 December 2013	For the year ended 31 December 2012	Increase/ decrease (%)	**For the year ended 31 December 2013**	For the year ended 31 December 2012	Increase/ decrease (percentage point(s))
Coal operations	**97.79**	155.35	-37.1	**14.2**	21.6	-7.4
Self-produced commercial coal	**96.35**	152.38	-36.8	**19.7**	29.2	-9.5
Proprietary coal trading	**1.01**	2.70	-62.6	**0.5**	1.4	-0.9
Coal chemical operations	**1.73**	-1.51	–	**4.3**	-3.6	7.9
Coal mining equipment operations	**13.27**	17.25	-23.1	**17.8**	19.3	-1.5
Other operations	**1.86**	2.46	-24.4	**5.0**	6.3	-1.3
Group	**113.96**	173.03	-34.1	**13.8**	19.8	-6.0

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

(2) Operating Results of Segments

1. Coal segment

- **Revenue**

The Group's revenue from the coal operations 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 and domestic agency services.

For the year ended 31 December 2013, the total revenue from coal operations of the Group decreased from RMB71.995 billion for the year ended 31 December 2012 to RMB68.961 billion, representing a decrease of 4.2%; revenue net of other inter-segmental sales decreased from RMB71.783 billion for the year ended 31 December 2012 to RMB68.610 billion, representing a decrease of 4.4%.

For the year ended 31 December 2013, revenue from sales of self-produced commercial coal of the Group decreased from RMB52.220 billion for the year ended 31 December 2012 to RMB49.016 billion, representing a decrease of 6.1%. After offsetting the revenue from inter-segmental sales, the revenue decreased from RMB52.023 billion for the year ended 31 December 2012 to RMB48.693 billion, representing a decrease of 6.4%; of which, revenue from thermal coal was RMB44.990 billion, representing a year-on-year decrease of RMB6.212 billion; revenue from coking coal was RMB3.703 billion, representing a year-on-year increase of RMB2.882 billion. For the year ended 31 December 2013, the Group's sales of self-produced commercial coal recorded a year-on-year increase of 4.19 million tonnes, increasing sales income by RMB1.961 billion; the overall sales price of self-produced commercial coal recorded a year-on-year decrease of RMB46/tonne, reducing sales income by RMB5.291 billion.

Revenue from sales of proprietary coal trading increased from RMB19.294 billion for the year ended 31 December 2012 to RMB19.498 billion, representing an increase of 1.1%.

Revenue from agency services decreased from RMB48 million for the year ended 31 December 2012 to RMB33 million, representing a decrease of 31.3%.

Changes in the Group's coal sales volume and selling price for the year ended 31 December 2013 in comparison with the year ended 31 December 2012 are set out as follows:

		For the year ended 31 December 2013		For the year ended 31 December 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 (%)
I. Self-produced commercial coal	Total	**11,531**	**422**	11,112	468	419	-46	3.8	-9.8
	(I) Thermal coal	**11,073**	**406**	11,009	465	64	-59	0.6	-12.7
	1. Domestic sale	**11,030**	**406**	10,945	464	85	-58	0.8	-12.5
	(1) Long-term contract	**6,911**	**425**	5,211	452	1,700	-27	32.6	-6.0
	(2) Spot trading	**4,119**	**373**	5,734	474	-1,615	-101	-28.2	-21.3
	2. Export	**43**	**596**	64	742	-21	-146	-32.8	-19.7
	(1) Long-term contract	**43**	**596**	64	742	-21	-146	-32.8	-19.7
	(2) Spot trading	☆	☆	☆	☆	–	–	–	–
	(II) Coking coal	**458**	**811**	103	796	355	15	344.7	1.9
	1. Domestic sale	**458**	**811**	103	796	355	15	344.7	1.9
	(1) Long-term contract	☆	☆	☆	☆	–	–	–	–
	(2) Spot trading	**458**	**811**	103	796	355	15	344.7	1.9
	2. Export	☆	☆	☆	☆	–	–	–	–
II. Proprietary trading	Total	**4,119**	**473**	3,364	574	755	-101	22.4	-17.6
	(I) Domestic resale	**3,995**	**471**	2,941	574	1,054	-103	35.8	-17.9
	(II) Import trading	**94**	**484**	415	549	-321	-65	-77.3	-11.8
	(III) Transshipment trading	**27**	**523**	5	1,056	22	-533	440.0	-50.5
	(IV) Self-operated exports*	**3**	**2,177**	3	3,115	–	-938	–	-30.1
III. Import and export and domestic agency★	Total	**451**	**7**	478	10	-27	-3	-5.6	-30.0
	(I) Import agency	**146**	**11**	133	8	13	3	9.8	37.5
	(II) Export agency	**196**	**8**	225	16	-29	-8	-12.9	-50.0
	(III) Domestic agency	**109**	**1**	120	1	-11	–	-9.2	–

☆: N/A for the period.

★: Selling price is agency service fee.

* : Briquette export

- **Cost of sales**

For the year ended 31 December 2013, cost of sales for the Group's coal operations increased from RMB56.460 billion for the year ended 31 December 2012 to RMB59.182 billion, representing an increase of 4.8%. Changes in major cost items are set out as follows:

Unit: RMB100 million

Item	**For the year ended 31 December 2013**	For the year ended 31 December 2012	Increase/decrease	
			Increase/ decrease in amount	Increase/ decrease (%)
Materials costs (excluding cost of external purchases of raw coal for washing purpose and proprietary coal trading cost)	**63.60**	60.28	3.32	5.5
Cost of external purchases of raw coal for washing purpose	**12.32**	19.60	-7.28	-37.1
Proprietary coal trading cost★	**192.07**	189.38	2.69	1.4
Staff costs	**33.88**	32.71	1.17	3.6
Depreciation and amortisation	**42.33**	37.05	5.28	14.3
Repair and maintenance☆	**11.35**	11.24	0.11	1.0
Transportation costs	**125.16**	110.02	15.14	13.8
Coal sustainable development fund (reserve)	**21.42**	20.90	0.52	2.5
Outsourcing mining engineering fee	**32.21**	27.27	4.94	18.1
Sales taxes and surcharges	**12.25**	12.72	-0.47	-3.7
Other costs*	**45.23**	43.43	1.80	4.1
Total cost of sales for coal operations	**591.82**	564.60	27.22	4.8

★: This cost does not include transportation costs and provision for impairment of inventories that are related to proprietary coal trading.

☆: Repair and maintenance expenses of the coal segment include inter-segmental repair and maintenance expenses which are eliminated upon consolidation.

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

For the year ended 31 December 2013, the Group's cost of sales of self-produced commercial coal was RMB39.381 billion, representing a year-on-year increase of RMB2.399 billion or 6.5%; the unit cost of sales of self-produced commercial coal was RMB341.53/tonne, representing a year-on-year increase of RMB8.71/ tonne or 2.6%; the cost of proprietary coal trading was RMB19.397 billion, representing a year-on-year increase of RMB0.373 billion or 2.0%; and the unit cost of sales of proprietary coal trading was RMB470.92/ tonne, representing a year-on-year decrease of RMB94.60/tonne or 16.7%.

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

Unit: RMB/tonne

Item	**For the year ended 31 December 2013**	For the year ended 31 December 2012	Increase/decrease: Increase/decrease in amount	Increase/decrease: Increase/decrease (%)
Materials costs (excluding cost of external purchases of raw coal for washing purpose)	**55.15**	54.25	0.90	1.7
Cost of external purchases of raw coal for washing purpose	**10.69**	17.64	-6.95	-39.4
Staff costs	**29.38**	29.44	-0.06	-0.2
Depreciation and amortisation	**36.71**	33.34	3.37	10.1
Repair and maintenance	**9.85**	10.11	-0.26	-2.6
Transportation costs	**107.11**	98.23	8.88	9.0
Sales taxes and surcharges	**10.62**	11.44	-0.82	-7.2
Coal sustainable development fund (reserve)	**18.57**	18.81	-0.24	-1.3
Outsourcing mining engineering fee	**27.94**	24.54	3.40	13.9
Other costs	**35.51**	35.02	0.49	1.4
Unit cost of sales of self-produced commercial coal	**341.53**	332.82	8.71	2.6

The year-on-year change in the Group's unit cost of sales of self-produced commercial coal for the year ended 31 December 2013 was mainly attributable to:

Unit cost of external purchases of raw coal for washing purpose decreased by RMB6.95/tonne year-on-year, which was mainly attributable to the increase in the share of sales volume of self-produced raw coal due to further optimisation of sales structure during the reporting period, resulting in the year-on-year decrease in external purchases of raw coal for washing purposes and the year-on-year decrease in raw coal procurement prices. In addition, the year-on-year increase in the sales volume of self-produced commercial coal diluted the unit cost of external purchases of raw coal for washing purposes.

Unit depreciation and amortisation increased by RMB3.37/tonne year-on-year, which was mainly attributable to the transfer of construction-in-progress projects to fixed assets by subsidiaries and an increase in production equipment and facilities purchased for production and operation needs, resulting in a corresponding year-on-year increase in the provision for depreciation and amortisation.

Unit transportation cost increased by RMB8.88/tonne year-on-year, which was mainly attributable to the increased tariff rate of railway transportation, as well as an increase in the volume of and transportation distance for sales of self-produced coal from the Group's Pingshuo Mining Area, for which transportation cost and harbour tolls had to be borne.

Unit outsourcing mining engineering expenses increased by RMB3.40/tonne year-on-year, which was mainly attributable to the commencement of operation of Wangjialing Coal Mine of China Coal Huajin Company and Nanliang Coal Washery, as well as the year-on-year increase in stripping and tunnelling volume outsourced by Pingshuo Mining Area in accordance with production and operation arrangements, which led to an increase in the cost of outsourced mining works.

- **Gross profit and gross profit margin**

For the year ended 31 December 2013, the Group's gross profit from coal operations decreased from RMB15.535 billion for the year ended 31 December 2012 to RMB9.779 billion, representing a decrease of 37.1%; and gross profit margin decreased by 7.4 percentage points from 21.6% for the year ended 31 December 2012 to 14.2%.

2. Coal chemical operations

- **Revenues**

For the year ended 31 December 2013, the Group's revenue from coal chemical operations decreased from RMB4.185 billion for the year ended 31 December 2012 to RMB4.052 billion (generated entirely from revenue of external transactions), representing a decrease of 3.2%. This was mainly due to the relatively large year-on-year decrease in the selling price of coke, resulting in a year-on-year decrease of RMB426 million in the revenue of coke products, representing a decrease of 12.8%. The coke oven gas produced chemical fertiliser project in Lingshi of Shanxi started to operate in 2013, adding RMB206 million to the revenue.

The revenue from coke sales of the Group for the year ended 31 December 2013 was RMB2.899 billion, representing a year-on-year decrease of RMB426 million or 12.8%.

Changes in the sales volume and selling price of coke of the Group for the year ended 31 December 2013 and for the year ended 31 December 2012 are set out in the table below:

	For the year ended 31 December 2013		For the year ended 31 December 2012		Increase/decrease		Increase/decrease	
	Sales volume (10,000 tonnes)	**Selling price (RMB/ tonne)**	Sales volume (10,000 tonnes)	Selling price (RMB/ tonne)	Sales volume (10,000 tonnes)	Selling price (RMB/ tonne)	Sales volume (%)	Selling price (%)
Self-produced	**193**	**1,186**	177	1,441	16	-255	9.0	-17.7
Domestic sales	**193**	**1,186**	177	1,441	16	-255	9.0	-17.7
Export	☆	☆	☆	☆	–	–	–	–
Proprietary trading	**48**	**1,290**	51	1,526	-3	-236	-5.9	-15.5
Domestic sales	**45**	**1,302**	50.7	1,523	-5.7	-221	-11.2	-14.5
Export	**3**	**1,120**	0.3	1,978	2.7	-858	900.0	-43.4
Export agency*	**2**	**12**	1	26	1	-14	100.0	-53.8

☆ : N/A for the period.
* : Selling price is agency service fee.

For the year ended 31 December 2013, the Group's revenue from sales of products such as methanol and urea increased to RMB1.153 billion from the RMB860 million for the year ended 31 December 2012, representing a year-on-year growth of RMB293 million. Among the sales, the sales volume of methanol amounted to 179.4 thousand tonnes (including 48.4 thousand tonnes of methanol produced by Heilongjiang Coal Chemical Group, a subsidiary of China Coal Group, all of which was sold externally via the Group), with weighted average selling price of RMB2,035/tonne, achieving a revenue of RMB365 million. The sales volume of urea amounted to 121.6 thousand tonnes, with weighted average selling price of RMB1,506/tonne, achieving a sales revenue of RMB183 million. In addition, other chemical products such as coal tar and crude benzene achieved a revenue of RMB605 million.

- **Cost of sales**

For the year ended 31 December 2013, the Group's cost of sales of coal chemical operations decreased from RMB4.336 billion for the year ended 31 December 2012 to RMB3.879 billion, representing a decrease of 10.5%. The details are set out below:

Unit: RMB100 million

Item	**For the year ended 31 December 2013**	For the year ended 31 December 2012	Increase/decrease Increase/ decrease in amount	Increase/ decrease (%)
Material costs	**31.85**	36.64	-4.79	-13.1
Staff costs	**0.76**	0.73	0.03	4.1
Depreciation and amortisation	**1.70**	1.60	0.10	6.3
Repair expenses	**0.31**	0.24	0.07	29.2
Transportation expenses	**3.45**	3.03	0.42	13.9
Sales taxes and surcharges	**0.11**	0.17	-0.06	-35.3
Other costs	**0.61**	0.95	-0.34	-35.8
Total cost of sales of coal chemical operations	**38.79**	43.36	-4.57	-10.5

For the year ended 31 December 2013, the cost of sales of coke of the Group decreased by RMB683 million from RMB3.608 billion for the year ended 31 December 2012 to RMB2.925 billion, representing a decrease of 18.9%, and the unit cost of sales decreased by RMB367.51/tonne from RMB1,584.93/tonne for the year ended 31 December 2012 to RMB1,217.42/tonne, representing a decrease of 23.2%. The cost of sales of methanol decreased by RMB30 million from RMB381 million for the year ended 31 December 2012 to RMB351 million, representing a decrease of 7.9%, and the unit cost of sales decreased by RMB35.52/tonne from RMB1,991.87/tonne for the year ended 31 December 2012 to RMB1,956.35/tonne, representing a decrease of 1.8%. The cost of sales of urea amounted to RMB160 million and the unit cost of sales amounted to RMB1, 317.50/tonne.

- **Gross profit and gross profit margin**

For the year ended 31 December 2013, the gross profit of the Group's coal chemical operations segment increased from RMB-151 million for the year ended 31 December 2012 to RMB173 million, representing an increase of RMB324 million, and the gross profit margin increased from -3.6% for the year ended 31 December 2012 to 4.3%, representing an increase of 7.9 percentage points. This was mainly attributable to the year-on-year decrease in purchase price of raw coal used for producing coke, and the year-on-year increase in gross profit margin resulting from the commencement of operation of the coke oven gas produced chemical fertiliser project in Lingshi of Shanxi under China Coal and Coke.

3. *Coal mining equipment operations*

- **Revenue**

For the year ended 31 December 2013, the Group's revenue from coal mining equipment operations decreased from RMB8.919 billion for the year ended 31 December 2012 to RMB7.447 billion, representing a decrease of 16.5%, of which the revenue after netting of other inter-segmental sales decreased from RMB7.885 billion for the year ended 31 December 2012 to RMB6.835 billion, representing a decrease of 13.3%. This was mainly due to market supply and demand, resulting in a year-on-year decrease in the sales volume and a year-on-year fall in the price of coal mining equipment.

- **Cost of sales**

For the year ended 31 December 2013, the Group's cost of sales of coal mining equipment operations decreased from RMB7.194 billion for the year ended 31 December 2012 to RMB6.120 billion, representing a decrease of 14.9%. The details are set out below:

Unit: RMB100 million

Item	**For the year ended 31 December 2013**	For the year ended 31 December 2012	Increase/decrease: Increase/ decrease in amount	Increase/decrease: Increase/ decrease (%)
Material costs	**45.37**	57.43	-12.06	-21.0
Staff costs	**6.10**	6.72	-0.62	-9.2
Depreciation and amortisation	**1.04**	0.90	0.14	15.6
Repair expenses	**0.62**	0.62	–	–
Transportation expenses	**1.39**	1.36	0.03	2.2
Sales taxes and surcharges	**0.35**	0.59	-0.24	-40.7
Other costs	**6.33**	4.32	2.01	46.5
Total cost of sales of coal mining equipment operations	**61.20**	71.94	-10.74	-14.9

- **Gross profit and gross profit margin**

For the year ended 31 December 2013, the gross profit of the Group's coal mining equipment operations decreased from RMB1.725 billion for the year ended 31 December 2012 to RMB1.327 billion, representing a decrease of 23.1%, and the gross profit margin decreased from 19.3% for the year ended 31 December 2012 to 17.8%, representing a decrease of 1.5 percentage points.

4. Other operations

For the year ended 31 December 2013, the Group's total revenue from other operations such as sales of primary aluminium and power generation decreased from RMB3.929 billion for the year ended 31 December 2012 to RMB3.694 billion, representing a decrease of 6.0%, of which the revenue after netting of other inter-segmental sales decreased from RMB3.439 billion for the year ended 31 December 2012 to RMB2.819 billion, representing a decrease of 18.0%. The gross profit of the other operations segment decreased by 24.4% from RMB246 million for the year ended 31 December 2012 to RMB186 million, and gross profit margin decreased from 6.3% for the year ended 31 December 2012 to 5.0%, representing a decrease of 1.3 percentage points.

(3) Selling, general and administrative expenses

For the year ended 31 December 2013, the Group's selling, general and administrative expenses increased from RMB4.586 billion for the year ended 31 December 2012 to RMB4.620 billion, representing an increase of 0.7%. This was mainly attributed to a year-on-year increase of RMB44 million in the provision for bad debts in accounts receivables, and a year-on-year increase of RMB27 million in overheads and selling expenses. The year-on-year increase of RMB37 million in gain on disposal of non-current assets offset some of the above increases.

(4) Other net gains

For the year ended 31 December 2013, other net gains of the Group decreased from RMB122 million for the year ended 31 December 2012 to RMB113 million, representing a decrease of 7.4%. This was mainly due to the year-on-year decrease in transfer of unpayable accounts payables that resulted in a year-on-year decrease in other gains of RMB57 million, and the year-on-year decrease of RMB25 million in government grants related to gains. Some expenses like natural disaster losses were incurred by China Coal Equipment Company, a subsidiary of the Company in 2012 (there were no incidents of this type in the reporting period), resulting in a year-on-year decrease of RMB73 million in other expenses.

(5) Profit from operations

For the year ended 31 December 2013, the Group's operation profit decreased from RMB12.807 billion for the year ended 31 December 2012 to RMB6.879 billion, representing a decrease of 46.3%. Changes in profit from operations for each operating segment are as follows:

Unit: RMB100 million

	For the year ended 31 December 2013	For the year ended 31 December 2012 (Restated)	Increase/decrease Increase/ decrease in amount	Increase/decrease Increase/ decrease (%)
The Group	**68.79**	128.07	-59.28	-46.3
Of which: Coal Operations	**70.88**	127.97	-57.09	-44.6
Coal chemical operations	**0.09**	-3.53	3.62	–
Coal mining equipment	**3.12**	6.67	-3.55	-53.2
Other operations	**-0.76**	-0.17	-0.59	347.1

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

(6) Finance income and finance costs

For the year ended 31 December 2013, the Group's net finance costs increased from RMB254 million for the year ended 31 December 2012 to RMB630 million, representing an increase of 148.0%, while finance income decreased from RMB807 million for the year ended 31 December 2012 to RMB606 million, representing a decrease of 24.9%. This was mainly attributable to the decrease in deposit interest income as more capital was used for project construction. The finance costs increased from RMB1.061 billion for the year ended 31 December 2012 to RMB1.235 billion, representing an increase of 16.4%. This was mainly attributable to the year-on-year increase in interest expenses of RMB206 million as a result of the transfer of the Group's Wangjialing Coal Mine Project to fixed assets, while the Japanese Yen borrowings by Pingshuo Company led to a foreign exchange net gain of RMB142 million as a result of changes in foreign exchange rate, representing a year-on-year increase of RMB71 million, offsetting part of the increase in interest expenses.

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

For the year ended 31 December 2013, the Group's share of profits of associates and jointly controlled entities decreased from RMB236 million for the year ended 31 December 2012 to RMB152 million, representing a decrease of 35.6%. This was mainly attributable to the decreased investment gains of the Group recognised in proportion to the shareholding resulting from the decreased profits of the associates and jointly controlled entities of the Group during the reporting period.

(8) Profit before income tax

For the year ended 31 December 2013, the profit of the Group before income tax decreased from RMB12.789 billion for the year ended 31 December 2012 to RMB6.401 billion, representing a decrease of 49.9%.

(9) Income tax expenses

For the year ended 31 December 2013, the Group's income tax expenses decreased from RMB3.214 billion for the year ended 31 December 2012 to RMB1.781 billion, representing a decrease of 44.6%.

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

For the year ended 31 December 2013, profit attributable to the equity holders of the Company decreased from RMB8.842 billion for the year ended 31 December 2012 to RMB3.805 billion, representing a decrease of 57.0%.

III. Cash Flow

As at 31 December 2013, the Group's cash and cash equivalents amounted to RMB11.233 billion, representing a decrease of RMB1.990 billion as compared to RMB13.223 billion as at 31 December 2012.

Net cash generated from operating activities decreased from RMB10.887 billion for the year ended 31 December 2012 to RMB6.788 billion, representing a decrease of 37.7%. This was mainly attributable to the year-on-year decrease in net cash inflow generated from operating activities of RMB5.477 billion as a result of the year-on-year decrease in the Group's profit before income tax and the year-on-year increase in the Group's non-cash costs such as depreciation and amortisation. The year-on-year decrease of RMB2.185 billion in the Group's receivables and payables attributable to operating activities such as trade receivables and inventories partially offset the decrease in cash inflow. Moreover, net cash inflow generated from interest received during the reporting period posted a year-on-year decrease of RMB312 million, and cash outflow for interest payment increased by RMB1.014 billion year-on-year as a result of the increase in the issuance of medium-term notes and bank borrowings during the reporting period. During the reporting period, cash outflow for income tax payment decreased by RMB646 million year-on-year.

Net cash used in investing activities decreased from RMB31.889 billion for the year ended 31 December 2012 to RMB29.247 billion, representing a decrease of 8.3%. This was mainly attributable to the year-on-year decrease of RMB3.712 billion in cash used for activities related to the annual capital expenditure plan of the Group, such as project construction, equipment purchase, resource reserves and equity investment. The movement of entrusted loans led to a year-on-year increase of RMB475 million in net cash used in investing activities, while the movement of term deposits with initial terms exceeding three months led to a year-on-year decrease of RMB557 million in net cash inflow from investing activities.

Net cash generated from financing activities increased from RMB13.311 billion for the year ended 31 December 2012 to RMB20.474 billion, representing an increase of 53.8%. This was mainly attributable to the year-on-year increase of RMB5.0 billion in net cash received from the issuance of medium-term notes, the year-on-year increase of RMB1.221 billion in net cash inflow arising from borrowings, and the year-on-year decrease of RMB1.045 billion in cash outflow arising from the acquisition of non-controlling interests in subsidiaries. In addition, capital injection in the non-controlling interests posted a year-on-year decrease of RMB92 million.

IV. Liquidity and Sources of Capital

For the year ended 31 December 2013, the Group's funds were mainly derived from the proceeds generated from business operations, bank borrowings and net proceeds generated from funds 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 payable by the Group, and the Group's working capital and general recurring expenditures.

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

V. Assets and Liabilities

(1) Property, plant and equipment

As at 31 December 2013, the net value of property, plant and equipment of the Group amounted to RMB110.015 billion, representing a net increase of RMB24.505 billion or 28.7% as compared to RMB85.510 billion as at 31 December 2012. This was mainly attributable to an increase in property, plant and equipment as a result of the increase in project investment from the Company's subsidiaries and the need for additional equipment and facilities for production and operation.

As at 31 December 2013 and 31 December 2012, the composition of the Group's property, plant and equipment (net value) is set out below:

Unit: RMB100 million

	As at 31 December 2013	**Percentage (%)**	As at 31 December 2012	Percentage (%)
Buildings	**173.95**	**15.8**	115.20	13.5
Mining structures	**122.12**	**11.1**	101.78	11.9
Plant, machinery and equipment	**228.71**	**20.8**	195.53	22.9
Railway structures	**4.19**	**0.4**	4.24	0.5
Motor vehicles, fixtures and others	**13.76**	**1.3**	10.69	1.3
Construction in progress	**557.42**	**50.6**	427.66	49.9
Total	**1,100.15**	**100.0**	855.10	100.0

(2) Mining and exploration rights

As at 31 December 2013, the net value of the Group's mining and exploration rights amounted to RMB32.567 billion, representing a net increase of RMB88 million or 0.3% as compared to RMB32.479 billion as at 31 December 2012. This was mainly attributable to the increase of RMB512 million for exploration right as a result of the prepayment of resource integration consideration made by Pingshuo Company of the Group, and the amortisation of exploration right for the reporting period amounted to RMB424 million.

(3) Other non-current assets

As at 31 December 2013, other non-current assets of the Group amounted to RMB9.399 billion, representing a net increase of RMB5.848 billion or 164.7% as compared to RMB3.551 billion as at 31 December 2012. This was attributable to the Group's payment of a capital of RMB2.730 billion for establishing Finance Company during the reporting period, as well as the increase in reclassification adjustment on to-be-credited value added tax of RMB755 million with a term over 1 year. In addition, the amount of advance payment for projects, equity investment and resource acquisition made by subsidiaries of the Group increased by RMB2.363 billion as compared to that at the beginning of 2013. The above amount will be transferred to long-term equity investment, intangible assets or fixed assets according to the progress of the projects.

(4) Trade and notes receivables

As at 31 December 2013, the net amount of trade and notes receivables amounted to RMB12.895 billion, representing an increase of RMB1.501 billion or 13.2% as compared to RMB11.394 billion as at 31 December 2012, of which the net amount of trade receivables amounted to RMB8.269 billion, representing an increase of RMB94 million or 1.1% as compared to RMB8.175 billion as at 31 December 2012. This was mainly attributable to the increase in trade receivables as a result of extension of the settlement period for coal mining equipment in respond to market situations.

(5) Borrowings

As at 31 December 2013, the balance of borrowings of the Group amounted to RMB40.095 billion, representing a net increase of RMB13.383 billion or 50.1% as compared to RMB26.712 billion as at 31 December 2012. This was mainly attributable to an increase in bank borrowings used as working capital for project construction, production and operation of the subsidiaries of the Group, of which the balance of long-term borrowings (including the portion due within one year) was RMB33.319 billion, representing a net increase of RMB11.737 billion as compared to RMB21.582 billion as at 31 December 2012, and the balance of short-term borrowings amounted to RMB6.776 billion, representing a net increase of RMB1.646 billion as compared to RMB5.130 billion as at 31 December 2012.

(6) Long-term Bonds

As at 31 December 2013, the balance of long-term bonds of the Group amounted to RMB29.868 billion, representing an increase of RMB9.962 billion, or 50.0%, from RMB19.906 billion as at 31 December 2012. The increase was a result of the issuance of medium-term notes by the Group during the reporting period.

VI. Pledge of Significant Assets

The Group did not have pledge of significant assets for the year ended 31 December 2013.

VII. Significant Investments

During the reporting period, the Company invested in the Methanol Acetic Acid Series Deep Processing and Comprehensive Utilisation Project developed by China Coal Shaanxi Yulin Energy & Chemical Company Limited. Please refer to the section "Directors' Report" in this report for details.

VIII. Material Acquisitions and Disposals

The Company did not have material acquisitions and disposals during the reporting period.

IX. Registration and Issuance of Medium-Term Notes and Short-Term Financing Bonds

For details of the registration and issuance of medium-term notes and short-term financing bonds during the reporting period, please refer to the section "Directors' Report" in this report.

X. Operational Risks

For details of the operational risks, please refer to the section "Directors' Report" in this report.

XI.Contingent Liabilities

(1) Bank guarantees

As at 31 December 2013, the Group provided guarantees for a total amount of RMB7.272 billion, of which RMB4.791 billion were guarantees provided in proportion to the Group's shareholdings for the bank borrowings of the Group's associates and jointly controlled entities. The details are set out below:

Unit: RMB10 thousand

The Company's external guarantees (excluding guarantees for controlling subsidiaries)													
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	7,650	19 December 2008	19 December 2008	18 December 2020	Joint and several liability guarantee	No	No	–	Yes	No	–
China Coal Energy Company Limited	Company headquarters	Shanxi Pingshuo Gangue-fired Power Generation Company Limited	38,200	24 December 2008	24 December 2008	23 December 2020	Joint and several liability guarantee	No	No	–	Yes	No	–
China Coal Energy Company Limited	Company headquarters	Huajin Coking Coal Company Limited	9,800	28 March 2008	28 March 2008	20 December 2022	Joint and several liability guarantee	No	No	–	No	No	–
China Coal Energy Company Limited	Company headquarters	Huajin Coking Coal Company Limited	39,325.50	28 March 2008	28 March 2008	20 December 2023	Joint and several liability guarantee	No	No	–	No	No	
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	–
China Coal Energy Company Limited	Company headquarters	Huajin Coking Coal Company Limited	8,250	21 November 2012	21 November 2012	20 November 2027	Joint and several liability guarantee	No	No	–	No	No	–
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	–
China Coal Energy Company Limited	Company headquarters	Shaanxi Yanchang China Coal Yulin Energy Chemical Company Limited	289,500	28 April 2013	28 April 2013	28 April 2025	Joint and several liability guarantee	No	No	–	Yes	No	–
China Coal and Coke Holdings Limited	Subsidiary	Hebei Sinocoal Risun Coking Company	13,500	23 August 2012	23 August 2012	31 August 2017	Joint and several liability guarantee	No	No	–	Yes	No	–
China Coal and Coke Holdings Limited	Subsidiary	Hebei Sinocoal Risun Coking Company	4,500	7 March 2013	7 March 2013	7 March 2018	Joint and several liability guarantee	No	No	–	Yes	No	–
Shanghai Datun Energy Resources Company Limited	Subsidiary	Fengpei Railway Company Limited (豐沛鐵路股份有限公司)	7.25	21 November 2013	21 November 2013	20 April 2024	Joint and several liability guarantee	No	No	–	Yes	No	–

Total guarantee incurred during the reporting period (excluding those provided to subsidiaries)	309,600.75
Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries)	479,057.75
Guarantee provided by the Company to its subsidiaries	
Total guarantee to subsidiaries incurred during the reporting period	–
Total balance of guarantee to subsidiaries as at the end of the reporting period (B)	248,129.00
Total guarantee of the Company (including those to subsidiaries)	
Total guarantee (A+B)	727,186.75
Percentage of total guarantee to net assets of the Company (%)	8.3
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)	206,979.96
Excess amount of total guarantee over 50% of net assets (E)	–
Total amount of the above three categories (C+D+E)	206,979.96

Note:
1. The Group did not provide additional guarantee to subsidiaries and the accumulated decrease of balance of guarantee to subsidiaries at the end of the reporting period was RMB750.68 million.
2. The Group did not have any outstanding guarantees which may bear a joint and several liability during the reporting period.

(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 year ended 31 December 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.

XII. Other Events

(1) Entrusted wealth management

As at 31 December 2013, the Group had neither entrusted wealth management nor investments in derivatives.

(2) Entrusted loans

◆ *Overview*

Unit: RMB10 thousand

Balance of entrusted loans at the beginning of the period	Amount incurred from entrusted loans for the current period	Actual amount of principal recovered from entrusted loans	Balance of entrusted loans at the end of the period
192,689	90,000	62,489	220,200

◆ *Details*

Unit: RMB10 thousand

Name of borrower	Amount of entrusted loans	Term	Interest rates (%)	Collateral or guarantor	Overdue or not	Related party transaction or not	Extended or not	Involved litigation or not	Source of capital and whether for fund raising or not	Related party relationship	Expected return	Investment gains and losses
Yan'an Hecaogou Coal Mining Company Limited	210,000	One year	6.60	–	No	No	No	No	No	–	15,510	12,307
Hebei Sinocoal Risun Coking Company	10,200	Three years	7.47	–	No	No	No	No	No	–	2,286	1,065

(3) Other investments in wealth management products and derivatives

As at 31 December 2013, the Group had no other investments in wealth management products or investments in derivatives.

Business Performance

I. Principal Business Operations of the Company in 2013

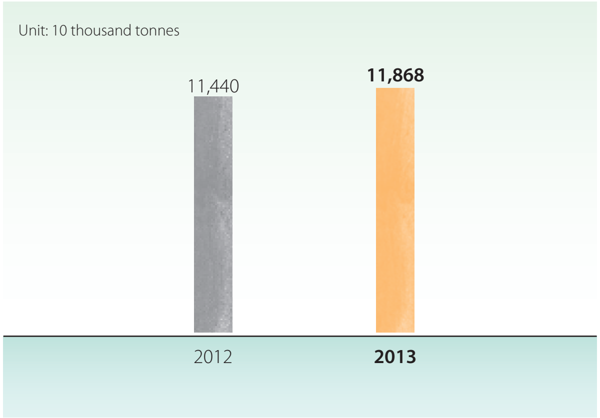
(I) Coal operations

1. Organise scientific production to maintain growth momentum in coal production volume

During 2013, coal demand in China plummeted as a whole and structural overcapacity appeared as a result of slower domestic economic growth. Coal import volume remained high, and price of thermal coal dropped to the lowest level in recent years, and higher deficit was recorded in the coal industry. Facing severe market conditions, the Company spared no efforts in organising coal production in a scientific manner, leading to a fast growth momentum in coal production volume. During the reporting period, the production volume of raw coal amounted to 156.60 million tonnes (including 1.55 million tonnes of engineering coal), representing a year-on-year increase of 11.23 million tonnes or 7.7%. The production volume of commercial coal reached 118.68 million tonnes, representing a year-on-year increase of 4.28 million tonnes or 3.7%, of which thermal coal reached 112.34 million tonnes and coking coal reached 6.34 million tonnes.

The Company constantly reinforced the management of production safety, further promoted the establishment of a safety-assured enterprise, worked on the perfection of system development and intensified the commitment of responsibility of the Company, in a bid to improve production safety in a sustainable manner. The Company's mines achieved a safe production record for 32 consecutive months, proving the Company's capability of safeguarding normal production operations. The Company enhanced the coal production technology management and innovation and pushed forward the construction of safe and efficient mines so as to improve the coal production efficiency. During the reporting period, the raw coal production efficiency of the Company reached 46.9 tonnes/worker-shift, which was among the top level within the domestic coal industry.

Commercial Coal Production Volume



By utilising its mining area with the advantage of a production capacity of 100 million tonnes, optimising the layout of working faces, accelerating the construction of the semi-continuous mining system and the dedicated railway line of Pingshuo East Open Pit Mine, enhancing its equipment utilisation rate and production efficiency, Pingshuo Company achieved a roadheading length of 38,450 metres in 2013 and recorded a commercial coal production volume of 91.34 million tonnes, representing a year-on-year increase of 1.9%. Gaining the completion acceptance of Wangjialing Mine in a single attempt, China Coal Huajin Company reached the designed production capacity and achieved a roadheading length of 12,914 metres in 2013. Commercial coal production volume of 5.55 million tonnes was completed, realising sound economic benefits. After accelerating the relocation of villages where coal mines were located, Shanghai Energy Company strived to stabilise and increase the production volume, achieved a roadheading length of 39,745 metres in 2013, and attained a commercial coal production volume of 7.83 million tonnes, representing a year-on-year increase of 2.2%. In response to market changes, Nanliang Company focused on improving product quality, and attained a year-on-year increase of 1.65 million tonnes of washed coal by increasing the proportion of raw coal for washing.

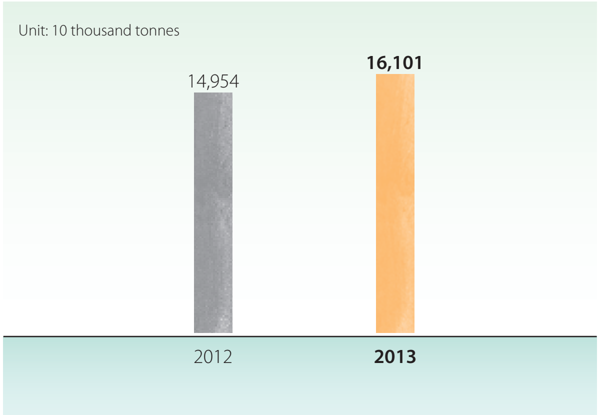
Commercial Coal Production Volume (10 thousand tonnes)	**2013**	2012	Change (%)
Pingshuo Company	**9,134**	8,967	1.9
Shanghai Energy Company	**783**	766	2.2
China Coal Huajin Company	**555**	192	189.1
Dongpo Company	**653**	792	-17.6
Nanliang Company	**204**	210	-2.9
Tang Shan Gou Company	**137**	150	-8.7
Shuozhong Company	**522**	617	-15.4
Dazhong Company	**318**	370	-14.1
Shaanxi Company	**154**	60	156.7
Total	**11,868**	11,440	3.7

Notes:
1. 5.92 million tonnes raw coal produced by Dongpo Company and washed by Shuozhong Company were eliminated from the total commercial coal production volume in 2013, while 6.84 million tonnes were eliminated in 2012.
2. As the Hecaogou Coal Mine of Shaanxi Company has not been consolidated into the Company, the commercial coal production volume of Shaanxi Company was calculated based on management statistics.

2. *Reinforce coordination among production, transportation and sales to further expand market share of coal sales*

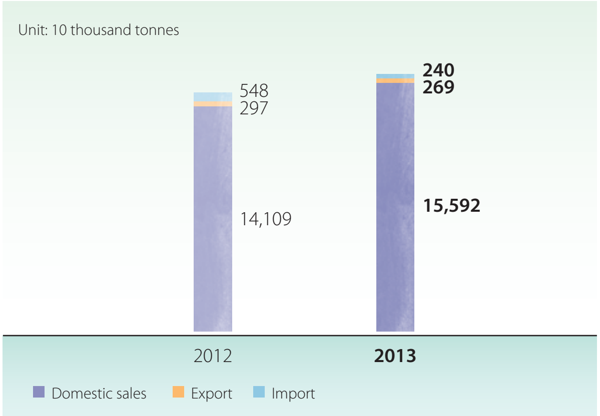
The Company flexibly adjusted its marketing strategy and optimised the sales decision-making and dispatching mechanism so as to strengthen its rapid responses in coping with market changes. By restructuring the product mix, striving for higher railway transportation capacity, improving the efficiency of port handling and promoting the efforts of distribution at destination ports, the sales volume of coal maintained a rapid growth amid adverse market conditions. The sales volume of commercial coal reached 161.01 million tonnes during the reporting period, representing a year-on-year increase of 11.47 million tonnes or 7.7%.

Sales volume of commercial coal

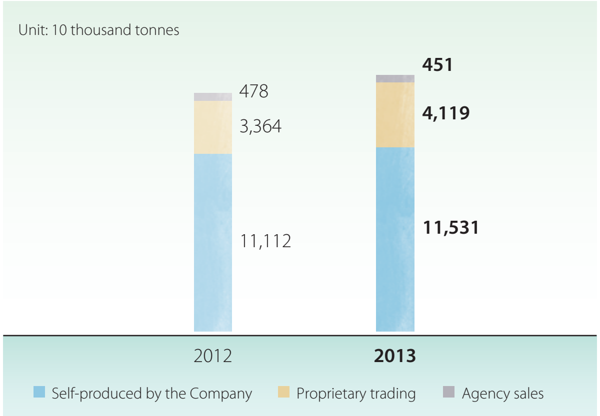


Sales volume of commercial coal (10 thousand tonnes)			2013	2012	Change (%)
(I)	**Domestic sales of self-produced coal**		**11,488**	11,048	4.0
	By region:	North China	**4,596**	4,662	-1.4
		East China	**4,633**	4,552	1.8
		South China	**1,270**	1,547	-17.9
		Others	**989**	287	244.6
	By coal type:	Thermal coal	**11,030**	10,945	0.8
		Coking coal	**458**	103	344.7
	By contract:	Long-term contract	**6,911**	5,211	32.6
		Spot trading	**4,577**	5,837	-21.6
	By transportation:	Seaborne	**8,521**	7,814	9.0
		Direct arrival	**1,580**	1,419	11.3
		Local sales	**1,387**	1,815	-23.6
(II)	**Self-produced coal export**		**43**	64	-32.8
	By region:	Taiwan, China	**43**	48	-10.4
		Korea	☆	5	-100.0
		Japan	☆	11	-100.0
	By coal type:	Thermal coal	**43**	64	-32.8
	By contract:	Long-term contract	**43**	64	-32.8
(III)	**Proprietary trading**		**4,119**	3,364	22.4
	Of which:	Domestic resale	**3,995**	2,941	35.8
		Import trading	**94**	415	-77.3
		Transshipment trading	**27**	5	440.0
		Self-operated exports	**3**	3	–
(IV)	**Agency sales**		**451**	478	-5.6
	Of which:	Import agency	**146**	133	9.8
		Export agency	**196**	225	-12.9
		Domestic agency	**109**	120	-9.2
		Total	**16,101**	14,954	7.7

By market



By product sources

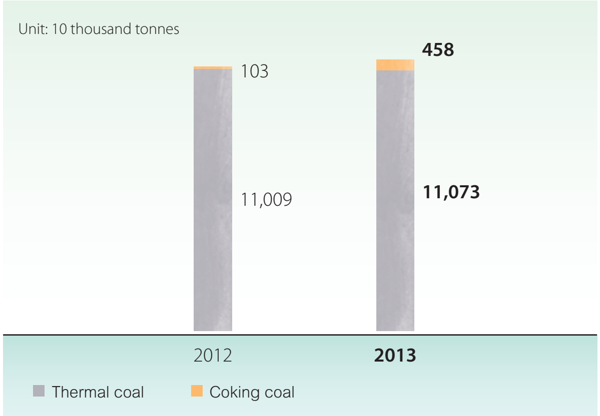


The Company strengthened communication with our customers to fully understand their needs. In line with the quality characteristics of self-produced coal, the Company developed more marketable coal types to ensure smooth sales of its self-produced resources. During the reporting period, the sales volume of self-produced coal reached 115.31 million tonnes, representing a year-on-year increase of 4.19 million tonnes or 3.8%, of which the sales volume of self-produced commercial coal of Pingshuo Company reached 90.86 million tonnes, representing a year-on-year increase of 1.6%; the sales volume of self-produced commercial coal of Shanghai Energy Company reached 7.01 million tonnes, representing a year-on-year increase of 5.3%; and the sales volume of self-produced commercial coal of China Coal Huajin Company reached 5.28 million tonnes, representing a year-on-year increase of 412.6%.

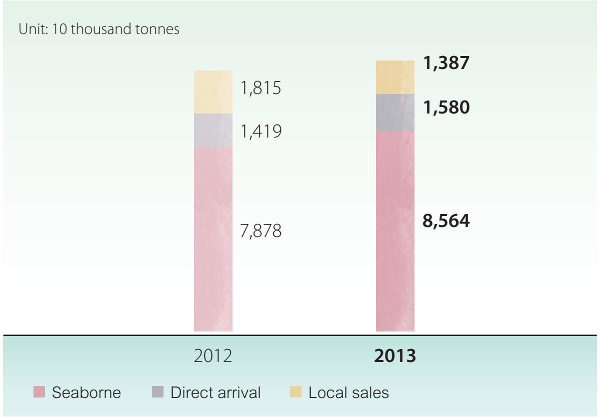
The Company spared no effort in improving the capacity of the railway system to maintain the sales volume of seaborne and direct arrival coal, which guaranteed the profitability of self-produced commercial coal when coal price decreased. During the reporting period, the Company's commercial coal transportation volume by railway amounted to 92.52 million tonnes, remaining basically unchanged from the same period of 2012.

Self-produced coal sales – by market

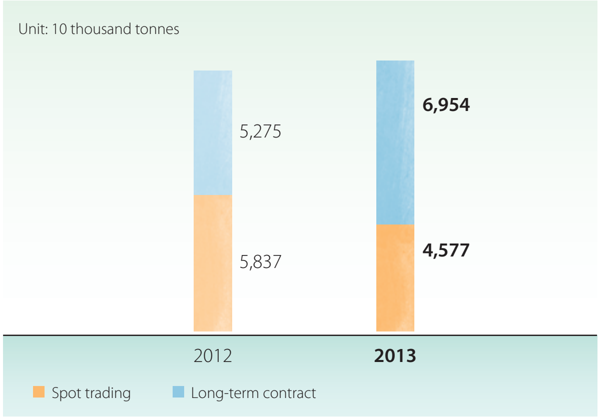
Self-produced coal sales – by coal type



Self-produced coal sales – by transportation



Self-produced coal sales – by contract



Fully utilising the advantages of the ports and the purchase and sales channels in Northern China, the Company endeavoured to increase its external purchase of complementary premium coal resources to be blended with self-owned resources so as to realise product rejuvenation, optimise the product structure, and enhance the quality of coal and market share. During the reporting period, the volume of proprietary coal trading reached 41.19 million tonnes, representing a year-on-year increase of 7.55 million tonnes or 22.4%, of which domestic sales volume reached 39.95 million tonnes, representing a year-on-year dramatic increase of 35.8%; import volume reached 940 thousand tonnes, representing a year-on-year decrease of 77.3%. The Company's import agency sales volume reached 1.46 million tonnes, representing a year-on-year increase of 9.8%; and export agency sales volume reached 1.96 million tonnes, representing a year-on-year decrease of 12.9%.

(II) Coal chemical operations

The proactive business restructuring implemented by the Company in recent years has shown preliminary results. China Coal and Coke of the Company managed to turnaround as the coke oven gas produced chemical fertiliser project commenced official operation in June 2013. During the reporting period, the production volume of coke amounted to 1.91 million tonnes, representing a year-on-year increase of 210 thousand tonnes, or 12.4%. Coke sales volume amounted to 2.43 million tonnes, representing a year-on-year increase of 6.1%, of which self-produced coke sales volume was 1.93 million tonnes, representing a year-on-year increase of 9.0%. Production volume of methanol and urea amounted to 124 thousand tonnes and 162 thousand tonnes respectively.

Production and sales volume of coal chemical products (10 thousand tonnes)	**2013**	2012	Change (%)
Production volume of coke	**191**	170	12.4
Sales volume of coke	**243**	229	6.1
Of which: Sales volume of self-produced coke	**193**	177	9.0
Production volume of methanol	**12.4**	13.4	-7.5
Sales volume of methanol	**17.9**	19.1	-6.3
Production volume of urea	**16.2**	☆	–
Sales volume of urea	**12.2**	☆	–

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 chemical fertiliser project in Lingshi of Shanxi came officially on stream in June 2013. The sales volume of urea for the reporting period only comprises the data since June.

The coal chemical projects of the Company under construction progressed smoothly. Mengda Coal Based Methanol project in Ordos and Phase 1 of Tuke Fertiliser Project in Ordos have started trial production and produced qualified products. The above projects are expected to officially commence operation in 2014. The business structure of the Company will be further optimised as more new coal chemical projects will commence operation gradually.

(III) Coal mining equipment operations

The weak demand of coal resulted in a decrease in orders for coal mining equipment in 2013, intensifying competition within the industry. Facing severe market conditions, the Company endeavoured to step up its efforts in market development by leveraging the driving force and influence of technological innovation. Through optimising production technology and process, strengthening quality control of products, improving after-sales services and giving full play to the advantages of complete sets of products, the Company managed to maintain its dominant position in the domestic market of major coal mining equipment. During the reporting period, the production value of coal mining equipment amounted to RMB6.48 billion, representing a year-on-year decrease of 23.8%. The production volume of coal mining equipment reached 335 thousand tonnes, representing a year-on-year decrease of 14.3%, of which 16,600 units (sets) were major coal mining equipment.

Coal mining equipment	Production value (RMB100 million) 2013	2012	Change (%)	Sales revenue (RMB100 million) 2013	Percentage to operating revenue of the coal mining equipment segment (%)
Conveyor equipment	**25.8**	33.3	-22.5	**14.4**	19.3
Support equipment	**19.1**	27.1	-29.5	**17.4**	23.4
Road header	**6.8**	7.5	-9.3	**2.0**	2.7
Shearer	**6.9**	7.6	-9.2	**4.0**	5.4
Electric mining motor	**6.2**	9.5	-34.7	**6.1**	8.2
Total	**64.8**	85.0	-23.8	**74.5**	–

Note: 1. The revenue of the products in the table represents the sales revenue of the coal mining equipment segment before elimination.
2. The total revenue of RMB7.45 billion included revenues generated from accessories, services and trade.

Product type	Percentage to sales of the products (%)	Market share (%)
Medium and high-end armoured face conveyors	84	56
Medium and high-end hydraulic roof supports	81	25
Medium and high-end shearers	85	31
Medium and high-end electric motors	62	68
Medium and high-end road headers and drilling machines	66	10

The Company has further strengthened its R&D capacity regarding coal mining equipment. During the reporting period, a state-level enterprise technology centre and a state accredited testing laboratory were built by the Company, and a state-level energy and coal mining equipment accreditation centre was approved by the relevant experts. The Company completed two National 863 projects and acquired seven provincial level Technology Advancement Awards, and its Central Enterprise Intellectual Property Management and Protection Demonstration Project has achieved significant milestone.

Following the completion of infrastructure development, facilities installation and trial run, the construction of Zhangjiakou Coal Machinery Equipment Industrial Park has been completed in its entirety and put into trial production, thus further improving the coal mining equipment production capacity of the Company.

(IV) Other operations

In response to market changes, the Company discontinued the production of primary aluminium with a production capacity of 50 thousand tonnes at the beginning of 2013, resulting in significant loss reduction. In 2013, the production volume of primary aluminium decreased by 49.6% to 57 thousand tonnes. The Company generated electricity of 3.74 billion Kwh, representing a decrease of 9.2% over the same period of 2012 due to the decrease in production of primary aluminium.

II. Analysis of Core Competitiveness

As the second largest coal producer and supplier in the PRC, the Company is dedicated to becoming a globally competitive modern energy conglomerate with a well-coordinated industrial chain by sharpening the competitiveness of its core businesses, including coal production, coal chemical and coal mining equipment manufacture.

With abundant and diversified coal resources and premium coal products as well as modern technologies and techniques in mining, coal washing and blending, the Company is well positioned to stand out from competition in domestic and overseas markets, laying a solid foundation for future development. Mining areas in Pingshuo, Shanxi and Hujierte, Odors of Inner Mongolia which are primarily developed by the Company, are the most important thermal coal production bases in the PRC. The coking coal in the mining area in Xiangning, Shanxi, is of high quality with low sulfur and extra low phosphorus content. The major coal production bases of the Company are equipped with smooth transportation channels which are connected with coal ports, creating favourable conditions for the Company to achieve sustainable development and bolster competitive edges.

The Company is also one of the largest coal traders in the PRC with branches in major coal consumption regions, transshipment ports and major coal import regions. With strong network of coal sales and logistics, well-established port service facilities and high-calibre professionals, the Company is able to quickly respond and adapt to coal market changes by leveraging on its excellent capabilities for distribution and market exploration.

Apart from strengthening the leading position of its core business of coal, the Company has been proactively developing various related businesses such as coal chemical, coal mining equipment manufacture and power generation, and has become the largest coal mining equipment manufacturer in the PRC. The large-scale coal chemical projects in Inner Mongolia-Shaanxi have commenced full construction with some projects entering the closing phrases. The projects of methanol and chemical fertiliser in Ordos have successfully completed the trial production, indicating satisfactory scale of economies and cost advantages of the projects when commencing commercial production. The Company has put great efforts in pushing forward the construction of the power generation base of low calorific value coal in Pingshuo Mining Area. Some projects located in Pingshuo Mining Area have been approved by the central government for commencing preliminary preparation works. The advantages brought by the comprehensive coal industrial chain of the Company are conducive to effectively expanding the scope of products and services and improving the capacity of coal production and sales, which have strengthened the risk resistance capabilities and core competitiveness of the Company.

In recent years, leveraging on favourable opportunities presented by rapid growth of the China's economy and increasing demand for energy resources, the Company has managed to expand business coverage and improve the internal efficiency, leading to the improved capital capability and a sound financial structure. These initiatives have enabled the Company to secure more capital in coping with operational risks, assuring the rapid growth of the core businesses of the Company.

III. Competition Landscape in the Industry

In recent years, as the PRC government stepped up its efforts in advancing coal resource consolidation and coal industry restructuring, the coal industry saw an increasingly high concentration. Pursuant to the objectives set out in the 12th Five-Year Plan for Coal Industry Development, during the period of the 12th Five-Year Plan, through mergers and reorganisations, the number of coal enterprises in the PRC will be limited within 4,000 with an average production scale increasing to over 1 million tonnes/year. Large-scale coal enterprises will be the principal subjects for development with a priority to establish large-scale coal mining areas. In particular, ten 100-million-tonne-scale and ten 50-million-tonne-scale large-scale coal enterprises, which account for over 60% of the national production capacity, will be scheduled to be established. According to the statistics of the National Energy Administration of the PRC, in 2013, more than 1,800 backward coal mines with a production capacity of approximately 200 million tonnes were eliminated; the number of coal enterprises in China was reduced to less than 6,300, while the production capacity of large-scale coal bases accounted for more than 90% of the total production capacity of the PRC. According to the national planning, in 2014, the mergers and reorganisations for coal enterprises will continue, and the backward production capacity to be eliminated shall be expected to be 30 million tonnes. Through these reforms and consolidations as well as the construction of safe yet efficient large mines, the resource allocation of the coal industry will be further optimised, resulting in a more concentrated market environment.

The global economy in 2013 remained sluggish and slow in recovery, while the international coal prices remained in the doldrums. Despite a slight rebound in the fourth quarter, the coal price in the PRC remained low during 2013 due to continuous decrease in the first three quarters resulting from a range of factors such as adjustments in the energy structure, impact of imported coal and pressure from environmental protection. According to the statistics of the National Coal Industry Association, the growth in coal demand retreated; the coal consumption of the PRC in 2013 was 3.61 billion tonnes, and coal consumption growth decreased from annual increase of 9% a decade ago to 2.6%. The release of coal production capacity accelerated in line with the increasingly high industrial concentration. According to the data from National Bureau of Statistics of China, in 2013, 3.68 billion tonnes of coal was produced in the PRC. Eight coal enterprises produced more than a hundred million tonnes of raw coal, representing 37% of the total production of the PRC, while 11 coal enterprises yielded more than 50 million tonnes (less than 100 million tonnes) of raw coal, representing 19% of the total production of the PRC, and 33 coal enterprises produced more than 10 million tonnes (less than 50 million tonnes) of raw coal, representing 14% of the total production of the PRC. In general, although the coal demand and supply in the PRC remained sufficient, structural oversupply persisted, leading to relatively high pressure on operation of coal enterprises.

Pursuant to the Guidance on Promoting the Steady Operation of the Coal Industry (Guo Ban Fa [2013] No.104) issued by the State Council in November 2013, the PRC government will take measures to curb the disorderly growth of coal production, reduce the tax burden of coal enterprises, strengthen the management of coal import and export procedures, in order to create a favourable environment for the development of coal enterprises. With the implementation of policies and the advancement of reforms, the guidance will bring a positive impact on steady operation and sustainable healthy development of the coal industry.

IV. INDUSTRY DEVELOPMENT TRENDS OF THE BUSINESSES OF THE COMPANY

(I) Coal Demand

Coal is used as the fundamental energy source in China, accounting for approximately 70% of the total national energy consumption. With the slowdown in economic growth and the rise in hydroelectricity in 2013, coal-fired power generation experienced a deceleration in growth, leading to weaker coal demand. It will be anticipated that in 2014, China's economy will maintain a steady development which in turn will bolster the demand for coal.

(II) Coal Supply

In recent years, with rapid growth in investments in the coal industry, new coal mines, mines under construction and consolidated mines in the major coal producing provinces and regions were put into production after respective construction was completed. As a result, coal production capacity has been swiftly released with current production capacity exceeding 4.2 billion tonnes. China's coal production volume in 2014 will be expected to keep up its growth momentum. Although the overall market supply of coal will remain ample, the structural oversupply may still exist.

(III) Railway Transportation Capacity

According to the 12th Five-Year Plan for Coal Industry Development in China, the planned coal transportation capacity of railways in China will reach 3 billion tonnes in 2015. As the construction of some major coal transport railway arteries is still underway, coal transportation still relies heavily on existing railways such as Daqin Railway Line. According to the planning of railway authorities, in 2014, Daqin Railway Line's coal transportation capacity will be expected to reach approximately 460 million tonnes, which means there is little room for year-on-year growth. Therefore, given the continued growth in the national coal production and sales, the bottleneck in coal transportation will remain unresolved.

(IV) Coal Import

In recent years, China's domestic coal market has been hit to some extent by weakening international coal prices, domestic structural oversupply and the substantial increase in coal imports. According to statistics released by China's customs, the aggregate coal import in 2013 amounted to 327 million tonnes, a year-on-year increase of 13.4%. It will be expected that total coal import in 2014 will remain substantially unchanged.

(V) Coal Prices

The ample overall coal supply and structural overcapacity of coal production will likely continue throughout 2014, casting a shadow of uncertainty over the coal industry. The lack of growth momentum in coal prices will continue to exert economical pressure on coal enterprises. However, the current coal prices are already at historic low as a result of the price slump in the past two years, and further room for decrease in coal prices is limited. The domestic coal prices as a whole in 2014 will likely remain volatile.

V. Production and Operation Plans of the Company in 2014

Adhering to annual production and operation goals, the Company sped up the integration of production, transportation and sales, strengthened cost control measures, accelerated adjustment to operational layout and structure, optimised product mix and ensured stable and steady production and operation in 2013. Raw coal production amounted to 157 million tonnes, representing a year-on-year increase of 7.7%. The unit cost of sales for self-produced commercial coal grew 2.6% year-on-year to RMB341.5/tonne. In the face of sluggish coal market conditions in 2014, the Company will stick to the general guidelines of seeking progress while maintaining stability and promoting innovation through reforms, adopt multiple measures to achieve the year-on-year growth of raw coal production (including engineering coal) at around 5%, spend efforts in maintaining stable operating revenue with a year-on-year increase of around 5%, and limit the year-on-year increase in unit cost of sales for self-produced commercial coal at no more than 5% under the same standards. At the same time, the Company will maintain stringent control over the increase of periodic expenses, so as to attain all the operational targets set by the Board.

Firstly, to optimise the production system and increase production efficiency. The Company will optimise the continuation of coal production, strengthen production arrangement, step up production management for higher unit output and unit roadheading level, bolster raw coal washing rate to fully release coal processing capabilities, and endeavour to enhance the quality of commercial coal. The Company will also proactively organise the coal production and railway transportation in northern Shanxi, and maximise railway transportation capacity of the Company.

Secondly, to step up efforts in market development and enhance marketing. By boosting all aspect of sales and operational efficacy, and through market and customer segmentation, the Company will focus on coal blending and quality enhancement as well as flexible pricing strategies, with an aim to consolidate and increase its market share of coal sales. In addition, the Company will also consolidate its sales resources, optimise sales channels, scale up collaborative product distribution, devise new sales models and achieve multi-channel sales.

Thirdly, to optimise management of key projects and speed up adjustment to operational layout and structure. Leveraging on financing capabilities, the Company will proactively expedite the progress of projects under construction, optimise its investment portfolio and moderate the pace of investment. Priority will be given to the construction of two major development drivers of the Company – the 100-million-tonne scale circular economic demonstration zone in Pingshuo and the 100-million-tonne scale energy and chemical engineering base in Inner Mongolia-Shaanxi. Besides, efforts will also be put in developing power generation from pit mouth and coal chemical engineering to extend the industrial chain and improve industrial and product structure, so as to improve core competitiveness of the Company.

Fourthly, to facilitate the establishment of a safety-assured enterprise and defend the stronghold of safe production. Adhering to the principle of "environment-conscious, quality and responsible construction", and focusing on the establishment of a safety-assured enterprise as well as safety and quality standardisation, the Company will endeavour to eradicate critical and severe accidents, with an ultimate aim to achieve the goal of "zero fatality". Furthermore, the Company will continue to improve and perfect our safety and security system and forge ahead with the performance of safety responsibilities.

The Company will also step up its efforts in standardising the management system, constructing safety infrastructures and establishing a warning and risk control system to improve its accident prevention abilities.

Fifthly, to aggressively lower cost, improve efficiency and improve corporate management standards. The Company will advance the comprehensive budget management with an emphasis on budget implementation by segregating individual business accounting units and focusing on process control. Applying the principle of lean management, the Company will refine process control in every aspect such as procurement, design, production, sales, and after-sales, in order to accomplish a complete value chain and cost management in relation to full life cycle and entire staff. By scaling up centralised procurement, the Company will take advantage of the synergy between procurement and sales. The Company will speed up the collection of receivables, reduce the risk of bad debts, bolster recycling efforts and cut down costs in all categories. The Company will also strengthen the comprehensive risk management system and reinforce the internal control system so as to improve the abilities to prevent significant risks.

Sixthly, to focus on key technological research projects and improve independent innovation capabilities. The Company will continue to promote 863 Programme and key technological research projects, achieve technological breakthroughs in key areas, optimise its technology management system and promote the implementation of major technological outcomes in respect of coal mining and mining equipment, with an aim to transform technological achievements into actual productivity as soon as practicable. Furthermore, the Company will advance the construction of a "Green China Coal Energy", including the standardisation of green mines, mining equipment and mine construction, implementation of energy conservation and consumption reduction measures and strengthened management of green coal mine construction.

Capital Expenditure

I. Performance of Capital Expenditure Budgeted for 2013

Focusing on principal operations including coal, coal chemical, coal mining equipment and power generation, the Company's capital expenditure for 2013 was budgeted at RMB32.889 billion, of which RMB29.986 billion or 91.17% was invested during the reporting period.

Performance of Capital Expenditure Budgeted for 2013 (By items)

Unit: RMB100 million

Items of capital expenditure	Actual Investment in 2013	Budgeted Investment in 2013	Actual Investment Ratio (%)
Total	**299.86**	328.89	91.17
Infrastructure projects	**262.15**	267.67	97.94
Acquisition and maintenance of fixed assets	**17.36**	29.62	58.61
Equity investment	**20.35**	31.60	64.40

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

Unit: RMB100 million

Business segments	Actual Investment in 2013	Budgeted Investment in 2013	Actual Investment Ratio (%)
Total	**299.86**	328.89	91.17
Coal	**107.88**	132.06	81.69
Coal chemical	**175.62**	174.02	100.92
Coal mining equipment	**8.58**	14.21	60.38
Power generation	**3.25**	0.71	457.75
Others	**4.53**	7.89	57.41

II. Progress of Major Investment Projects in 2013

(1) Progress of Investment Projects Using Proceeds from Fund-raising in 2013

The Pingshuo East Open Pit Mine Project in Shanxi has a production capacity of 20 million tonnes/year with a total investment budget of RMB12.094 billion. As at 31 December 2013, the accumulated actual investment amounted to RMB11.917 billion, of which RMB319 million was invested in 2013. With all necessary approvals, the project was put into production and the dedicated railway line also commenced full operation.

The Xiaohuigou Coal Mine Project developed by Shanxi China Coal Pingshuo Xiaohuigou Coal Industry Company Limited has a production capacity of 3 million tonnes/year with a total investment budget of RMB3.698 billion. As at 31 December 2013, the accumulated actual investment amounted to RMB524 million, of which RMB215 million was invested in 2013. Approvals on authorisation, preliminary design, mining permit and construction commencement report for the project were obtained. With basically completed land leveling at the industrial site, the project will commence full construction soon.

The Muduchaideng Coal Mine Project developed by Ordos Yihua Mining Resources Company Limited has a production capacity of 6 million tonnes/year with a total investment budget of RMB6.021 billion. Besides a reply letter from the National Energy Administration on the commencement of preliminary work in 2010 and a project safety approval from the State Administration of Work Safety in 2011, the project obtained approvals on environmental assessment, water resources appraisal, energy-saving assessment and preliminary design, with other relevant procedures under smooth progress.

The Nalin River No. 2 Coal Mine Project developed by Wushenqi Mengda Mining Company Limited has a production capacity of 8 million tonnes/year with a total investment budget of RMB7.198 billion. Relevant procedures of the project were under smooth progress.

The Hecaogou Coal Mine Project developed by Shaanxi Yan'an Hecaogou Coal Mine Company Limited (to be established) has a production capacity of 3 million tonnes/year with a total investment budget of RMB2.180 billion. As at 31 December 2013, the accumulated actual investment amounted to RMB2.285 billion, of which RMB230 million was invested in 2013. The project obtained approvals on preliminary design, mining permit and construction commencement report, with other relevant procedures under smooth progress. The project entered trial production after the construction was completed.

The Zhangjiakou Coal Machinery Equipment Industrial Park Project developed by China Coal Zhangjiakou Coal Mining Machinery Company Limited has a total investment budget of RMB2.362 billion. As at 31 December 2013, the accumulated actual investment amounted to RMB2.24 billion, of which RMB416 million was invested in 2013. With all necessary approvals, the project entered trial production after the construction was completed.

The Yulin Energy and Chemical Comprehensive Utilisation Project, in which the Company owns 30% interests, developed by Shaanxi Yanchang China Coal Yulin Energy Chemical Company Limited has a production capacity of 0.6 million tonnes/year of polyethylene and 0.6 million tonnes/year of polypropylene with a total investment budget of RMB27.171 billion. The Company intended to invest RMB2.1 billion out of the proceeds from fund-raising into the project. As at 31 December 2013, all of such proceeds were invested in the project. With all necessary approvals, the project had commenced full construction and entered the stage of equipment installation.

Capital Expenditure

The Company held 38.75% interest in the Coal Deep Processing Demonstration Project in Ordos (formerly known as 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). The phase 1 of the above project will involve in building coal mines with an annual designed capacity of 25 million tonnes and coal preparation plant, methanol equipment with an annual production capacity of 3.6 million tonnes and ancillary facilities such as thermal power station. The Company intended to invest RMB4.158 billion out of the proceeds from fund-raising into the project. As at 31 December 2013, the accumulated proceeds of RMB3.849 billion were invested. With the approval for the phase 1 construction of the coal chemical segment, the coal chemical segment commenced full construction. The approval for the coal segment was granted by the NDRC recently.

(2) Other Major Construction Projects

The Wangjialing Mine in Xiangning of Shanxi has a production capacity of 6 million tonnes/year with a total investment budget of RMB6.453 billion. As at 31 December 2013, the accumulated actual investment amounted to RMB5.992 billion, of which RMB195 million was invested in 2013. With all necessary approvals, the project commenced production after the construction was completed.

The Kongzhuang Mine Renovation and Expansion Works in Jiangsu has a production capacity of 1.8 million tonnes/year with a total investment budget of RMB532 million. As at 31 December 2013, the accumulated actual investment amounted to RMB547 million, of which RMB32 million was invested in 2013. With all necessary approvals, the project commenced production after the construction was completed.

The No.106 Coal Mine Renovation and Expansion Project in Xinjiang has a production capacity of 1.2 million tonnes/year with a total investment budget of RMB677 million. As at 31 December 2013, the accumulated actual investment amounted to RMB677 million, of which RMB60 million was invested in 2013. The project obtained approvals on authorisation and construction commencement report, with other relevant procedures under smooth progress. The project entered the stage of trial production after the construction was completed.

The Coke Oven Gas Produced Chemical Fertiliser Project in Lingshi of Shanxi has a production capacity of 180,000 tonnes/year of synthetic ammonia and 300,000 tonnes/year of urea, with a total investment budget of RMB997 million. As at 31 December 2013, the accumulated actual investment amounted to RMB1.035 billion, of which RMB96 million was invested in 2013. With all necessary approvals, the project successfully completed a test run with qualified urea products smoothly produced after the construction was completed at the end of February 2013.

The Mengda Coal Based Methanol in Ordos of Inner Mongolia has a production capacity of 600,000 tonnes/year of methanol with a total investment budget of RMB3.584 billion. As at 31 December 2013, the accumulated actual investment amounted to RMB3.508 billion, of which RMB818 million was invested in 2013. With all necessary approvals, the project commenced trial production on 26 November 2013 with qualified methanol product smoothly produced after the construction was completed.

The Phase 1 of Tuke Fertiliser Project in Ordos of Inner Mongolia has a production capacity of 1 million tonnes/year of synthetic ammonia and 1.75 million tonnes of urea, with a total investment budget of RMB10.082 billion. As at 31 December 2013, the accumulated actual investment amounted to RMB9.667

billion, of which RMB3.302 billion was invested in 2013. With all necessary approvals, the project commenced trial production in February 2014 with qualified granular urea product smoothly produced after the construction was completed.

The Engineering Plastics Project in Ordos of Inner Mongolia has a production capacity of 500,000 tonnes/year, with a total investment of RMB10.422 billion. As at 31 December 2013, the accumulated actual investment amounted to RMB3.164 billion, of which RMB2.869 billion was invested in 2013. With all necessary approvals, the engineering design and civil engineering of the project were basically completed. As equipment with long delivery cycle was delivered, installation works fully commenced.

The Methanol Acetic Acid Series Deep Processing and Comprehensive Utilisation Project of China Coal Shaanxi Yulin Energy & Chemical Company Limited has a production capacity of 300,000 tonnes/year of polyethylene and 300,000 tonnes/year of polypropylene, with a total investment of RMB19.335 billion. As at 31 December 2013, the accumulated actual investment amounted to RMB14.359 billion, of which RMB7.413 billion was invested in 2013. With all necessary approvals, the construction of the project entered its final stage. In particular, the construction of major processing equipment was completed and the major devices for air separation and gasification were delivered.

III. Overall Analysis of External Equity Investments

In 2013, the Company's external equity investment was RMB2.035 billion, representing a year-on-year decrease of RMB5.321 billion or 72.34%. Major equity investment projects included: payment of RMB364 million as consideration for consolidation of small scale mines adjacent to Pingshuo East Open Pit Mine; contribution of RMB17 million for capital increase in the investment in Hohhot-Zhungeer-Ordos Railway Company Limited; contribution of RMB300 million for capital increase in the investment in Mengji Railway Company Limited; contribution of RMB50 million for capital increase in the investment in the 2x600MW power generation project of China Power Shentou Power Generation Company Limited; the contribution of RMB775 million for capital increase in the investment in Zhongtian Synergetic Company; contribution of RMB120 million to the investment in Zhongxin (Jiangyin) Port Company Limited (中信(江陰)碼頭有限公司); and payment of RMB160 million as consideration for the acquisition of equity interests in Shanxi Yangquan Yuxian Yuquan Coal Company Limited (山西陽泉盂縣玉泉煤業有限公司).

Name of the investee	Principal activities	Percentage of the equity interest in the investee
Zhongtian Synergetic Company	Coal production and coal chemical	38.75%
China Power Shentou Power Generation Company Limited	Power generation	20%
Shanxi Yangquan Yuxian Yuquan Coal Company Limited	Coal production	70%
Zhongxin (Jiangyin) Port Company Limited	Port	30%
Hohhot-Zhungeer-Ordos Railway Company Limited	Railway transportation	5%
Mengji Railway Company Limited	Railway transportation	5%
Consolidation of small scale coal mines adjacent to Pingshuo East Open Pit Mine	Coal production	100%

IV. Arrangement for Capital Expenditure in 2014

The Company's capital expenditure budget for 2014 is RMB26.625 billion, representing a decrease of RMB6.264 billion or 19.05% compared with that of 2013. Out of the capital expenditure budget stated above, RMB18.535 billion (including expenditure of RMB477 million for preliminary works prior to the commencement of the projects) will be invested in infrastructure projects; RMB2.684 billion will be invested in the acquisition of fixed assets, small scale construction, renovation and maintenance; and RMB5.406 billion (including expenditure of RMB7 million for preliminary works prior to the commencement of the projects) will be utilised in equity investment.

Set out below is the capital expenditure budget by business segments:

Unit: RMB100 million

Business segments	Investment budget in 2014	Actual Investment in 2013	Increase/decrease in capital expenditure budget in 2014 compared with actual investment in 2013 (%)	Percentage to the total (%)
Total	266.25	299.86	-11.2	100.00
Coal	142.23	107.88	31.8	53.4
Coal chemical	103.38	175.62	-41.1	38.8
Coal mining equipment	6.00	8.58	-30.1	2.3
Power generation	10.44	3.25	221.2	3.9
Others	4.20	4.53	7.3	1.6

Profile of infrastructure projects for 2014 is as follows:

Unit: RMB100 million

No.	Name of project	Production capacity	Expected total amount of investment	Budgeted investment in 2014
Coal segment				
Major projects are as follows:				
1	Nalin River No. 2 Coal Mine of Wushenqi Mengda Mining Company Limited	8 million tonnes/year	71.98	10.09
2	Muduchaideng Coal Mine of Ordos Yihua Mining Resources Company Limited	6 million tonnes/year	60.21	8.23
3	Renovation and expansion of Huaning Coal Mine in Shanxi	3 million tonnes/year	9.33	8.00
4	Renovation and expansion of Hanzui Coal Mine in Shanxi	1.2 million tonnes/year	8.76	6.00
5	Xiaohuigou Coal Mine Project of Shanxi China Coal Pingshuo Xiaohuigou Coal Industry Company Limited	3 million tonnes/year	36.98	3.91
6	Weizigou Coal Mine in Xinjiang	3 million tonnes/year	15.17	2.00
7	Dahaize Coal Mine of China Coal Shaanxi Yulin Energy & Chemical Company Limited	15 million tonnes/year	163.46	17.00
8	No. 3 Coal Mine in Yilan of Heilongjiang	2.4 million tonnes/year	19.01	2.00
Coal chemical segment				
Major projects are as follows:				
1	Mengda Coal Based Methanol in Ordos	600,000 tonnes/year	35.84	1.85
2	Phase 1 of Tuke Fertiliser Project in Ordos	1 million tonnes/year of synthetic ammonia, 1.75 million tonnes/year of urea	100.82	1.46
3	Mengda Engineering Plastics Project with production capacity of 500,000 tonnes/year	500,000 tonnes/year	104.22	30.00
4	Pingshuo Inferior Coal Comprehensive Utilisation Project	400,000 tonnes/year of porous ammonium nitrate, 110 million Nm^3/year of natural gas	43.37	11.64
5	Methanol Acetic Acid Series Deep Processing and Comprehensive Utilisation Project of China Coal Shaanxi Yulin Energy & Chemical Company Limited	300,000 tonnes/year of polyethylene, 300,000 tonnes/year of polypropylene	193.35	42.07
Coal mining equipment segment				
Major projects are as follows:				
1	Equipment Manufacturing Base in Ordos	—	8.99	1.00
2	Zhangjiakou Coal Machinery Equipment Industrial Park of China Coal Zhangjiakou Coal Mining Machinery Company Limited	—	23.62	1.83
Power generation segment				
Major project is as follows:				
	Pingshuo low calorific value coal power generation project in Shanxi	2 x 660MW	69.32	6.27
Resource comprehensive utilisation segment				
Major project is as follows:				
	Pingshuo Purified Fly Ash Resource Comprehensive Utilisation Exemplary Project in Shanxi	40,000 tonnes/year of white carbon black and 98,000 tonnes/year of aluminium oxide	8.34	3.8

Capital Expenditure

The plan of major equity investment projects for 2014 includes: contribution of RMB1 billion for capital increase in Zhongtian Synergetic Company, payment of RMB250 million as the consideration for consolidation of small scale mines adjacent to Pingshuo East Open Pit Mine, payment of RMB220 million as the consideration for the acquisition of the equity interest in Ordos Yihua Mining Resources Company Limited, contribution of RMB161 million for capital increase in Hohhot-Zhungeer-Ordos Railway Company Limited, contribution of RMB100 million for capital increase in Mengji Railway Company Limited, contribution of RMB2.723 billion for capital increase in Mengxi-Huazhong Railway Company Limited, payment of RMB327 million as the consideration for the acquisition of the equity interest in Shanxi Yangquan Yuxian Yuquan Coal Company Limited, and contribution of RMB100 million to the investment in Xinjiang Zhundong 4 Billion Cubic Metres Coal Based Natural Gas Project. The capital expenditure of the Company will be funded through various ways of financing such as internal capital, bank loans and issuance of debt financing instruments.

According to the development plan and objectives of the Company, the budgeted capital expenditure may be subject to changes in line with the Company's business development (including potential acquisitions), the progress of the investment projects, the change in market conditions and the status of obtaining the required government approvals and regulatory documents. The Company will make disclosures in a timely manner in accordance with the requirements of the regulatory authorities and the stock exchanges.

V. Corporate Development Strategy

The Company has defined its overall strategic goal to build up a world first-class energy enterprise with international competitiveness. Through significantly improving its competitive edge and sustainability, the Company will further consolidate its position in the industry to maintain its comprehensive strength of the top two players domestically and the top three coal enterprises globally while ranking among the global top 500 companies.

During the period of "Twelfth Five-Year Plan", China Coal Energy will uphold its market-oriented and customer-centred operation philosophy, and will actively promote the economies of scale in four areas namely production and operation, modernisation in equipment, specialisation of workforce and informatisation of management. The Company will observe the "five-high" standards featuring high starting point, high target, high quality, high efficiency and high benefits with an aim at restructuring, improvement, consolidation and upgrading. Pressing ahead with its strategies on transformation and upgrades, technological innovation, strengthening the enterprise with talents and safe development, the Company will strengthen and expand the core coal business, aggressively develop innovative coal chemical and strategic extension of power generation business while optimising the coal equipment business. By upgrading and reconstructing the bases in Shanxi, accelerating the construction of Inner Mongolia-Shaanxi base, transforming the development of bases in Jiangsu and Heilongjiang and proceeding stably the development with the base in Xinjiang, the Company will aim to accomplish an industrial layout with four pillar businesses of coal, coal chemical, power generation and coal mining equipment as well as a geographic layout of five major coal production and transformation bases. The two growth engines in Pingshuo and Inner Mongolia-Shaanxi will be prioritised to optimise the geographic layout and upgrade the business portfolio while highlighting their economies of scale, intensive production, resource conservation and modernisation as 100-million-tonne production bases. The Company will strive to achieve strong growth in the production volume of major products, asset size, sales revenue and profit in 2015, with an aim of doubling the economic volumes during the "Twelfth Five-Year Plan" period.

Coal industry:

Under the direction of the national coal industry development plan and the relevant policies of the PRC, the Company will optimise production layout, product portfolio and market structure, and further strengthen the core and fundamental position of coal business to enhance the overall competitiveness of its coal segment. During the ″Twelfth Five-Year Plan″ period, the Company will vigorously improve the capacity to acquire and the control over coal resources. In addition to accelerating the safety technology renovation of its existing coal mines in operation, the Company will focus on the development of coal bases located in Shanxi, Inner Mongolia-Shaanxi, Xinjiang, etc., as well as the construction of large-scale safe coal mines with high efficiency. Efforts will also be made to push forward active consolidation of local coal resources and exploration of overseas resources while expediting the construction of coal logistics infrastructures and the marketing network. Pursuing the ″Going out″ strategy, the Company will strive to leverage on the development of overseas coal resources to facilitate the export of coal mining equipment and the overseas expansion of China Coal Group's coal mine construction business. During the period of ″Twelfth Five-Year Plan″, coal production of the Company will be expected to reach over 200 million tonnes.

Coal chemical industry:

Based on the development layout as well as the policies on coal chemical industry announced by Chinese government, the Company will leverage on its strength in the coal industry to develop new types of coal chemical business from a high starting point. Taking into account of water resources, product transportation and market demand, the Company will establish a technology supporting system and a talent pool for coal chemical development, and endeavour to develop it into the Company's pillar business so as to advance strategic business restructuring and upgrading. During the period of ″Twelfth Five-Year Plan″, the Company will focus on coal-based olefin and coal-based urea, the improvement in coking and related industries as well as the proactive development of integrated businesses involving coal chemical resources. Emphasis will also be placed on the construction of model projects of innovative coal chemical business, as well as the development and operation of integrated coal, chemical and power bases.

Power industry:

Based on the power industry plan, power resources layout as well as the preferential policies on joint operation between coal and power enterprises announced by Chinese government, the Company will aim to achieve coal-power integrated operation by leveraging on its strength in the coal industry to enhance the strategic cooperation between coal and power enterprises and capital operation while taking water resources, power transmission channels and market demand into account, so as to build up power operations into a pillar business so as to improve the overall profitability and the risk resistance capacity of coal business. During the period of ″Twelfth Five-Year Plan″, priority will be given to the development of power plants utilising integrated resources of middling coal, coal slurry and coal gangue. Efforts will be made to forge ahead coal and power joint operation and the construction of coal-fired power generation projects with high capacity, high parameter and low emission. The construction of the state-level Pingshuo Energy Base will be stepped up. The Company will seek power resources with advanced technology standard and ample expansion capacity in coastal regions with intensified power loading and carry out equity investment in large scale coal-fired power generation projects when appropriate.

Coal mining equipment industry:

The Company will strive to improve its technological innovation capacity with an aim to develop high-end coal mining equipment products with proprietary intellectual property rights. Backed by the capability to supply ″three machines and one roof support″ underground complete equipment, the Company will seek to increase the market share of its high-end products. The value chain of coal mining equipment products will be also extended with a focus on maintenance and leasing services. The Company will put emphasis on export expansion in a move to improve its marketing reach and capacity on coal mining equipment. During the period of ″Twelfth Five-year Plan″, the Company will endeavour to build its coal mining equipment business into a pillar business with sales revenue exceeding RMB10 billion, cement and improve its influence and leadership within the coal mining equipment industry.

Technological Innovation

In 2013, in the face of economic downside within the coal segment, the Company responded proactively and facilitated technological innovation need for continued growth, ensuring safety and encouraging development. By securing technology-related investment, achieving key technological breakthrough, optimising the layout of research and development system, strengthening the collaboration of production and academic and research institutions, as well as quickening the pace of innovation among all employees, the Company made substantial progress in technological innovation.

I. Breakthrough and Mastery of a number of Key Technologies

In 2013, the technology-related investment of the Company amounted to 1.818 billion, of which 1.077 billion was invested in research and development. Technical input ratio reached 2.23%. The Company organised to implement 43 key technology projects, of which 14 were national technology projects and 29 were industry and safety-related technology projects. By focusing on key areas, enhancing project management and R&D efficiency, the Company made a series of key technology breakthroughs.

National Science and Technology Support Programme's "Key technologies on construction of the 100-million-tonne coal base in Inner Mongolia-Shaanxi" research project undertook by the Company reached progress milestone and was instrumental in the construction of the Company's coal base in Inner Mongolia-Shaanxi.

"Technological Standards for Safe and Highly-efficient Modern Mines" compiled by the Company was evaluated, inspected and accepted by China National Coal Association. The above standards are conducive in eradicating potential safety risks and overcoming technological bottlenecks involved in the coal production and coal mine construction at the source. The compilation of these standards represents an important milestone in ensuring production safety, improving integrated benefits, facilitating transformation and upgrades as well as pursuing technological advancement in the industry.

The comprehensive dust control system for coal mines developed successfully by the Company was presented and demonstrated in the National Key Mining Safety Technology Conference. This technology created favourable working conditions for miners by substantially reducing the dust concentration and fugitive dust level in the area of coal mining face and return airflow.

The Company also completed the development of Wangjialing Coal Mine high-precision geological modelling and early warning system for hazard sources. This technology integrated the existing geological data to form high precision 3D geological model, which in turn enabled dynamic mining management and safety monitoring, and laid the groundwork for constructing a digitised mining site.

The Company also developed a full set of automated mining equipment based on thin coal seam drum shearer technology which overcame the technical challenge posed by difficult thin coal seam mining, improved yield, efficiency and economic effectiveness, and increased the Company's market share of high-end coal mining equipment.

Pingshuo Mining Area ecological restoration and industrial chain establishment research and the relevant technology demonstration project completed by the Company was conducive in optimising the structure of land use, the construction of a modern ecological industry and the green recycling utilisation of mining resources.

II. Achieved a series of major technological breakthroughs

In 2013, the Company increased investment and effectiveness in research and development, enhanced efficiency in resources deployment, sped up development of self-owned intellectual property. The Company was honoured with a total of 18 provincial technological improvement awards, of which a first class award in coal industry technology was awarded to the Recycling Economy Development Model and Key Technological Research by China Coal Heilongjiang Coal Chemical. The Company obtained 224 authorised patents, of which 36 were invention patents, representing a year-on-year growth of 20%. The Company registered 223 patent applications, of which 74 were invention patents. With the ownership of a total of 879 effective patents in force, of which 103 are invention patents, the Company's technological capability was steadily enhanced.

III. Further optimised layout of research and development system

In 2013, the Company steered and perfected its technological innovation towards a market orientation system, aggressively consolidated technological resources into major technology research projects. The Company also strengthened its strategic alliance with China Coal Technology and Engineering Group, China University of Mining and Technology and Chinese Academy of Sciences, and successfully made joint efforts in achieving breakthroughs of key technologies needed by coal enterprises and the coal industry, through collaboration of production and academic and research institutions. The Company stepped up its effort in creating a three-tier technological innovation system ("safety technology, economical technology, technological advancement"). The R&D Centre of National Energy Coal Mining Equipment accomplished the task for 2013. 1 state-level enterprise technology centre, 1 national accredited laboratory and 1 postdoctoral research station were newly established.

At the end of 2013, the Company owned 1 national energy R&D centre, 3 state-level enterprise technological centres, 6 province-level technological centres, 3 province-level engineering research centres, 8 national accredited laboratories and 3 post-doctoral research stations, continually improving the Company's research and development capabilities.

IV. Technological innovation by front line production workers achieved favourable results

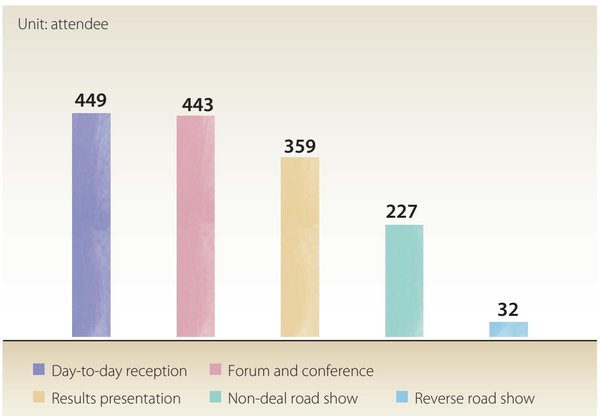
In 2013, with an aim to tackle technical difficulties arising from production sites of the Company's subsidiary enterprises, the Company relied on technological innovation brought forward by production workers and organised activities designed to sparkle mass innovation. The Company exploited the innovative potential of worker models innovation workshop, skilled workers, QC teams, youth veteran innovation group and junior employees, overcame numerous technical challenges and reaped considerable economical benefits. The emergence of China Coal Zhangjiakou Coal Mining Machinery Company Limited's Guo Yunpeng Innovation Workshop, Yaoqiao Mine on-site technological breakthrough model, innovation by the fully mechanised coal mining team in Pingshuo No. 1 underground mine, Shanghai Energy Company dream factory for youth, was an epitomisation of on-site innovation, on-site technological breakthrough and on-site application of new technology.

The Company for the first time organised naming and award ceremonies for junior worker innovation workshops, and selected and handed out award for "five small" technological achievements, outstanding thesis in technology, front line production role models in technological innovations and distinguished technology manager. This promoted innovation among the staff of the Company, created an atmosphere well suited for the emergence of new ideas, assisted in the establishment of an innovative enterprise and achieved innovation-driven development.

Investor Relations

In 2013, against the backdrop of an in-depth correction of the global economy, China's economic situation remained complicated, dragging the coal market into continuous recession and leaving coal producers under enormous pressure in both production and operation. Encumbered by the industrial recession, the coal sector in the capital market remained weak. Facing the adverse environment within the coal industry and in the capital market, China Coal Energy actively adjusted its strategies while keeping constant communications with its domestic and overseas investors through various methods under the guidelines of "maintaining frequent contact, caring for shareholders and enhancing feedback". During 2013, the Company held 419 investor meetings with 1,510 attendees in total. These activities included 109 presentations of annual results and road-show meetings with 586 attendees, three reverse road shows with 32 attendees, 228 day-to-day receptions of investor visits and telephone conferences with 449 participants and attendees, and 79 forums organised by 18 domestic and overseas securities firms with 443 attendees.

Investor relations activities in 2013



The Company was committed to expanding the depth and breadth of information disclosure and improving its investor communication platform. Attaching great importance to investor communications, the Company's management attended the presentations of 2012 annual results and 2013 interim results as well as road shows in person, and visited substantial shareholders and potential investors at home and abroad, which was highly recognised by investors. In addition, the Company actively participated in various investment forums to extend its presence to a broader diversity of investors and earnestly responded to investors' inquiries in detail, thereby further enhancing its influence over the capital market. Furthermore, the Company organised domestic and overseas shareholders and analysts to pay field visit to Wangjialing Coal Mine and its ancillary facilities so as to deepen investors' understanding of the Company's newly commenced coal mine project, which achieved remarkable results.

Investor Relations

Attaching great importance to protection of rights and interests of minority investors. To conscientiously implement the requirements of regulatory authorities, China Coal Energy timely conducted a series of company-wide advocacy activities for the National Law Publicity Day, to earnestly publicise the significance of protecting the legitimate rights and interests of the investors especially minority investors. Based on its study on the "Opinions of the General Office of the State Council on Further Strengthening the Protection of Legitimate Rights and Interests of Minority Investors on Capital Market", the Company continued its efforts in strengthening and improving the protection of rights and interests of minority investors. To protect investors' right to know and improve the relevance and effectiveness of information disclosure, the Company further optimised its web user interface design to provide clearer and more reasonable classification of channels. Information such as Dividend Distribution History, Investor FAQs, PPT Material of Results Presentation and Investor Calendar were introduced into the Investor Relations channel, to provide investors an easier access to information. To further streamline the communication channels for minority investors and improve service quality, the Company formulated the "Management Measures on Maintenance of Investor Hotline", under which dedicated staff were appointed to answer investor calls in a timely manner to enhance the effectiveness of responding to investors' enquiries. While adhering to the practices of investor reception on Tuesdays and Thursdays, the Company appointed a dedicated officer for handling mails and facsimile, recording and maintaining of significant events, and reported the advices from minority shareholders to the management of the Company.

Looking forward, China Coal Energy will continue to expand the breadth and depth of information disclosure, consolidate the foundation of investor relations and explore new management method of investor relations by constantly learning from and drawing upon the experience from the excellent public companies. In addition, the Company will be more shareholder-oriented, and will further improve the quality of investor relations work by optimising its long-term mechanism regarding the protection of minority shareholders' interests.

Safety, Health, Environmental Protection and Social Responsibility

I. Safe Production

In 2013, the Company strictly complied with the national regulatory requirements and policies on production safety. Focusing on arousing awareness of "Environment, Quality and Responsibility" among its employees, the Company was committed to continuously pushing forward the establishment of a "safety-assured enterprise". The Company took steps in improving the framework and enhancing accountability and supervision on safety, through which the safety control efforts were constantly strengthened and safe production was achieved during 2013, as evidenced by the new record of safe production for 32 months in a row set in coal production.

First, safety management and control efforts were further enhanced. The operating mechanism of the Company's Safe Production Committee was improved, with eight dedicated committees established and organisation and leadership reinforced. The Company launched a campaign known as "Diagnosis to the Bottom" in respect of safety management, urging its subordinate units to improve their safety management framework and regulatory system and refine their processes, which effectively enhanced safety management. The Company established a supervisory mechanism, and broke down and reallocated safety priorities within the Company level by level, and three routine meetings of directors for safety supervision were held to speed up the implementation of safety supervision procedures. The members of the Company were required to screen safety risks in a comprehensive and systematic manner and prepare and implement countermeasures accordingly. In addition, the Company tracked and scheduled the management and control progress of material risks on a weekly basis so that risks would be under control.

Second, safety fundamental assurance capability was steadily improved. The Company held field meetings to promote the concept of safety-assured enterprise, revised and promulgated standards of safety and quality standardisation for its coal mines and mines under construction, thereby forming a standardised framework covering all sectors within the Company. Five enterprises achieved the standards for a safety-assured enterprise and a top-level standardised enterprise, and six coal mines were named as the "National Safety and Quality Standardised Coal Mines". The Company further advanced the "Technology Upgrade" campaign, released a collection of technologies for "one ventilation, three preventions", and further optimised mine design and streamlined the production system. The Company's emergency rescue capability continued to be improved, with all its mines accomplishing the construction of the "Six Major Systems" of emergency evacuation as scheduled. The Company also published and revised the contingency plans for production safety accidents of its coal mine, coal chemical, equipment and power generation segments, as well as organised 164 emergency drills, with 16,834 attendees, which further enhanced their emergency response capabilities.

Third, safety supervision and inspection efforts continued to escalate. The senior management of the Company made multiple visits to the frontline with the inspection team, and organised altogether five inspections during key periods including the Spring Festival, and the period of the National People's Congress (NPC) and the Chinese People's Political Consultative Conference (CPPCC). Six dedicated inspections on flood control and "one ventilation, three preventions" and six mutual inspections and nonscheduled inspections were staged, covering all coal mines and chemical plants, with the risks identified and rectified in a timely manner. The Company also innovated the inspection practice by adopting sudden night visits, looking retrospect, straight-to-the-site visits and expert diagnosis, all with satisfactory results. Stressing on safety scheduling, the Company tracked the rectification progress on potential hazards on a monthly basis and released quarterly briefing on rectification, which improved its closed-loop management of the hidden risks.

Fourth, employees' safety awareness was further strengthened. Riding on the momentum of the campaigns of "March Safety Warnings", "Production Safety Month" and "100-day Safety", the Company vigorously promoted the well-developed safety concepts, such as "safety is everything, and life deserves the greatest respect" and "agreeable operating environment together with standardised operating practice means safety", and constantly strengthened publicity, guidance, education and training on safety. The Company also held meetings to promote safety assurance and exchange experience among frontline teams. Among such activities, the Company's subsidiaries Pingshuo Company and Shanghai Energy Company established 1,430 CPC members' safety accountability zones and 271 star specialty teams respectively, with employees' safety awareness continuously to be enhanced.

II. Occupational Health

The Company continued to increase its investment in occupational health, and established an integrated occupational hazards prevention and control system for clean environment and personal protection. The Company stepped up efforts to carry out the construction of dust-free mines and further tightened dust control in a comprehensive manner, striving to operate mines and plants in a dust-free manner. By fully promoting the adoption of various dust removal devices including new types of automatic air-flow purification water curtain with infrared sensors as well as ultrasonic atomising sprayers, Pingshuo Company, a subsidiary of the Company, effectively reduced the concentration of dust at mining working face and stage loading points and improved dust removal effect. Shanghai Energy Company developed a series of dust removal equipment such as wet spraying machine, dust removal blowers, water injection pumps for coal seams and automatic spraying dust removal equipment. As a result, the dust removal efficiency at fully-mechanised working face increased by 30%, and the concentration of dust at mechanised excavation face decreased by 77%. The Company purchased employment injury insurance and accident insurance for the staff according to laws, carried forward its occupational physical examination and evaluation endeavours, and provided occupational physical examinations for a total of 13,514 workers exposed to dust, heat and hazardous operations. In 2013, Shanghai Energy Company, a subsidiary of the Company, was recognised as the "Advanced Unit in the Prevention of Occupational Disease" by Jiangsu Federation of Trade Unions and Jiangsu Provincial Centre for Disease Prevention and Control.

III. Environmental Protection

Under the guidance of building ecological civilisation and "beautiful China", the Company pushed forward the construction of eco-mines and beautiful mines in a comprehensive manner by strictly observing the PRC laws, regulations and policies in respect of environmental protection and upholding its core philosophy of "Building a green China Coal Energy to sustain the ecological balance in nature". In 2013, the integrated energy consumption per RMB10,000 production output (at comparable cost) recorded a year-on-year decrease of 1.1%; the emission of sulphur dioxide, chemical oxygen demand (COD), nitrogen oxides and ammonia nitrogen reduced by 2.4%, 7.6%, 7.5% and 3.1% year-on-year respectively, and the utilisation rate of mine water reached 82.4%, with major indictors maintaining the leading position in the industry. The Company was recognised as an outstanding enterprise in energy conservation and emission reduction among the central enterprises during the assessment period of 2010-2012. Five of its mines including Yaoqiao Mine and Antaibao Mines were included in the 3rd batch of pilot units of national green mines by the Ministry of Land and Resources. Furthermore, the 2 × 135MW units of Shuozhou Great Company Limited were selected as the units with comprehensive utilisation of resources by the NDRC.

The Company fully promoted the construction of green coal mines and the standardisation of green coal mining equipment by building the "Green China Coal Energy" standards system and formulating four green standards and appraisal systems for two major segments, namely coal mine and coal mining equipment manufacture.

The Company also strengthened the management of environmental protection in construction projects so that relevant pollution control facilities were designed, constructed and put into operation simultaneously with the principal part of the projects, and stepped up efforts in the performance testing of environmental protection facilities of coal chemical projects at the trial production stage to minimise adverse effects on the environment.

In addition, the Company strictly observed the national emissions reporting system and made a full payment of RMB71.54 million for pollutant discharges on a timely basis according to laws. Having invested RMB630 million to launch a total of 56 projects including wastewater treatment, gas desulphurisation and denitration, solid waste treatment and ecological construction, the Company further upgraded its facilities and equipment for environmental protection, thus further improving regional environment.

The Company strengthened ecological restoration and construction in the mining areas, and withdrew RMB753 million of coal mine industry transformation environmental restoration fund. A total of RMB782 million was utilised. As at the end of 2013, the land reclamation rate of the Pingshuo Mining Area maintained at over 50%, and the vegetation coverage rate of dumping grounds maintained at over 90%. At the Datun Mining Area, the lake mud refilling approach was adopted to reclaim subsidence areas of 3,353 mu, all of which have been handed over to local villagers for utilisation.

IV. Social Responsibility

Details of social responsibilities are set out in the Social Responsibility Report published by the Company on the websites of the Stock Exchange, the Shanghai Stock Exchange and the Company.

Directors, Supervisors and Senior Management

1. General Information on Directors, Supervisors and Senior Management

Unit: Share

Name	Position held	Gender	Age	Effective date of appointment	▲Termination date of appointment	Shareholding at the beginning of the year	Shareholding at the end of the year	Changes in shareholding during the year	Reason of changes	Total remuneration received from the Company during the reporting period (RMB ten thousand) (before tax)	Total remuneration received from the shareholder during the reporting period (RMB ten thousand) (before tax)
*Wang An	Chairman, Executive Director	Male	55	December 2010	December 2013	-	-	-	-	0	150.6
*Li Yanjiang	Non-executive Director, Vice Chairman	Male	56	February 2013	December 2013	-	-	-	-	0	102.6
★Li Yanmeng	Non-Executive Director	Male	68	December 2010	December 2013	-	-	-	-	2.2	8.0
*Peng Yi	Vice Chairman	Male	51	December 2010	February 2013	-	-	-	-	0	133.5
	Non-Executive Director			December 2010	December 2013						
*Yang Lieke	Executive Director, President	Male	56	December 2010	December 2013	-	-	-	-	132.9	0
Zhang Jiaren	Independent Non-Executive Director	Male	69	December 2010	December 2013	-	-	-	-	30	0
Zhao Pei	Independent Non-Executive Director	Male	64	December 2010	December 2013	-	-	-	-	30	0
Ngai Wai Fung	Independent Non-Executive Director	Male	51	December 2010	December 2013	-	-	-	-	30	0
Zhou Qinye	Independent Non-Executive Director	Male	61	February 2013	December 2013	-	-	-	-	27.5	0
Zhang Ke	Retired Independent Non-Executive Director	Male	60	December 2010	February 2013	-	-	-	-	2.5	0
Wu Rongkang	Retired Independent Non-Executive Director	Male	72	December 2010	February 2013	-	-	-	-	2.5	0
*Wang Xi	Chairman of the Supervisory Committee	Male	58	December 2010	December 2013	-	-	-	-	0	133.1
♦Zhou Litao	Non-Employee Representative Supervisor	Male	53	December 2010	December 2013	-	-	-	-	0	70.9
♦Zhang Shaoping	Employee Representative Supervisor	Male	49	December 2010	December 2013	-	-	-	-	54.2	0
♦Gao Jianjun	Vice-President	Male	55	December 2010	December 2013	-	-	-	-	77.6	0
♦Qi Hegang	Vice-President	Male	54	December 2010	December 2013	-	-	-	-	77.7	0
♦Niu Jianhua	Vice-President	Male	51	December 2010	December 2013	-	-	-	-	78.1	0
♦Pu Jin	Vice-President	Male	53	December 2010	December 2013	-	-	-	-	80.3	0
♦Weng Qing'an	Chief Financial Officer	Male	57	December 2010	December 2013	-	-	-	-	77.7	0
♦Zhou Dongzhou	Secretary to the Board and Company Secretary	Male	55	December 2010	December 2013	-	-	-	-	77.4	0
Total	/	/	/	/	/	-	-	-	/	780.6	598.7

Notes:
1. Save for independent non-executive directors, remuneration is calculated based on the period during which they hold office, including salaries, bonuses, five insurances and one fund and corporate annuity paid by the Company.
2. The remunerations during the reporting period presented are the remunerations of directors, supervisors and senior management received from the Company.
3. * Included the portion of deferred payment of remuneration for the past three years.
4. ★ The remuneration that Mr. Li Yanmeng received from the Company was conference allowance only.
5. ◆ Included the portion of deferred payment of remuneration for previous one year.
6. ▲ As the election of new session or appointment is yet to complete, save for Mr. Zhang Ke and Mr. Wu Rongkang retired from their positions as directors, other directors, supervisors and senior management of the Company will continue to perform their duties in accordance with the Articles of Association.

During the reporting period, the Company has two executive directors, three non-executive directors and four independent non-executive directors. Other than working relationship, there is no any other relationship between any of the directors, supervisors or senior management of the Company in respect of finance, business and family or in other material aspects. The Company has received an annual confirmation letter from each of the independent non-executive directors of the Company with regard to their independence. As at the date of this report, the Company considers that all the independent non-executive directors are independent pursuant to Hong Kong Listing Rules.

2. Details of Directors, Supervisors and Senior Management

Directors

Wang An, aged 55

is the Chairman and Executive Director of the Second Session of the Board of the Company. Mr. Wang is also the Director, General Manager and deputy secretary of Party Committee of China Coal Group. Mr. Wang is a member of the Chinese Academy of Engineering and also Dean of the School of Management of China University of Mining and Technology. He is also the vice chairman of the board of World Coal Association, the vice president of China National Coal Association and the deputy head of China Association of Work Safety. He graduated in August 1982 from Shanxi Mining Institute with a Bachelor's Degree majoring in underground coal mining. He was then awarded a Master's Degree in Engineering from Liaoning Technical University. He is a Professorate Senior Engineer, a Senior Professional Manager in coal industry and is entitled to special government allowance granted by the State Council. He served as the Chief Engineer of Wuda Coal Bureau, the Vice Chairman of the board of directors, the General Manager and Chief Engineer of Shenfu Dongsheng Coal Company Limited of Shenhua Group Corporation Limited, the General Manager of Shendong Coal Branch of China Shenhua Energy Company Limited, the Deputy General Manager of Shenhua Group Corporation Limited and Chairman and Executive Director of the First Session of the Board of the Company. Mr. Wang has long term experience in the field of technology management regarding coal production and management of coal production enterprises. He has in-depth knowledge and academic achievements with respect to coal production technology and extensive experience in managing large-scale enterprises and is an excellent entrepreneur in the coal industry of China.

Li Yanjiang, aged 56

is the Vice Chairman and Non-Executive Director of the Second Session of the Board of the Company. He serves as the Vice Chairman of the board of directors and the Secretary of Party Committee of China Coal Group. Mr. Li graduated from Fu Xin Mining Institute with a Bachelor's Degree and obtained the title of Researcher in January 1982. He served as the General Manager of China Coal International Economic and Technical Cooperation Corporation, the Chairman of the board of directors, General Manager and Deputy Secretary of Party Committee of China Coal Construction Group Corporation, the Director General of the Plan and Development Department of State Administration of Coal Industry, Director and the General Manager of China National Coal Industry Import and Export (Group) Corporation, the Secretary of Party Committee and the Vice President of China Coal Research Institute, the Chairman of the board of directors, Secretary of Party Committee and General Manager of China Foma (Group) Co., Ltd. as well as the Secretary of Party Committee and a director of China National Machinery Industry Corporation and other positions. Mr. Li has long been engaged in areas of production, operation and management of coal enterprises, and has strong background in coal industry and extensive experience in corporate operation and management.

Li Yanmeng, aged 68

is a Non-Executive Director of the Second Session of the Board of the Company. Mr. Li is also an External Director of China Coal Group and an Independent Non-Executive Director of Dongfang Electric Corporation Limited. Mr. Li graduated from the Electric Engineering Department of Wuhan School of Water Resource and Hydropower in September 1981 with a major in power plant and electric system, and he is a Senior Engineer. He served as Deputy Office Director, Deputy Manager and Manager in the Second Engineering Department of Shandong Electric Construction Corp., the head of Huangtai Power Plant, an Assistant Director of Shandong Electricity Power Bureau, Deputy Director-General of Construction Coordination Department of the Ministry of Electric Industry, Deputy Director-General of Key Construction Department, Deputy Director-General of Investment Department, Director-General of Basic Industry Development Department of the State Planning Commission, Director of the General Office of the National Electric Power System Reform Working Team, Deputy General Manager of State Grid Corporation of China, Independent Non-Executive Director of the First Session of the Board of the Company and Datang International Power Generation Company Limited. Mr. Li has extensive working experience for substantive periods in various power enterprises and State departments of macroeconomic controls relating to basic energy management.

Peng Yi, aged 51

is a Non-Executive Director of the Second Session of the Board of the Company. He is also the Vice General Manager and Chief Accountant of China Coal Group, as well as a Director of China Coal Insurance Company Limited. Mr. Peng graduated in July 1984 from the Construction Engineering Department of Wuhan Construction Material Industry Institute (currently known as Wuhan University of Technology), obtained a Master's Degree in Business Administration (MBA) from Wuhan University in June 1999 and obtained a Doctor's Degree in economics from Wuhan University of Technology in 2011. Mr. Peng is also a Senior Engineer, Senior Accountant and a Senior Professional Manager in the coal industry, and is entitled to special government allowance granted by the State Council. Mr. Peng was the Head of the Design Department of Zhongnan Architectural Design Institute, the Deputy Head of Zhongnan Architectural Design Institute, Shenzhen Branch, Head of the Finance Department of Zhongnan Architectural Design Institute, Deputy General manager, Chief Economist and Chief of Finance of Wuhan Kaidi Electric Power Company Limited, Chairman of the Board of Wuhan Gelin Tiandi Environmental Protection Enterprises Group Company Limited, Chairman of the Board of Wuhan Kaidi Lantian Technology Company Limited, Executive Director, Executive Vice-President and Chief Financial Officer of the First Session of the Board of the Company, and Vice Chairman of the Second Session of the Board of the Company. Mr. Peng has extensive experience in corporate management, capital operation and financial management.

Yang Lieke, aged 56

is an Executive Director of the Second Session of the Board of the Company and the President of the Company. Mr. Yang graduated in June 1982 from Xi'an Mining Institute (currently known as Xi'an University of Science and Technology) majoring in mining engineering. Mr. Yang is a Senior Engineer and a Senior Professional Manager in the coal industry, and is entitled to special government allowance granted by the State Council. He served as the Manager of the logistics department and integrated planning department of China National Coal Industry Import & Export Corporation, the General Manager of China Coal Import and Export Company, Director of Sunfield Resources Pty. Limited and Shanghai Datun Energy Resources Company Limited and the Executive Director and the President of the First Session of the Board of the Company. Mr. Yang is familiar with the processes of production, operation and management of coal enterprises as well as the domestic and international coal market. He has extensive experience in the management of corporate production and operation, and has more than 20 years of experience in the production, operation and management in coal industry.

Zhang Jiaren, aged 69

is an Independent Non-Executive Director of the Second Session of the Board of the Company, Non-Executive Director of Societe Generale (China) Limited, Independent Director of Hangzhou Industrial & Commercial Trust Company Limited and China Erzhong Group (Deyang) Heavy Industries Company Limited. Mr. Zhang graduated from Hefei Industrial University in 1966 majoring in electrical engineering. Mr. Zhang is a Professorate Senior Economist and is entitled to special government allowance granted by the State Council. He was elected as National Model Worker and was a representative of the Ninth National People's Congress. Mr. Zhang served as Technician of Jingmen Refinery, Technician, Engineer and Vice Section Chief of Zhejiang Refinery, Deputy Division Chief of the Department of Engineering of Zhenhai Petrochemical General Plant, President of the refinery of Zhenhai Petrochemical General Plant, Vice-President and President of Zhenhai Petrochemical General Plant, Chairman and General Manager of Zhenhai Refining & Chemical Company Limited, Deputy General Manager of China Petrochemical Corporation, Director, Vice-President, Senior Vice-President and Chief Financial Officer of China Petroleum & Chemical Corporation, Chairman of Sinopec Finance Corporation, Senior Advisor to China Petrochemical Corporation, and External Director of China National Nuclear Corporation. Mr. Zhang is familiar with the production and operation management of energy chemical enterprises as well as the financial management and capital operation.

Zhao Pei, aged 64

is an Independent Non-Executive Director of the Second Session of the Board of the Company and currently the Vice-President and General Secretary of Chinese Society for Metals. Mr. Zhao served as Executive Director and President of Advanced Technology & Materials Company Limited (AT&M), Chairman of Beijing Gang Yan Diamond Products Company Limited, Chairman of Heye Special Steel Company Limited. Director of Zhong Lian Advanced Steel Materials Technology Company Limited. He also served as a Professor and Deputy Dean at the University of Science & Technology Beijing, Division Chief of the Science & Technology Department of the Ministry of Metallurgy, Deputy Chief Engineer and Chief of Engineering Centre of Central Iron & Steel Research Institute, Vice-President of Central Iron & Steel Research Institute, Chairman of New Metallurgy Hightech Group Company Limited, Chairman of Beijing Iron & Steel Research New Metallurgy Engineering Design Company Limited. Mr. Zhao is a Doctor of Engineering, a Postdoctoral Fellow at the University of Leeds in UK, Professor and Doctorial Tutor, and is entitled to special government allowance granted by the State Council. Mr. Zhao is proficient in metallurgical technology and material science and familiar with related enterprises and research institutions both in China and abroad, which allows him to gain full understanding of the technological development and market trend of the sector, and has given him plenty of experiences in the management and operation of large-scale high-tech enterprises and listed companies.

Ngai Wai Fung, aged 51

is an Independent Non-Executive Director of the Second Session of the Board of the Company, the Managing Director of MNCOR Consulting Limited, as well as the Chief Executive Officer of SW Corporate Services Group Limited. He is currently an Independent Non-Executive Director of China Railway Construction Corporation Limited, BaWang International (Group) Holdings Limited, Bosideng International Holdings Limited, Powerlong Real Estate Holdings Limited, Sany Heavy Equipment International Holdings Company Limited, SITC International Holdings Company Limited, Biostime International Holdings Limited, Juda International Holdings Limited and LDK Solar Co. Ltd., and the Vice-President of the Hong Kong Institute of Chartered Secretaries, the visiting professor of Department of Law of Hong Kong Shue Yan University. Mr. Ngai has been appointed as the non-official member of the working group on professional services of Economic Development Committee by the Chief Executive of Hong Kong Special Administrative Region and has been appointed as a member of the Professional Qualification and Examination Council of the Hong Kong Institute of Certified Public Accountants. He graduated from Shanghai University of Finance and Economics, The Hong Kong Polytechnic University, Andrews University of Michigan, the United States and the University of Wolverhampton, the United Kingdom. He has obtained a Doctor's Degree in Finance, Master's Degree in Finance, an MBA Degree and a Bachelor's Degree in Laws (with Honours). Mr. Ngai is a fellow of the Association of Chartered Accountants in the United Kingdom, a member of the Hong Kong Institute of Certified Public Accountants, a fellow of the Institute of Chartered Secretaries and Administrators in the United Kingdom, a fellow of the Hong Kong Institute of Company Secretaries, a fellow of the Hong Kong Institute of Directors and a member of the Hong Kong Securities and Investment Institute. Mr. Ngai has more than 20 years of senior management experience, and has acted as the Executive Director and Chief Financial Officer of a number of Hong Kong listed companies, including China COSCO Holdings Company Limited, China Unicom and Industrial and Commercial Bank of China (Asia) Limited, etc., He also served as the Independent Non-Executive Director of China Life Insurance Company Limited and Franshion Properties (China) Limited. Mr. Ngai has participated in or led a number of key financing projects, including listing, mergers and acquisitions and issuance of bonds, and provided professional services for various state-owned enterprises and red chip companies.

Zhou Qinye, aged 61

is an Independent Non-Executive Director of the Second Session of the Board of the Company. Mr. Zhou serves as an independent director of Shanghai Pudong Development Bank Co., Ltd., Industrial Bank Co., Ltd. and SAIC Motor Corporation Limited and a director of Shanghai East-China Computer Co., Ltd. and Anxin Trust & Investment Co., Ltd. Mr. Zhou is a member of the China Accounting Standards Committee under the Ministry of Finance and the China Internal Control Standards Committee, a director of the Chinese Institute of Certified Public Accountants (the "CICPA"), a member of the Auditing Standards Committee of CICPA, a Standing Director of the China Appraisal Society, an arbitrator of Shanghai Arbitration Commission and a director of Heren Charitable Foundation. Mr. Zhou is a doctoral tutor at Fudan University and adjunct professor at Xiamen University and Shanghai University of Finance and Economics. Mr. Zhou graduated from the Faculty of Accounting of Shanghai University of Finance and Economics with a Master's Degree in Economics in 1986. He served as the Vice President and Chief Accountant of the Shanghai Stock Exchange, as well as a member of the Issuance Review and Approval Committee and the Substantial Restructuring Review Committee of the China Securities Regulatory Commission, an independent director of Shanghai Jahwa United Co., Ltd., a member of Shanghai Judiciary Expertise Committee. Mr. Zhou has solid academic base and considerable practical expertise in areas including securities markets supervision, corporate governance and capital operation of listed companies, corporate financial management, accounting, auditing and internal control.

Supervisors

3 1 2

1. Wang Xi, aged 58

is the Chairman and Non-Employee Representative Supervisor of the Second Session of the Supervisory Committee of the Company and the Employee Director, deputy secretary of Party Committee, secretary of Commission for Discipline Inspection and Union President of China Coal Group. Mr. Wang graduated from Renmin University of China in June 1986, majoring in industrial economy. He is a Senior Economist. He served as Principal Staff Member of National Planning Commission and National Production Commission of the State Council, Vice Division Chief of Economic Operations Bureau of the State Economic and Trade Commission, Division Chief of Fiscal and Financial Affairs Department of the State Economic and Trade Commission, Division Chief and Deputy Director-General of Comprehensive Department of the State Economic and Trade Commission and Deputy Director-General of Performance Assessment Bureau of State-owned Assets Supervision and Administration Commission of the State Council. Mr. Wang has long term experience in the relevant national economic operation departments and state-owned assets supervision agencies and gained rich experience in the research of macro economy policy, analysis of the economic operation, business management and operation performance examination.

2. Zhou Litao, aged 53

is a Non-Employee Representative Supervisor of the Second Session of the Supervisory Committee of the Company and General Legal Counsel of China Coal Group, Executive Vice-President of the Energy Law Academy of China Law Society and Deputy Chairman of Legal Issues Committee of China National Coal Association. He graduated in 1983 from Hubei Institute of Finance (currently known as Zhongnan University of Economics and Law) with a major in law. He finished the management science and engineering course for Master postgraduate in the China University of Mining and Technology in September 2000, and obtained an Executive MBA Degree from HEC Business School Paris, France in December 2007. He obtained a doctorate diploma and a Doctor's Degree in Law from China University of Political Science and Law in June 2011. Mr. Zhou is a senior economist and a qualified corporate legal advisor. He served as General Manager of Legal Affairs Department of China Coal Group and Supervisor of the First Session of the Supervisory Committee of the Company. Mr. Zhou is familiar with PRC Civil Law, Commercial Law and International Commercial Principles, and has rich experience in corporate legal matters.

3. Zhang Shaoping, aged 49

is the Employee Representative Supervisor of the Second Session of the Supervisory Committee of the Company and the Executive Director, General Manager and Deputy Secretary of the Party Committee of China National Coal Development Company Limited. He graduated from the Hebei Institute of Coal Mining and Civil Engineering majoring in industrial and civil construction in July 1986, and obtained a Bachelor's Degree in engineering. He is a Senior Engineer and Senior Professional Manager of the coal industry. He served as a staff of Beijing Coal Planning and Design General Institute, staff and Principal Staff Member of China Unified Distribution Coal Mine Corporation, Principal Staff Member and Assistant Researcher of Policy and Regulation Department of the Ministry of Coal Industry, Deputy Director of the Office of China National Coal Sales and Transportation Corporation, Deputy Director and Director of the Party Committee Office and Director of Party Work Department of China National Coal Industry Import and Export Group Corporation, and Director of Party Committee Work Department of China Coal Group, the secretary of the Party Committee and Deputy General Manager of China National Coal Development Company Limited. Mr. Zhang has worked in the coal industry for an extensive period and has full understanding of the coal industry and extensive experience in business management.

Senior Management

1. Yang Lieke, aged 56

is an Executive Director of the Second Session of the Board of the Company and the President of the Company. For detailed biography of Mr. Yang, please refer to the section headed "Directors" of this chapter.

2. Gao Jianjun, aged 55

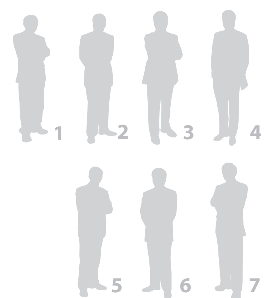
is the Vice President of the Company and an Executive Director and Deputy Secretary of the Party Committee of China Coal Pingshuo Group Company Limited. He obtained a Bachelor's Degree in mining from Shandong Mining Institute (currently known as Shandong University of Science and Technology) in 1982, and a Master's Degree in engineering from Liaoning University of Engineering and Technology in 1998. He is a Senior Engineer and a Senior Professional Manager in the coal industry, and is entitled to special government allowance granted by the State Council. He served as Assistant to the General Manager, General Manager of the Enterprise Development Department and General Manager of the Human Resources Department of China Coal Group, Director of Huajin Coking Coal Company, the Chairman and General Manager of Shanghai Datun Energy Resources Company Limited. He also worked at the Human Resources Division and New Technology Promotion Division of China Coal Research Institute; and the General Office of China National Coal Corporation and the General Office of the Ministry of Coal Industry. Mr. Gao has worked in the coal mining industry for an extensive period, has gained a thorough understanding of the coal mining industry, and has developed rich management skills in respect of corporate development strategies, restructuring and project investment.

3. Qi Hegang, aged 54

is the Vice President of the Company, Chief Engineer of China Coal Group, the Dean of China Coal Energy Technology Research Institute, member of the Mining Committee of Coal Miners of Coal Industry Technology Committee, member of the professional committee of coal geology of China Coal Society, an adjunct professor of China University of Mining and Technology and an expert of the Council of the Establishment of National Higher Education Institutions. He graduated from Shanghai Datun Intermediate Specialised Institute majoring in mining engineering, and obtained a Master's Degree in Engineering and an Executive Master degree in Business Administration from China University of Mining and Technology and the School of Economics and Management of Tsinghua University respectively. He is also a Professoriate Senior Engineer and a Senior Professional Manager in the coal industry. He served as the Head of Mine Design Division, Vice Chief Engineer, Deputy Head, and Head for the Yaoqiao Mine of Datun Coal and Electricity (Group) Company Limited, the Chief Engineer of Datun Coal and Electricity (Group) Company Limited and a Director of Shanghai Datun Energy Resources Company Limited. Mr. Qi has been involved in the production, technology and management of coal mining work for an extensive period and has developed extensive knowledge of the coal industry. He has over 30 years of operational and managerial experience in the industry.

4. Niu Jianhua, aged 51

is the Vice President of the Company. He graduated from Shandong Mining Institute (currently known as Shandong University of Science and Technology) in 1984, majoring in Calculating Mathematics, and obtained an Executive Master degree in Business Administration from the School of Economics and Management of Tsinghua University in 2011. He is a Senior Engineer and a Senior Professional Manager in the coal industry. He served at the Human Resources Division of the China Coal Research Institute as a cadre and as a Deputy Director of the Technical Cadre Division of the Personnel Department of the Ministry of Coal Industry, and Secretary of the General Office of the Ministry of Coal Industry and the Director of the General Office and Assistant to the General Manager of China Coal Group. Mr. Niu has worked in the coal industry for an extensive period and developed extensive understanding of the industry, and has rich experience in administrative management.



5. Pu Jin, aged 53

is the Vice President of the Company. He is also an Executive Director, General Manager and deputy secretary of Party Committee of China Coal Equipment Company, Vice-president of China National Coal Machinery Industry Association, Executive Director of China Coal Society, Deputy Director of Machinery and Electrical Experts Committee of Coal Industry Technology Committee and Deputy Director of National Coal Industry "653" Expert Steering Committee. He graduated from the China University of Mining and Technology in 1998 with a Master's Degree in engineering, and he obtained a Doctoral Degree in Management from the School of Management Science and Engineering of Tongji University in 2003. He is a Professoriate Senior Engineer, a National Senior Professional Manager and a Senior Professional Manager in the coal industry, and he is entitled to special government allowance granted by the State Council. He served as Assistant to the General Manager and Deputy General Manager of Automatic Engineering Division and Overseas Operations Division of China National General Machinery Corp. under the Ministry of Machinery Industry, General Manager of China Coal Shenzhen Company, General Manager of China Coal Southern Energy Resources Company Limited and Chairman of China National Coal Mining Equipment Group Corp and other positions. Mr. Pu has extensive experience in enterprise management as well as solid theoretical expertise in coal mining machinery.

6. Weng Qing'an, aged 57

is the Chief Financial Officer of the Company and the Chairman of Finance Company. He graduated from China University of Mining and Technology in July 1998 majoring in accounting. He is a Senior Accountant and a Senior Professional Manager in the coal industry and a qualified corporate legal advisor. He served as Section Chief, Deputy Chief Accountant, Deputy Director and Director of the Finance Office of Datun Coal and Electricity (Group) Company Limited, Deputy Chief Accountant, Chief Accountant and Director of Datun Coal and Electricity (Group) Company Limited, Supervisor and Director of Shanghai Datun Energy Resources Company Limited, Chief Accountant of Pingshuo Coal Industry Company, and Chairman of the Supervisory Committee of Huajin Coking Coal Company. Mr. Weng had been working for coal mining enterprises at the basic level and listed companies for an extensive period and has over 30 years of experience in financial work in state-owned enterprises as well as rich experience in capital operation and financial management in listed companies.

7. Zhou Dongzhou, aged 55

is the Secretary to the Board and the Company Secretary of the Company. He graduated from China Mining College (currently known as China University of Mining and Technology) in July 1982 majoring in English where he also obtained a Master's Degree of Engineering in May 1997. He is an Associate Professor of Translation and a Senior Professional Manager in the coal industry. He served at China University of Mining and Technology, the Science and Education Division of the Ministry of Coal Industry, and served as the Secretary to the General Office of the Ministry of Coal Industry and the General Office of State Administration of Coal Industry, the Manager of the Market Development Department and Deputy Head of the Coal Trading Division of China Coal Group, Deputy General Manager of Import and Export Company and Joint Company Secretary of the Company.

3. Remuneration of Directors, Supervisors and Senior Management

(1) Decision-making procedures for the remuneration of directors, supervisors and senior management

Remuneration for directors and supervisors is subject to the approval by the shareholders' general meeting, while the remuneration for senior management is subject to the approval by the Board. For the year of 2013, the total remuneration for directors, supervisors and senior management of the Company was RMB7.806 million (tax inclusive).

(2) Basis for determining the remuneration of directors, supervisors and senior management

The Company pays a fixed annual remuneration to independent non-executive directors. Directors of the Company who hold management positions in the shareholder do not receive remunerations from the Company. Vice Chairman of the Company who is also a board member of the shareholder does not receive remunerations from the Company. Non-executive directors of the Company who are also board members of the shareholder do not receive remunerations from the Company, but will receive conference allowances from the Company for conferences they attend. Executive directors of the Company who do not hold any management position in the shareholder do not receive remunerations from the Company, and their remunerations are paid based on their concurrent positions held as senior management and in accordance with "Measures for Remunerations of Senior Management of the Company". Supervisors receive remunerations from the units they currently work for. Remunerations of senior management are paid in accordance with "Measures for Remunerations of Senior Management of the Company"

Save for independent non-executive directors, the remunerations of other directors, supervisors and senior management who received remunerations from the Company include basic salaries, bonuses, five insurances and one fund and corporate annuity paid by the Company.

4. Changes in Directors, Supervisors and Senior Management of the Company

As approved at the first extraordinary general meeting for the year of 2013 convened on 1 February 2013, 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, Mr. Zhang Ke and Mr. Wu Rongkang retired from their current positions as the independent non-executive directors of the second session of the Board of the Company due to the expiration of their terms.

Mr. Peng Yi has resigned as the vice chairman of the second session of the Board due to job rearrangement. However, Mr. Peng Yi 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 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 the relevant announcements published on the websites of SSE, HKSE and the Company on 11 December 2012 and 1 February 2013.

Directors' Report

Dear Shareholders,

The board of directors (the "**Board**") of China Coal Energy Company Limited is pleased to present the directors' report of the Company and the audited consolidated financial statements of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2013 prepared in accordance with the IFRS.

1. Principal Operations

The Group is principally engaged in coal operations, coal chemical operations, coal mining equipment operations and other related operations in China. The coal operations of the Group include coal production, sales and trading. The coal chemical operations of the Group include the production and sales of coke, methanol, urea and other coal chemical products. The coal mining equipment operations of the Group include the design, research and development, manufacturing and sales of coal mining machinery and equipment and provision of after-sales services. Other operations of the Group include the production and sales of electricity and primary aluminium. Details of the principal business of the Group's principal subsidiaries are set out in the financial statements.

2. Operating Results

The financial and operating results of the Group for the year ended 31 December 2013 are set out in the section headed "Management Discussion and Analysis of Financial Conditions and Operating Results".

3. Distributable Profits, Dividends and Closure of Share Register

For the year ended 31 December 2013, the profit attributable to equity holders of the Company amounted to RMB3,805,128,000 and RMB3,575,602,000 as set out in the audited consolidated financial statements of the year 2013 of the Company prepared in accordance with the IFRS and the PRC Accounting Standards for Business Enterprises, respectively. To provide better rewards to our shareholders as well as improve corporate and shareholders' values, taking into consideration of our cash dividends policy and the cash dividends distribution record for the last three years, the Board of the Company recommended the payment of cash dividends of RMB1,072,680,600 to shareholders of the Company, representing 30% of the profit attributable to the equity holders of the Company, which was RMB3,575,602,000 as set out in the consolidated financial statements of 2013 prepared in accordance with the PRC Accounting Standards for Business Enterprises. The proposed dividend distribution will be made based on the Company's entire issued share capital of 13,258,663,400 shares, representing a dividend of RMB0.081 per share (inclusive of tax). Should the proposed profits distribution plan be approved by the Shareholders at the 2013 annual general meeting by an ordinary resolution, a final dividend will be distributed to the H Shareholders whose names appear on the Company's H Share register of members on 21 May 2014.

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

Pursuant to The Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 issued by the State Administration of Taxation on 28 June 2011, the dividend received by the overseas resident individual Shareholders from the stocks issued by domestic non-foreign invested enterprises in Hong Kong is subject to individual income tax at a rate of 10% in general. However, the tax rates for respective overseas resident individual Shareholders may vary, depending on the relevant tax agreements between those countries where the overseas resident individual Shareholders reside and China. Pursuant to the abovementioned notice, the Company will withhold 10% of the final dividend as individual income tax unless otherwise required by the relevant tax laws and regulations, tax agreements or notices, while distributing the final dividend to the H Shareholders whose names appear on the Company's H Share register of members on 21 May 2014.

As the 2013 annual general meeting will be convened by the Company on 13 May 2014, the share register of the Company will be closed from 12 April 2014 to 13 May 2014 (both days inclusive). In order to qualify for attending and voting at the annual general meeting, holders of H Shares of the Company should, no later than 4:30 p.m. on 11 April 2014, submit all the transfer documents to the Company's share registrar for H Shares in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Holders of H Shares of the Company whose names appear on the Company's H Share register of members on 12 April 2014 are entitled to attend and vote at the annual general meeting.

The share register of the Company will be closed from 17 May 2014 to 21 May 2014 (both days inclusive). In order to qualify for receiving the dividend, holders of H Shares of the Company should, no later than 4:30 p.m. on 16 May 2014, submit all the transfer documents to the Company's share registrar for H Shares in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Under relevant regulations of China Securities Depository and Clearing Corporation Limited Shanghai Branch and in line with the market practice regarding dividend distribution for A Shares, the Company will publish a separate announcement in respect of its dividend distribution to holders of A Shares after the Company's annual general meeting for 2013, which, among other things, will set out the record date and ex-rights date of dividend distribution for A Shares.

As at 31 December 2013, no arrangement was reached pursuant to which the Shareholders waived or agreed to waive their dividends.

4. Shareholdings of Substantial Shareholders

As at 31 December 2013, to the knowledge of the Directors, supervisors and chief executive of the Company and as recorded in the register of interests required to be maintained pursuant to section 336 of the Securities and Futures Ordinance, the interests or short positions of the following persons (excluding directors, supervisors and chief executives) in the Company's shares or underlying shares were as follows:

Name of shareholders	Number of shares	Class of shares	Nature of Interest	Capacity	Percentage of the respective class of the total shares in issue (%)	Percentage of the total shares in issue (%)
China National Coal Group Corporation	7,605,207,608	A Shares	N/A	Beneficial owner	83.10	57.36
Sino Life Insurance Co., Ltd.	334,394,000	H Shares	Long position	Interest of controlled corporation by substantial shareholders	8.14	2.52
Citigroup Inc.	273,303,721	H Shares	Long position	Of which 131,014,488 shares were interest of corporations controlled by substantial shareholders, 6,000 shares were held as person having a security interest in the shares, 142,283,233 shares (shares available for lending) were held as custodian-corporation/approved lending agents	6.65	2.06
	174,890,982		Short position	Interest of controlled corporation by substantial shareholders	4.25	1.32
JPMorgan Chase & Co.	246,135,868	H Shares	Long position	Of which 79,686,556 shares were held as beneficial owner, 30,304,000 shares were held as investment manager, 136,145,312 shares (shares available for lending) were held as custodian-corporation/approved lending agents	5.99	1.86
	33,997,427		Short position	Beneficial owner	0.82	0.26
BlackRock, Inc.	225,398,701	H Shares	Long position	Interest of controlled corporation by substantial shareholders	5.48	1.70
	22,163,000		Short position	Interest of controlled corporation by substantial shareholders	0.54	0.17

Note: The information disclosed is based on the information provided on the website of The Stock Exchange of Hong Kong Limited (www. hkex.com.hk).

Save as disclosed above, as at 31 December 2013, to the knowledge of the Directors, supervisors and chief executive of the Company and as recorded in the register of interests required to be maintained pursuant to section 336 of the Securities and Futures Ordinance, there were no other persons who were interested or held short positions in the Company's shares or underlying shares of the Company.

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

As at 31 December 2013, none of our directors, supervisors or chief executives had any interests or short positions in the shares, underlying shares of equity derivatives or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) as recorded in the register of interests to be 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 pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

As at 31 December 2013, the Company had not granted any right to any director, supervisor or chief executive of the Company or their spouses or children under 18 years of age to acquire shares or debentures of the Company or any of its associated corporations, nor did any of the above-mentioned individuals exercise any such rights to acquire the aforesaid shares or debentures.

6. Public Float

Based on the information that is publicly available to the Company and to the knowledge of the Directors, as at the date of this report, the Company had maintained the prescribed public float under Hong Kong Listing Rules.

7. Service Contracts of Directors and Supervisors

Each of the directors and supervisors of the Company entered into a service contract with the Company. Pursuant to the terms of the service contract, each of the directors and supervisors of the Company agrees to perform his duties as the Company's director or supervisor. Term of service: save for Mr. Zhang Ke and Mr. Wu Rongkang, whose term of service for the second session of the Board commenced from the date of appointment and ended on 1 February 2013, the term of service of each of other Directors (except the new Directors) is three years from the date of appointment. After the expiration of the terms of service for Mr. Zhang Ke and Mr. Wu Rongkang, the Company has engaged new Directors and entered into service contracts with them. The term of service for new Directors will be expired upon expiration of term of service for the second session of the Board of the Company. For details, please refer to the relevant announcement of the Company on resolutions of the shareholders' general meeting published on the websites of SSE, HKSE and the Company on 1 February 2013. The term of service for supervisors of the Company is three years from the date of appointment. Such service contracts can be renewed in accordance with the Articles of Association of the Company and the relevant requirements of Hong Kong Listing Rules, and can be terminated before their expiry date according to the provisions of such contracts.

None of the directors or supervisors of the Company has entered into a service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

8. Directors' and Supervisors' Interests in Contracts

Apart from the service contracts, for the year ended 31 December 2013, none of the directors or supervisors of the Company is materially interested, whether directly or indirectly, in any contract of significance to which the Company, or any of its holding companies, or any of its subsidiaries or fellow subsidiaries of the holding company is a party.

9. Remuneration of Directors and Supervisors

The details of the remuneration of Directors and supervisors of the Company for the year ended 31 December 2013 are set out in notes to the consolidated financial statements and the section headed "Directors, Supervisors and Senior Management" of this report.

For the year ended 31 December 2013, no Directors or supervisors of the Company had agreed to waive any remuneration.

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

10. Purchase, Sale or Repurchase of Listed Securities of the Group

For the year ended 31 December 2013, the Company and its subsidiaries had not purchased, sold or repurchased any listed securities (the term "securities" has the meaning ascribed to it under Hong Kong Listing Rules) of the Group.

11. Use of Proceeds

(1) 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 the net proceeds were used in the way disclosed in the prospectus of H Shares. As at 31 December 2013, among the investment projects funded by the H Share proceeds, Pingshuo East Open Pit coal mine project in Shanxi, Antaibao underground coal mine project and Heilongjiang methanol project (with a production capacity of 250,000 tonnes/year) were completed and put into production as well as generated revenue.

(2) Use of Proceeds from A Share Issuance

As at 31 December 2013, the actual application of proceeds from A Share issuance amounted to RMB20.917 billion in total, representing approximately 82.6% of the net proceeds from A Share issuance, details of which are listed below:

Committed projects	Any change in project	Proposed investment financed by proceeds	Actual investment financed by proceeds for the year	Actual accumulated investment financed by proceeds	Meet the planned schedule of not	Project progress	Estimated gains (Internal rate of gains of the project investment after taxation)	Status of gains generated	Meets the planned gains or not	Explanation on failure to meet the planned schedule and gains	Reasons for changes and explanation on the changes in procedures of use proceeds
Coal Deep Processing Demonstration Project in Ordos	No	41.58	7.75	38.49	No	Phase 1 of the chemical segment of the project is approved. Preliminary work for phase 2 is in progress. Recently, the coal segment is approved.	13.94%	–	–	The project is under construction.	Please refer to the prospectus of A Shares of China Coal Energy Company Limited.
Heilongjiang project and ancillary engineering facilities with an annual production capacity of 10 million tonnes of coal, 1.8 million tonnes of methanol and 0.6 million tonnes of olefin	No	–	–	0.12	–	–	–	–	–	–	Please refer to the announcement in relation to the change in certain investment projects financed by the proceeds from the A share offering of China Coal Energy Company Limited. Announcement No. 2010-019
Supplementing the working capital of the Company for general corporate purpose or for the acquisitions of assets related to core business	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	Preliminary work for the project is in progress.	18.37%	–	–	The project is pending approval.	
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	Preliminary work for the project is in progress.	19.59%	–	–	The project is pending approval.	Please refer to the announcement in relation to the change in certain investment projects financed by the proceeds from the A share offering of China Coal Energy Company Limited. Announcement No. 2010-019
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	The project is approved with construction planned to commence in 2014.	34.20%	–	–	The project is in preparation for commencement of construction.	
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	The project has been completed and has entered the stage of trial production.	30.57%	–	–	–	

Committed projects	Any change in project	Proposed investment financed by proceeds	Actual investment financed by proceeds for the year	Actual accumulated investment financed by proceeds	Meet the planned schedule of not	Project progress	Estimated gains (Internal rate of gains of the project investment after taxation)	Status of gains generated	Meets the planned gains or not	Explanation on failure to meet the planned schedule and gains	Reasons for changes and explanation on the changes in procedures of use proceeds
Zhangjiakou Coal Machinery Equipment Industrial Park Project developed by China Coal Zhangjiakou Coal Mining Machinery Company Limited	Yes	23.62	4.36	23.43	Yes	The project has been completed and has entered the stage of trial production.	11.60%	–	–	–	
Yulin Energy and Chemical Comprehensive Utilisation Project developed by Shaanxi Yanchang China Coal 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	The project is under construction.	15.51%	–	–	The project is under construction.	Please refer to the announcement in relation to the change in certain investment projects financed by the proceeds from the A share offering of China Coal Energy Company Limited. Announcement No. 2010-019
Supplementing the working capital of the Company for general corporate purpose or for the acquisitions of core business related assets	Yes	28.38	–	28.38	Yes	–	–	–	–	–	
Total	/	257.30	12.11	209.17	/	/	/	/	/	/	

12. Property, plant and equipment

The details of the changes in the property, plant and equipment of the Company for the year ended 31 December 2013 are set out in the notes to the audited financial statements for the year.

13. Donation

For the year ended 31 December 2013, the Company donated a total of RMB7,960,000 for charity and other donation purposes.

14. Subsidiaries and associates

The details of subsidiaries and associates of the Company as at 31 December 2013 are set out in the notes to the audited financial statements for the year.

15. Pre-emptive Rights and Share Option Arrangement

There are no provisions for pre-emptive rights under the relevant laws of the PRC which would entitle the shareholders of the Company to subscribe for shares on a pro rata basis. Currently, the Company does not have any share option arrangement.

16. Major customers and suppliers

1. Major customers

The major customers of the Company are domestic electric power enterprises, domestic iron and steel enterprises and domestic coal production enterprises, based on the market of the Group's major products, such as coal, coal chemicals and coal mining equipment. For the year ended 31 December 2013, the sales revenue from the top five customers was RMB15.222 billion, representing 18.5% of the Group's total sales revenue. The details are as follows:

Unit: RMB100 million

Major customers	Amount	Percentage of the Group's total revenue	Related party or not
A	62.14	7.5	No
B	33.47	4.1	No
C	28.02	3.4	No
D	15.27	1.9	No
E	13.32	1.6	No
Total	152.22	18.5	–

2. Major suppliers

Major suppliers mainly provide the Group with raw materials such as trading coal and diesel oil as well as services such as construction and equipment maintenance. For the year ended 31 December 2013, the total purchases made by the Group from its top five suppliers were RMB8.422 billion, representing 11.9% of the total purchases made by the Group. The details are as follows:

Unit: RMB100 million

Major suppliers	Amount	Percentage of the Group's total cost of sales	Related party or not
A	21.32	3.0	No
B	16.90	2.4	No
C	16.59	2.3	No
D	16.22	2.3	No
E	13.19	1.9	No
Total	84.22	11.9	–

17. Material Contracts

Save as disclosed in the section headed "Connected transactions" in this report, none of the Company or any of its subsidiaries entered into any material contracts with the controlling shareholder or any of its subsidiaries other than the Group, nor was there any material contract in relation to the provision of services to the Company or any of its subsidiaries by the controlling shareholder or any of its subsidiaries other than the Group.

18. Connected Transactions

The followings are the main connected transactions of the Group during the year of 2013:

(1) Continuing connected transactions

As a result of listing after restructuring and reform, there are connected transactions between the Company and China Coal Group. The daily continuing connected transactions between the Company and China Coal Group are conducted in the ordinary and normal course of business of the Company, and such transactions can prevent potential competition between coal products of the Company and those of China Coal Group, and enable the Company to secure products and services, such as coal products, integrated materials, engineering design and construction, land and property leasing from China Coal Group at market price through the ordinary course of business of the Company. Such transactions facilitate expansion of the Company's scale of operation, reduce uncertainty of transactions, lower transaction costs, prevent unnecessary disruptions to operations and avoid migration costs. The Company has entered into certain connected transaction agreements with the Company's controlling shareholder China Coal Group. The transactions under these agreements constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. The terms of the relevant connected transaction agreements, the annual cap for and the actual amount incurred in 2013 are as follows:

1. Coal Supply Framework Agreement

On 21 October 2011, the Company renewed the Coal Supply Framework Agreement with China Coal Group. The agreement is valid from 1 January 2012 until 31 December 2014, and is renewable upon expiry. Pursuant to the agreement, China Coal Group has agreed to exclusively supply the coal products produced from the mines of China Coal Group and its subsidiaries (excluding the Company) to the Group, and has undertaken not to sell any such coal products to any third party. The Group is entitled to purchase coal products produced by third parties if the quantity or quality of coal products provided by China Coal Group and its subsidiaries (excluding the Company) cannot satisfy the requirements of the Group. The details are set out in the announcement of the Company dated 21 October 2011.

Pricing principles: (1) market price, which is determined with reference to the prevailing market prices for comparable coal products as available on an arm's length basis from independent coal producers located in the region or surrounding areas of the mines of China Coal Group and its subsidiaries (excluding the Company); (2) where market price is unavailable, the price shall be calculated based on the reasonable cost of the coal products provided plus reasonable profit margin.

The annual cap of coal purchase expenditure for 2013 payable by the Company to China Coal Group in respect of the supply of coal products produced at the coal mines under restructuring by China Coal Group to the Company for the year ended 31 December 2013 was RMB4.883 billion. The actual expenditure incurred was RMB522 million.

2. Integrated Materials and Services Mutual Provision Framework Agreement

On 21 October 2011, the Company renewed the Integrated Materials and Services Mutual Provision Framework Agreement with China Coal Group. The agreement is valid from 1 January 2012 until 31 December 2014, and is renewable upon expiry. Pursuant to the agreement, 1) China Coal Group and its subsidiaries (excluding the Company) shall supply the Group (i) production materials and ancillary services, including raw materials, transportation service, electricity and heat supplies, testing and equipment maintenance services, equipment leasing and others; and (ii) social and support services including security services, staff training, medical services and emergence services, management of pension, medical fund and unemployment fund, communication, property management and others; 2) the Group shall supply China Coal Group and its subsidiaries (excluding the Company) (i) production materials and ancillary services, among others, including raw materials, electricity, transportation and loading services, machinery maintenance, labour, tending services, gas, oil, water, heat and others; and (ii) the coal export-related services including organising product supplies, performing coal blending, coordinating logistics and transportation, provision of port related services, arranging for inspection and quality verification and providing services relating to product delivery. The details are set out in the announcement of the Company dated 21 October 2011.

Pricing principles shall be in the following order: the state-prescribed price in China; the state-recommended price in China; the relevant market price; where none of the above prices is available or applicable, the price shall be calculated based on the reasonable cost plus reasonable profit margin.

For the year ended 31 December 2013, (1) the annual cap of the expenses paid by the Company for raw materials and ancillary services and social and support services provided by China Coal Group and its subsidiaries (excluding the Company) for 2013 was RMB3.931 billion and the actual expenses incurred were RMB3.516 billion; (2) the annual cap of the revenue from the provision of raw materials and ancillary services and coal export-related services to China Coal Group and its subsidiaries (excluding the Company) for 2013 was RMB749 million and the actual revenue was RMB503 million.

3. Project Design, Construction and General Contracting Services Framework Agreement

On 21 October 2011, the Company entered into the Project Design, Construction and General Contracting Services Framework Agreement with China Coal Group. The agreement is valid from 1 January 2012 to 31 December 2014 and is renewable upon expiry. Pursuant to the agreement, China Coal Group and its subsidiaries (excluding the Company) shall provide project design, construction and general contracting services to the Group. The details are set out in the announcement of the Company dated 21 October 2011.

Pricing principles: the price and other terms shall be determined through the tendering process; and when the bidding price and other terms offered by China Coal Group and its subsidiaries (excluding the Company) are equal to or better than those offered by other independent bidders, China Coal Group and its subsidiaries (excluding the Company) shall be selected in preference to such other independent bidders. The service fees will be paid according to terms determined through the tendering process and funded by the Group's internal resources.

For the year ended 31 December 2013, the annual cap of the expenses paid by the Company for project design, construction and general contracting services provided by China Coal Group and its subsidiaries (excluding the Company) for 2013 was RMB9.034 billion and the actual expenses incurred were RMB5.717 billion.

4. *Property Leasing Framework Agreement*

On 5 September 2006, the Company entered into Property Leasing Framework Agreement with China Coal Group of a term of 10 years, and is renewable upon expiry. Pursuant to the agreement, China Coal Group and its subsidiaries (excluding the Company) has agreed to lease certain properties in the PRC to the Group for the general operation and ancillary purpose. The properties leased include 480 properties amounting to a total floor area of approximately 222,837 square metres and most of which are for production and operation usage. Details are set out in the announcements of the Company dated 5 September 2006 and 21 October 2011.

Pricing principles: (i) the rentals are subject to review and adjustments every three years within the term of the Property Leasing Framework Agreement by reference to the prevailing market rates. The adjusted rentals shall not exceed the prevailing market rates as confirmed by an independent property valuer; (ii) any downward adjustment in rentals for such properties leased to the Group may be made at any time within the term of the Property Leasing Framework Agreement notwithstanding the normal three-year rental adjustment mechanism provided for thereunder as described above; and (iii) the rentals will be paid by cash at the end of each year and funded by the Group's internal resources.

The annual cap for 2013 in respect of property rentals paid by the Company to China Coal Group and its subsidiaries (excluding the Company) in respect of the structures and properties leased was RMB96 million. For the year ended 31 December 2013, the actual rentals incurred were RMB91 million.

5. *Land Use Rights Leasing Framework Agreement*

The Company and China Coal Group entered into a Land Use Rights Leasing Framework Agreement on 5 September 2006 of a term of 20 years, which is renewable upon expiry. Pursuant to the agreement, China Coal Group and its subsidiaries (excluding the Company) agreed to lease to the Group certain land use rights for general business and auxiliary facilities purposes. Such land use rights include 220 parcels of land with total site area of approximately 11,616,000 square metres, which are mainly used for production and operation. Details are set out in the announcements of the Company dated 5 September 2006 and 21 October 2011.

Pricing principles: (i) the rentals are subject to review and adjustment every three years within the term of the Land Use Rights Leasing Framework Agreement by reference to the prevailing market rates. The adjusted rentals shall not exceed the prevailing market rate as confirmed by an independent property valuer; (ii) any downward adjustment in rentals of such land use rights leased to the Group may be made at any time during the term of the Land Use Rights Leasing Framework Agreement notwithstanding the normal three-year rental adjustment mechanism provided for thereunder as described above; and (iii) the rentals will be paid by cash annually and funded by the Group's internal resources.

The annual cap for 2013 in respect of the land use rights rental paid by the Company to China Coal Group and its subsidiaries (excluding the Company) was RMB72 million. For the year ended 31 December 2013, the actual rentals occurred were RMB62 million.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing the findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.38 of the Hong Kong Listing Rules. A copy of the auditor's letter has been provided by the Company to the HKSE.

All the independent non-executive directors of the Company have reviewed the above continuing connected transactions and have confirmed that the transactions are:

1. in the Company's ordinary course of business

2. on normal commercial terms; and

3. in accordance with the relevant agreements governing them and on terms that are fair and reasonable and in the interests of shareholders of the Company as a whole.

(2) Non-continuing connected transactions

During the reporting period, the Company did not enter into any non-continuing connected transactions not exempted under Rule 14.31 of the Hong Kong Listing Rules.

Save as disclosed above, no related party transaction or continuing related party transaction set out in the notes to the financial statements falls under the definition of discloseable connected transaction or continuing connected transaction under the Hong Kong Listing Rules. As for the aforementioned connected transactions and continuing connected transactions, the Company has complied with the disclosure requirements set out in the Hong Kong Listing Rules from time to time.

19. Reduce horizontal competition

On 5 September 2006, China Coal Group entered into a "Non-Competition Agreement" with China Coal Energy to set up a decision-making mechanism to avoid conflict of interests. To further its obligations under the above agreement, after communicating with the Company, China Coal Group, our controlling shareholder, pledged in March 2011 that "after completing the formalities and application for licenses and permits of relevant projects, we strive to inject relevant businesses of Import and Export Company into China Coal Energy in a year or two, and inject its equity interests in Huayu Company and Heilongjiang Coal Chemical Group into the Company in 3 to 5 years, or to resolve the problem of horizontal competition through other ways".

To fulfill the above undertakings:

(1) In 2008, China Coal Group transferred its entire equity interests in Dongpo Company under Import and Export Company to China Coal Energy by way of transfer under agreement. In 2012, China Coal Group transferred its 80% equity interests in Tang Shan Gou Company under Import and Export Company to China Coal Energy by way of transfer under agreement. As the formalities and application for licenses and permits of other coal mines under Import and Export Company are yet to complete, those coal mines are not eligible for injection into China Coal Energy. China Coal Group is proactively pressing ahead with the approval on and application for licenses and permits of the relevant projects, the acceptance inspection upon completion of technology renovation project and other relevant works.

(2) In 2012, China Coal Group transferred its entire equity interests in Sales and Transportation Company to China Coal Energy by way of transfer under agreement.

(3) In 2010, China Coal Group acquired 18.64% equity interests in Heilongjiang Coal Chemical Group held by China Construction Bank, Heilongjiang Branch. In 2011, China Coal Group acquired an additional 23.44% equity interests in Heilongjiang Coal Chemical Group from China Cinda Assets Management Co., Ltd.. After completion of the above acquisitions, Heilongjiang Coal Chemical Group became a wholly-owned subsidiary of China Coal Group, which facilitated the further consolidation and injection of Heilongjiang Coal Chemical Group into China Coal Energy.

(4) At present, China Coal Group is expediting project approval, licenses application, technology renovation and other relevant works of coal mines held by Huayu Company, its controlling subsidiary.

(5) As approved by the SASAC, China Coal Group transferred part of its equity interests in Taiyuan Coal Gasification Group at nil consideration to the State-owned Assets Supervision and Administration Commission of Shan Xi Provincial Government in December 2012. Following such transfer, China Coal Group's shareholding reduced to 35.39% and China Coal Group became a non-controlling shareholder of Taiyuan Coal Gasification Group.

In light of the longer approval period of coal projects as a result of the increasingly stricter regulatory requirements on safe coal production imposed by the PRC and the significant changes in demand and supply conditions of coal markets both at home and abroad, coal prices remain low, clouding the outlook for recovery and substantially lower the efficiency of the above enterprises which are horizontal competitors of the Company. China Coal Energy will, in comprehensive consideration of the factors like the status of coal and capital markets and its development strategy fulfill the above undertaking with a high sense of responsibility to investors in accordance with the regulatory requirements after completing the formalities of relevant projects.

20. Issues, difficulties and risks arising from the operation of the Company and relevant strategies and measures

(I) Risks of macro economy

The coal industry is a fundamental sector of the Chinese economy, which is closely linked to the macro economy and significantly affected by other relevant industries including electricity, metallurgy, construction materials and chemical industry. With the current global economy remaining sluggish and the slowdown in China's economic growth, there is a decrease in the rate of growth of coal demand as well as a fall in coal price, and coal enterprises are suffering from subdued profitability. In recent years, the Company has strived to expand its scale of production and sales, expedited its restructuring, stepped up its efforts in reducing cost and improving efficiency, and enhanced its operation quality so as to counteract the market impact arising from the slowdown in the growth of the macro economy.

(II) Risks of overcapacity

With the rapid expansion of production capacity due to the increasing investment in the domestic coal industry, the newly developed production capacity has come into play in recent years and the coal market is confronted with the oversupply pressure. As coal enterprises have similar business models, the homogenised competition among them is fierce and overcapacity has a significant impact on coal price and seriously limits the profitability of coal enterprises. The Company proactively adjusts its product mix and improves coal quality management so as to enhance market competitiveness of its products.

(III) Risks of influence of coal import

Affected by demand and supply and changes in prices in the global and domestic coal markets, Chinese coal import has been undergoing significant growth, while coal export has been dwindling since 2009. The coal import volume of China amounted to 327 million tonnes in 2013, posing a great impact on demand and supply in the domestic coal market. As globalisation of the world economy continues, together with changes in the world's major coal producing nations and the energy structure of consuming nations, demand and supply in the domestic coal market will continue to be affected by imported coal.

(IV) Risks of fluctuation in product price

Due to various factors such as demand and supply, transportation capacity, policies and weather, it is rather difficult to determine the trend of coal price accurately and the impact on production and operation is rather great. Facing the ever-changing trends in the market, the Company improves its judgement of the market situation, flexibly adjusts its operation strategy, stabilises its sales and enhances the value created by its sales.

(V) Risks of safe production

Restricted by factors such as natural conditions and characteristics of production, the production of coal mining and coal chemical products involves inherent safety risks. The Company continues to promote safe and efficient coal mine construction and to perfect its safety management system through upgrading automatic production and reducing staff working underground gradually, so as to stay ahead in safe production of coal among its peers. The Company also accords high priority to safe production of coal chemicals by continuously perfecting its safety management system so as to ensure the safe operation of its coal chemical business.

(VI) Risks of project investment

New investment project normally requires longer time from conducting feasibility study to completion for commencing operation. Since the time required for obtaining government approval is uncertain and there may be changes in the industry and related industries of the project, the timing of completion of the project and the actual yield of the project after putting into operation may differ from expectation to a certain extent. The Company strengthens preliminary work by shortening the time for application of certificates and licences and controlling investment timing and investment costs in a reasonable manner so as to avoid investment risks.

(VII) Risks of environmental protection

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

(VIII) Risks of rising costs

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

(IX) Risks of foreign exchange

The Group's export sales are generally settled with US dollars and the Group has liabilities denominated in foreign currencies, including Japanese Yen and US dollars. Meanwhile, the Group needs foreign currencies, mainly US dollars, to pay for imported equipment and spare parts. The changes in foreign exchange rates of Renminbi to any other foreign currencies will have bilateral compound effects on the operating results of the Company. The Company proactively studies the trend of the global exchange market, and controls and avoids the risks of foreign exchange by using different kinds of financial instruments in a comprehensive manner.

21. Significant Events

(I) Share capital structure

As at 31 December 2013, the structure of the share capital of the Company was as follows:

Unit: share

Type of Shares	Number of Shares	Percentage (%)
A Shares	9,152,000,400	69.03
Of which: A Shares held by China Coal Group	7,605,207,608	57.36
H Shares	4,106,663,000	30.97
Of which: H Shares held by China Coal Hong Kong Limited, a wholly-owned subsidiary of China Coal Group	132,351,000	1.00
Total	13,258,663,400	100.00
Of which: shares held by China Coal Group and parties acting in concert with it	7,737,558,608	58.36

(II) Distribution of final dividends for 2012

The Company's 2012 profit distribution plan was considered and 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 RMB8,842,210,000 of profit attributable to Shareholders of the Company presented in the consolidated financial statements prepared under the IFRS (or 30% of the net profit attributable to 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 RMB0.210 per share (inclusive of tax). The final dividends were duly paid to Shareholders of the Company before 30 June 2013.

(III) Amendment to the Articles of Association

In the reporting period, no amendment was made to the Articles of Association by the Company.

(IV) Transaction of assets

In the reporting period, no transaction of material assets was made by the Company.

(V) Other significant events

1. Investment in the Construction of China Coal Shaanxi Yulin Energy & Chemical Company Limited Methanol Acetic Acid Series Deep Processing and Comprehensive Utilisation Project

On 13 May 2013, the resolution on "Investment in the Construction of China Coal Shaanxi Yulin Energy & Chemical Company Limited Methanol Acetic Acid Series Deep Processing and Comprehensive Utilisation Project" was considered and passed at the fourth meeting of the second session of the Board for 2013. On 5 July 2013, the resolution was approved at the second extraordinary general meeting for 2013. The details of the project are set out in "Progress of major investment projects in 2013" under "Capital Expenditure" in this report.

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

2. Issuance of Medium-term Notes

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.

On 16 September 2013, the Company issued the second 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 5.60%. All the proceeds were fully credited into the Company's account on 18 September 2013.

Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2013] MTN No.358) issued by National Association of Financial Market Institutional Investors, National Association of Financial Market Institutional Investors accepted the registration of the third tranche of medium-term notes of the Company for 2013. The registered amount of the third tranche of medium-term notes of the Company for 2013 was RMB10 billion, which is effective for two years commencing from the date of the notice. The first issue with an amount of RMB1 billion for a term of 7 years was originally scheduled to be issued on 24 December 2013. In light of the highly volatile market, the Company decided to cancel the issuance of this batch of medium-term notes and will re-launch the issuance in due course.

For details, please refer to relevant announcements published on the websites of SSE, HKSE and the Company on 26 July 2013, 22 September 2013, 17 December 2013 and 24 December 2013.

3. Phase 1 Project of Coal Deep Processing Project in Ordos

On 26 July 2013, the Company disclosed that its associated company Zhongtian Synergetic Energy Company Limited had received the Notice regarding the Relevant Affairs of Coal Deep Processing Demonstration Project of Zhongtian Synergetic in Ordos (Fa Gai Ban Chan Ye [2013] No. 1495) issued by General Office of the NDRC, which clarified further on the preliminary works of the coal deep processing project in Ordos and approved the project to be constructed in two phases. On 24 September 2013, the Company disclosed the Notice regarding the Approval on Phase 1 Project of Coal Deep Processing Demonstration Project of Zhongtian Synergetic Company in Ordos with an Annual Production Capacity of 3.6 Million Tonnes of Methanol (Nei Fa Gai Chan Ye Zi [2013] No.1851) issued by Inner Mongolia Development and Reform Commission, which approved Phase 1 Project of Coal Deep Processing Project in Ordos with an annual production capacity of 3.6 million tonnes of methanol. Please refer to "Progress of major investment projects in 2013" under the section headed "Capital Expenditure" of this report for details of the progress of the project.

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

4. Increase in shareholding in the Company by China Coal Group

China Coal Group increased its shareholding 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 parties acting in concert with it undertook that they would not decrease their shareholding in the Company during the period of increase in shareholding.

During the period of increase in shareholding, China Coal Group increased its shareholding in the Company by acquiring a total of 99,335,589 A shares through securities trading system of SSE, and China Coal Hong Kong Limited increased its shareholding in the Company by acquiring a total of 12,351,000 H shares. China Coal Group and parties in concert with it 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. As of the end of the reporting period, China Coal Group and China Coal Hong Kong Limited held 7,605,207,608 A shares and 132,351,000 H shares, respectively. The shares of the Company held by China Coal Group and parties acting in concert with it represented 58.36% of the total issued shares of the Company.

For details, please refer to the relevant announcements published on the websites of SSE, HKSE and the Company on 10 October 2012 and 18 October 2013.

5. *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 the neighbouring residents 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 and the Lingshi county government in July 2012. The Company paid a one-off relocation expense in full, while the Lingshi county government was responsible for the execution of relocation. Currently, the total relocation mission has been basically completed.

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

22. Material Legal Proceedings

As at 31 December 2013, the Company was not involved in any material litigations or arbitrations, and to the best knowledge of the Company, there was no pending, threatened or ongoing material litigation or claim against the Company as at 31 December 2013.

23. Auditors

The Company has appointed PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP as its international and domestic auditor respectively for the year ended 31 December 2013. The financial statements prepared by the Company in accordance with the International Financial Reporting Standards have been audited by PricewaterhouseCoopers.

The resolution in relation to the appointment of PricewaterhouseCoopers as the Company's international auditor for the year 2014 and PricewaterhouseCoopers Zhong Tian LLP as the Company's domestic auditor for the year 2014 will be considered at the 2013 annual general meeting to be convened on 13 May 2014.

The Company has not changed its auditors over the last three years.

24. Taxation

For details of taxation matters, please refer to the subsection headed 'Distributable profits, dividends and closure of share register' of the Directors' Report in this report.

The Company, according to the relevant taxation provisions, shall withhold and pay relevant taxes when distributing dividends for the year 2013 to foreign non-resident enterprises or resident individual shareholders.

25. Reserves

Details of changes in the reserves of the Group during the year are set out in the consolidated financial statements and the consolidated statement of changes in equity respectively.

As at 31 December 2013, reserves available for distribution by the Company in accordance with the laws and regulations of the PRC were RMB21.153 billion.

26. Pension and other staff cost

The details of pension and other staff costs of the Group are set out in the notes to the financial statements.

27. Financial Summary

The summary of the Group's financial information for the last five financial years was extracted from the audited financial statements. The summary does not form part of the audited financial statements.

28. Subsequent Events

There are no material subsequent events for the Group.

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

Beijing, China
18 March 2014

As at the date of this directors' report, the executive directors of the Company are Wang An and Yang Lieke; the non-executive directors of the Company are Li Yanjiang, Li Yanmeng and Peng Yi; and the independent non-executive directors of the Company are Zhang Jiaren, Zhao Pei, Ngai Wai Fung and Zhou Qinye.

Supervisory Committee's Report

During the reporting period, with a view to protecting the interests of the Company and its shareholders, all members of the Supervisory Committee of the Company discharged their powers, duties and obligations with the utmost conscientiousness and fully exercised their supervisory functions in accordance with relevant requirements of the Company Law of the People's Republic of China, the Articles of Association and the rules of procedures of the Supervisory Committee of the Company, thereby completing the work of the Supervisory Committee in 2013 and achieving a positive role in promoting the standardised operation and healthy development of the Company.

I. Details of meetings of the Supervisory Committee

Session of meeting	Date of meeting	Newspaper for information disclosure of the resolution	Date of information disclosure of the resolution
First meeting for 2013 of the second session of the Supervisory Committee	14 March 2013	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily	15 March 2013
Second meeting for 2013 of the second session of the Supervisory Committee	26 April 2013	–	–
Third meeting for 2013 of the second session of the Supervisory Committee	19 August 2013	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily	20 August 2013
Fourth meeting for 2013 of the second session of the Supervisory Committee	24 October 2013	–	–

During the reporting period, the Supervisory Committee convened four meetings, the details of which are set out below:

The first meeting for 2013 of the second session of the Supervisory Committee convened on 14 March 2013 considered and approved five resolutions principally in relation to the Company's 2012 annual report and its summary, 2012 annual results announcement, report of the Supervisory Committee, 2012 annual financial report, proposed profits distribution plan for 2012, report on the assessment of the Company's internal control for 2012, and received the special report on deposit and actual application of the proceeds from A Share issuance for 2012.

The second meeting for 2013 of the second session of the Supervisory Committee convened on 26 April 2013 considered and approved the resolution on the Company's first quarterly report for 2013, and received briefings on the audit work of the Company for 2012 and the work arrangements of the Company for 2013.

The third meeting for 2013 of the second session of the Supervisory Committee convened on 19 August 2013 considered and approved the resolution on the Company's interim report of 2013 and the resolution on the special report on deposit and actual application of the proceeds from A Share issuance.

The fourth meeting for 2013 of the second session of the Supervisory Committee convened on 24 October 2013 considered and approved the resolution on the Company's third quarterly report for 2013.

II. Opinions of the Supervisory Committee in respect of the work of the Company

During 2013, overall coal price decreased as a result of the adverse impact of Chinese economic slowdown, structural overcapacity in the coal industry and decline in consumption growth. In response to the challenges, the Company stepped up its effort in market development, organised coal production in a scientific manner that production and sales in coal once again reached their historical high. The Company also accelerated structural adjustments and strengthened management enhancement to promote cost-effectiveness, achieved stability in production and operation and new business achievements. The Supervisory Committee is satisfied with the Company's accomplishments and efforts, and is confident in its future development.

III. Independent opinions have been given by the Supervisory Committee in respect of the following issues of the Company in 2013

(1) Operation of the Company in 2013 in accordance with the laws

During the reporting period, the Supervisory Committee supervised, examined and assessed the financial affairs of the Company and the duties performed by the Directors and senior management of the Company. The Supervisory Committee is of the opinion that the Company was able to operate in strict compliance with the laws and regulations of the PRC, and that the decision-making procedures were within the boundaries of laws. The Company's management conscientiously implemented the resolutions of shareholders' general meetings and Board meetings, continued to improve its internal control system and strengthened its risk prevention capabilities. Directors and senior management of the Company duly performed their duties and the Supervisory Committee has not discovered any acts in violation of the laws, regulations, the Articles of Association or acts that were detrimental to the benefits of the Company.

(2) Examination of the financial affairs of the Company

After carefully reviewing the quarterly financial reports, interim financial report and annual financial report and the proposed profit distribution plan and other matters of the Company, the Supervisory Committee considers that the auditor's report with standard unqualified opinions provided by PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers represented a true, objective and fair description of the financial conditions, operating results and cash flow of the Company without any false records, misleading statements or material omissions.

(3) Use of proceeds

During the reporting period, the expended proceeds from A Share issuance amounted to RMB1.211 billion while the accumulated expended proceeds amounted to RMB20.917 billion. The actual expenses incurred are consistent with those the Company undertook to fund the projects.

(4) Acquisition or disposal of assets by the Company

During the reporting period, the Company was not involved in any other material transactions on acquisitions or disposal of assets, nor was the Supervisory Committee aware of any internal transactions. No known circumstances that were detrimental to shareholders' equity interest or would incur loss on the Company's assets were discovered.

(5) Connected transactions

During the reporting period, all continuing connected transactions of the Company were carried out in accordance with the relevant terms in the executed continuing connected transactions framework agreements. The considerations of these transactions conform to the pricing principle stated in the relevant agreements. The actual annual amount incurred under each connected transaction did not exceed the relevant annual caps.

All connected transactions of the Company in 2013 were conducted at fair prices. No acts were found to be detrimental to the interests of the Company and its shareholders.

(6) Implementation of resolutions of shareholders' general meetings

The Supervisory Committee has conducted supervision over the Board's implementation of the resolutions passed at the shareholders' general meeting during the reporting period, and is of the opinion that the Board of the Company has been able to duly perform its duties, strengthen scientific decision-making as well as actively and consistently implement the relevant resolutions of the shareholders' general meeting and hence has promoted the scientific and healthy development of the Company.

(7) Review of assessment report on internal control

The Supervisory Committee has duly reviewed the Report on Internal Control of the Company for 2013. The Supervisory Committee is of the opinion that the assessment report on internal control of the Company has given an objective and true picture of the conditions of the internal control of the Company. The Supervisory Committee has no dissenting opinions on the Company's assessment report on internal control.

In 2014, the Supervisory Committee will continue to perform its supervisory mission faithfully and diligently in strict compliance with the duties conferred on the Supervisory Committee by laws and regulations of the PRC and the Articles of Association, and strive to fulfill its functions with an aim to protect the lawful rights and interests of the Company and its shareholders.

By order of the Supervisory Committee
China Coal Energy Company Limited
Wang Xi
Chairman of the Supervisory Committee

Beijing, China
18 March 2014

Corporate Governance Report

During the reporting period, the Company endeavoured to pursue standardised operations, improve the corporate governance system, accelerate the development of information systems, improve the comprehensive risk management system and internal control system as well as enhance management efficiency and corporate governance.

1. Overview of Corporate Governance

The Company has established a corporate governance structure comprising the shareholders' general meeting, the Board, the supervisory committee and the management in accordance with the provisions of the relevant laws and regulations as Company Law and Securities Law so as to establish a check-and-balance mechanism with clear delineation of rights and responsibilities and standardised operation among the executive, decision-making and supervisory bodies and operation team. The Company has formulated a series of rules and regulations such as "Articles of Associations", "Rules of Procedures of Shareholders' General Meetings" and "Rules of Procedures of the Board of Directors". During the reporting period, the Company amended the Management Measures for Proceeds from A share Issuance in compliance with the latest requirements of the laws and regulations, the listing rules and regulatory rules on the exchanges where the Company's shares are listed, making the corporate governance system more optimal. For details, please refer to the announcements published on the websites of SSE, HKSE and the Company on 20 August 2013. The corporate governance of the Company complies with the requirements of relevant regulations by Company Law and CSRC.

The Board has reviewed the documents regarding corporate governance adopted by the Company, and believes that such documents have met the relevant code provisions as set out under the "Corporate Governance Code" and "Corporate Governance Report" set out in Appendix 14 of Hong Kong Listing Rules. For the year ended 31 December 2013, the Company strictly complied with the code provisions under the "Corporate Governance Code" and "Corporate Governance Report" set out in Appendix 14 of Hong Kong Listing Rules.

In the following aspects, the corporate governance practices adopted by the Company were more stringent than the code provisions set out in the "Corporate Governance Code":

1. In addition to the audit committee, the remuneration committee and the nomination committee, the Company has also set up a strategic planning committee and a safety, health and environmental protection committee.

2. Among the members of the Board, four are independent non-executive directors, which is more than the minimum requirements under Rule 3.10(1) and Rule 3.10A of Hong Kong Listing Rules respectively stipulating that there must be at least three independent non-executive directors and that independent non-executive directors must represent at least one-third of the Board. Among the four independent non-executive Directors, Mr. Zhou Qinye is currently a member of the China Accounting Standards Committee under the Ministry of Finance, a member of the China Internal Control Standards Committee, a director of the Chinese Institute of Certified Public Accountants (the "CICPA"), and a member of the Auditing Standards Committee of CICPA. As such, the Company has complied with the qualification requirements under Rule 3.10(2) of Hong Kong Listing Rules which stipulates that at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise.

2. Substantial Interests and Short Positions of the Company held by Substantial Shareholders

Details are set out in the section headed "Shareholdings of Substantial Shareholders" under the Directors' Report in this report.

3. Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") as set out in Appendix 10 to the Hong Kong Listing Rules. Upon making specific enquiries, the Company confirmed that all Directors and supervisors of the Company had complied with the Model Code for the year of 2013.

4. Board of Directors

(I) Composition and term of office

The second session of the Board of the Company comprises nine Directors, namely Wang An, Li Yanjiang, Li Yanmeng, Peng Yi, Yang Lieke, Zhang Jiaren, Zhao Pei, Ngai Wai Fung, and Zhou Qinye. For the term of service of each of the directors and other particulars, please refer to the section headed "Directors, Supervisors and Senior Management" in this report.

Under the Articles of Association, the Board has the following principal responsibilities: to decide the Company's operational plans and investment plans; to set up the Company's annual financial budgets and final accounts plans; to work out the Company's profit distribution plans and plans to offset losses; to decide the structure of the Company's internal management; to appoint or remove the Company's president, chief financial officer or the secretary to the Board and to appoint or remove the Company's vice president in accordance with the nomination of the president; and to discharge other functions assigned by a shareholders' general meeting and the Articles of Association.

The Board is responsible for supervising the preparation of financial statements for every financial period to ensure the financial statements give a true and fair view of the financial position, operating results and cash flow of the Company during the reporting period. When preparing the financial statements for the year ended 31 December 2013, the Board has selected applicable accounting policies, and made prudent, fair and reasonable judgment and estimations and prepared the financial statements on an ongoing basis. The statement of responsibilities of the international auditors is set out in the independent auditor's report of this annual report.

During the reporting period, all members of the Board keenly participated in continuous professional training, including professional training sessions provided by the Company, which helped to keep them updated with the latest knowledge and techniques. It is ensured that all members can contribute to the Board in an appropriate and well-informed manner.

Apart from the working relationships in the Company, there was no financial, business or family relationship or other material relationship among the directors, supervisors and senior management.

(II) Convening of Board Meetings in 2013

The Board of the Company convened six meetings in 2013. The attendance record of directors to Board meetings are set out in the following table:

Names	Position in the Company	Attendance in person	Attendance by proxy	Attendance rate (%)
Wang An	Chairman, Executive Director	5/6	1/6	83
Li Yanjiang	Vice Chairman, Non-Executive Director	6/6		100
Li Yanmeng	Non-Executive Director	4/6	2/6	67
Peng Yi	Non-Executive Director	6/6		100
Yang Lieke	Executive Director, President	6/6		100
Zhang Jiaren	Independent Non-Executive Director	6/6		100
Zhao Pei	Independent Non-Executive Director	6/6		100
Ngai Wai Fung	Independent Non-Executive Director	6/6		100
Zhou Qinye	Independent Non-Executive Director	6/6		100

During the reporting period, the details of the Board meetings of the Company are set out as follows:

1. The first meeting in 2013 of the Second Session of the Board was held on 1 February 2013, at which the resolution on adjusting the composition of certain specialised committees of the Second Session of the Board and the appointment of Directors was considered and approved; and the implementation progress of Board resolutions of the Company in 2012 were reported.

2. At the second meeting in 2013 of the Second Session of the Board held on 15 March 2013, eleven resolutions were considered and approved, mainly in relations to the following issues: annual report for 2012 of the Company and its summary, results announcement for 2012, directors' report of the Company for 2012, financial report of the Company for 2012, proposed profit distribution plan of the Company for 2012, capital expenditure plans of the Company for 2013, engaging auditors to review the interim financial report and audit annual financial report for 2013, remuneration of directors and supervisors of the Company for 2013, report on the assessment of internal control of the Company for 2012, social responsibility report of the Company for 2012, operational results evaluation for senior management of the Company for 2013, and convening of the 2012 annual general meeting. The completion of capital expenditure plans of the Company for 2012 and the overall plans for the Company's sales management system and operational mechanism reform were also reported at the meeting.

3. At the third meeting in 2013 of the Second Session of the Board held on 26 April 2013, the resolutions on the Company's first quarterly report for 2013 were considered and approved. The Board listened to six reports, including the progress in 2012 and the work arrangement in 2013 regarding the Company's auditing work, safety, health and environmental protection, as well as information technology; the preparation work before the commencement of production of Tuke Fertiliser Project, the work progress of 2013 first-quarter capital expenditure plans and key construction projects.

4. At the fourth meeting in 2013 of the Second Session of the Board held on 13 May 2013, two resolutions were considered and approved, including the investment in China Coal Shaanxi Yulin Energy & Chemical Company Limited Methanol Acetic Acid Series Deep Processing and Comprehensive Utilisation Project, and convening the second extraordinary general meeting for the year 2013.

5. At the fifth meeting in 2013 of the Second Session of the Board held on 20 August 2013, four resolutions were considered and approved, including the interim report for 2013, the special report on the deposit of and actual application of the proceeds from A Share issuance, amendments to the Management Measures for Proceeds from A share Issuance by the Company, the provision of guarantee by Shanghai Energy Company to Fengpei Railway Company Limited regarding project financing in proportion to its shareholding. The Board listened to two reports, including the Work Progress of Capital Expenditure for the first half of 2013, and the proposed investment and construction of Shaanxi Company Dahaize Coal Mine and Preparation Plant.

6. The sixth meeting in 2013 of the Second Session of the Board on 25 October 2013 considered and approved the resolution on the third quarterly report of the Company for 2013, and listened to two reports, including the work progress of Capital Expenditure of the Company for the first nine months of 2013, and the amendment and supplement to the Company's procedures for major events reporting and information disclosure.

During the reporting period, the Company complied with all relevant code provisions in terms of the number of board meetings held, procedures for convening board meetings, minutes and records of board meetings, rules of meetings and related matters. The attendance rate reflected that all directors of the Company were diligent and responsible and were dedicated to promoting the interests of the Company and Shareholders as a whole.

(III) The Directors' attendance rate at general meetings and the execution by the Board of the resolutions of general meetings

During the reporting period, all members of the Board duly and diligently discharged their obligations as directors, implemented the resolutions of general meetings and completed all duties and tasks authorised by general meetings in compliance with the provisions under relevant domestic and overseas laws and regulations where the Company is listed, and the Articles of Association. The table below sets out the attendance of the Company's directors at the general meetings:

Name	Position in the Company	Attendance in person	Attendance by proxy	Attendance rate (%)
Wang An	Chairman, Executive Director	3	–	100
Li Yanjiang★	Vice Chairman, Non-Executive Director	1	–	50
Li Yanmeng	Non-Executive Director	2	–	67
Peng Yi	Non-Executive Director	3	–	100
Yang Lieke	Executive Director, President	3	–	100
Zhang Jiaren	Independent Non-Executive Director	3	–	100
Zhao Pei	Independent Non-Executive Director	2	–	67
Ngai Wai Fung	Independent Non-Executive Director	3	–	100
Zhou Qinye★	Independent Non-Executive Director	1	–	50
Zhang Ke*	Independent Non-Executive Director	1	–	100
Wu Rongkang*	Independent Non-Executive Director	1	–	100

Note: * Zhang Ke and Wu Rongkang ceased to be independent non-executive directors after the first extraordinary general meeting of the Company for 2013 due to the expiry of their term of service.

★ Li Yanjiang and Zhou Qinye are elected as non-executive director and independent non-executive director respectively at the first extraordinary general meeting for 2013 held on 1 February 2013.

In response to the resolutions at the 2012 annual general meeting convened on 13 May 2013, the Board:

(1) continued to engage PricewaterhouseCoopers Zhong Tian and PricewaterhouseCoopers as its domestic and international auditors respectively for the year 2013 to provide audit services regarding the Company's interim report and annual report in accordance with PRC GAAP and IFRS respectively, and confirmed that their fees for the above work in 2013 amounted to RMB11.50 million;

(2) distributed profit for 2012 of RMB2,785,296,150 to existing Shareholders on 28 June 2013, representing a dividend of RMB0.210 per share (inclusive of tax);

(IV) Corporate Governance Function of the Board

As approved by the general meeting of the Company held on 25 May 2012, amendments were made to the Board's rules of procedure, under which the Board is delegated to perform the following functions: to formulate, review and make suggestions on the Company's corporate governance policies and practices; review and monitor the professional training and continuous professional development for the Directors and senior management of the Company as well as the Company's policies and practices in legal compliance and regulatory requirements; to formulate, review and monitor the Code of Conduct and Compliance Manual (if any) for employees and the Directors; to review the Company's compliance with the Corporate Governance Code and disclosures made in the Corporate Governance Report; to formulate and review regularly Shareholders' communications policies to ensure their effectiveness.

During the reporting period, the Board reviewed and amended a series of corporate governance documents, including the Management Measures for Proceeds from the A share Issuance by the Company, and monitored the implementation of these documents from time to time; reviewed and keenly organised professional training and continuous professional development for the Directors and senior management; reviewed and monitored the Company to detect any violation of laws and regulatory requirements; approved the Company's Annual Corporate Governance Report for 2013, as well as the disclosures made on the HKSE Website and the Company Website; formulated, reviewed and supervised Shareholder' communication policies to ensure their effectiveness.

5. The composition of the Company's management and its responsibilities

The Company's management comprises one president and six vice presidents. The president is accountable to the Board. The responsibilities of the management are to take charge of the Company's production, operation and management; to organise resources to implement the Board's resolutions and the Company's annual operational plans and investment plans; to draw up the proposals regarding the structure of the Company's internal management and the basic management system of the Company; to formulate the Company's basic rules and regulations; to propose the appointment or removal of the Company's vice presidents (managers); to appoint or remove the Company's management other than those who should be appointed or removed by the Board; and all other duties assigned by the Articles of Association and the Board.

6. The Chairman and the President

The Company's chairman is Mr. Wang An and its president is Mr. Yang Lieke. The chairman and the president are two different positions with clearly delineated responsibilities. The chairman shall not serve as the president concurrently, and the terms of reference of the chairman and the president are also clearly set out in writing. For the details, please refer to the Articles of Association. Senior management of the Company other than directors and supervisors of the Company are responsible for the Company's daily business operations and their duties are set out in the section headed "Directors, Supervisors and Senior Management" in this report.

7. Insurance Arrangement

Pursuant to Code A1.8 under the "Corporate Governance Code" and the "Corporate Governance Report" set out in Appendix 14 of the Hong Kong Listing Rules, the Company should purchase appropriate insurance to cover potential legal actions against its Directors. The Company has renewed its liability insurance purchased for its Directors, supervisors and senior management.

8. Remuneration Committee

The remuneration committee under the Board of the Company currently comprises three independent non-executive Directors and one non-executive Director. "Work Manual of the Remuneration Committee" clearly defines the status, composition, terms of reference, decision-making procedures as well as rules of procedure of the remuneration committee. The major responsibilities of the remuneration committee are to submit remuneration policies of the Company's directors and the senior management to the Board, to propose to the Board the remuneration of the directors and the senior management, and assess the performance of the senior management. The responsibilities of the remuneration committee comply with the relevant requirements of the Hong Kong Listing Rules and SSE Listing Rules. The remuneration committee is accountable to the Board.

In 2013, the remuneration committee held one meeting which mainly considered the annual report for 2012 and its summary, the results announcement, the remuneration of Directors and supervisors of the Company for 2013, and the operational results performance evaluation of senior management for 2013.

The term of service of members of the remuneration committee is the same as that of Directors, and committee members are eligible for re-election upon expiry of their term of service. The remuneration committee under the second session of the Board consists of four members, with independent non-executive Director Ngai Wai Fung as committee chairman, and Vice Chairman of the Board and non-executive Director Li Yanjiang, independent non-executive Directors Zhang Jiaren and Zhou Qinye as committee members.

Attendance details of the meeting of remuneration committee in 2013 (including attendance by written proxy) are as follows:

Member of the Committee	Attendance in person	Attendance by proxy	Attendance rate (%)
Ngai Wai Fung (Chairman of the remuneration committee)	1	0	100
Li Yanjiang	1	0	100
Zhang Jiaren	1	0	100
Zhou Qinye	1	0	100

9. Nomination Committee

The nomination committee currently comprises two independent non-executive Directors and one executive Director. The "Work Manual of the Nomination Committee of the Board" clearly defines the status, composition, terms of reference, decision-making procedures as well as rules of procedure of the nomination committee. It particularly requires that the chairman of the nomination committee is to be elected from the independent non-executive Directors. The major responsibilities of the nomination committee are to study the election criteria and procedures of the Company's Directors and senior management and give recommendations to the Board, and to assess the independence of the independent non-executive Directors. The responsibilities of nomination committee comply with the relevant requirements of the Hong Kong Listing Rules. The nomination committee is accountable to the Board.

The nomination committee under the second session of the Board of the Company consists of independent non-executive Director Mr. Zhang Jiaren as chairman and Mr. Wang An and Mr. Zhao Pei as committee members.

In 2013, the nomination committee held one telecom meeting which considered the amendments to the "Work Manual of the Nomination Committee of the Board".

Attendance details of the meeting of nomination committee in 2013 (including attendance by written proxy) are as follows:

Member of the Committee	Attendance in person	Attendance by proxy	Attendance rate (%)
Zhang Jiaren (Chairman of the nomination committee)	1	0	100
Wang An	1	0	100
Zhao Pei	1	0	100

Pursuant to the relevant sections of the "Corporate Governance Code", Appendix 14 of the Hong Kong Listing Rules, the nomination committee developed the diversity policies of the Board of the Company, including:

(1) When recommending directors' candidates to the Board or examining the size and composition of the Board, the nomination committee should thoroughly consider and evaluate the diversity of the members of the Board, as well as objectively determine the potential contribution to be made by the candidates to the Company, thus allowing the Board to be diversified in views and perspectives when performing its duties, composing the best combination of Board members that suit the operational features of the Company and enhancing the efficiency and performance of the Board.

(2) A diversified composition of the Board will be based on a series of factors, including but not limited to age, cultural background, educational background, professional qualifications, experience, skills level and knowledge as well as other qualities. The nomination committee should determine the parameters of the diversity factors according to the business development and strategic planning of the Company at different times and stages, as well as review the diversification progress of the Board and give recommendations (if needed) to the Board for improvement.

The Board of the Company will amend the "Work Manual of the Nomination Committee of the Board" as set out above as soon as practicable.

10. Audit Committee

The audit committee under the Board of the Company currently comprises three independent non-executive Directors and one non-executive Director. The "Work Manual of the Audit Committee of the Board of the Board" clearly defines the status, composition, terms of reference, decision-making procedures as well as rules of procedure of the audit committee. The audit committee is mainly responsible for supervising the truthfulness and completeness of the Company's financial statements, as well as the effectiveness of the Company's internal control and risk management system; engaging accounting firm and supervising its work; reviewing the Company's annual and interim report and results announcement; preparing significant accounting policies and practices adopted by financial reports; and establishing a procedure for handling complaints regarding accounting and audit matters, potential illegal acts and doubtful accounting or audit matters. The responsibilities of the audit committee comply with the relevant requirements of the Hong Kong Listing Rules and SSE Listing Rules. The audit committee is accountable to the Board.

In 2013, the audit committee held six meetings which mainly considered the annual report for 2012 and its summary, the 2012 results announcement, the 2012 financial report, the proposed profit distribution plan for 2012, the engagement of accounting firms for reviewing the interim financial report and auditing the annual financial report for 2013, the assessment report regarding internal control for 2012, the first quarterly report for 2013, the interim report for 2013, the third quarterly report for 2013, the special report for deposit and actual application of the proceeds from the A share Issuance by the Company, the amendments to the "Management Measures for the proceeds from the A share Issue", and the provision of guarantee by Shanghai Energy Company to Fengpei Railway Company Limited regarding project financing in proportion to its shareholding. According to the "Auditing Regulations of the Audit Committee of the Board regarding annual financial reports", the audit status of the 2012 financial report of the Company, the review status of the 2013 interim financial report, the audit plan for 2013, the completion status of the audit for 2012, and work arrangement for 2013 reported by PricewaterhouseCoopers Zhong Tian were heard at the meetings.

The term of service of the members of the audit committee is the same as that of Directors, and committee members are eligible for re-election upon expiry of their term of service. The audit committee under the second session of the Board consists of four members, among which the chairman of the committee is independent non-executive Director Zhou Qinye, and the committee members are non-executive Director Peng Yi and independent non-executive Directors Zhao Pei and Ngai Wai Fung.

Attendance details of the meetings of audit committee in 2013 (including attendance by written proxy) are as follows:

Member of the Committee	Attendance in person	Attendance by proxy	Attendance rate (%)
Zhou Qinye (Chairman of the audit committee)	5	1	83
Peng Yi	6	0	100
Zhao Pei	5	1	83
Ngai Wai Fung	6	0	100

11. Strategic Planning Committee

The strategic planning committee under the Board of the Company comprises six Directors, of which three are independent non-executive Directors. The "Work Manual of the Strategic Planning Committee of the Board" clearly defines the status, composition, terms of reference, decision-making procedures as well as rules of procedure of the strategic planning committee. The strategic planning committee is mainly responsible for conducting studies regarding the Company's long-term development strategy, material investments, financing, capital operation plans, capital expenditure plans and providing recommendations to the Board, and is entitled to examine the implementation of the aforesaid matters. The responsibilities of the strategic planning committee comply with the relevant requirements of the SSE Listing Rules. The strategic planning committee is accountable to the Board.

In 2013, the strategic planning committee held one meeting which mainly considered the annual report for 2012 and its summary, the results announcement, the completion status of the 2012 capital expenditure plan and the 2013 capital expenditure plan.

The term of service of the members of the strategic planning committee is the same as that of Directors, and committee members are eligible for re-election upon expiry of their term of service. The strategic planning committee under the second session of the Board comprises six members, including Wang An, Chairman of the Company, as chairman of the committee, non-executive Director Li Yanmeng, executive Director and President Yang Lieke, and independent non-executive Directors Zhang Jiaren, Zhao Pei and Zhou Qinye as committee members.

Attendance details of the meeting of strategic planning committee in 2013 (including attendance by written proxy) are as follows:

Member of the Committee	Attendance in person	Attendance by proxy	Attendance rate (%)
Wang An (Chairman of the strategic planning committee)	1	0	100
Li Yanmeng	1	0	100
Yang Lieke	1	0	100
Zhang Jiaren	1	0	100
Zhao Pei	1	0	100
Zhou Qinye	1	0	100

12. Safety, Health and Environmental Protection Committee

The safety, health and environmental protection committee of the Company comprises three directors, of which one is an independent non-executive Director. The "Work Manual of the Safety, Health and Environmental Protection Committee" clearly defines the status, composition, terms of reference, decision-making procedures as well as rules of procedure of the safety, health and environmental protection committee. The safety, health and environmental protection committee is mainly responsible for the implementation of the Company's safety, health and environmental protection plans, supervision of the potential responsibilities, changes of laws and regulations and technological transformation related to safety, health and environmental protection issues. The safety, health and environmental protection committee is accountable to the Board.

In 2013, the safety, health and environmental protection committee held two meetings, at which the annual report of the Company for 2012, the 2012 results announcement and the social responsibility report for 2012 were considered and the committee reviewed 2012 work progress and 2013 work arrangement in relation to safety, health and environmental protection.

The term of service of the members of the safety, health and environmental protection committee is the same as that of Directors, and committee members are eligible for re-election upon expiry of their term of service. The safety, health and environmental protection committee under the second session of the Board consists of three members, among which the chairman of the committee is non-executive Director and vice chairman Li Yanjiang, and the committee members are executive Director and President Yang Lieke and independent non-executive Director Zhao Pei.

Attendance details of the meeting of safety, health and environmental protection committee in 2013 (including attendance by written proxy) are as follows:

Member of the Committee	Attendance in person	Attendance by proxy	Attendance rate (%)
Li Yanjiang (Chairman of the safety, health and environmental protection committee)	2	0	100
Yang Lieke	2	0	100
Zhao Pei	2	0	100

13. Performance of Duties by Independent Non-executive Directors

There are currently four independent non-executive Directors in the Board. The "Work System of Independent Directors" of the Company clearly defines the employment requirements, independence, nomination, election and replacement criteria, and the duties and obligations of independent non-executive Directors. In addition to the duties empowered by the Company Law, Hong Kong Listing Rules, SSE Listing Rules and other relevant laws and regulations such as reviewing material connected transactions (non-exempt connected transactions), the Company also empowers the independent non-executive Directors with the duty to propose to appoint or remove accounting firms and other duties to the Board.

During the reporting period, the independent non-executive Directors of the Company strictly complied with all relevant laws and regulations including the Company Law, "Guidance on Establishing Independent Directors System in Listed Companies", "Provisions on Strengthening the Protection of the Rights and Interests of Public Shareholders" as well as the rules and requirements under the Articles of Association, the Work System of Independent Directors and the Annual Report Work System of Independent Directors. Independent non-executive Directors performed their duties independently and attended relevant meetings in 2013, investigated thoroughly in the Company's subsidiaries, seriously took part in the decision-making of the Company's significant matters, expressed independent opinions on relevant matters of the Company, gave constructive advice and recommendations regarding the corporate governance of the Company, reform development and production and operation. During the course of performance of duties, independent non-executive Directors upheld the legal rights of shareholders, especially the minority shareholders independently and objectively, fully exploiting the functions of independent non-executive Directors.

In 2013, the Company convened a total of six meetings of independent Directors, at which the following resolutions were considered: the annual report for 2012 and its summary, the 2012 results announcement, the 2012 financial report, the proposed profit distribution plan for 2012, the engagement of accounting firms for reviewing the interim financial report and auditing the annual financial report for 2013, the self-assessment report regarding internal control for 2012, the first quarterly report for 2013, the interim report for 2013, the third quarterly report for 2013, "Special report for the deposit of and actual application of the proceeds from A share issuance by the Company", the amendments to the "Management Measures for the of proceeds from A share Issuance", the provision of guarantee by Shanghai Energy Company to Fengpei Railway Company Limited regarding project financing in proportion to its shareholding, the provision of guarantee for the project loan regarding the Shaanxi Company Methanol Acetic Acid Series Deep Processing and Comprehensive Utilisation Project. The independent non-executive Directors also considered the audit status of the 2012 financial report of the Company, the review status of the 2013 interim financial report, the audit plan for 2013, the completion status of the audit for 2012 and work arrangement for 2013 reported by PricewaterhouseCoopers Zhong Tian, the completion status of information technology for 2012 and work arrangement for 2013, and overall plan for the Company's coal sales management system and operation mechanisms reform.

Attendance details of the meetings of independent non-executive Directors in 2013 (including attendance by written proxy) are as follows:

Member of the Committee	Attendance in person	Attendance by proxy	Attendance rate (%)
Zhang Jiaren	5	1	83
Zhao Pei	5	1	83
Ngai Wai Fung	6	0	100
Zhou Qinye	5	1	83

14. Remuneration of Auditors

In 2013, the Company's international auditor was PricewaterhouseCoopers, and the domestic auditor was PricewaterhouseCoopers Zhong Tian. The Company's annual audit fees for the year ended 31 December 2013 were RMB11,500,000 in aggregate, of which audit fees for internal control amounted to RMB1,200,000. Apart from abovementioned fees, the Company did not incur any non-audit fees.

15. Shareholders and Shareholders' General Meeting

In order to ensure that All shareholders enjoy equal status and effectively exercise their own rights, the Company convenes Shareholders' general meetings every year in accordance with the Articles of Association. Pursuant to the Articles of Association, an extraordinary general meeting shall be convened within two months upon request in writing by Shareholders holding independently or jointly 10% or above of the outstanding shares of the Company conferring a right to vote. The relevant documents must state the objective of the meeting and be served to all Shareholders. The Shareholders may raise questions to the Board and may raise their opinions at the general meeting. The contact information of the Company is set out in the section headed "Company Profile" in this report.

During the reporting period, three Shareholders' general meetings were held, including the 2012 annual general meeting and two extraordinary general meetings.

(I) At the first extraordinary general meeting for 2013, the resolution on the election of two new directors of the second session of the Board was considered.

(II) At the 2012 annual general meeting, seven resolutions on Directors' Report of the Company for 2012, Report of Supervisory Committee of the Company for 2012, Financial Report of the Company for 2012, Proposed Profit Distribution Plan of the Company for 2012, Capital Expenditure Plans of the Company for 2013, Engaging Auditors to Review Interim Financial Report and Audit Annual Report for 2013, Remuneration of Directors and the Supervisors of the Company for 2013 respectively were considered.

(III) At the second extraordinary general meeting for 2013, the Resolution on the proposed investment in constructing China Coal Shaanxi Yulin Energy & Chemical Company Limited Methanol Acetic Acid Series Deep Processing and Comprehensive Utilisation Project was considered.

16. Supervisors and Supervisory Committee

The Supervisory Committee of the Company comprises three supervisors, including two Shareholder representatives and one employee representative. The Supervisory Committee is accountable to the shareholders' general meeting and reports its work to the general meeting. The principal duties of the Supervisory Committee are to supervise, inspect and assess the Company's operation in accordance with the laws, the financial affairs of the Company and whether the Directors and senior management of the Company have performed their duties lawfully.

Member of the Supervisory Committee	
Wang Xi	Chairman of the Supervisory Committee
Zhou Litao	Supervisor
Zhang Shaoping	Employee Representative Supervisor

Number of meetings of Supervisory Committee during the reporting period: 4 meetings

	Attendance in person	Attendance by proxy	Attendance rate (%)
Wang Xi	4	0	100
Zhou Litao	4	0	100
Zhang Shaoping	4	0	100

17. Establishment and Implementation of Ancillary Mechanisms

(I) Management of Connected Transactions

The Company strictly adheres to the provisions of the Listing Rules of places where the Company is listed, the "Guidelines of the Shanghai Stock Exchange on Connected Transactions of Listed Companies", "Management Measures on Connected Transactions" and the "Detailed Rules for the Implementation of the Management Measures for Connected Transactions" of the Company to manage and regulate various connected transactions. Necessary connected transactions were carried out reasonably in accordance with the routine connected transactions and their caps considered approved by the Board and Shareholders' general meeting of the Company. The pricing of connected transactions is determined according to the principle set out in the framework agreement. The price so determined will be fair and reasonable and in the best interest of the Shareholders as a whole.

In 2013, the Company sustained its connected transaction budget management, monthly monitoring, cap alert and regular discussion mechanisms to reinforce the management foundation through the strengthening of compliance training, research and study, dynamic management and the update of connected party lists. With the help of electronic statistic softwares, the Company controlled the actual monthly amounts of connected transactions, analyzed and studied existing problems of related enterprises during the procedure of connected transaction management to instruct and urge related enterprises to eliminate hidden problems, ensuring the continuing connected transactions do not exceed the annual exempted caps. The Company further introduced an internal mechanism for reporting important information, and continuously monitored and controlled the non-continuing connected transactions, to ensure the approval and disclosure procedures of non-continuing connected transactions were conducted in a timely manner.

Through the aforementioned measures, the standard on management and control of the Company's connected transactions has been further enhanced. All the connected transactions during the reporting period comply with both domestic and foreign laws, regulations and monitory rules.

(II) Establishment of Internal Control System and Internal Control Audit

The Board of the Company considered and approved the Assessment Report on Internal Control of the Company for 2013, and engaged PricewaterhouseCoopers Zhong Tian to audit the effectiveness of the Company's internal control system in relation to financial reports. Pursuant to Rule C.2.1 of the "Corporate Governance Code" and "Corporate Governance Report" set out in Appendix 14 of Hong Kong Listing Rules, the Directors conducted an assessment regarding the effectiveness of the internal control systems of the Company and its subsidiaries, which covered important business areas including organisation and structure, and finance, operation, compliance and risk management. The Board is of the opinion that the current internal control system of the Company has complied with the relevant laws and regulations of the PRC and the requirements of the securities regulatory authorities; the system has no significant or material deficiencies, and can accommodate the needs for the management of the Company.

To improve its capability and level of risk resistance and to ensure its sustainable and healthy development, the Company carried forward the construction of its internal control system in 2013. In pursuit of decision-making based on scientific methods, efficient execution and effective supervision, the Company formulated the "Control and Regulations on the Process of Preparing Financial Reports" based on the current internal control system centred on risk management so as to regulate the process in relation to financial reporting and improve the level of internal control, with a particular focus on the major aspects of business operations and management activities of the Company, emphasising on the critical workflows and control points. In terms of strategic planning, investment decision-making, safe production, infrastructure management, risk management, budget management, financial management, human resources management, procurement and sales management and the development of information technology, the Company formulated 25 internal control regulations and systems including "2013-2015 Rolling Development Plan", "Management Measures for the Preparation and Review of Feasibility Research Report Regarding Coal Mine Projects (Trial)" and "Implementation Rules for the Tender Management Regarding Infrastructure Projects". By continuously enhancing its systems and workflows, the Company strengthened the management of internal control and promoted the levels of standardisation, centralisation, specialisation, refinement and informatisation of corporate management, improving its efficiency of operational management and enhancing its capability of risk resistance.

In addition to the current risk evaluations and self-assessments on internal control conducted on a regular basis, the Company, with its focus on "target, risk and control", addressed risks associated with safety and environment protection, investment decision-making, construction project management, restructuring of product and industrial layouts, management and control of the branches and subsidiaries, labour management, corporate stability and the integrity of cadres by carrying forward in-depth risk evaluations, optimising the process of management and control, strengthening measures on risk control, implementing accountabilities of risk control and tightening up the supervision and assessment, so as to establish and perfect the systems on overall risk management and internal control and promote the continuous improvement and optimisation of internal control. To comprehensively reinforce the foundation management and improve the reporting systems of internal risk management and major risk control status, activities were organised to enhance management and carefully identify the weak points of corporate management and the potential areas of risk. The system of regular risk evaluation and internal control assessment was formulated, which required particular risk evaluation on projects of "three substantial and one significant segments", investment and financing business and major construction projects, to eliminate the serious hidden problems and ensure the effective control over major corporate risks.

Human Resources Report

1. Overall situation of human resources management

To fulfill the master plan of "seeking progress in stability while pursuing scientific development" and to enhance the quality of development and cost-effectiveness, the Company continued to uphold the strategy of "thriving with talents" in 2013, and strengthened its human resources management and deployment, staff development and training, and the performance-oriented remuneration system. By continuously promoting the harmonious inter-relationships between the Company and employees, a solid human resources pool was established to facilitate the Company in actively corresponding to the daunting challenges in the market.

Building up a high calibre management team through diversified methods. According to the strategic development needs of the Company and based on the inherent appointment system, the Company increased the intensity of competitive election by encouraging competition for leaders, and sourcing talents through open market recruitments. By actively appointing appropriate officers to leading posts in the subsidiaries and recruiting highly-qualified talents, the Company continued to add momentums to its scientific development. Intensive training focusing on practical experience was provided to young and outstanding employees and a mutual deployment mechanism between employees from the headquarters and those from the subsidiaries was established to further their practical skills, thus effectively deepening the development potential of the respective enterprises and accelerating the scientific development of the Company. Stringent evaluations were conducted through annual management and personnel assessment and continuous improvement in the evaluation methods to enhance the efficiency and results of evaluation, so that the evaluation results could be effectively used to exert positive impact on work performance.

Control of total number of employees and optimisation of staff structure. The Company implemented classification management and controlled the total number of employees in deployment of staff among subsidiaries by allocating appropriate human resources to suitable positions in a scientific manner. Adhering to the principle of "precision with efficacy", staffing of new projects made reference to benchmarks of advanced companies in the same industry, and deployment of staff were carried out orderly according to the needs of each project to build up the necessary talent teams. Existing projects upheld the rules for orderly withdrawal, entrance, deployment and recruitment to strictly control the total number of staff. Remunerations of employees were upgraded through salary raise and enhancement in efficiency. Staff competence was improved through redeployment training, and expansion to external markets was realised through specialised operation models.

Strengthening training system by rationalising allocation of resources. The Company pushed forth the high-quality education platform mainly comprising self-organised classes, partnered with universities, famous training institutions and enterprises. Upholding the principle of providing training courses on a post-specific and need-to-learn basis, the Company studied the needs of each training subject, arranged classes scientifically and provided training that catered to the specific needs of participants. Meanwhile, the Company stepped up its efforts in the construction of internal training institutes, with 18 training centres being established.

More than 200,000 attendances to our training courses were recorded annually, providing sufficient talents to catalyse the development of the Company. The China Coal Vocational Technology College developed skills trainings extensively for different disciplines in the coal production and electricity industries. The construction work of Pingshuo Group Education and Training Centre has completed preliminarily and will become a modernised mine production training base for the Company. Shaanxi Company which adopted the advanced OTS training system for coal chemical workers is preparing for the establishment of a coal chemical training base for the Company. Through the establishment of various training bases, China Coal Energy endeavoured to build up an extensive training-based scenario.

Adopting a performance-oriented system and continuing to strengthen control of labour cost. Adhering to the principle of "improvement in performance leads to more attractive rewards while declination in performance leads to less attractive rewards", under which employees are remunerated according to their performance, the Company continued to increase the application of performance assessments for employees and perfect the linkage between bonus and performance in order to enhance effectiveness and curb on the rapid growth in labour cost. By reforming the internal allocation system of income with differentiated and market-orientated attributes in well established subsidiaries, the Company favoured employees in key positions, core staff members or positions of urgent demand. Internal growing momentum was then further explored through innovation in mechanism and management. The Company pushed forth the newly established enterprises to meet the new requirements, and adhered to the "four principles" and "five highs", so as to be equipped with a lean and efficient structure with higher salary and lower labour force.

2. The Company's core technological team or key technical staff

As at the end of December 2013, the Company had 55,261 current employees in total, with 2,164 holding senior titles or above, accounting for 3.9% of the total number of current employees. The number of employees holding senior titles or above recorded a net increase of 173 persons, representing an increase of 0.3 percentage point as compared to the end of December 2012, thus providing stronger support to the continued scientific development of the Company. In future, the Company will continue to optimise the allocation of human resources aligning with the requirements of its strategic development, and focus on core technological talents in areas such as coal, coal chemicals and electricity based on its business development needs. Various measures will be put in place to recruit and cultivate talents to meet business competition demands and effectively enhance the core competitiveness of the Company in the years ahead.

3. Staff of the Company and major subsidiaries

1. Staff

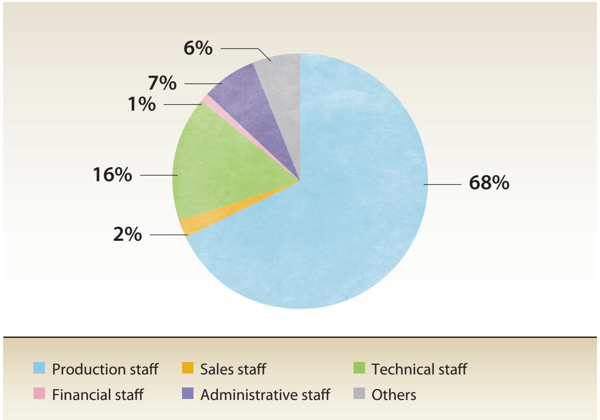
	2013	2012	Change (No. of persons)	Change (%)
Number of current employees in the parent company	353	341	12	3.5
Number of current employees in major subsidiaries	34,419	32,205	2,214	6.9
Total number of current employees	55,261	54,964	297	0.5
Number of staff who have resigned or retired, for whom the parent company and major subsidiaries are required to bear the relevant costs		0		

Note: The number of current employees in major subsidiaries increased by 2,214, mainly attributable to China Coal Huajin Wangjialing Coal Mine becoming a major subsidiary of the Company in 2013 after completion and inspection.

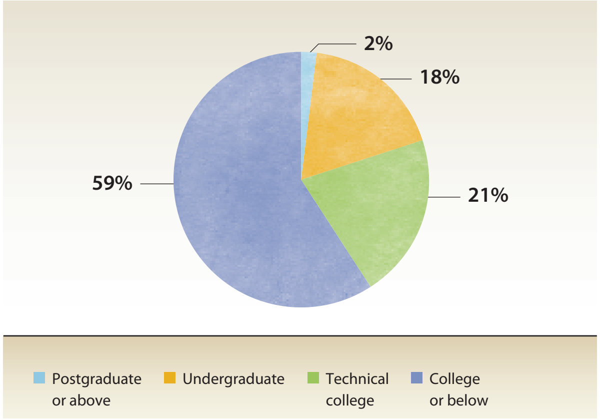
Professional composition by type	2013	2012	Change (No. of persons)	Change (%)
Production staff	36,934	36,664	270	0.7
Sales staff	957	945	12	1.3
Technical staff	8,992	8,967	25	0.3
Financial staff	825	797	28	3.5
Administrative staff	4,107	3,996	111	2.8
Other staff	3,446	3,595	-149	-4.1
Total	55,261	54,964	297	0.5

Education level by type	2013	2012	Change (No. of persons)	Change (%)
Postgraduate or above	1,012	832	180	21.6
Undergraduate	10,171	9,034	1,137	12.6
Technical college	11,470	10,379	1,091	10.5
College or below	32,608	34,719	-2,111	-6.1
Total	55,261	54,964	297	0.5

2. Professional composition statistical chart



3. Education level statistical chart



4. Outsourcing

Total number of working hours outsourced (hours)	36,429,987
Total amount of remuneration paid for outsourcing (in thousands)	1,042,912

Independent Auditor's Report

羅兵咸永道

TO THE SHAREHOLDERS OF CHINA COAL ENERGY COMPANY LIMITED

(incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of China Coal Energy Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 113 to 241, which comprise the consolidated and company balance sheets as at 31 December 2013, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independent Auditor's Report (Continued)

羅兵咸永道

TO THE SHAREHOLDERS OF CHINA COAL ENERGY COMPANY LIMITED (CONTINUED)

(incorporated in the People's Republic of China with limited liability)

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Other Matters

This report, including the opinion, has been prepared for and only for you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 18 March 2014

Balance Sheets

As at 31 December 2013
(All Amounts in RMB unless otherwise stated)

	Note	Group As at 31 December 2013 RMB'000	Group As at 31 December 2012 Restated RMB'000	Company As at 31 December 2013 RMB'000	Company As at 31 December 2012 RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	**110,015,200**	85,510,289	**342,406**	357,184
Investment properties		**44,352**	45,973	**—**	—
Land use rights	8	**4,005,591**	3,528,506	**—**	—
Mining and exploration rights	9	**32,566,844**	32,478,629	**—**	—
Intangible assets		**159,104**	126,677	**77,832**	75,143
Investments in subsidiaries	10	**—**	—	**64,822,871**	58,173,388
Investments in associates	11	**9,560,189**	8,484,033	**7,744,945**	6,784,945
Investments in joint ventures	12	**526,300**	378,506	**98,433**	33,433
Available-for-sale financial assets	14	**2,020,603**	1,687,917	**1,887,970**	1,570,500
Deferred income tax assets	26	**454,687**	377,626	**18,636**	18,117
Loans to subsidiaries	15	**—**	—	**27,892,200**	24,861,100
Long-term receivables	16	**40,274**	137,304	**—**	—
Other non-current assets	17	**9,399,141**	3,550,900	**3,959,646**	426,300
		168,792,285	136,306,360	**106,844,939**	92,300,110
Current assets					
Inventories	18	**6,806,493**	6,697,169	**201,272**	224,092
Trade and notes receivables	19	**12,895,477**	11,393,750	**3,096,338**	4,087,370
Prepayments and other receivables	20	**7,004,845**	6,378,061	**9,219,320**	11,209,778
Restricted bank deposits	21	**1,583,835**	2,229,495	**—**	—
Term deposits with initial terms of over three months	21	**8,204,597**	9,471,440	**7,699,162**	8,497,977
Cash and cash equivalents	21	**11,232,575**	13,222,898	**7,014,660**	8,297,231
		47,727,822	49,392,813	**27,230,752**	32,316,448
TOTAL ASSETS		**216,520,107**	185,699,173	**134,075,691**	124,616,558

Balance Sheets

As at 31 December 2013
(All Amounts in RMB unless otherwise stated)

		Group		Company	
	Note	**As at 31 December 2013 RMB'000**	As at 31 December 2012 Restated RMB'000	**As at 31 December 2013 RMB'000**	As at 31 December 2012 RMB'000
EQUITY					
Equity attributable to the equity holders of the Company					
Share capital	22	**13,258,663**	13,258,663	**13,258,663**	13,258,663
Reserves	23	**43,969,215**	43,321,258	**42,665,476**	42,355,517
Retained earnings	23				
— Dividends proposed after the balance sheet date	36	**1,072,681**	2,785,296	**1,072,681**	2,785,296
— Others		**29,510,465**	27,372,125	**19,610,933**	18,316,526
		87,811,024	86,737,342	**76,607,753**	76,716,002
Non-controlling interests	10	**15,282,116**	14,694,025	**—**	—
Total equity		**103,093,140**	101,431,367	**76,607,753**	76,716,002
LIABILITIES					
Non-current liabilities					
Long-term borrowings	24	**29,774,758**	20,170,908	**11,686,000**	6,166,000
Long-term bonds	25	**29,868,059**	19,906,414	**29,868,059**	19,906,414
Deferred income tax liabilities	26	**7,744,694**	7,444,881	**—**	—
Deferred revenue		**412,631**	392,987	**—**	—
Provision for employee benefits		**94,511**	144,692	**—**	—
Provision for close down, restoration and environmental costs	29	**1,154,695**	1,137,265	**—**	—
Other long-term liabilities	30	**879,754**	944,028	**—**	—
		69,929,102	50,141,175	**41,554,059**	26,072,414

Balance Sheets

As at 31 December 2013
(All Amounts in RMB unless otherwise stated)

		Group		Company	
	Note	**As at 31 December 2013 RMB'000**	As at 31 December 2012 Restated RMB'000	**As at 31 December 2013 RMB'000**	As at 31 December 2012 RMB'000
Current liabilities					
Trade and notes payables	27	**22,631,060**	16,101,537	**1,766,535**	1,967,464
Accruals, advances and other payables	28	**8,742,810**	9,262,124	**12,435,259**	19,661,692
Taxes payable		**1,784,692**	2,184,553	**232,085**	118,986
Short-term borrowings	24	**6,776,186**	5,130,346	**—**	—
Current portion of long-term borrowings	24	**3,544,019**	1,411,010	**1,480,000**	80,000
Current portion of provision for close down, restoration and environmental costs	29	**19,098**	37,061	**—**	—
		43,497,865	34,126,631	**15,913,879**	21,828,142
Total liabilities		**113,426,967**	84,267,806	**57,467,938**	47,900,556
TOTAL EQUITY AND LIABILITIES		**216,520,107**	185,699,173	**134,075,691**	124,616,558
NET CURRENT ASSETS		**4,229,957**	15,266,182	**11,316,873**	10,488,306
TOTAL ASSETS LESS CURRENT LIABILITIES		**173,022,242**	151,572,542	**118,161,812**	102,788,416

The accompanying notes are an integral part of these consolidated financial statements.

These financial statements have been approved for issue by the Board of Directors on 18 March 2014.

Wang An	**Weng Qing'an**	**Chai Qiaolin**
Chairman of the Board	*Chief Financial Officer*	*Manager of Finance Department*
Executive Director		

Consolidated Income Statement

For the year ended 31 December 2013
(All Amounts in RMB unless otherwise stated)

	Note	Year ended 31 December 2013 RMB'000	2012 Restated RMB'000
Revenue	6	**82,316,482**	87,291,670
Cost of sales			
Materials		**(35,072,945)**	(37,265,549)
Staff costs		**(4,554,593)**	(4,453,430)
Depreciation and amortisation		**(4,846,380)**	(4,260,274)
Repairs and maintenance		**(1,134,710)**	(1,081,403)
Transportation costs		**(13,015,596)**	(11,445,668)
Sales taxes and surcharges		**(1,293,811)**	(1,371,632)
Others		**(11,002,462)**	(10,110,690)
Cost of sales	31	**(70,920,497)**	(69,988,646)
Gross profit		**11,395,985**	17,303,024
Selling, general and administrative expenses	31	**(4,619,512)**	(4,586,443)
Other loss		**(9,778)**	(31,680)
Other gains, net		**112,726**	122,338
Profit from operations		**6,879,421**	12,807,239
Finance income	32	**605,575**	806,640
Finance costs	32	**(1,235,342)**	(1,060,644)
Share of profits of associates and joint ventures		**151,567**	235,865
Profit before income tax		**6,401,221**	12,789,100
Income tax expense	34	**(1,781,107)**	(3,214,246)
Profit for the year		**4,620,114**	9,574,854
Profit attributable to:			
Equity holders of the Company		**3,805,128**	8,842,340
Non-controlling interests		**814,986**	732,514
		4,620,114	9,574,854
Basic and diluted earnings per share for the profit attributable to the equity holders of the Company (RMB)	35	**0.29**	0.67
Dividends distributed	36	**2,784,319**	2,851,145
Dividends proposed after the balance sheet date attributable to all shareholders of the Company	36	**1,072,681**	2,785,296

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2013
(All Amounts in RMB unless otherwise stated)

	Year ended 31 December	
	2013	2012 Restated
	RMB'000	RMB'000
Profit for the year	**4,620,114**	9,574,854
Other comprehensive (loss)/income:		
Items that may be reclassified subsequently to profit or loss		
Fair value changes on available-for-sale financial assets, net of tax	**(2,663)**	1,114
Currency translation differences	**(16,121)**	3,211
Total items that may be reclassified subsequently to profit or loss	**(18,784)**	4,325
Other comprehensive (loss)/income for the year, net of tax	**(18,784)**	4,325
Total comprehensive income for the year	**4,601,330**	9,579,179
Total comprehensive income attributable to:		
Equity holders of the Company	**3,786,344**	8,846,665
Non-controlling interests	**814,986**	732,514
	4,601,330	9,579,179

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013
(All Amounts in RMB unless otherwise stated)

	Attributable to equity holders of the Company					
	Share capital	Reserves	Retained earnings	Subtotal	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2012 (as previously reported)	13,258,663	44,615,826	24,650,644	82,525,133	14,348,509	96,873,642
Acquisition of a subsidiary under common control (Note 2(a))	—	5,068	5,751	10,819	—	10,819
Balance at 1 January 2012 (restated)	13,258,663	44,620,894	24,656,395	82,535,952	14,348,509	96,884,461
Profit for the year	—	—	8,842,340	8,842,340	732,514	9,574,854
Other comprehensive income	—	4,325	—	4,325	—	4,325
Appropriations (Note 23)	—	190,127	(190,127)	—	—	—
Acquisition of subsidiaries under common control (Notes 2(b)&(c))	—	(1,246,896)	(72,294)	(1,319,190)	—	(1,319,190)
— Including: a subsidiary's transfer of retained earnings to share capital	—	72,294	(72,294)	—	—	—
Purchase of equity from non-controlling shareholders	—	(363,123)	—	(363,123)	(681,866)	(1,044,989)
Share of change in reserves of associates	—	103,185	(116,193)	(13,008)	736	(12,272)
Attributable to change of a joint venture to a subsidiary	—	—	—	—	446,971	446,971
Contributions	—	12,746	—	12,746	240,292	253,038
Dividends (Note 36)	—	—	(2,851,145)	(2,851,145)	(306,230)	(3,157,375)
Profit distributed to original shareholder prior to common control acquisition	—	—	(111,555)	(111,555)	(26,901)	(138,456)
Disposal of a subsidiary	—	—	—	—	(60,000)	(60,000)
Balance at 31 December 2012 (restated)	**13,258,663**	**43,321,258**	**30,157,421**	**86,737,342**	**14,694,025**	**101,431,367**
Profit for the year	**—**	**—**	**3,805,128**	**3,805,128**	**814,986**	**4,620,114**
Other comprehensive loss	**—**	**(18,784)**	**—**	**(18,784)**	**—**	**(18,784)**
Appropriations (Note 23)	**—**	**569,480**	**(569,480)**	**—**	**—**	**—**
Acquisition of a subsidiary under common control (Note 2(a))	**—**	**(10,946)**	**—**	**(10,946)**	**—**	**(10,946)**
Share of change in reserves of associates	**—**	**45,917**	**(25,604)**	**20,313**	**627**	**20,940**
Contributions	**—**	**62,290**	**—**	**62,290**	**148,577**	**210,867**
Dividends (Note 36)	**—**	**—**	**(2,784,319)**	**(2,784,319)**	**(363,484)**	**(3,147,803)**
Reduction of capital of a subsidiary	**—**	**—**	**—**	**—**	**(12,615)**	**(12,615)**
Balance at 31 December 2013	**13,258,663**	**43,969,215**	**30,583,146**	**87,811,024**	**15,282,116**	**103,093,140**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2013
(All Amounts in RMB unless otherwise stated)

		Year ended 31 December	
		2013	2012
			Restated
	Note	**RMB'000**	RMB'000
Cash flows from operating activities			
Cash generated from operations	38(a)	**12,268,107**	15,687,656
Interest paid		**(3,214,886)**	(2,200,805)
Interest income received		**590,878**	902,739
Income tax paid		**(2,856,235)**	(3,502,334)
Net cash generated from operating activities		**6,787,864**	10,887,256
Cash flows from investing activities			
Purchases of property, plant and equipment		**(23,677,687)**	(24,933,967)
Proceeds from disposals of property, plant and equipment		**137,255**	317,753
Purchases of land use rights, mining rights and intangible assets		**(1,696,836)**	(2,625,722)
Proceeds from disposals of land use rights, mining right and intangible assets		**1,772**	61,043
Purchases of available-for-sale financial assets		**(356,727)**	(467,824)
Proceeds from disposals of available-for-sale financial assets		**20,830**	590
Increase in prepayments for investments		**(3,123,209)**	(897,132)
Acquisitions of subsidiaries		**(10,946)**	(1,319,190)
Payment of prior year's acquisition consideration		**(484,390)**	(2,997,099)
Attributable to change of a joint venture to a subsidiary		**—**	127,252
Disposal of a subsidiary		**—**	(33,325)
Increase in investments in associates		**(1,109,454)**	(1,233,825)
Dividends received		**125,541**	88,552
Increase in investments in joint ventures		**(65,000)**	—
Repayments of loan receivables from a joint venture		**124,894**	400,000
Repayment of loan receivables from a third party		**500,000**	—
Increase in loan receivables		**(900,000)**	(200,000)
Decrease in placement of term deposits with initial terms of over three months		**1,266,843**	1,823,605
Net cash used in investing activities		**(29,247,114)**	(31,889,289)

Consolidated Cash Flow Statement

For the year ended 31 December 2013
(All Amounts in RMB unless otherwise stated)

		Year ended 31 December	
		2013	2012
			Restated
	Note	**RMB'000**	RMB'000
Cash flows from financing activities			
Proceeds from short-term borrowings		**6,932,737**	5,283,710
Repayments of short-term borrowings		**(5,286,897)**	(2,408,060)
Proceeds from long-term borrowings		**13,186,436**	10,388,488
Repayments of long-term borrowings		**(1,334,102)**	(992,021)
Repayments of borrowings from non-controlling shareholders		**(4,800)**	—
Proceeds from reduction of capital of a subsidiary		**(12,615)**	—
Contributions from the Company's shareholders		**62,290**	12,746
Contributions from non-controlling shareholders		**148,577**	240,292
Dividends paid to the Company's shareholders		**(2,784,319)**	(2,962,700)
Dividends paid to non-controlling shareholders		**(363,841)**	(194,421)
Purchase of non-controlling interest of subsidiaries		**—**	(1,044,989)
Net proceeds from issuance of long-term bonds		**9,988,000**	4,988,000
Bonds issuance costs		**(57,000)**	—
Net cash generated from financing activities		**20,474,466**	13,311,045
Net decrease in cash and cash equivalents		**(1,984,784)**	(7,690,988)
Cash and cash equivalents, at beginning of the year		**13,222,898**	20,908,028
Net foreign exchange (losses)/gains		**(5,539)**	5,858
Cash and cash equivalents at end of the year		**11,232,575**	13,222,898

The accompanying notes are an integral part of these consolidated financial statements.

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 coal-chemical 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.

2 BASIS OF PRESENTATION

(a) Acquisition of Guangdong China Coal Import and Export Company Limited ("Guangdong Import and Export Company") in 2013

In order to further enhance coal sales networks of the Group, on 20 August 2013, China Coal Sales and Transportation Company Limited ("China Coal Sales and Transportation Company"), a subsidiary of the Company, entered into a share purchase agreement with China Coal Group, pursuant to which 100% equity interest in Guangdong Import and Export Company, was transferred to China Coal Sales and Transportation Company for a consideration of RMB10,946,200. The acquisition date of this transaction is 30 September 2013, when the consideration was paid and control was obtained. Guangdong Import and Export Company is principally engaged in the trading of coal product in China.

As China Coal Group is the ultimate holding company of both China Coal Sales and Transportation Company and Guangdong Import and Export 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 Guangdong Import and Export Company had been under the control of China Coal Sales and Transportation Company since the beginning of the earliest period presented.

2 BASIS OF PRESENTATION (Continued)

(a) Acquisition of Guangdong China Coal Import and Export Company Limited ("Guangdong Import and Export Company") in 2013 (Continued)

The carrying value of the assets, liabilities, operating results and the cash flows of Guangdong Import and Export Company at the date of acquisition and for the period/year then ended, are as follows:

	As at 30 September 2013 RMB'000	As at 31 December 2012 RMB'000
Cash and cash equivalents	**383**	383
Prepayments and other receivables	**11,074**	11,077
Property, plant and equipment	**12**	12
Accruals and other payables	**(523)**	(523)
Net assets	**10,946**	10,949

	Period between 1 January 2013 and 30 September 2013 RMB'000	Year ended 31 December 2012 RMB'000
Revenue	**—**	—
Profit for the period/year	**—**	130
Net cash outflow from operating activities	**—**	(315)
Total net cash outflow	**—**	(315)

2 BASIS OF PRESENTATION (Continued)

(b) Acquisition of China Coal Sales and Transportation Company in 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 Group 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.

The carrying value of the assets, liabilities, operating results and the cash flows of China Coal Sales and Transportation Company at the date of acquisition and for the period/year then ended, are as follows:

	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
Cash and cash equivalents	**116,163**	7,362
Trade and other receivables	**587,597**	780,131
Investments in associates	**8,766**	8,766
Available-for-sale financial assets	**1,204**	1,204
Property, plant and equipment	**24,062**	24,070
Intangible assets	**86**	103
Short-term borrowings	**(320,000)**	(430,000)
Trade and other payables	**(208,030)**	(183,781)
Deferred income tax liabilities	**(3,500)**	(3,533)
Net assets	**206,348**	204,322

2 BASIS OF PRESENTATION (Continued)

(b) Acquisition of China Coal Sales and Transportation Company in 2012 (Continued)

	Period between 1 January 2012 and 30 June 2012 RMB'000	Year ended 31 December 2011 RMB'000
Revenue	**536,079**	1,862,844
Profit/(loss) for the period/year	**5,976**	(17,845)
Net cash inflow/(outflow) from operating activities	**190,577**	(185,033)
Total net cash inflow/(outflow)	**108,801**	(98,264)

(c) Acquisition of Shanxi Zhongxin Tangshangou Coal Industry Company Limited ("Tangshangou") 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 Tangshangou, 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. Tangshangou is principally engaged in the coal mining activities in China.

As China Coal Group is the ultimate holding company of both the Company and Tangshangou, 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 Tangshangou had been under the control of the Company since the beginning of the earliest period presented.

2 BASIS OF PRESENTATION (Continued)

(c) Acquisition of Shanxi Zhongxin Tangshangou Coal Industry Company Limited ("Tangshangou") in 2012 (Continued)

The carrying value of the assets, liabilities, operating results and the cash flows of Tangshangou at the date of acquisition and for the year then ended, are as follows:

	As at 31 December 2012 RMB'000	As at 31 December 2011 RMB'000
Cash and cash equivalents	**661**	21,446
Trade and other receivables	**141,988**	299,138
Inventories	**20,676**	24,591
Property, plant and equipment	**642,882**	575,229
Land use rights	**4,717**	3,620
Mining rights	**541,017**	553,012
Other long-term liabilities	**(17,691)**	(71,738)
Deferred income tax liabilities	**(158,498)**	(178,900)
Provision for employee benefits	**(6,218)**	(9,305)
Trade and notes payable	**(87,879)**	(32,932)
Accruals and other payables	**(364,978)**	(358,311)
Taxes payable	**(42,067)**	(114,097)
Current portion of long-term borrowings	**(8,430)**	(8,430)
Net assets	**666,180**	703,323

	Year ended 31 December 2012 RMB'000	Year ended 31 December 2011 RMB'000
Revenue	**598,136**	660,433
Profit for the year	**97,361**	202,639
Net cash inflow from operating activities	**159,778**	115,967
Total net cash outflow	**(20,785)**	(7,419)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of presentation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value as disclosed in the accounting policies below.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

3.1.1 *Changes in accounting policy and disclosures*

(a) New and amended standards adopted by the Group

(i) The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2013

- Amendment to IFRS 7 'Financial instruments: Disclosures' on asset and liability offsetting. The amendment requires new disclosure requirements which focus on quantitative information about recognised financial instruments that are offset in the balance sheet, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset. The amendment is effective for annual periods beginning on or after 1 January 2013.

- IFRS 10 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. IFRS 10 is applicable to annual periods beginning on or after 1 January 2013.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of presentation (Continued)

3.1.1 *Changes in accounting policy and disclosures (Continued)*

(a) New and amended standards adopted by the Group (Continued)

(i) The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2013 (Continued)

- IFRS 11 'Joint arrangements', focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. IFRS 11 is applicable retrospectively to annual periods beginning on or after 1 January 2013. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

- IFRS 12 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. IFRS 12 is applicable to annual periods beginning on or after 1 January 2013.

- IFRS 13 'Fair value measurement' aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. IFRS 13 is applicable to annual periods beginning on or after 1 January 2013.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of presentation (Continued)

3.1.1 *Changes in accounting policy and disclosures (Continued)*

(a) New and amended standards adopted by the Group (Continued)

(i) The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2013 (Continued)

- IAS 1 (Amendment) 'Presentation of financial statements', issued in June 2011. The amendment changes the disclosure of items presented in other comprehensive income in the statement of comprehensive income. The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. Items that will not be recycled will be presented separately from items that may be recycled in the future. Entities that choose to present other comprehensive income items before tax will be required to show the amount of tax related to the two groups separately. The title used by IAS 1 for the statement of comprehensive income has changed to 'statement of profit or loss and other comprehensive income'. However IAS 1 still permits entities to use other titles. The amendment is applicable to annual periods beginning on or after 1 July 2012.

- IAS 19 'Employee benefits' was revised in June 2011. The revised standard eliminates the corridor approach and calculates finance costs on a net funding basis for defined benefit plan and is applicable to annual periods beginning on or after 1 January 2013. As as 31 December 2013, the Group has no defined benefit plan.

- IAS 27 (revised 2011) 'Separate financial statements' includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10, and is effective for annual periods beginning on or after 1 January 2013.

- IAS 28 (revised 2011) 'Investments in associates and joint ventures' includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11 and is effective for annual periods beginning on or after 1 January 2013.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of presentation (Continued)

3.1.1 *Changes in accounting policy and disclosures (Continued)*

(a) New and amended standards adopted by the Group (Continued)

(i) The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2013 (Continued)

- IFRIC 20, 'Stripping costs in the production phase of a surface mine', sets out the accounting for overburden waste removal (stripping) costs that are incurred in surface mining activity during the production phase of a mine. The interpretation may require mining entities reporting under IFRS to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body. IFRIC 20 is applicable to annual periods beginning on or after 1 January 2013.

The adoptions, apart from certain additional disclosures, do not have significant impact on the consolidated financial statements of the Group.

(b) New and amended relevant standards have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted

The Group's and parent entity's assessment of the impact of these new and amended standards is set out below.

- IFRS 9, 'Financial instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of presentation (Continued)

3.1.1 *Changes in accounting policy and disclosures (Continued)*

(b) New and amended relevant standards have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted (Continued)

- Amendment to IFRS 10, 12 and IAS 27 'Consolidation for investment entities'. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made IFRS 12 to introduce disclosures that an investment entity needs to provide. The amendment is effective for annual periods beginning on or after 1 January 2014.

- Amendment to IAS 32 'Financial instruments: Presentation' on asset and liability offsetting. These amendments are to the application guidance in IAS 32, 'Financial instruments: Presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendment is effective for annual periods beginning on or after 1 January 2014.

- Amendment to IAS 36 'Impairment of assets' on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of cash-generating units which had been included in IAS 36 by the issue of IFRS 13. The amendment is effective for annual periods beginning on or after 1 January 2014.

- Amendment to IAS 39 'Financial Instruments: Recognition and Measurement' — Novation of derivatives. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria. The amendment is effective for annual periods beginning on or after 1 January 2014.

- IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. IFRIC 21 is applicable to annual periods beginning on or after 1 January 2014.

The Group is in the process of assessing the impact of the above new standards and amendments.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Subsidiaries

3.2.1 *Consolidation*

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations from third party

The Group applies the acquisition method to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Subsidiaries (Continued)

3.2.1 *Consolidation (Continued)*

(a) Business combinations from third party (Continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Combinations under common control

For combinations under common control, the Group accounts for them in a manner similar to a uniting of interests. The consolidated financial statements are prepared as if common control combinations occur from the date when the combining entities or businesses first came under the control of the controlling party. The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. The difference between the consideration paid and the net assets acquired is recorded in equity.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined since the beginning of the earliest period presented or when they first came under common control, whichever is shorter.

Acquisition-related costs are expensed as incurred.

(c) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Subsidiaries (Continued)

3.2.1 *Consolidation (Continued)*

(d) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

3.2.2 *Separate financial statements*

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

3.3 Investments in associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Investments in associates (Continued)

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates and joint ventures' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

In balance sheet of the Company, investments in associates are stated at costs less provision for impairment losses. Investment income from investments in associates is accounted for by the Company based on dividends received and receivable.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Investments in joint ventures

The Group has applied IFRS 11 to all joint arrangements as at 1 January 2012. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. The change in accounting policy has been applied as from 1 January 2012 and the adoption does not have any impact on the Group's financial statements.

In balance sheet of the Company, investments in joint ventures are stated at costs less provision for impairment losses. Investment income from investments in joint ventures is accounted for by the Company based on dividends received and receivable.

3.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, defined as the person who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the President Office that makes strategic decisions.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates quoted by the People's Bank of China prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance cost'. All other foreign exchange gains and losses are presented in the income statement within 'other gains, net'.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Foreign currency translation (Continued)

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

c) all resulting exchange differences are recognised in other comprehensive income.

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Exploration and evaluation expenditure

Exploration and evaluation expenditure comprises costs which are directly attributable to: researching and analysing existing exploration data; conducting geological studies, exploratory drilling and sampling; examining and testing extraction and treatment methods; and compiling pre-feasibility and feasibility studies. Exploration and evaluation expenditure also includes the costs incurred in acquiring mining rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects.

During the initial stage of a project, exploration and evaluation costs, other than costs incurred in acquiring land use and mining rights, are expensed as incurred. Expenditure on a project after it has reached a stage at which there is a high degree of confidence in its viability is capitalised and transferred to property, plant and equipment if the project proceeds. If a project does not prove viable, all irrecoverable costs associated with the project are expensed in the income statement.

3.8 Property, plant and equipment

Property, plant and equipment, consisting of buildings, mining structures, plant, machinery and equipment, railway structures and motor vehicles, fixtures and others, are stated at historical cost, less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Other than mining structures, depreciation of each asset is calculated using the straight-line method to allocate its cost less its residual value over its estimated useful life. The estimated useful lives of property, plant and equipment are as follows:

Buildings	10 — 50 years
Plant, machinery and equipment	8 — 18 years
Railway structures	25 — 30 years
Motor vehicles, fixtures and others	5 — 15 years

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.8 Property, plant and equipment (Continued)

Mining structures (including the main and auxiliary mine shafts and underground tunnels) are depreciated on the units of production method utilising only recoverable coal reserves in the depletion base.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3.15).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the income statement.

3.9 Deferred Stripping costs

In the mining of open-pit mines, stripping activities are necessary to remove rocks and soil above the coal body. Actual stripping costs incurred for each accounting period may vary based on the geological condition and the production plan. In the accounting for stripping costs, the portion of stripping costs that are incurred for the coal body to be mined in future years (those that will generate future economic benefits) are capitalized in property, plant and equipment, and are amortised to production cost in the period when the relevant coal ores are mined; and the rest of the stripping costs are recorded in production cost when incurred.

3.10 Construction in progress

Construction in progress represents property, plant and equipment under construction or pending installation, and is stated at cost less impairment losses. Cost comprises direct costs of construction including borrowing costs attributable to the construction during the period of construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11 Investment Properties

Investment properties include those portions of office buildings that are held for long-term rental yields or for capital appreciation.

Investment properties are initially recognised at cost and subsequently accounted for under the cost model in accordance with the requirements of IAS 16 Property, Plant and Equipment.

Depreciation of the investment properties is calculated using the straight-line method to allocate its cost less its residual value over its estimated useful life. The estimated useful life of these investment properties is estimated to be 30 years to 47 years.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are written off to the income statement. The cost of maintenance, repairs and minor improvements is charged to the income statement when incurred.

3.12 Land use rights

Land use rights are stated at cost less accumulated amortisation and impairment losses. Cost represents consideration paid for the rights to use the land on which various plants and buildings are situated for periods varying from 20 to 50 years. Amortisation of land use rights is calculated on a straight-line basis over the period of the land use rights.

3.13 Mining rights and exploration rights

Mining rights are stated at cost less accumulated amortisation and impairment losses and are amortised based on the units of production method utilising only recoverable coal reserves as the depletion base.

Exploration rights are stated at cost less impairment losses. Cost of the exploration rights are transferred to mining rights upon the government's approval of the mining license and the commencement of the mining activities.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over estimated useful lives of 5 years. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

3.15 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.16 Financial assets

3.16.1 *Classification*

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. As at 31 December 2013 and 2012, the Group does not have any held to maturity financial assets or financial assets at fair value through profit or loss.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables are included in cash and banks, "trade and notes receivables", "prepayments and other receivables", "loans to subsidiaries" and "long-term receivables" in the balance sheet.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.16 Financial assets (Continued)

3.16.1 *Classification (Continued)*

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Available-for-sale financial assets are principally measured at fair value. Where investments in equity instruments do not have a quoted market price in an active market and the fair value cannot be measured reliably, such investments are measured at cost.

3.16.2 *Recognition and measurement*

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. The investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at cost. Loans and receivables are carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement in “other gains, net”.

Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group’s right to receive payment is established.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.16 Financial assets (Continued)

3.16.3 *Impairment of financial assets*

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.16 Financial assets (Continued)

3.16.3 *Impairment of financial assets (Continued)*

(b) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (a) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

3.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

3.18 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.19 Cash and cash equivalents

In the consolidated cash flow statement, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

3.20 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

3.21 Payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

3.22 Borrowings and bonds payable

Borrowings and bonds are recognised initially at fair value, net of transaction costs incurred. Borrowings and bonds are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings and bonds are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

3.23 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.24 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income and directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries, joint ventures and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.24 Current and deferred income tax (Continued)

(c) Offsetting

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 tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.25 Employee benefits

(a) Pension obligations

The Group contributes on a monthly basis to various defined contribution retirement benefit plans administered by the PRC government. The relevant government agencies undertake to assume the retirement benefit obligation payable to all existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made.

In addition, as approved by the government, the Group makes contribution to a supplemental defined contribution pension plan for its employees. The fund is managed by a qualified fund manager and the Group has no further obligation for post-retirement benefits beyond the contributions made.

Contributions to these plans are expensed as incurred.

(b) Early retirement benefits

Employee early retirement benefits are recognised in the year in which the Group enters into an agreement with the employee specifying the terms of early retirement or after the individual employee has been advised of the specific terms. The specific terms vary among the early retired employees depending on various factors including position, length of service and district of the employee concerned. Early retirement benefits falling due more than 12 months after the balance sheet date are discounted to present value.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.25 Employee benefits (Continued)

(c) Housing benefits

All full-time employees of the Group are entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each year.

3.26 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3.27 Provisions for close down, restoration and environmental costs

One consequence of coal mining is land subsidence caused by the resettlement of the land at the mining sites. Depending on the circumstances, the Group may relocate inhabitants from the mining sites prior to conducting mining activities or the Group may compensate the inhabitants for losses or damage from close down and land subsidence after the sites have been mined. The Group may also be required to make payments for restoration, rehabilitation or environmental protection of the land after the sites have been mined.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.27 Provisions for close down, restoration and environmental costs (Continued)

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Close down and restoration costs are provided in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during mine development or during the production phase, based on the net present value of estimated future costs. The cost is capitalised where it gives rise to future benefits, whether the rehabilitation activity is expected to occur over the life of the operation or at the time of close down. The capitalised cost is amortised over the life of the operation and the increase in the net present value of the provision is included in borrowing costs.

Where there is a change in the expected decommissioning and restoration costs, an adjustment is recorded against the carrying value of the provision and related assets, and the effect is then recognised in the income statement on a prospective basis over the remaining life of the operation. Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The cost estimates are reviewed and revised at each balance sheet date to reflect changes in conditions.

3.28 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods

Revenue associated with the sale of coal, coke, mining machinery and ancillary materials and other goods is recognised when the goods have been delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.28 Revenue recognition (Continued)

(b) Sales of services

The Group provides transportation services. The transportation services are provided based on market-price contract, with contract terms generally less than one year.

Revenue from transportation services is generally recognised in the period the services are provided.

(c) Rental income

Rental income from properties is recognised in the income statement on a straight-line basis over the term of the lease.

3.29 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

3.30 Dividend income

Dividend income is recognised when the right to receive payment is established.

3.31 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.32 Government grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants related to costs are deferred and recognised in the income statement over the periods necessary to match them with the related costs that they are intended to compensate.

Government grant relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

3.33 Dividend distributions

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

4 FINANCIAL RISK MANAGEMENT

4.1 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.

(a) Market risk

(i) Price risk

– *Commodity price risk*

The Group is principally engaged in the production and sale of coal and coke. The coal and coke markets are influenced by the global as well as regional supply and demand conditions. A change in prices of coal or coke could significantly affect the Group's financial performance.

The Group historically has not used any commodity derivative instruments to hedge the potential price fluctuations of coal or coke and does not have a fixed policy to do so in the foreseeable future.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Foreign exchange risk

The Group's operations (such as export sales, imports of machinery and equipment, foreign currency deposits (Note 21(d)), and trade and notes receivables (Note 19(c)) and borrowings (Note 24(e)) denominated in foreign currency) expose it to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar ("USD") and Japanese Yen ("JPY"). In addition, the RMB is not freely convertible into other foreign currencies and conversion of the RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government.

The Group historically has not used any derivative instruments to hedge exchange rate of USD and JPY and currently does not have a fixed policy to do so in the foreseeable future. If JPY had appreciated/depreciated by 10% against RMB, the Group's net profit attributable to the equity holders of the Company would have decreased/increased by approximately RMB16,249,000 in 2013 (2012: RMB41,827,000), with all other variables held constant. If USD had appreciated/depreciated by 10% against RMB, the Group's net profit attributable to the equity holders of the Company would have increased/decreased by approximately RMB27,213,000 in 2013 (2012: RMB17,074,000), with all other variables held constant.

(iii) Cash flow and fair value interest rate risk

The Group's exposure to cash flow interest rate risks arises from the Group's interest bearing bank deposits, bank borrowings and long-term bonds, whose interest rates are subject to adjustments by the PRC government. Borrowings at variable rates expose the Group to cash flow interest-rate risk while borrowings issued at fixed rates expose the Group to fair value interest-rate risk. The Group historically has not used any financial instruments to hedge potential fluctuations in interest rates.

Other than those mentioned above, the Group's income and operating cash flows are substantially independent of changes in the market interest rates.

If interest rates on RMB-denominated borrowings had been 0.5% higher/lower with all other variables held constant, post-tax profit for 2013 would have been approximately RMB109,961,000 (2012: RMB74,614,000) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(b) Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of cash and cash equivalents, term deposits with initial terms of over three months, restricted bank deposits, trade and notes receivables, other receivables except for prepayments in the consolidated balance sheet, and also financial guarantees provided to the associates and a joint venture of the Group, represent the Group's maximum exposure to credit risk in relation to its financial assets.

As at 31 December 2013, the Group holds approximately 70% (2012: 62%) of bank deposits in state-owned banks and the rest of deposits are placed with other financial institutions located mainly in the PRC and overseas banks with good credit ratings. Management believes these financial institutions are of high credit quality and there is no significant credit risk on such bank deposits.

The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history, and its major clients are large-scale companies with good credit. The Group's historical experience in collection of trade and other receivables falls within the recorded allowance and the directors are of the opinion that adequate provision for uncollectible receivables has been made in the financial statements.

The Group manages the credit risk arising from the financial guarantees provided to its associates and a joint venture by its regular supervision of the operation and financial condition of those companies.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of borrowing facilities (Note 24(h)). Due to the dynamic nature of the underlying businesses, the Group maintains a reasonable level of cash and cash equivalents, and further supplements this by keeping committed credit lines available.

The Group's primary cash requirements have been for purchases of materials, machinery and equipment and payment of related debts. The Group finances its working capital requirements through a combination of funds generated from operations, bank loans, long-term bonds and the net proceeds from the initial public offering.

Management monitors rolling forecasts of the Group's liquidity reserve (comprises undrawn borrowing facility (Note 24(h)) and cash and cash equivalents (Note 21)) on the basis of expected cash flow.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The table below analyses the undiscounted cash outflow relating to the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total
Group					
At 31 December 2013					
Bank borrowings	12,117,087	6,869,123	16,058,566	11,226,390	46,271,166
Long-term bonds	1,739,500	1,727,500	18,352,500	16,390,000	38,209,500
Trade and other payables	31,514,119	—	—	—	31,514,119
Other long-term liabilities	—	128,233	376,813	390,964	896,010
At 31 December 2012 (Restated)					
Bank borrowings	8,126,363	4,324,122	9,292,668	12,652,702	34,395,855
Long-term bonds	1,160,500	1,160,500	17,544,000	5,524,000	25,389,000
Trade and other payables	25,417,894	—	—	—	25,417,894
Other long-term liabilities	—	142,577	398,877	521,428	1,062,882
Company					
At 31 December 2013					
Bank borrowings	2,226,292	2,795,866	8,336,974	2,167,719	15,526,851
Long-term bonds	1,739,500	1,727,500	18,352,500	16,390,000	38,209,500
Trade and other payables	14,267,349	—	—	—	14,267,349
At 31 December 2012					
Bank borrowings	477,965	1,722,934	3,169,240	2,754,975	8,125,114
Long-term bonds	1,160,500	1,160,500	17,544,000	5,524,000	25,389,000
Trade and other payables	21,480,237	—	—	—	21,480,237

For information relating to the Group's financial guarantee contracts, please refer to Note 42(c).

4 FINANCIAL RISK MANAGEMENT (Continued)

4.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings and long-term bonds divided by total capital. Total borrowings include current and non-current borrowings as shown in the consolidated balance sheet. Total capital is calculated as "equity" under China Accounting Standards for Business Enterprises, plus borrowings and long-term bonds.

The gearing ratios at 31 December 2013 and 2012 were as follows:

	2013	2012
		Restated
	RMB'000	RMB'000
Total borrowings and long-term bonds	**69,963,022**	46,618,678
Total equity	**102,672,245**	100,724,355
Total capital	**172,635,267**	147,343,033
Gearing ratio	**41%**	32%

The change in the gearing ratio during 2013 resulted primarily from the issuing of long-term bonds and the increase in borrowings in 2013. The Group has no further plan to use special measures to adjust its gearing ratio in the foreseeable future.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.3 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 31 December 2013, the Group has the following assets which we defined as level 1 and level 2:

	As at 31 December 2013 RMB'000	As at 31 December 2012 RMB'000
Available-for-sale financial assets		
— Equity securities (level 1)	**12,397**	15,948
— Debt instruments (level 2)	**—**	20,000
	12,397	35,948

There were no transfers between level 1 and 2 during the year.

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 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Carrying value of non-current assets

Non-current assets, including property, plant and equipment, land use rights, mining and exploration rights and intangible assets, are carried at cost less accumulated amortisation. These carrying amounts are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In estimating the recoverable amounts of assets, various assumptions, including future cash flows to be associated with the non-current assets and discount rates, are made. If future events do not correspond to such assumptions, the recoverable amounts will need to be revised, and this may have an impact on the Group's results of operations or financial position.

(b) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(c) Reserve estimates

Reserves are estimates of the amount of product that can be economically and legally extracted from the Group's properties. In order to calculate reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand and commodity prices.

5 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)

(c) Reserve estimates (Continued)

Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies or fields to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgements and calculations to interpret the data.

Because the economic assumptions used to estimate reserves changes from period to period, and because additional geological data is generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including the following:

— Carrying values of assets may be affected due to changes in estimated future cash flows.

— Depreciation, depletion and amortisation charged in the income statement may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change.

— Decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities.

— The carrying value of deferred tax assets may change due to changes in estimates of the likely recovery of the tax benefits.

(d) Trade and other receivables

The Group's management determines the provision for impairment of trade and other receivables. This estimate is based on the credit history of its customers and current market conditions. Management reassesses the provision at each balance sheet date.

5 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)

(e) Income taxes

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will be reflected in the income tax and deferred tax provisions in the period in which such determination is made. In addition, the realisation of deferred income tax assets is dependent on the Group's ability to generate sufficient taxable income in future years to utilise income tax benefits and income tax loss carry-forwards. Deviations of future profitability from estimates or in the income tax rate would result in adjustments to the value of future income tax assets and liabilities that could have a significant effect on earnings.

(f) Provision for close down, restoration and environmental costs

The provision for close down, restoration and environmental costs is determined by management based on the past experience and best estimation of future expenditures, taking into account existing relevant PRC regulations. However, in so far as the effect on the land and the environment from current mining activities becomes apparent in future years, the estimate of the associated costs may be subject to revision from time to time.

(g) Deferred stripping costs

The accounting for stripping costs of open-pit mines is based on management's estimate of whether there are future benefits associated with the stripping activities incurred. The estimate may be influenced by changes of actual geological conditions, coal reserves and management's future production plans. Management's assessment of such accounting estimate will impact the financial position and operating results of the Group, and the accounting of stripping costs may be subject to revision in future periods.

6 SEGMENT INFORMATION

6.1 General information

(a) Factors that management used to identify the entity's reportable segments

The CODM has been identified as the President Office (總裁辦公會).

The Group's reportable segments are entities or group of entities that offer different products and services. The following reportable segments are presented in a manner consistent with the way in which information is reported internally to the Group's CODM for the purpose of resource allocation and performance assessment. They are managed according to different nature of products and services, production process and the environment in which they are operating. Most of these entities engage in just one single business, except for a few entities dealing with a variety of operations. Financial information of these entities has been separately presented as discrete segment information for CODM's review.

(b) Reportable segments

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

- Coal — Production and sales of coal;
- Coal-chemical products — Production and sales of 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 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.

Segment assets and liabilities are those operating assets and liabilities that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets and liabilities exclude deferred income tax assets, deferred income tax liabilities, taxes payable or tax advance payment.

6 SEGMENT INFORMATION (Continued)

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

(b) Reportable segments' profit, assets and liabilities

	For the year ended and as at 31 December 2013						
	Coal	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	68,961,394	4,052,022	7,446,613	3,694,484	—	(1,838,031)	82,316,482
Inter-segment revenue	(351,420)	—	(611,895)	(874,716)	—	1,838,031	—
Revenue from external customers	68,609,974	4,052,022	6,834,718	2,819,768	—	—	82,316,482
Profit/(Loss) from operations	7,088,782	9,035	312,593	(76,451)	(450,311)	(4,227)	6,879,421
Profit/(Loss) before income tax	6,556,830	(46,200)	311,542	(117,079)	(299,645)	(4,227)	6,401,221
Interest income	169,511	14,200	8,768	5,246	826,033	(418,183)	605,575
Interest expense	(921,809)	(125,477)	(13,980)	(44,844)	(676,471)	418,183	(1,364,398)
Depreciation and amortisation	(4,383,287)	(183,541)	(160,199)	(451,703)	(26,872)	—	(5,205,602)
Share of profits/(losses) of associates and joint ventures	97,956	50,956	7,756	—	(5,101)	—	151,567
Income tax (expense)/credit	(1,699,868)	(2,349)	(53,170)	(25,373)	(2,633)	2,286	(1,781,107)
Other material non-cash items							
Provision for impairment of property, plant and equipment	(1,174)	(660)	(70,179)	—	—	—	(72,013)
(Provision for)/Reversal of impairment of other assets	(26,739)	34	(80,651)	(57,588)	—	—	(164,944)
Segment assets and liabilities							
Total assets	123,504,559	40,249,340	15,717,034	8,697,297	32,282,318	(3,930,441)	216,520,107
Include: investment in associates and joint ventures	567,455	634,896	107,278	—	8,776,860	—	10,086,489
Addition to non-current assets	14,179,218	16,363,178	1,366,152	366,157	3,548,406	—	35,823,111
Total liabilities	30,702,565	22,175,998	5,396,142	4,450,608	54,018,350	(3,316,696)	113,426,967

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 year ended and as at 31 December 2012 (restated)						
	Coal	Coal-chemical product	Machinery	Others (note (a))	Non operating segment	Inter-segment Elimination	Total
	RMB'000 Restated	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue							
Total Revenue	71,995,226	4,184,830	8,918,899	3,928,746	—	(1,736,031)	87,291,670
Inter-segment revenue	(212,010)	—	(1,034,239)	(489,782)	—	1,736,031	—
Revenue from external customers	71,783,216	4,184,830	7,884,660	3,438,964	—	—	87,291,670
Profit/(Loss) from operations	12,796,830	(353,424)	667,375	(16,871)	(235,421)	(51,250)	12,807,239
Profit/(Loss) before income tax	12,649,553	(446,713)	653,202	(66,343)	50,651	(51,250)	12,789,100
Interest income	233,171	63,449	10,587	5,774	962,055	(468,396)	806,640
Interest expense	(493,030)	(155,734)	(33,224)	(54,105)	(851,122)	468,396	(1,118,819)
Depreciation and amortisation	(3,958,471)	(173,509)	(143,881)	(405,162)	(16,171)	—	(4,697,194)
Share of profits/(losses) of associates and joint ventures	47,125	(4,283)	10,954	—	182,069	—	235,865
Income tax (expense)/credit	(3,055,033)	665	(108,265)	(48,021)	(3,592)	—	(3,214,246)
Other material non-cash items							
Provision for impairment of property, plant and equipment	(30,104)	(43,000)	—	—	—	—	(73,104)
Provision for impairment of other assets	(52,574)	(2,628)	(39,534)	(66,128)	—	—	(160,864)
Segment assets and liabilities							
Total assets	111,384,702	24,014,970	13,958,356	8,004,666	32,292,846	(3,956,367)	185,699,173
Include: investment in associates and joint ventures	414,034	581,432	78,316	—	7,788,757	—	8,862,539
Addition to non-current assets	18,633,417	12,112,439	1,376,956	451,864	333,608	—	32,908,284
Total liabilities	29,963,923	7,357,638	5,440,008	4,751,442	39,959,442	(3,204,647)	84,267,806

Note:

(a) Others segment comprises of the five operating segments of the Group with the revenue below the quantitative thresholds. Those segments include three (2012: two) aluminium factories, four (2012: three) 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

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
Domestic markets	**81,972,668**	86,639,419
Asia Pacific markets	**343,814**	652,251
	82,316,482	87,291,670

Note:

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

Analysis of non-current assets

	31 December 2013	31 December 2012 Restated
	RMB'000	RMB'000
Domestic markets	**166,269,407**	134,089,609
Other overseas markets	**7,314**	15,904
	166,276,721	134,105,513

Note:

The non-current assets above exclude financial instruments and deferred income tax assets.

7 PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings RMB'000	Mining structures RMB'000	Plant, machinery and equipment RMB'000	Railway structures RMB'000	Motor vehicles, fixtures and others RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2012 (as previously reported)	9,249,119	4,607,431	16,794,784	441,002	1,009,506	28,721,478	60,823,320
Acquisition of a subsidiary under common control (Note 2(a))	—	—	—	—	12	—	12
At 1 January 2012 (restated)	9,249,119	4,607,431	16,794,784	441,002	1,009,518	28,721,478	60,823,332
At 1 January 2012 (restated)							
Cost	11,554,940	7,690,368	28,875,943	756,442	1,696,752	28,721,478	79,295,923
Accumulated depreciation	(2,296,946)	(3,081,767)	(11,958,842)	(315,440)	(619,957)	—	(18,272,952)
Impairment provision	(8,875)	(1,170)	(122,317)	—	(67,277)	—	(199,639)
Net book amount	9,249,119	4,607,431	16,794,784	441,002	1,009,518	28,721,478	60,823,332
Year ended 31 December 2012							
Opening net book amount	9,249,119	4,607,431	16,794,784	441,002	1,009,518	28,721,478	60,823,332
Attributable to change of a joint venture to a subsidiary	92,233	76,631	93,957	—	11,831	16,873	291,525
Additions	472,428	2,249,240	2,746,511	—	224,766	24,812,350	30,505,295
Transfer upon completion	2,483,083	4,028,596	2,793,146	—	37,148	(9,341,973)	—
Transfer to mining rights and other intangible assets	—	—	—	—	—	(1,441,503)	(1,441,503)
Disposals	(139,942)	—	(169,564)	—	(17,122)	—	(326,628)
Depreciation charge (Note 31)	(616,593)	(783,827)	(2,653,319)	(17,382)	(197,507)	—	(4,268,628)
Provision for impairment	(20,635)	—	(52,440)	—	(29)	—	(73,104)
Closing net book amount	11,519,693	10,178,071	19,553,075	423,620	1,068,605	42,767,225	85,510,289
At 31 December 2012							
Cost	14,421,173	14,106,102	33,941,948	756,442	1,933,660	42,767,225	107,926,550
Accumulated depreciation	(2,874,985)	(3,926,861)	(14,257,886)	(332,822)	(797,749)	—	(22,190,303)
Impairment provision	(26,495)	(1,170)	(130,987)	—	(67,306)	—	(225,958)
Net book amount	11,519,693	10,178,071	19,553,075	423,620	1,068,605	42,767,225	85,510,289
Year ended 31 December 2013							
Opening net book amount	11,519,693	10,178,071	19,553,075	423,620	1,068,605	42,767,225	85,510,289
Additions	7,191	1,881,463	1,643,496	—	286,806	26,261,645	30,080,601
Transfer upon completion	6,652,227	1,082,118	4,835,772	12,680	294,646	(12,877,443)	—
Transfer to land use right	—	—	—	—	—	(409,664)	(409,664)
Disposals	(6,662)	(372)	(91,942)	—	(14,119)	—	(113,095)
Depreciation charge (Note 31)	(730,932)	(929,320)	(3,046,513)	(16,829)	(257,324)	—	(4,980,918)
Provision for impairment	(46,252)	—	(22,908)	—	(2,853)	—	(72,013)
Closing net book amount	17,395,265	12,211,960	22,870,980	419,471	1,375,761	55,741,763	110,015,200
At 31 December 2013							
Cost	21,045,036	17,069,311	39,812,552	769,122	2,470,431	55,741,763	136,908,215
Accumulated depreciation	(3,589,941)	(4,856,181)	(16,855,344)	(349,651)	(1,024,582)	—	(26,675,699)
Impairment provision	(59,830)	(1,170)	(86,228)	—	(70,088)	—	(217,316)
Net book amount	17,395,265	12,211,960	22,870,980	419,471	1,375,761	55,741,763	110,015,200

7 PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

	Buildings	Plant, machinery and equipment	Motor vehicles and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2012					
Cost	—	2,198	67,146	5,305	74,649
Accumulated depreciation	—	(1,721)	(19,391)	—	(21,112)
Net book amount	—	477	47,755	5,305	53,537
Year ended 31 December 2012					
Opening net book amount	—	477	47,755	5,305	53,537
Additions	301,512	15	12,904	—	314,431
Depreciation charge	—	(94)	(10,690)	—	(10,784)
Closing net book amount	301,512	398	49,969	5,305	357,184
At 31 December 2012					
Cost	301,512	2,213	80,050	5,305	389,080
Accumulated depreciation	—	(1,815)	(30,081)	—	(31,896)
Net book amount	301,512	398	49,969	5,305	357,184
Year ended 31 December 2013					
Opening net book amount	301,512	398	49,969	5,305	357,184
Additions	—	—	5,276	—	5,276
Disposals	—	—	(276)	—	(276)
Depreciation charge	(8,184)	(94)	(11,500)	—	(19,778)
Closing net book amount	293,328	304	43,469	5,305	342,406
At 31 December 2013					
Cost	301,512	2,213	84,998	5,305	394,028
Accumulated depreciation	(8,184)	(1,909)	(41,529)	—	(51,622)
Net book amount	293,328	304	43,469	5,305	342,406

7 PROPERTY, PLANT AND EQUIPMENT (Continued)

During the year ended 31 December 2013, the depreciation charges of the Group were recorded in cost of sales with an amount of RMB4,383,299,000 (2012: RMB4,000,717,000), selling, general and administrative expenses with an amount of RMB307,517,000 (2012: RMB240,026,000), construction in progress with an amount of RMB285,998,000 (2012: Nil), and cost of inventories which remained unsold as at year end with an amount of RMB4,104,000 (2012: RMB27,885,000) respectively.

Bank borrowings are secured on construction in progress for the value of RMB1,676,087,000 (2012: Nil) (Note 24).

As at 31 December 2013, the Group was in the process of obtaining the legal title of buildings with a cost value of approximately RMB685,501,000 and a net book value of approximately RMB576,676,000 (2012: RMB744,978,000 and RMB654,531,000).

8 LAND USE RIGHTS

	Group
	RMB'000
At 1 January 2012	
Cost	3,163,909
Accumulated amortisation	(343,550)
Provision charge	(1,469)
Net book amount	2,818,890
Year ended 31 December 2012	
Opening net book amount	2,818,890
Additions	843,062
Disposals	(64,807)
Amortisation charge	(68,639)
Closing net book amount	3,528,506
At 31 December 2012	
Cost	3,936,698
Accumulated amortisation	(406,995)
Provision charge	(1,197)
Net book amount	3,528,506
Year ended 31 December 2013	
Opening net book amount	3,528,506
Additions	553,220
Amortisation charge	(76,135)
Closing net book amount	4,005,591
At 31 December 2013	
Cost	4,489,918
Accumulated amortisation	(483,130)
Provision charge	(1,197)
Net book amount	4,005,591

The Group's land use rights represent prepaid operating lease payments for leasehold land located in the PRC with lease periods of between 20 to 50 years.

The amortisation charges were recorded in cost of sales with an amount of RMB41,202,000 (2012: RMB35,374,000), selling, general and administrative expenses with an amount of RMB31,379,000 (2012: RMB33,265,000) and construction in progress with an amount of RMB3,554,000 (2012: Nil).

9 MINING AND EXPLORATION RIGHTS

	Mining rights	Exploration Rights	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2012			
Cost	8,150,476	22,738,047	30,888,523
Accumulated amortisation	(1,915,940)	—	(1,915,940)
Net book amount	6,234,536	22,738,047	28,972,583
Year ended 31 December 2012			
Opening net book amount	6,234,536	22,738,047	28,972,583
Additions	3,371,216	506,896	3,878,112
Amortisation charge	(372,066)	—	(372,066)
Closing net book amount	9,233,686	23,244,943	32,478,629
At 31 December 2012			
Cost	11,521,692	23,244,943	34,766,635
Accumulated amortisation	(2,288,006)	—	(2,288,006)
Net book amount	9,233,686	23,244,943	32,478,629
Year ended 31 December 2013			
Opening net book amount	9,233,686	23,244,943	32,478,629
Additions	511,811	120	511,931
Transfer from exploration rights to mining rights	3,592,158	(3,592,158)	—
Amortisation charge	(423,716)	—	(423,716)
Closing net book amount	12,913,939	19,652,905	32,566,844
At 31 December 2013			
Cost	15,625,661	19,652,905	35,278,566
Accumulated amortisation	(2,711,722)	—	(2,711,722)
Net book amount	12,913,939	19,652,905	32,566,844

The amortisation charge was mainly recorded in cost of sales for the years ended 31 December 2013 and 2012.

10 INVESTMENTS IN SUBSIDIARIES

(a) Investments in subsidiaries

	Company	
	31 December 2013 RMB'000	31 December 2012 RMB'000
Investments, at cost:		
Shares listed in the PRC	**2,317,127**	2,257,477
Unlisted shares	**62,505,744**	55,915,911
	64,822,871	58,173,388
Market value of listed shares	**4,471,306**	7,259,669

Particulars of principal subsidiaries as at 31 December 2013 are set out in Note 43(a).

(b) Material non-controlling interests

The total non-controlling interest for the year is RMB15,282,116,000 (2012: RMB14,694,025,000). The material non-controlling interests are set out below.

Subsidiaries with material non-controlling interest	**31 December 2013 RMB'000**
Shanghai Datun Energy Resources Co., Limited ("Shanghai Datun")	**3,282,502**
Shanxi China Coal Huajin Energy Company Limited ("China Coal Huajin")	**2,124,281**
Ordos Yinhe Hongtai Coal Power Company Limited ("Yinhe Hongtai")	**1,764,443**
	7,171,226

The remaining non-controlling interests are not material.

There are no significant restrictions on the ability of subsidiaries to transfer funds to the Company or any of its other subsidiaries.

10 INVESTMENTS IN SUBSIDIARIES (Continued)

(b) Material non-controlling interests (Continued)

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group.

Summarised balance sheet

	Shanghai Datun		China Coal Huajin		Yinhe Hongtai	
	31 December 2013 RMB'000	31 December 2012 RMB'000	**31 December 2013 RMB'000**	31 December 2012 RMB'000	**31 December 2013 RMB'000**	31 December 2012 RMB'000
Current assets	**2,612,619**	2,285,966	**2,002,934**	1,259,168	**25,098**	58,574
Non-current assets	**11,622,624**	10,250,854	**10,584,074**	9,178,928	**11,097,073**	11,091,597
	14,235,243	12,536,820	**12,587,008**	10,438,096	**11,122,171**	11,150,171
Current liabilities	**4,099,110**	2,050,440	**3,649,566**	2,918,901	**508**	434
Non-current liabilities	**927,614**	1,163,492	**4,014,904**	3,901,120	**2,751,542**	2,751,542
	5,026,724	3,213,932	**7,664,470**	6,820,021	**2,752,050**	2,751,976
Net assets	**9,208,519**	9,322,888	**4,922,538**	3,618,075	**8,370,121**	8,398,195

10 INVESTMENTS IN SUBSIDIARIES (Continued)

(b) Material non-controlling interests (Continued)

Summarised financial information on subsidiaries with material non-controlling interests (Continued)

Summarised income statement and statement of comprehensive income

	Shanghai Datun		China Coal Huajin		Yinhe Hongtai	
	2013	2012	**2013**	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Revenue	**8,461,013**	9,722,984	**3,895,183**	804,085	**—**	—
Profit before income tax	**177,796**	1,125,747	**1,795,131**	277,468	**—**	—
Income tax expense	**62,728**	289,379	**432,036**	73,453	**—**	—
Profit for the year	**115,068**	836,368	**1,363,095**	204,015	**—**	—
Other comprehensive income for the year	**—**	—	**—**	—	**—**	—
Total comprehensive income for the year	**115,068**	836,368	**1,363,095**	204,015	**—**	—
Total comprehensive income allocated to non-controlling interests	**49,772**	309,310	**638,218**	(12,219)	**—**	—
Dividends paid to non-controlling interests	**108,610**	81,458	**—**	—	**—**	—

10 INVESTMENTS IN SUBSIDIARIES (Continued)

(b) Material non-controlling interests (Continued)

Summarised financial information on subsidiaries with material non-controlling interests (Continued)

Summarised cash flows

	Shanghai Datun		China Coal Huajin		Yinhe Hongtai	
	2013	2012	**2013**	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Cash flows from operating activities						
Cash generated/(used) from operations	**904,191**	1,838,299	**1,724,469**	620,032	**(24,076)**	1,204
Interest paid	**(101,277)**	(61,406)	**(328,160)**	(234,422)	**—**	—
Interest income received	**2,748**	8,079	**2,588**	1,206	**137**	344
Income tax paid	**(119,783)**	(372,655)	**(355,973)**	(134,245)	**—**	—
Net cash generated/(used) from operating activities	**685,879**	1,412,317	**1,042,924**	252,571	**(23,939)**	1,548
Net cash used in investing activities	**(1,848,059)**	(1,684,420)	**(1,124,320)**	(1,448,719)	**(5,541)**	(15,633)
Net cash generated from/(used) in financing activities	**1,197,772**	(147,243)	**78,795**	1,644,220	**(28,073)**	—
Net increase/(decrease) in cash and cash equivalents	**35,592**	(419,346)	**(2,601)**	448,072	**(57,553)**	(14,085)
Cash and cash equivalents, at beginning of the year	**256,148**	675,494	**534,970**	86,898	**57,654**	71,739
Cash and cash equivalents at end of the year	**291,740**	256,148	**532,369**	534,970	**101**	57,654

The information above is the amount before inter-company eliminations.

11 INVESTMENTS IN ASSOCIATES

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Beginning of the year	**8,484,033**	7,058,652	**6,784,945**	5,576,259
Additions	**1,109,454**	1,233,825	**960,000**	1,208,686
Share of profits	**67,032**	286,790	**—**	—
Share of change in reserves	**20,940**	(12,272)	**—**	—
Dividends	**(121,270)**	(82,962)	**—**	—
End of the year	**9,560,189**	8,484,033	**7,744,945**	6,784,945

Set out below are the associates of the Group as at 31 December 2013, which, in the opinion of the directors, are material to the Group. All of the associates are unlisted and there are no quoted market price available for their shares. The country of incorporation or registration is also their principal place of business.

Nature of investment in material associates as at 31 December 2013 and 2012

Name of entity	Place of business/ country of incorporation	% of ownership interest	Measurement method
Zhongtian Synergetic Energy Company Limited ("Zhongtian Synergetic")	Ordos, the PRC	38.75%	Equity
Shaanxi Yanchang China Coal Yulin Energy Chemical Company Limited ("Shaanxi Yanchang")	Yulin, the PRC	30%	Equity
Huajin Coking Coal Company Limited ("Huajin Coking Coal")	Liulin, the PRC	49%	Equity

There are no contingent liabilities relating to the Group's interest in the associates.

11 INVESTMENTS IN ASSOCIATES (Continued)

Summarised financial information for associates

Set out below are the summarised financial information for associates which are accounted for using the equity method:

Summarised balance sheet

	Zhongtian Synergetic		Shaanxi Yanchang		Huajin Coking Coal	
	31 December 2013 RMB'000	31 December 2012 RMB'000	**31 December 2013 RMB'000**	31 December 2012 RMB'000	**31 December 2013 RMB'000**	31 December 2012 RMB'000
Current assets	**4,473,510**	2,140,187	**3,882,338**	6,292,200	**3,283,780**	4,186,086
Non-current assets	**6,982,017**	5,866,359	**15,976,487**	6,368,177	**8,751,705**	6,914,769
Current liabilities	**334,126**	215,145	**3,215,201**	5,660,377	**3,850,300**	3,423,478
Non-current liabilities	**1,330,000**	—	**9,650,000**	—	**5,638,756**	4,802,296
Net assets	**9,791,401**	7,791,401	**6,993,624**	7,000,000	**2,546,429**	2,875,081
Net assets attributable to the equity holder of the associate	**9,791,401**	7,791,401	**6,993,624**	7,000,000	**2,240,806**	2,478,909
Net assets attributable to non-controlling interests	**—**	—	**—**	—	**305,623**	396,172
	9,791,401	7,791,401	**6,993,624**	7,000,000	**2,546,429**	2,875,081

11 INVESTMENTS IN ASSOCIATES (Continued)

Summarised financial information for associates (Continued)

Summarised income statement and statement of comprehensive income

	Zhongtian Synergetic		Shaanxi Yanchang		Huajin Coking Coal	
	2013	2012	**2013**	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Revenue	**—**	—	**4,483**	—	**5,961,623**	4,961,548
(Loss)/Profit for the year from continuing operations	**—**	(47,005)	**(6,376)**	—	**(241,711)**	340,865
-Profit attributable to equity holders of the associate	**—**	(47,005)	**(6,376)**	—	**(240,803)**	274,057
Other comprehensive (loss)/income for the year	**—**	—	**—**	—	**—**	—
Total comprehensive income for the year	**—**	(47,005)	**(6,376)**	—	**(241,711)**	340,865
Dividends received from associate	**—**	—	**—**	—	**—**	—

The information above reflects the amounts presented in the financial statements of the associates (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associates.

11 INVESTMENTS IN ASSOCIATES (Continued)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates

	Zhongtian Synergetic		Shaanxi Yanchang		Huajin Coking Coal	
	2013	2012	**2013**	2012	**2013**	2012
Summarised financial information	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Opening net assets attributable to equity holder of the associate at 1 January	**7,791,401**	5,308,324	**7,000,000**	7,000,000	**2,478,909**	2,189,242
(Loss)/profit for the year	**—**	(47,005)	**(6,376)**	—	**(240,803)**	274,057
Contributions	**2,000,000**	2,530,082	**—**	—	**—**	10,610
Others	**—**	—	**—**	—	**2,700**	5,000
Closing net assets attributable to equity holder of the associate at 31 December	**9,791,401**	7,791,401	**6,993,624**	7,000,000	**2,240,806**	2,478,909
Interest in associates (38.75%, 30%, 49%)	**3,794,168**	3,019,168	**2,098,087**	2,100,000	**1,097,995**	1,214,665
Impact of contribution specifically dedicated to the Group	**—**	—	**—**	—	**19,770**	19,770
Carrying value	**3,794,168**	3,019,168	**2,098,087**	2,100,000	**1,117,765**	1,234,435

11 INVESTMENTS IN ASSOCIATES (Continued)

Set out below are the carrying amount and movements of interests in other immaterial associates.

	Group	
	2013	2012
	RMB'000	RMB'000
Beginning of the year	**2,130,430**	1,787,171
Additions	**334,454**	253,418
Share of profit	**186,938**	170,716
Share of change in reserves	**19,617**	2,087
Dividends	**(121,270)**	(82,962)
End of the year	**2,550,169**	2,130,430

12 INVESTMENTS IN JOINT VENTURES

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Beginning of the year	**378,506**	578,015	**33,433**	33,433
Additions	**65,000**	—	**65,000**	—
Change from a joint venture to a subsidiary	**—**	(149,005)	**—**	—
Share of profit/(loss)	**84,535**	(50,925)	**—**	—
Others	**(1,741)**	421	**—**	—
End of the year	**526,300**	378,506	**98,433**	33,433

All of the joint ventures are unlisted and there is no quoted market price available for their shares.

There are no commitment and contingent liabilities relating to the Group's interest in the joint ventures.

13 FINANCIAL INSTRUMENTS

Group – 31 December 2013

	Loans and receivables RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
Assets as per balance sheet			
Available-for-sale financial assets	—	2,020,603	2,020,603
Trade and other receivables excluding prepayments	16,604,124	—	16,604,124
Long-term receivables	40,274	—	40,274
Restricted bank deposits and term deposits	9,788,432	—	9,788,432
Cash and cash equivalents	11,232,575	—	11,232,575
Total	37,665,405	2,020,603	39,686,008

	Other financial liabilities at amortised cost RMB'000
Liabilities as per balance sheet	
Borrowings	40,094,963
Trade and other payables	31,514,119
Other long-term liabilities	639,869
Long-term bonds	29,868,059
Total	102,117,010

13 FINANCIAL INSTRUMENTS (Continued)

Company – 31 December 2013

	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	RMB'000	RMB'000
Assets as per balance sheet			
Available-for-sale financial assets	—	1,887,970	1,887,970
Trade and other receivables excluding prepayments	12,122,638	—	12,122,638
Cash and cash equivalents	7,014,660	—	7,014,660
Term deposits	7,699,162	—	7,699,162
Loans to subsidiaries	30,668,338	—	30,668,338
Total	57,504,798	1,887,970	59,392,768

	Other financial liabilities at amortised cost
	RMB'000
Liabilities as per balance sheet	
Borrowings	13,166,000
Long-term bonds	29,868,059
Trade and other payables	14,267,349
Total	57,301,408

13 FINANCIAL INSTRUMENTS (Continued)

Group – 31 December 2012

	Loans and receivables Restated RMB'000	Available-for-sale financial assets RMB'000	Total Restated RMB'000
Assets as per balance sheet			
Available-for-sale financial assets	—	1,687,917	1,687,917
Trade and other receivables excluding prepayments	14,961,611	—	14,961,611
Long-term receivables	137,304	—	137,304
Restricted bank deposits and term deposits	11,700,935	—	11,700,935
Cash and cash equivalents	13,222,898	—	13,222,898
Total	40,022,748	1,687,917	41,710,665

	Other financial liabilities at amortised cost Restated RMB'000
Liabilities as per balance sheet	
Borrowings	26,712,264
Trade and other payables	25,417,894
Other long-term liabilities	716,883
Long-term bonds	19,906,414
Total	72,753,455

13 FINANCIAL INSTRUMENTS (Continued)

Company – 31 December 2012

	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	RMB'000	RMB'000
Assets as per balance sheet			
Available-for-sale financial assets	—	1,570,500	1,570,500
Trade and other receivables excluding prepayments	14,937,744	—	14,937,744
Cash and cash equivalents	8,297,231	—	8,297,231
Term deposits	8,497,977	—	8,497,977
Loan to subsidiaries	24,861,100	—	24,861,100
Total	56,594,052	1,570,500	58,164,552

	Other financial liabilities at amortised cost
	RMB'000
Liabilities as per balance sheet	
Borrowings	6,246,000
Long-term bonds	19,906,414
Trade and other payables	21,480,237
Total	47,632,651

14 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Beginning of the year	**1,687,917**	1,221,995	**1,570,500**	1,130,000
Additions	**356,727**	467,824	**317,470**	440,500
Provision for impairment	**—**	(2,797)	**—**	—
Disposal	**(20,490)**	(590)	**—**	—
(Decrease)/increase in fair value charged to other comprehensive income	**(3,551)**	1,485	**—**	—
End of the year	**2,020,603**	1,687,917	**1,887,970**	1,570,500

Available-for-sale financial assets include the following:

	Group		Company	
	31 December 2013	31 December 2012	**31 December 2013**	31 December 2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Listed securities, at fair value				
– equity securities, listed in the PRC	**12,397**	15,948	**—**	—
Unlisted securities				
– equity securities, at cost (Note)	**2,008,206**	1,651,969	**1,887,970**	1,570,500
– debt instruments	**—**	20,000	**—**	—
	2,020,603	1,687,917	**1,887,970**	1,570,500

Note:
These investments carried at cost represented investments in equity shares of unlisted entities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

Available-for-sale financial assets comprising principally unlisted equity securities are classified as non-current assets unless they are expected to be realised within 12 months of the balance sheet date.

Dividend income from available-for-sale investments amounted to RMB4,371,000 in 2013 (2012: RMB5,073,000).

Available-for-sale financial assets are all denominated in RMB.

15 LOANS TO SUBSIDIARIES

The Company borrowed bank loans from PRC banks and on-lent such loans to its subsidiaries at interest rates ranging from 5.90% to 6.77% (2012: from 6.35% to 7.22%) per annum with maturities up to 5 years (2012: up to 6 years). The loans are neither past due nor impaired as at 31 December 2013 and 2012. Such loan balances and the related interest income have been eliminated in the consolidated balance sheet and income statement.

The carrying amounts of loans to subsidiaries approximate their fair values.

16 LONG-TERM RECEIVABLES

	Group	
	2013	2012
	RMB'000	RMB'000
Entrusted loans to a joint venture	**—**	102,000
Others	**40,274**	35,304
Total	**40,274**	137,304

The receivables are neither past due nor impaired as at 31 December 2013 and 2012. The carrying amounts of long-term receivables approximate their fair values.

17 OTHER NON-CURRENT ASSETS

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Prepayments for long-term investments (Note (a))	**5,751,800**	2,834,509	**3,200,914**	426,300
Prepayments for mining and exploration rights (Note (b))	**1,697,595**	497,595	**500,000**	—
Prepayments for constructions in progress and equipment	**513,138**	—	**—**	—
Deductible value added tax	**755,401**	—	**—**	—
Others	**681,207**	218,796	**258,732**	—
Total	**9,399,141**	3,550,900	**3,959,646**	426,300

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 acquisitions and restructuring of several local coal mines. In this regard, as at 31 December 2013, the Group has paid RMB3,021,800,000 (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.

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 31 December 2013, the Company has paid RMB2,730 million. As the relevant legal procedures are still in process, such balances are recorded as other non-current assets.

(b) As at 31 December 2013, the Group has paid RMB1,697,595,000 (31 December 2012: RMB497,595,000) for the acquisitions of mining and exploration rights. As the relevant legal procedures related to mining and exploration licenses are still in process, such balances are recorded as other non-current assets. These prepayments will be transferred to mining and exploration rights upon completion of related legal procedures.

As at 31 December 2013, the amounts of prepayment to fellow subsidiaries for purchasing property, plant and equipment amounted to RMB38,050,000 (2012: Nil), which are unsecured and interest free.

18 INVENTORIES

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Coal	**1,002,997**	622,403	**201,272**	224,092
Coke	**54,582**	82,237	**—**	—
Machinery for sale	**2,266,251**	2,394,930	**—**	—
Auxiliary materials, spare parts and tools	**3,482,663**	3,597,599	**—**	—
	6,806,493	6,697,169	**201,272**	224,092

The provisions for impairment of inventories of the Group amounted to RMB159,659,919 as at 31 December 2013 (2012: RMB141,321,609).

19 TRADE AND NOTES RECEIVABLES

	Group		Company	
	31 December	31 December	**31 December**	31 December
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade receivables, net (note (a))	**8,268,716**	8,174,843	**2,720,992**	3,776,405
Notes receivables (note (b))	**4,626,761**	3,218,907	**375,346**	310,965
	12,895,477	11,393,750	**3,096,338**	4,087,370

19 TRADE AND NOTES RECEIVABLES (Continued)

Notes:

(a) Trade receivables are analysed as follows:

	Group		Company	
	31 December 2013 RMB'000	31 December 2012 RMB'000	**31 December 2013 RMB'000**	31 December 2012 RMB'000
Trade receivables				
– Subsidiaries	**—**	—	**1,060,925**	450,233
– Associates	**23,556**	61,852	**14,202**	51,400
– Joint ventures	**43,163**	26,959	**—**	—
– Fellow subsidiaries	**438,567**	455,081	**464**	—
– Third parties	**7,763,430**	7,630,951	**1,645,401**	3,274,772
Trade receivables, net	**8,268,716**	8,174,843	**2,720,992**	3,776,405

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

	Group		Company	
	31 December 2013 RMB'000	31 December 2012 RMB'000	**31 December 2013 RMB'000**	31 December 2012 RMB'000
Within 6 months	**6,152,209**	7,025,354	**2,719,687**	3,775,100
6 months – 1 year	**1,203,275**	735,979	**23**	—
1 – 2 years	**880,889**	388,223	**—**	—
2 – 3 years	**170,657**	116,579	**—**	1,305
Over 3 years	**263,192**	242,860	**1,305**	—
Trade receivables, gross	**8,670,222**	8,508,995	**2,721,015**	3,776,405
Less: Impairment of receivables	**(401,506)**	(334,152)	**(23)**	—
Trade receivables, net	**8,268,716**	8,174,843	**2,720,992**	3,776,405

Movements of the provision for impairment of trade receivables are as follows:

	Group		Company	
	2013 RMB'000	2012 RMB'000	**2013 RMB'000**	2012 RMB'000
Beginning of the year	**334,152**	297,283	**—**	—
Provision for impairment of receivables	**77,450**	45,773	**23**	—
Reversal of provision for impairment of receivables	**(10,073)**	(7,393)	**—**	—
Receivables written off during the year as uncollectable	**(23)**	(1,511)	**—**	—
At the end of the year	**401,506**	334,152	**23**	—

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.

19 TRADE AND NOTES RECEIVABLES (Continued)

Notes: (Continued)

(a) Trade receivables are analysed as follows (Continued):

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 (2012: less than one year).

(c) The carrying amounts of trade and notes receivables are denominated in the following currencies:

	Group		Company	
	31 December 2013 RMB'000	31 December 2012 RMB'000	**31 December 2013 RMB'000**	31 December 2012 RMB'000
RMB	**12,705,851**	11,246,129	**3,096,338**	4,087,370
USD	**189,626**	147,621	**—**	—
	12,895,477	11,393,750	**3,096,338**	4,087,370

(d) The carrying amounts of trade and notes receivables approximate their fair values.

(e) As at 31 December 2013, notes receivables with amount of RMB609,692,000 (2012: RMB57,000,000) are secured for short-term borrowings amounted to RMB575,300,000 (2012: RMB50,000,000)(Note 24(g)). Notes receivables with amount of RMB80,500,000 (2012: RMB27,540,000) are secured for notes payables amounted to RMB80,500,000 (2012: RMB34,648,000).

20 PREPAYMENTS AND OTHER RECEIVABLES

	Group		Company	
	31 December 2013 RMB'000	31 December 2012 Restated RMB'000	**31 December 2013 RMB'000**	31 December 2012 RMB'000
Advances to suppliers (note (a))	**2,195,785**	2,838,411	**190,119**	359,404
Loan receivables (note (b))	**2,202,000**	1,824,894	**2,776,138**	—
Interest receivable (note (c))	**247,680**	232,983	**955,893**	853,956
Dividends receivable	**28,194**	28,094	**4,563,660**	9,203,484
Other amounts due from related parties, gross (note (d))	**157,776**	111,319	**715,288**	778,338
Other amounts due from third parties, gross (note (e))	**2,464,392**	1,630,822	**80,314**	76,688
	7,295,827	6,666,523	**9,281,412**	11,271,870
Less: Impairment of prepayment and other receivables (note (f))	**(290,982)**	(288,462)	**(62,092)**	(62,092)
Prepayments and other receivables, net (note (g))	**7,004,845**	6,378,061	**9,219,320**	11,209,778

Notes:

(a) Advances to suppliers are analysed as follows:

	Group		Company	
	31 December 2013 RMB'000	31 December 2012 RMB'000	**31 December 2013 RMB'000**	31 December 2012 RMB'000
Advances to suppliers				
– Subsidiaries	**—**	—	**14,604**	63,285
– Associates	**13,808**	12,062	**—**	—
– Fellow subsidiaries	**63,254**	83,159	**1,567**	—
– Third parties	**2,118,723**	2,743,190	**173,948**	296,119
	2,195,785	2,838,411	**190,119**	359,404

As at 31 December 2012 and 2013, advanced to related parties are unsecured and interest free.

20 PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(b) Loan receivables are analysed as follows:

	Group		Company	
	31 December 2013 RMB'000	31 December 2012 RMB'000	**31 December 2013 RMB'000**	31 December 2012 RMB'000
Loan receivables				
– Subsidiaries (note (i))	**—**	—	**2,776,138**	—
– Joint venture (note (ii))	**102,000**	124,894	**—**	—
– Third party (note (iii))	**2,100,000**	1,700,000	**—**	—
	2,202,000	1,824,894	**2,776,138**	—

Notes:

(i) The balance represents loans to subsidiaries of the Company. The loan receivables are unsecured and repayable within 12 months from the balance sheet date, with an interest rate ranged from 5.90% to 7.22% per annum (2012:Nil).

(ii) The balance represents an entrusted loan to a joint venture of the Group via Bank of Communications. The loan receivable is unsecured and repayable within 12 months from the balance sheet date, with an interest rate of 7.47% per annum (2012: 7.47% and 8.18%).

(iii) The balance represents an entrusted loan to a third party via China Construction Bank and Bank of China. The loan receivable is unsecured and repayable within 12 months from the balance sheet date, with interest rates of 6.60% (2012: 6.44% and 6.60%) per annum.

None of the loan receivables is past due or impaired.

(c) The amount for the Group as at 31 December 2013 represents interest receivable from several term deposits with interest rates ranged from 2.75% to 3.50% (2012: from 2.60% to 3.50%) per annum.

The amount for the Company as at 31 December 2013 represents interest receivable from several term deposits with interest rates ranged from 2.75% to 3.5% (2012: from 2.60% to 3.50%) per annum and certain loan receivables to subsidiaries with interest rates ranged from 5.90% to 7.22% (2012: from 6.12% to 7.22%) per annum.

(d) Other amounts due from related parties are analysed as follows:

	Group		Company	
	31 December 2013 RMB'000	31 December 2012 Restated RMB'000	**31 December 2013 RMB'000**	31 December 2012 RMB'000
Amount due from related parties, gross				
– Subsidiaries	**—**	—	**714,923**	777,588
– Associates	**43,712**	40,788	**67**	472
– Fellow subsidiaries	**114,064**	70,531	**298**	278
	157,776	111,319	**715,288**	778,338
Less: Impairment of receivables	**(7,915)**	(8,127)	**—**	—
Amount due from related parties, net	**149,861**	103,192	**715,288**	778,338

Other amounts due from related parties are unsecured, interest free and are repayable on demand.

20 PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(e) Aging analysis of other amounts due from third parties on each balance date is as follows:

	Group		Company	
	31 December 2013 RMB'000	31 December 2012 RMB'000	**31 December 2013 RMB'000**	31 December 2012 RMB'000
Within 1 year	**1,941,187**	1,231,288	**8,848**	4,977
1 – 2 years	**169,735**	92,963	**272**	523
2 – 3 years	**54,391**	19,471	**6**	9,000
Over 3 years	**299,079**	287,100	**71,188**	62,188
Other amounts due from third parties, gross	**2,464,392**	1,630,822	**80,314**	76,688
Less: Impairment of receivables	**(253,541)**	(252,275)	**(62,092)**	(62,092)
Other amounts due from third parties, net	**2,210,851**	1,378,547	**18,222**	14,596

(f) The provision for impairment mainly relates to amounts due from third parties and related parties.

Movement of the provision for impairment of prepayment and other receivables are as follows:

	Group		Company	
	31 December 2013 RMB'000	31 December 2012 RMB'000	**31 December 2013 RMB'000**	31 December 2012 RMB'000
Beginning of the year	**288,462**	300,706	**62,092**	62,092
Provision for impairment of receivables	**6,295**	7,819	**—**	—
Reversal of provision for impairment of receivables	**(3,664)**	(20,063)	**—**	—
Receivables written off during the year as uncollectible	**(111)**	—	**—**	—
At the end of the year	**290,982**	288,462	**62,092**	62,092

There are no significant amounts due from third parties and related parties that are past due but are not impaired.

(g) The carrying amounts of other receivables approximate their fair values.

(h) There are no collaterals for other receivables.

20 PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(i) The carrying amounts of prepayments and other receivables are denominated in the following currencies:

	Group		Company	
	31 December 2013 RMB'000	31 December 2012 RMB'000	**31 December 2013 RMB'000**	31 December 2012 RMB'000
RMB	**6,965,186**	5,456,166	**9,217,078**	11,208,258
USD	**39,600**	718,954	**2,242**	1,520
AUD	**59**	3,734	**—**	—
EUR	**—**	183,196	**—**	—
GBP	**—**	16,011	**—**	—
	7,004,845	6,378,061	**9,219,320**	11,209,778

21 CASH AND BANK DEPOSITS

	Group		Company	
	31 December 2013 RMB'000	31 December 2012 Restated RMB'000	**31 December 2013 RMB'000**	31 December 2012 RMB'000
Restricted bank deposits (note (a))	**1,583,835**	2,229,495	**—**	—
Term deposits with initial terms of over three months	**8,204,597**	9,471,440	**7,699,162**	8,497,977
Cash and cash equivalents				
– Cash on hand	**1,625**	1,577	**38**	35
– Deposits with banks and other financial institutions	**11,230,950**	13,221,321	**7,014,622**	8,297,196
	21,021,007	24,923,833	**14,713,822**	16,795,208

21 CASH AND BANK DEPOSITS (Continued)

Notes:

(a) Restricted bank deposits mainly include the deposits set aside for the transformation fund and the environmental restoration fund as required by related regulations (Note 23) and deposits pledged for issuance of notes payable.

(b) For the year ended 31 December 2013, the weighted average effective interest rates on deposits ranged from 0.35% to 3.5% (2012: 0.35% to 3.87%) per annum.

(c) As at 31 December 2013, term deposits amounting to RMB108,100,000 (2012: Nil) are secured to banks for notes payables amounted to RMB111,200,000 (2012: Nil).

(d) Deposits and cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	31 December 2013	31 December 2012 Restated	**31 December 2013**	31 December 2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
RMB	**20,804,015**	24,616,411	**14,710,217**	16,788,869
USD	**194,591**	214,131	**3,605**	6,339
EUR	**19,933**	89,463	**—**	—
Other currencies	**2,468**	3,828	**—**	—
	21,021,007	24,923,833	**14,713,822**	16,795,208

Cash and bank deposits are principally RMB-denominated deposits placed with banks in the PRC. The conversion of RMB-denominated deposits into foreign currencies and remittance out of the PRC are subject to certain PRC rules and regulations of foreign exchange control promulgated by the PRC government. Also, the exchange rates are determined by the PRC government.

(e) The carrying amount of bank deposits approximates their fair value.

22 SHARE CAPITAL

	2013 Number of shares (thousands)	2013 Nominal Value RMB'000	2012 Number of shares (thousands)	2012 Nominal Value RMB'000
Registered, issued and fully paid:				
Domestic shares of RMB1.00 each				
– held by China Coal Group	**7,605,208**	**7,605,208**	7,538,833	7,538,833
– held by other A share shareholders	**1,546,792**	**1,546,792**	1,613,167	1,613,167
H shares of RMB1.00 each				
– held by a wholly-owned subsidiary of China Coal Group	**132,351**	**132,351**	125,351	125,351
– held by other H share shareholders	**3,974,312**	**3,974,312**	3,981,312	3,981,312
	13,258,663	**13,258,663**	13,258,663	13,258,663

A summary of the movement in the Company's issued share capital is as follows:

	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
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
Share transactions (note (c))	66,375	(66,375)	7,000	(7,000)	—
As at 31 December 2013	7,605,208	1,546,792	132,351	3,974,312	13,258,663

22 SHARE CAPITAL (Continued)

Notes:

(a) The Domestic shares (A shares) rank pari passu, in all material respects, with the H shares. The China Coal Group has promised a lock-up period of 36 months for transfer of approximately 7,481,644,000 A shares, commencing on the date on which the A shares were listed on the Shanghai stock Exchange. These restricted shares held by China Coal Group became tradeable commencing from 1 February 2011.

As at 31 December 2013 and 2012, 145,023,000 A shares of the Company are still restricted for trading, which are held by the National Council for Social Security Fund and become tradable commencing from 1 February 2014.

(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%.

(c) In 2013, China Coal Group purchased 66,374,261 A shares via the Shanghai Stock Exchange, resulting in increase its shareholding to 57.36%.

(d) As at 31 December 2013, China Coal Hong Kong Company Limited, a wholly-owned subsidiary of China Coal Group, held approximately 132,351,000 H Shares of the Company, representing 1.00% of the Company's total share capital.

23 RESERVES

Group

	Capital reserve	Statutory reserve funds	Future development fund	Safety fund	Other funds relevant to coal enterprise	Translation reserve	Other reserves	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2012 (as previously reported)	30,573,812	2,654,896	188,868	911,488	2,340,187	(34,334)	7,980,909	24,650,644	69,266,470
Acquisition of a subsidiary under common control (Note 2(a))	—	—	—	—	—	—	5,068	5,751	10,819
Balance at 1 January 2012 (restated)	30,573,812	2,654,896	188,868	911,488	2,340,187	(34,334)	7,985,977	24,656,395	69,277,289
Profit for the year	—	—	—	—	—	—	—	8,842,340	8,842,340
Other comprehensive income	—	—	—	—	—	3,211	1,114	—	4,325
Appropriations	—	1,087,617	(134,814)	(894,039)	131,363	—	—	(190,127)	—
Acquisition of subsidiaries under common control	—	—	—	—	—	—	(1,246,896)	(72,294)	(1,319,190)
– Including: the subsidiary's transfer of retained earnings to share capital	—	—	—	—	—	—	72,294	(72,294)	—
Purchase of equity from a non-controlling shareholder	—	—	—	—	—	—	(363,123)	—	(363,123)
Share of change in reserves of associates	—	—	—	—	—	—	103,185	(116,193)	(13,008)
Attributable to change of a joint venture to a subsidiary	—	—	93	2,018	2,526	—	(4,637)	—	—
Contributions	12,746	—	—	—	—	—	—	—	12,746
Dividends (Note 36)	—	—	—	—	—	—	—	(2,851,145)	(2,851,145)
Profit distributed to original shareholder prior to common control acquisition	—	—	—	—	—	—	—	(111,555)	(111,555)
Balance at 31 December 2012	30,586,558	3,742,513	54,147	19,467	2,474,076	(31,123)	6,475,620	30,157,421	73,478,679
Profit for the year	—	—	—	—	—	—	—	3,805,128	3,805,128
Other comprehensive loss	—	—	—	—	—	(16,121)	(2,663)	—	(18,784)
Appropriations	—	250,309	21,989	50,857	246,325	—	—	(569,480)	—
Acquisition of a subsidiary under common control	—	—	—	—	—	—	(10,946)	—	(10,946)
Share of change in reserves of associates	—	—	—	—	—	—	45,917	(25,604)	20,313
Contributions	62,290	—	—	—	—	—	—	—	62,290
Dividends (Note 36)	—	—	—	—	—	—	—	(2,784,319)	(2,784,319)
Balance at 31 December 2013	30,648,848	3,992,822	76,136	70,324	2,720,401	(47,244)	6,507,928	30,583,146	74,552,361

23 RESERVES (Continued)

Company

	Capital reserve RMB'000	Statutory reserve funds RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2012	38,647,040	2,605,331	4,129	14,194,962	55,451,462
Profit for the year	—	—	—	10,845,622	10,845,622
Appropriations	—	1,087,617	—	(1,087,617)	—
Contributions	11,400	—	—	—	11,400
Dividends (Note 36)	—	—	—	(2,851,145)	(2,851,145)
Balance at 31 December 2012	38,658,440	3,692,948	4,129	21,101,822	63,457,339
Profit for the year	—	—	—	2,616,420	2,616,420
Appropriations	—	250,309	—	(250,309)	—
Contributions	59,650	—	—	—	59,650
Dividends (Note 36)	—	—	—	(2,784,319)	(2,784,319)
Balance at 31 December 2013	38,718,090	3,943,257	4,129	20,683,614	63,349,090

23 RESERVES (Continued)

Notes:

(a) Statutory reserve funds

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

For the year ended 31 December 2013, the Company appropriated RMB250,309,000 (2012: RMB1,087,617,000) to the statutory surplus reserve fund, representing 10% (2012: 10%) of the Company's profit after tax for the year ended 31 December 2013, as determined in accordance with the PRC GAAP.

(b) Future development fund

Pursuant to the relevant PRC regulations, the Group is required to set aside an amount to a future development fund at RMB6 to RMB8 (2012: RMB6 to RMB15) per ton of raw coal mined. The fund can be used for future development of the coal mining operations, and is not available for distribution to shareholders. Upon incurring qualifying development expenditures, an equivalent amount is transferred from future development fund to retained earnings.

(c) Safety fund

Pursuant to certain regulations issued by the Ministry of Finance and the State Administration of Work Safety of the PRC, the coal enterprise of the Group is required to set aside an amount to a safety fund at RMB10 to RMB30 per ton of raw coal mined. The manufacturing enterprise of the Group is required to set aside a certain percentage (less than RMB10 million: 2%, from RMB10 million to RMB100 million: 1%, from RMB100 million to RMB1 billion: 0.2%, from RMB1 billion to RMB5 billion: 0.1%, greater than RMB5 billion: 0.05%) of the previous year's operating revenue to a safety fund since 1 January 2012. The fund can be used for improvements of safety, and is not available for distribution to shareholders. Upon incurring qualifying safety expenditure, an equivalent amount is transferred from safety fund to retained earnings.

(d) Other funds relevant to coal enterprise

(i) Transformation and environmental restoration fund

Pursuant to two regulations issued by the Shanxi municipal government on 15 November 2007, both of which are effective from 1 October 2007, mining companies of the Group located in Shanxi Province are required to set aside an amount to a coal mine industry transformation fund and environmental restoration fund at RMB5 and RMB10 (2012: RMB5 and RMB10) per ton of raw coal mined respectively. According to the relevant rules, such funds will be specifically utilised for the transformation costs of the coal mine industry and for the land restoration and environmental cost, and is not available for distribution to shareholders. Upon incurring qualifying transformation and environmental restoration expenditures, an equivalent amount is transferred from transformation and environmental restoration fund to retained earnings.

Pursuant to a regulation issued by the Shanxi municipal government on 25 July 2013, transformation and environmental restoration fund are suspended to set aside from 1 August 2013 to 31 December 2013.

(ii) Sustainable development fund

Pursuant to a regulation issued by Jiangsu Province Xuzhou municipal government on 20 October 2010, the Company's subsidiary in Xuzhou is required to set aside an amount to a sustainable development fund at RMB10 (2012: RMB10) per ton of raw coal mined. The fund will be used for the transformation costs of the mine, land restoration and environmental cost, and is not available for distribution to shareholders. Upon incurring qualifying expenditures, an equivalent amount is transferred from sustainable development fund to retained earnings.

24 BORROWINGS AND BANKING FACILITIES

	Group		Company	
	31 December 2013 RMB'000	31 December 2012 RMB'000	**31 December 2013 RMB'000**	31 December 2012 RMB'000
Long-term borrowings				
Bank loans and loans from other financial institutions				
– Secured (note (g))	**1,000,000**	—	**—**	—
– Guaranteed (note (f))	**2,875,261**	2,761,825	**—**	—
– Unsecured	**29,432,316**	18,804,093	**13,166,000**	6,246,000
	33,307,577	21,565,918	**13,166,000**	6,246,000
Other unsecured loans from				
– Non-controlling shareholders of certain subsidiaries	**11,200**	16,000	**—**	—
	33,318,777	21,581,918	**13,166,000**	6,246,000
Less: Amount due within one year under current liabilities	**(3,544,019)**	(1,411,010)	**(1,480,000)**	(80,000)
	29,774,758	20,170,908	**11,686,000**	6,166,000
Short-term borrowings				
Bank loans and loans from other financial institutions				
– Secured (note (g))	**1,275,300**	350,000	**—**	—
– Unsecured	**5,500,286**	4,779,746	**—**	—
	6,775,586	5,129,746	**—**	—
Other unsecured loans from				
– Non-controlling shareholders of certain subsidiaries	**600**	600	**—**	—
	6,776,186	5,130,346	**—**	—

24 BORROWINGS AND BANKING FACILITIES (Continued)

Notes:

(a) Repayment terms of long-term borrowings are analysed below:

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Wholly repayable within five years				
– Bank loans and loans from other financial institutions	**16,345,043**	5,491,270	**9,300,000**	3,966,000
– Loans from non-controlling shareholders of certain subsidiaries	**11,200**	16,000	**—**	—
	16,356,243	5,507,270	**9,300,000**	3,966,000
Not wholly repayable within five years				
– Bank loans and loans from other financial institutions	**16,962,534**	16,074,648	**3,866,000**	2,280,000
	33,318,777	21,581,918	**13,166,000**	6,246,000

(b) At 31 December 2013, the Group's long-term borrowings were repayable as follows:

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Bank loans and loans from other financial institutions				
– Within one year	**3,538,819**	1,411,010	**1,480,000**	80,000
– In the second year	**5,430,844**	3,026,086	**2,190,000**	1,330,000
– In the third to fifth year	**13,904,581**	6,557,033	**7,636,000**	2,556,000
– After the fifth year	**10,433,333**	10,571,789	**1,860,000**	2,280,000
	33,307,577	21,565,918	**13,166,000**	6,246,000
Loans from non-controlling shareholders of certain subsidiaries				
– Within one year	**5,200**	—	**—**	—
– In the second year	**—**	16,000	**—**	—
– In the third to fifth year	**6,000**	—	**—**	—
	33,318,777	21,581,918	**13,166,000**	6,246,000

24 BORROWINGS AND BANKING FACILITIES (Continued)

Notes: (Continued)

(c) The carrying amounts and fair value of the non-current borrowings are as follows:

	Group				Company			
	Carrying amount		Fair value		Carrying amount		Fair value	
	2013 RMB'000	2012 RMB'000	**2013 RMB'000**	2012 RMB'000	**2013 RMB'000**	2012 RMB'000	**2013 RMB'000**	2012 RMB'000
Borrowings	**29,774,758**	20,170,908	**29,766,704**	20,166,534	**11,686,000**	6,166,000	**11,671,948**	6,166,000

The fair values of non-current borrowings are based on discounted cash flows using applicable discount rates based on the prevailing market interest rates available to the Group for borrowings with substantially the same terms at the balance sheet date, which ranged from 6.15% to 6.55% per annum as at 31 December 2013 (2012: 6.15% to 6.55% per annum). The fair values of borrowings are within level 2 of the fair value hierarchy.

The carrying amounts of short-term borrowings and current portion of long-term borrowings approximate their fair value.

(d) The effective interest rates at the balance sheet dates were as follows:

	Group		Company	
	31 December 2013	31 December 2012	**31 December 2013**	31 December 2012
Bank loans and loans from other financial institutions				
– RMB loan	**5.04%-11.40%**	5.04%-11.40%	**5.54%-6.15%**	5.76%-6.65%
– JPY loan	**2.39%**	2.28%	**—**	—
– USD loan	**2.31%-3.47%**	2.31%-2.32%	**—**	—
– EURO loan	**2.15%**	2.15%	**—**	—
Loans from non-controlling shareholders of certain subsidiaries				
– RMB loan	**5.60%**	5.60%	**—**	—

(e) The total borrowings are denominated in the following currencies:

	Group		Company	
	31 December 2013 RMB'000	31 December 2012 RMB'000	**31 December 2013 RMB'000**	31 December 2012 RMB'000
Long-term borrowings:				
RMB	**33,102,107**	21,024,191	**13,166,000**	6,246,000
JPY	**216,670**	557,727	**—**	—
	33,318,777	21,581,918	**13,166,000**	6,246,000
Short-term borrowings:				
RMB	**6,757,742**	5,000,296	**—**	—
USD (note(i))	**18,444**	117,364	**—**	—
EURO (note(i))	**—**	12,686	**—**	—
	6,776,186	5,130,346	**—**	—
	40,094,963	26,712,264	**13,166,000**	6,246,000

Note:

(i) Those loans are the advances by banks to the Group for the payment for imported equipment under letters of credit.

24 BORROWINGS AND BANKING FACILITIES (Continued)

Notes: (Continued)

(f) The guaranteed borrowings are as follows:

	Group	
	31 December 2013 RMB'000	31 December 2012 RMB'000
Guaranteed by:		
– Guizhou Panjiang Investment Holdings Group CO.,LTD	**95,000**	—
– Jizhong Energy Group CO.,LTD.	**36,611**	—
– the Company and Shanxi Coking Coal	**2,743,650**	2,761,825
	2,875,261	2,761,825

(g) The secured borrowings are as follows:

	Group	
	31 December 2013 RMB'000	31 December 2012 RMB'000
Secured by:		
– Property, plant and equipment	**1,000,000**	—
– Notes receivables	**575,300**	50,000
– Trade receivables	**700,000**	300,000
Total	**2,275,300**	350,000

All the other borrowings of the Company are unsecured bank loans.

(h) As at 31 December 2013, the Group has the following undrawn borrowing facilities:

	Group		Company	
	2013 RMB'000	2012 RMB'000	**2013 RMB'000**	2012 RMB'000
Floating rates				
– Expiring within one year	**61,777,000**	41,637,000	**56,977,000**	41,637,000
– Expiring over one year	**118,367,000**	153,775,000	**118,367,000**	153,775,000
	180,144,000	195,412,000	**175,344,000**	195,412,000

25 LONG-TERM BONDS

	Group		Company	
	31 December 2013 RMB'000	31 December 2012 RMB'000	**31 December 2013 RMB'000**	31 December 2012 RMB'000
Bonds payable	**29,655,059**	19,756,414	**29,655,059**	19,756,414
Commission payable – non-current	**213,000**	150,000	**213,000**	150,000
	29,868,059	19,906,414	**29,868,059**	19,906,414

Notes:

(a) On 17 August 2011, the Company issued 150,000,000 corporate bonds with a par value of RMB100 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.

(b) On 18 September 2012, the Company issued 50,000,000 corporate bonds with a par value of RMB100 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 and the same amount is payable on 19 September in each of the following six years.

(c) On 23 July 2013, the Company issued 50,000,000 corporate bonds with a par value of RMB100 each and received a 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 seven years. The effective interest rate is 5.51% 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 25 July 2013 when the transaction was completed and the same amount is payable on 25 July in each of the following six years.

25 LONG-TERM BONDS (Continued)

Notes: (Continued)

(d) On 16 September 2013, the Company issued 50,000,000 corporate bonds with a par value of RMB100 each and received a total proceeds of RMB5,000,000,000. The bonds are fully repayable on 18 September 2020 when they become due. These bonds carry a coupon rate of 5.60% per annum and the interest charge will be paid on 18 September annually in each of the following seven years. The effective interest rate is 5.85% 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. As agreed with the underwriter, first instalment of RMB12,000,000 will be paid in 2014 and the same amount is payable on 18 September in each of the following six years.

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

	Group		Company	
	31 December 2013 RMB'000	31 December 2012 RMB'000	**31 December 2013 RMB'000**	31 December 2012 RMB'000
Bonds interest payable	**577,386**	383,553	**577,386**	383,553
Commission payable – current	**93,000**	57,000	**93,000**	57,000
	670,386	440,553	**670,386**	440,553

The fair values of long-term bonds are as follows:

	Group		Company	
	31 December 2013 RMB'000	31 December 2012 RMB'000	**31 December 2013 RMB'000**	31 December 2012 RMB'000
Long-term bonds	**29,223,279**	19,399,669	**29,223,279**	19,399,669

The fair values of long-term bonds are within level 1 of the fair value hierarchy.

26 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 offset amounts are as follows:

	Group		Company	
	31 December 2013 RMB'000	31 December 2012 RMB'000	**31 December 2013 RMB'000**	31 December 2012 RMB'000
Deferred income tax assets:				
Deferred income tax assets to be recovered after more than 12 months	**181,200**	120,773	**15,528**	18,117
Deferred income tax assets to be recovered within 12 months	**273,487**	256,853	**3,108**	—
	454,687	377,626	**18,636**	18,117
Deferred income tax liabilities:				
Deferred income tax liabilities to be settled after more than 12 months	**(7,217,304)**	(7,191,923)	**—**	—
Deferred income tax liabilities to be settled within 12 months	**(527,390)**	(252,958)	**—**	—
	(7,744,694)	(7,444,881)	**—**	—
Deferred income tax (liabilities)/assets, net	**(7,290,007)**	(7,067,255)	**18,636**	18,117

26 DEFERRED INCOME TAX (Continued)

The gross movements on the deferred tax account are as follows:

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Beginning of the year	**(7,067,255)**	(6,949,451)	**18,117**	17,362
Attributable to change of a joint venture to a subsidiary	**—**	6,341	**—**	—
(Debited)/credited to income statement (Note 34)	**(223,640)**	(123,774)	**519**	755
Credited/(debited) to other comprehensive income (Note 34)	**888**	(371)	**—**	—
End of the year	**(7,290,007)**	(7,067,255)	**18,636**	18,117

Deferred income tax assets are recognised for tax losses carried-forward to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group has not recognised deferred income tax assets of RMB515,054,000 (2012: RMB486,848,000), in respect of certain subsidiaries' accumulated tax losses of RMB2,060,216,000 (2012: RMB1,947,393,000) as at 31 December 2013, that can be carried forward against future taxable income and will expire between 2014 and 2018. The Group does not recognise these deferred income tax assets as management believes that it is more likely than not that such tax losses would not be utilised before they expire.

26 DEFERRED INCOME TAX (Continued)

Tax losses that has not been recognised as deferred income tax assets will be expired in the following years:

	Group	
	2013	2012
	RMB'000	RMB'000
2013	**—**	158,509
2014	**207,286**	207,286
2015	**597,434**	597,434
2016	**342,488**	342,488
2017	**641,676**	641,676
2018	**271,332**	—
	2,060,216	1,947,393

26 DEFERRED INCOME TAX (Continued)

The movement in deferred tax assets and liabilities during the year, without taking into account the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets:

	Group							
	Trial production	Revaluation surplus	Tax losses	Provision for employee benefits	Impairment of assets	Accrued expenses	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2012	108,333	38,183	21,759	57,896	77,414	150,511	267,169	721,265
Credited/(charged) to income statement	56,454	(5,177)	33,944	(10,856)	44,973	(123,525)	41,841	37,654
Attributable to change of a joint venture	—	—	—	—	—	—	6,341	6,341
At 31 December 2012	164,787	33,006	55,703	47,040	122,387	26,986	315,351	765,260
(Charged)/credited to income statement	(5,985)	(2,606)	(3,900)	(14,831)	5,443	35,732	27,095	40,948
At 31 December 2013	158,802	30,400	51,803	32,209	127,830	62,718	342,446	806,208

26 DEFERRED INCOME TAX (Continued)

Deferred tax liabilities:

Group

	Depreciation	Mining funds (note(a))	Revaluation surplus	Fair value adjustments	Deferred stripping costs	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2012	(81,261)	(1,166,422)	(6,420,185)	(2,718)	—	(130)	(7,670,716)
Credited/(Charged) to income statement	16,919	13,751	29,467	—	(221,565)	—	(161,428)
Charged to other comprehensive income	—	—	—	(371)	—	—	(371)
At 31 December 2012	(64,342)	(1,152,671)	(6,390,718)	(3,089)	(221,565)	(130)	(7,832,515)
Credited/(Charged) to income statement	15,481	(18,120)	31,996	—	(294,013)	68	(264,588)
Credited to other comprehensive income	—	—	—	888	—	—	888
At 31 December 2013	(48,861)	(1,170,791)	(6,358,722)	(2,201)	(515,578)	(62)	(8,096,215)

Note:

(a) Pursuant to certain regulations of the PRC government, the Group is required to set aside amounts for the future development funds (Note 23 (b)), safety fund (Note 23 (c)), transformation environmental restoration fund (Note 23(d)) and sustainable development fund (Note 23(d)), collectively the "mining funds". Before 30 April 2011, for those amounts that are deductible for tax purposes when they are set aside but are expensed when they are utilised for accounting purpose, a deferred tax liability is recorded for the temporary differences in respect of excess funds set aside for tax purposes.

According to a new PRC tax regulation effective from 1 May 2011, future development funds and safety funds are no longer tax deductible when they are set side but only tax deductible when they are utilised. As such, no additional deferred tax liability will be generated for these mining funds from 1 May 2011 onwards.

26 DEFERRED INCOME TAX (Continued)

Deferred tax assets:

Company

	Impairment of asset	Provision for employee benefits	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2012	15,522	1,840	17,362
Credited to income statement	—	755	755
At 31 December 2012	15,522	2,595	18,117
Credited to income statement	—	519	519
At 31 December 2013	15,522	3,114	18,636

27 TRADE AND NOTES PAYABLES

	Group		Company	
	31 December 2013	31 December 2012	**31 December 2013**	31 December 2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables (note (a))	**19,821,545**	14,628,126	**1,766,535**	1,967,464
Notes payable	**2,809,515**	1,473,411	**—**	—
	22,631,060	16,101,537	**1,766,535**	1,967,464

27 TRADE AND NOTES PAYABLES (Continued)

Notes:

(a) Trade payables are analysed as follows:

	Group		Company	
	31 December 2013 RMB'000	31 December 2012 RMB'000	**31 December 2013 RMB'000**	31 December 2012 RMB'000
Trade payables				
– Subsidiaries	**—**	—	**1,522,074**	1,696,723
– Fellow subsidiaries	**3,630,028**	2,360,172	**16,939**	4,419
– Joint ventures	**—**	65	**—**	—
– Associates	**76,707**	23,543	**—**	—
– Third parties	**16,114,810**	12,244,346	**227,522**	266,322
	19,821,545	14,628,126	**1,766,535**	1,967,464

Trade payables due to related parties are unsecured, interest free and settled on demand in accordance with the relevant contract entered into between the Group and the related parties.

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

	Group		Company	
	31 December 2013 RMB'000	31 December 2012 RMB'000	**31 December 2013 RMB'000**	31 December 2012 RMB'000
Less than 1 year	**17,849,700**	13,003,636	**1,710,456**	1,956,013
1 – 2 years	**1,242,016**	1,126,700	**53,149**	11,451
2 – 3 years	**408,844**	333,837	**2,930**	—
Over 3 years	**320,985**	163,953	**—**	—
	19,821,545	14,628,126	**1,766,535**	1,967,464

(b) The carrying amounts of trade and notes payable are denominated in the following currencies:

	Group		Company	
	31 December 2013 RMB'000	31 December 2012 RMB'000	**31 December 2013 RMB'000**	31 December 2012 RMB'000
RMB	**22,627,784**	16,084,805	**1,763,596**	1,959,994
USD	**2,939**	16,732	**2,939**	7,470
AUD	**337**	—	**—**	—
	22,631,060	16,101,537	**1,766,535**	1,967,464

(c) The carrying amounts of trade and notes payable approximate their fair values.

(d) As at 31 December 2013, term deposits amounting to RMB108,100,000 (2012: Nil) are secured to banks for notes payables amounted to RMB111,200,000 (2012: Nil) (Note 21(c)).

Notes receivables with amount of RMB80,500,000 (2012: RMB27,540,000) are secured for notes payables amounted to RMB80,500,000 (2012: RMB34,648,000) (Note 19(e)).

28 ACCRUALS, ADVANCES AND OTHER PAYABLES

	Group		Company	
	31 December 2013	31 December 2012 Restated	**31 December 2013**	31 December 2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Customer deposits and receipts in advance (note (a))	**1,644,443**	2,130,320	**166,530**	267,905
Payables for acquisition of subsidiaries	**826,989**	1,311,379	**709,454**	1,193,843
Payable for compensation for local mining companies	**441,709**	592,325	**—**	—
Dividends payable	**382,680**	383,037	**—**	—
Payables for site restoration	**273,709**	265,336	**—**	—
Mineral and water resource compensation payable	**193,421**	162,727	**—**	—
Salaries and staff welfare payable	**698,246**	570,966	**15,834**	12,143
Interest payable	**644,287**	424,779	**577,386**	383,553
Payables for mining rights	**283,724**	471,764	**—**	—
Advance from a non-controlling shareholder of a subsidiary	**200,000**	150,000	**—**	—
Other amounts due to related parties (note (b))	**511,710**	604,837	**10,774,529**	17,627,531
Other amounts due to third parties	**2,641,892**	2,194,654	**191,526**	176,717
	8,742,810	9,262,124	**12,435,259**	19,661,692

28 ACCRUALS, ADVANCES AND OTHER PAYABLES (Continued)

Notes:

(a) Customer deposits and receipts in advance are analysed as follows:

	Group		**Company**	
	31 December 2013 RMB'000	31 December 2012 RMB'000	**31 December 2013 RMB'000**	31 December 2012 RMB'000
Customer deposits and receipts in advances				
– Fellow subsidiaries	**2,712**	171,167	**640**	—
– Associates	**14,810**	25	**—**	—
– Third parties	**1,626,921**	1,959,128	**165,890**	267,905
	1,644,443	2,130,320	**166,530**	267,905

Customer deposits and receipts in advances from related parties are unsecure, interest free and settled on demand in accordance with the relevant contract entered into between the Group and the related parties.

(b) Amounts due to related parties are analysed below:

	Group		Company	
	31 December 2013 RMB'000	31 December 2012 RMB'000	**31 December 2013 RMB'000**	31 December 2012 RMB'000
Amounts due to related parties, gross				
– Subsidiaries	**—**	—	**10,772,256**	17,625,559
– Parent Company	**3,036**	133,578	**1,795**	1,488
– Fellow subsidiaries	**268,441**	200,591	**478**	484
– Associate	**240,233**	270,668	**—**	—
	511,710	604,837	**10,774,529**	17,627,531

Amounts due to related parties are unsecured, interest free and payable on demand.

(c) The carrying amounts of accruals, advance and other payables approximate their fair values.

(d) The carrying amounts of accruals, advance and other payables are denominated in the following currencies:

	Group		**Company**	
	31 December 2013 RMB'000	31 December 2012 RMB'000	**31 December 2013 RMB'000**	31 December 2012 RMB'000
RMB	**8,706,192**	9,261,833	**12,435,259**	19,661,692
USD	**36,552**	87	**—**	—
AUD	**66**	191	**—**	—
HKD	**—**	13	**—**	—
	8,742,810	9,262,124	**12,435,259**	19,661,692

29 PROVISION FOR CLOSE DOWN, RESTORATION AND ENVIRONMENTAL COSTS

	Group	
	2013	2012
	RMB'000	RMB'000
Beginning of the year	**1,174,326**	1,114,647
Interest charge on unwinding of discounts	**39,601**	38,048
Provision	**(6,025)**	134,992
Payments	**(34,109)**	(113,361)
End of the year	**1,173,793**	1,174,326
Less: current portion	**(19,098)**	(37,061)
	1,154,695	1,137,265

Mining activities may result in land subsidence, which could lead to losses to the residents of the mining areas. Pursuant to the relevant PRC regulations, the Group is required to make compensation payments to the residents for their losses resulting from land subsidence, or to restore the mining areas back to certain acceptable conditions.

Under existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or results of operations of the Group. The PRC government, however, has moved and may move further towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include: (i) the exact nature and extent of the contamination at various sites including, but not limited to, coal mines and land development areas, whether operating, closed or sold, (ii) the extent of required cleanup efforts, (iii) varying costs of alternative remediation strategies, (iv) changes in environmental remediation requirements, and (v) the identification of new remediation sites.

The provision for close down, restoration and environmental clean up costs has been determined by management based on their past experience and best estimate of future expenditure by discounting the expected expenditures to their net present value. However, in so far as the effect on the land and the environment from current mining activities becomes apparent in future periods, the estimate of the associated costs may be subject to revision in the future. The amounts provided in relation to close down, restoration and environmental clean up costs are reviewed at least annually based upon the facts and circumstances available at the time and the provisions are updated accordingly.

30 OTHER LONG-TERM LIABILITIES

	Group	
	2013	2012
	RMB'000	RMB'000
Payables for mining rights	**637,222**	705,987
Others	**242,532**	238,041
Total	**879,754**	944,028

Note:

The payables for mining rights are mainly the unpaid balances of the consideration for mining right purchases. According to relevant purchase agreements, considerations should be paid in stages up to April 2021. The current portion of the payables is included in other payables (Note 28).

As at 31 December 2013, the amounts due to the Parent Company are RMB2,647,000 (2012: RMB3,824,000), which are unsecured, interest free and payable within 2 to 3 years.

31 EXPENSES BY NATURE

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

	2013 RMB'000	2012 Restated RMB'000
Depreciation (note (a))	**4,692,437**	4,241,989
Amortisation (note (b))	**513,165**	455,205
Cost of inventories sold	**35,072,945**	37,265,549
Transportation costs	**13,015,596**	11,445,668
Sales tax and surcharges	**1,293,811**	1,371,632
Auditors' remuneration	**12,150**	12,000
(Gains)/losses on disposal of property, plant and equipment and intangible assets	**(24,160)**	12,639
Repairs and maintenance	**1,178,157**	1,132,088
Operating lease rentals	**219,114**	160,746
Provision for impairment of receivables	**70,008**	26,136
Provision for impairment of inventories	**94,936**	131,931
Provision for impairment of available-for-sale financial assets	**—**	2,797
Provision for impairment of property, plant and equipment	**72,013**	73,104
Employee benefit expense (including directors' emoluments) (note (c), Note 33)	**6,894,756**	6,584,578
Mineral and water resource compensation fees (note (d))	**690,734**	588,659
Sustainable development charges (note (e))	**2,240,841**	2,162,184
Other expenses	**9,503,506**	8,908,184
Total cost of sales, selling, general and administrative expenses	**75,540,009**	74,575,089

31 EXPENSES BY NATURE (Continued)

Notes:

(a) Depreciation charged to the income statement is analysed as follows:

	2013 RMB'000	2012 RMB'000
Depreciation for the year	**4,982,539**	4,269,874
Less: Allocated to inventories which remained unsold as at year end	**(4,104)**	(27,885)
Allocated to construction in progress	**(285,998)**	—
Amount charged to income statement	**4,692,437**	4,241,989

Charged to:

	2013 RMB'000	2012 RMB'000
Expenses		
– Cost of sales	**4,384,920**	4,001,963
– Selling, general and administrative expenses	**307,517**	240,026
	4,692,437	4,241,989

(b) Amortisation charged to income statement is analysed as follows:

	2013 RMB'000	2012 RMB'000
Land use rights (Note 8)	**72,581**	68,639
Mining rights (Note 9)	**422,690**	372,066
Intangible assets	**17,894**	14,500
	513,165	455,205

(c) Staff costs (including directors' emoluments) charged to the income statement are analysed as follows:

	2013 RMB'000	2012 RMB'000
Charged to:		
Cost of sales	**4,554,593**	4,453,430
Selling, general and administrative expenses	**2,340,163**	2,131,148
	6,894,756	6,584,578

(d) The mineral and water resource compensation fees represent amounts will be paid to the PRC government to compensate for the mineral resources mined and water consumed.

(e) Effective from March 2007, mining companies in Shanxi Province are required by the local government of Shanxi Province to pay a "Sustainable development charge" to local government based on the volume of the raw coal mined. The rate applicable to the Company's mining subsidiaries located in Shanxi Province ranges from RMB16 to RMB20 (2012: RMB13 to RMB20) per tonne.

32 FINANCE INCOME AND COSTS

	2013 RMB'000	2012 Restated RMB'000
Interest expense:		
– bank borrowings	**2,137,061**	1,261,409
– provisions: unwinding of discount	**86,453**	44,474
– long-term bonds	**1,363,978**	965,279
Other incidental borrowing costs and charges	**13,255**	13,274
Net foreign exchange gains	**(142,311)**	(71,449)
Finance costs	**3,458,436**	2,212,987
Less: amounts capitalised on qualifying assets	**(2,223,094)**	(1,152,343)
Total finance costs	**1,235,342**	1,060,644
Finance income:		
– interest income on bank deposits	**471,856**	767,624
– interest income on loans receivable	**133,719**	39,016
Total finance income	**605,575**	806,640
Finance costs, net	**629,767**	254,004

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:

	2013	2012
Capitalisation rate used to determine the amount of finance costs eligible for capitalisation	**5.33%-7.00%**	5.77%-6.79%

33 EMPLOYEE BENEFIT EXPENSE

	2013	2012
	RMB'000	RMB'000
Wages, salaries and allowances	**4,465,633**	4,510,405
Housing subsidies (note (a))	**441,539**	423,734
Contributions to pension plans (note (b))	**854,849**	832,748
Early retirement benefits (note (c))	**(5,647)**	17,462
Welfare and other expenses	**1,138,382**	800,229
	6,894,756	6,584,578

Notes:

(a) These mainly include the Group's contributions to government-sponsored housing funds at rates ranging from 12% to 15% of the employees' basic salaries.

(b) The Group participates in various pension plans organised by the relevant municipal and provincial governments under which the Group is required to make monthly defined contributions to these plans at rates ranging from 5% to 20% of the employees basic salaries depending on the applicable local regulations. Effective from 1 January 2011, the Group also makes monthly defined contributions to a supplemental pension plan for the qualified employees.

(c) Certain employees of the Group were required to retire early during the years ended 31 December 2013 and 2012. Early retirement benefits are recognised in the income statement in the year in which the Group enters into agreements specifying the terms of early retirement or after the individual employees have been advised of the specific terms. These specific terms vary among the early retired employees depending on factors such as position, length of service and district of the employee concerned.

The Group has no other obligations for the payment of pensions and other post-retirement benefits of employees or retirees other than those disclosed above.

34 INCOME TAX EXPENSE

	2013	2012
		Restated
	RMB'000	RMB'000
Current income tax		
– PRC enterprise income tax (note (a))	1,557,467	3,090,472
Deferred income tax (Note 26)	223,640	123,774
	1,781,107	3,214,246

Notes:

(a) The provision for PRC enterprise income tax ("EIT") is calculated based on the statutory income tax rate of 25%. The applicable income tax rate in 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 rates 15% based on the relevant PRC tax laws and regulations.

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

	2013	2012
		Restated
	RMB'000	RMB'000
Profit before income tax	6,401,221	12,789,100
Tax calculated at applicable tax rates	1,600,305	3,197,275
Preferential tax rates on the income of certain subsidiaries	(46,563)	(60,403)
Income not subject to taxation	(38,368)	(74,293)
Expenses not deductible for taxation purposes	229,995	83,050
Utilisation of previously unrecognised tax losses	(5,062)	(437)
Tax losses for which no deferred income tax asset has been recognised	67,833	160,419
Additional expenses allowable for tax deduction	(27,033)	(91,365)
Income tax expense	1,781,107	3,214,246

The weighted average applicable tax rate was 28% (2012: 25%). The increase is caused by an increase on expenses not deductible for taxation purposes.

34 INCOME TAX EXPENSE (Continued)

Notes: (Continued)

(c) The tax (charge)/credit relating to components of other comprehensive income are as follows:

	2013			2012		
	Before tax	**Tax credit**	**After tax**	Before tax	Tax charge	After tax
	RMB'000	**RMB'000**	**RMB'000**	RMB'000	RMB'000	RMB'000
Fair value losses/(gains):						
Available-for-sale financial assets	**3,551**	**(888)**	**2,663**	(1,485)	371	(1,114)
Currency translation differences	**16,121**	**—**	**16,121**	(3,211)	—	(3,211)
Other comprehensive income	**19,672**	**(888)**	**18,784**	(4,696)	371	(4,325)
Current tax		**—**			—	
Deferred tax		**(888)**			371	
		(888)			371	

The income tax (credited)/charged directly to other comprehensive income during the year is as follows:

	2013	2012
	RMB'000	RMB'000
Deferred tax:	**(888)**	371

35 EARNINGS PER SHARE

Basic earnings per share are 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 year.

	2013	2012 Restated
Profit attributable to equity holders of the Company (RMB'000)	**3,805,128**	8,842,340
Number of ordinary shares in issue (thousands)	**13,258,663**	13,258,663
Basic earnings per share (RMB per share)	**0.29**	0.67

As the Company had no dilutive instruments for the years ended 31 December 2013 and 2012, diluted earnings per share are presented equals to basic earnings per share.

36 DIVIDENDS

	2013 RMB'000	2012 RMB'000
Dividends recorded:		
– final dividends for 2011, paid (note (a))	—	2,851,145
– final dividends for 2012, paid (note (b))	2,784,319	—

	2013 RMB'000	2012 RMB'000
Dividends proposed after the balance sheet date:		
– final dividend for 2012 (note (b))	—	2,785,296
– final dividend for 2013 (note (c))	1,072,681	—

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 (RMB0.215 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 RMB0.210 per share, and the Company made dividend payment of approximately RMB2,784,319,000 during 2013.

(c) The Board of Directors, in a meeting held on 18 March 2014, proposed to distribute a final dividend for 2013 to equity holders of the Company of RMB1,072,681,000 (RMB0.081 per share), based on total number of shares which are in issue as at 31 December 2013. Such dividend distribution is subject to the approval of shareholders' meeting, and is not reflected in these financial statements.

37 EMOLUMENTS OF DIRECTORS AND SUPERVISORS

(a) The emoluments of directors and supervisors for the year ended 31 December 2013 and 2012 are set out below:

	2013					
Name	Fees RMB'000	Salary RMB'000	Bonus RMB'000	Other benefits RMB'000	Contribution to pension scheme RMB'000	Total RMB'000
Chairman, executive director						
Mr. WANG An	—	—	—	—	—	—
Vice Chairman, non-executive director						
Mr. Li Yanjiang[1]	—	—	—	—	—	—
Mr. PENG Yi[2]	—	—	—	—	—	—
Executive director:						
Mr. YANG Lieke	—	230	994	43	62	1,329
Non-executive director						
Mr. LI Yanmeng	22	—	—	—	—	22
	22	230	994	43	62	1,351
Independent non-executive directors						
Mr. ZHOU Qinye[3]	—	275	—	—	—	275
Mr. ZHANG Ke[4]	—	25	—	—	—	25
Mr. WU Rongkang[4]	—	25	—	—	—	25
Mr. ZHANG Jiaren	—	300	—	—	—	300
Mr. ZHAO Pei	—	300	—	—	—	300
Mr. WEI Weifeng	—	300	—	—	—	300
	—	1,225	—	—	—	1,225
Supervisors:						
Mr. WANG Xi	—	—	—	—	—	—
Mr. ZHOU Litao	—	—	—	—	—	—
Mr. ZHANG Shaoping	—	130	317	44	51	542
	—	130	317	44	51	542
	22	1,585	1,311	87	113	3,118

1. Mr. LI Yanjiang was appointed as vice chairman and non-executive director on 1 February 2013.
2. Mr. PENG Yi resigned as vice chairman on 1 February 2013 and remained as non-executive director.
3. Mr. ZHOU Qinye was appointed as independent non-executive director on 1 February 2013.
4. Mr. ZHANG Ke and Mr. WU Rongkang retired as independent non-executive directors due to the expiration of their terms of office on 1 February 2013.

37 EMOLUMENTS OF DIRECTORS AND SUPERVISORS (Continued)

(a) The emoluments of directors and supervisors for the year ended 31 December 2013 and 2012 are set out below: (Continued)

	2012					
Name	Fees	Salary	Bonus	Other benefits	Contribution to pension scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman, executive director						
Mr. WANG An	—	—	—	—	—	—
Vice Chairman, non-executive director						
Mr. PENG Yi	—	—	—	—	—	—
Executive director:						
Mr. YANG Lieke	—	230	340	39	59	668
Non-executive director						
Mr. LI Yanmeng	29	—	—	—	—	29
	29	230	340	39	59	697
Independent non-executive directors						
Mr. ZHANG Ke	—	300	—	—	—	300
Mr. WU Rongkang	—	300	—	—	—	300
Mr. ZHANG Jiaren	—	300	—	—	—	300
Mr. ZHAO Pei	—	300	—	—	—	300
Mr. WEI Weifeng	—	300	—	—	—	300
	—	1,500	—	—	—	1,500
Supervisors:						
Mr. WANG Xi	—	—	—	—	—	—
Mr. ZHOU Litao	—	—	—	—	—	—
Mr. ZHANG Shaoping	—	135	330	39	47	551
	—	135	330	39	47	551
	29	1,865	670	78	106	2,748

37 EMOLUMENTS OF DIRECTORS AND SUPERVISORS (Continued)

(a) The emoluments of directors and supervisors for the year ended 31 December 2013 and 2012 are set out below: (Continued)

Mr. Wang An, Mr. Li Yanjiang, Mr. Peng Yi, Mr. Wang Xi and Mr. Zhou Litao, received emoluments from China Coal Group. Part of those emoluments is in relation to their services to the Company. No apportionment has been made as the directors consider that it is impractical to apportion this amount between their services to the Company and their service to the Parent Company.

During the year ended 31 December 2013, Mr. Yang Lieke received emoluments from the Group, which amounting to RMB1,329,496 (equivalent to HK$1,691,041), which included bonus for the past three years. The emoluments paid to each of the other directors did not exceed HK$1,000,000 (equivalent to RMB786,200).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group during the year are as follows:

	2013	2012
Director	**1**	—
Non-director individuals	**4**	5
	5	5

37 EMOLUMENTS OF DIRECTORS AND SUPERVISORS (Continued)

(b) Five highest paid individuals (Continued)

Details of emoluments paid to the non-director individuals are as follows:

	2013	2012
	RMB'000	RMB'000
Basic salaries, housing allowances, other allowances and benefits-in-kind	**1,583**	1,085
Contributions to pension schemes	**175**	240
Discretionary bonuses	**2,985**	2,838
	4,743	4,163

During the year ended 31 December 2013, the emoluments paid to each of the highest paid non-director individuals are in the range of RMB1,124,684 and RMB1,363,541 (2012: RMB780,840 and RMB904,793).

(c) During the year ended 31 December 2013, no directors, supervisors of the Company or the five highest paid individuals of the Group waived any emoluments and no emoluments were paid by the Group to any of the directors and supervisors of the Company or the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

38 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENTS

(a) Reconciliation of profit before income tax to net cash inflows generated from operations

	2013 RMB'000	2012 Restated RMB'000
Profit before income tax	**6,401,221**	12,789,100
Adjustments for:		
Property, plant and equipment		
– depreciation charge	**4,692,437**	4,241,989
– net (gains)/losses on disposals	**(24,160)**	8,875
Land use rights, mining rights and intangible assets		
– amortisation charge	**513,165**	455,205
– losses on disposals	**—**	3,764
Provision for impairment of property, plant and equipment	**72,013**	73,104
Provision for impairment of receivables	**70,008**	26,136
Provision for impairment of inventories	**94,936**	131,931
Provision for impairment of available-for-sale financial assets	**—**	2,797
Share of profits of associates and joint ventures	**(151,567)**	(235,865)
Net foreign exchange gains	**(142,311)**	(71,449)
Losses on disposal of investments	**13,373**	37,202
Interest income	**(605,575)**	(806,640)
Interest expense	**1,364,398**	1,118,819
Dividend income	**(4,371)**	(5,073)
Changes in working capital:		
Inventories	**(199,130)**	519,374
Trade receivables	**(1,693,394)**	(3,383,427)
Prepayments and other receivables	**522,033**	(649,552)
Trade payables	**2,038,666**	1,580,626
Accruals, advances and other payables	**(1,202,128)**	(1,083,534)
Restricted bank deposits	**645,660**	943,753
Decrease in provision for employee benefits	**(97,033)**	(31,110)
(Decrease)/increase in provision for close down, restoration, and environmental costs	**(40,134)**	21,631
Cash generated from operations	**12,268,107**	15,687,656

39 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of RMB2,616,420,000 (2012: RMB10,845,622,000).

40 CONTINGENT LIABILITIES

The Group is a defendant in certain lawsuits arising in the ordinary course of business. While the outcomes of such lawsuits 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.

41 COMMITMENTS

(a) Capital commitments

Capital expenditure of property, plant and equipment authorised which has not been contracted for as of 31 December 2013 amounts to RMB564,331,000 (2012: Nil).

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

	Group	
	2013	2012
	RMB'000	RMB'000
Property, plant and equipment	**18,161,359**	18,725,052
Others	**545,656**	379,316
	18,707,015	19,104,368

41 COMMITMENTS (Continued)

(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:

	Group	
	2013	2012
	RMB'000	RMB'000
Land and buildings:		
– Within 1 year	**128,162**	126,211
– From 1 year to 5 years	**256,769**	314,828
– Over 5 years	**801,060**	862,680
	1,185,991	1,303,719

(c) Investment commitments

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 31 December 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.

42 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 years ended 31 December 2013 and 2012.

(a) Related party transactions

	2013 RMB'000	2012 RMB'000
Transactions with the Parent Company and fellow subsidiaries		
Coal Export and Sales (i)		
Charges paid for agency services of coal export	**2,709**	3,889
Integrated Materials and Services Mutual Provision (ii)		
Charges paid for production materials and ancillary services	**3,433,814**	2,436,449
Charges paid for social and support services	**82,223**	78,078
Revenue received from supply of production materials and ancillary services	**503,380**	607,073
Revenue received from provision of coal export-related services	**—**	35,749
Mine Construction, Design and General Contracting Service (iii)		
Charges paid for construction services	**5,716,621**	4,648,793
Property Leasing (iv)		
Rental charge paid	**91,194**	92,471
Land Use Right Leasing (v)		
Rental charge paid	**61,620**	61,620
Coal Supplies (vi)		
Charges paid for coal supplies	**522,202**	428,261

42 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(a) Related party transactions (Continued)

(i) 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.

(ii) 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. The Company and China Coal Group entered into Supplementary Agreement to Integrated Materials and Services Mutual Provision Framework Agreement on 31 December 2012. Pursuant to the agreement, the service fee is 65% of the actual service fee in respect of each ton of coal products exported.

42 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(a) Related party transactions (Continued)

(iii) 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.

(iv) 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.

(v) 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. Pursuant to the agreement, the Company will make payment of approximately RMB8,900,000 to China Coal Group and related parties per annum, which is subjected to review and adjustment according to market price every three year. During the year 2009, the Company and China Coal Group agreed to adjust the annual leasing price cap to RMB23,000,000 for the years from 2009 to 2011. During the year 2011, the Company and China Coal Group further agreed to adjust the annual leasing price cap to RMB72,000,000 for the years from 2012 to 2014. This agreement is valid for 20 years, taking effect from 22 August 2006.

(vi) The Company and China Coal Group entered into a Coal Supplies Framework Agreement on 31 December 2008, 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.

42 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(a) Related party transactions (Continued)

	2013 RMB'000	2012 RMB'000
Transactions with joint ventures:		
Interest income on loan to a joint venture	**10,648**	39,016
Revenue received from sales of coal	**95,634**	82,692
Purchases of goods and services:		
Purchases of materials and spare parts	**—**	1,118
Transactions with associates:		
Sales and services provided:		
Revenue received from sales of machinery and equipment	**86,044**	27,143
Operating lease income from property, plant and equipment	**163,362**	156,316
Revenue received from sales of coal	**367,835**	340,121
Purchases of goods and services:		
Purchases of materials and spare parts	**95,171**	32,001
Transportation services	**531,901**	442,894

42 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(a) Related party transactions (Continued)

	2013 RMB'000	2012 RMB'000
Key management compensation		
Key management includes directors (executive and non-executive), supervisors and other key management personnel. The compensation paid or payable to key management for employee services is shown below:		
Salary, allowances and other benefits		
– Directors and supervisors	**3,005**	2,642
– Other key management	**4,339**	4,440
Pension costs-defined contribution plans		
– Directors and supervisors	**113**	106
– Other key management	**349**	320

Transactions with other government related entities in PRC

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

During the years ended 31 December 2012 and 2013, 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
- Cash and bank balances and borrowings.

42 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(a) Related party transactions (Continued)

Transactions with other government related entities in PRC (Continued)

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

- Lease of assets;
- Retirement benefit plans.

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

(b) Commitments to related parties

	2013 RMB'000	2012 RMB'000
With the parent company and fellow subsidiaries		
– Purchases of goods	**391,104**	27,514
– Purchases of services	**1,281,900**	1,668,932
– Leasing payments	**1,174,976**	1,302,803
Total	**2,847,980**	2,999,249

(c) Loan guarantees to related parties

	2013 RMB'000	2012 RMB'000
Loan guarantees to related parties		
– Associates	**4,610,506**	1,523,566
– Joint ventures	**180,000**	171,000
Total	**4,790,506**	1,694,566

43 PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

As at 31 December 2013, the Company has interests in the following principal subsidiaries, joint ventures and associates, which in the opinion of the directors, were significant to the results of 2013 or formed a substantial portion of the Group at the balance sheet date:

(a) Principal subsidiaries

Company name	Country/Place of operation and date of incorporation	Registered capital	Attributable equity interest held by the Company	Attributable equity interest held by the Group	Principal activities	Type of legal entity
Listed –						
Shanghai Datun Energy Resources Company Limited (上海大屯能源股份有限公司)	Peixian, the PRC 29 December 1999	RMB722,718,000	62.43%	62.43%	Coal mining and sale of coal	Joint stock with limited liability
Unlisted –						
China Coal Pingshuo Group Company Limited (中煤平朔集團有限公司)	Shuozhou, the PRC 25 August 2008	RMB16,078,288,000	100%	100%	Coal mining, manufacture, processing and sale of coal and other related services	Limited liability company
China National Coal Mining Equipment Company Limited (中國煤礦機械裝備有限責任公司)	Beijing, the PRC 26 April 1988	RMB6,594,623,000	100%	100%	Design, manufacture and sale of machinery and equipment for coal industry	Limited liability company
China Coal and Coke Holdings Limited (中煤焦化控股有限責任公司)	Beijing, the PRC 15 August 2003	RMB1,048,813,800	100%	100%	Manufacture and sale of coke	Limited liability company
Shanxi China Coal Huajin Energy Company Limited (山西中煤華晉能源有限責任公司)	Taiyuan, the PRC 8 September 2011	RMB1,656,410,000	51%	51%	Coal mining and sale of coal	Limited liability company
China National Coal Development Company Limited (中國煤炭開發有限責任公司)	Beijing, the PRC 17 February 1981	RMB100,000,000	100%	100%	Sale of mining equipment	Limited liability company
China Coal Tendering Company Limited (中煤招標有限責任公司)	Beijing, the PRC 28 December 2001	RMB50,000,000	100%	100%	Tendering services	Limited liability company
China Coal Xing'an Energy Chemical Engineering Company Limited (中煤興安能源化工有限公司)	Ulanhot, the PRC 16 August 2011	RMB500,000,000	100%	100%	Coal chemical engineering	Limited liability company
China Coal Ordos Energy Chemical Company Limited (中煤鄂爾多斯能源化工有限公司)	Ordos, the PRC 27 April 2011	RMB3,529,670,000	100%	100%	Coal chemical engineering	Limited liability company

43 PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (Continued)

(a) Principal subsidiaries (Continued)

Company name	Country/Place of operation and date of incorporation	Registered capital	Attributable equity interest held by the Company	Attributable equity interest held by the Group	Principal activities	Type of legal entity
Sunfield Resources Pty. Limited (華光資源有限公司)	Sydney, Australia 18 June 1997	AUD500,000	100%	100%	Investment management, trading of coal and coke	Limited liability company
Shuozhou Great Company Limited (朔州市格瑞特實業有限公司)	Shuozhou, the PRC 20 August 2004	RMB425,409,000	100%	100%	Coal gangue power generation	Limited liability company
Shuozhou China Coal Pingshuo Energy Company Limited (朔州中煤平朔能源有限公司)	Shuozhou, the PRC 17 February 2004	RMB232,190,000	100%	100%	Manufacture, processing and sale of coal	Limited liability company
Shaanxi Nanliang Coal Company Limited (陝西南梁礦業有限公司)	Fugu, the PRC 5 February 1999	RMB245,930,000	23%	55%	Manufacture and processing of coal	Sino-foreign joint venture
Datong China Coal Export Base Development Company Limited (大同中煤出口煤基地建設有限公司)	Datong, the PRC 8 August 2000	RMB125,000,000	19%	60%	Manufacture, processing and sale of coal	Sino-foreign joint venture
China Coal Heilongjiang Coal Chemical Engineering Company Limited (中煤能源黑龍江煤化工有限公司)	Yilan, the PRC 22 June 2007	RMB 2,259,173,535	100%	100%	Coal chemical engineering	Limited liability company
Shanxi China Coal Dongpo Coal Industry Company Limited (山西中煤東坡煤業有限公司)	Shuozhou, the PRC 1 November 2002	RMB718,880,000	100%	100%	Coal mining	Limited liability company
China Coal Xinjiang Coal Electricity Chemical Company Limited (中煤能源新疆煤電化有限公司)	Jimsar County in Changji Prefecture, the PRC 9 April 2009	RMB800,000,000	60%	60%	Coal chemical Engineering	Limited liability company
China Coal Hami Coal Industry Company Limited (中煤能源哈密煤業有限公司)	Hami, the PRC 13 July 2009	RMB464,766,400	100%	100%	Coal mining	Limited liability company
China Coal Yili Coal Electricity Chemical Company Limited (中煤能源伊犁煤電化有限公司)	Yili, the PRC 22 July 2009	RMB100,000,000	100%	100%	Coal chemical engineering	Limited liability company
Inner Mongolia China Coal Mengda New Energy & Chemical Industry Company Limited (內蒙古中煤蒙大新能源化工有限公司)	Ordos, the PRC 9 November 2005	RMB198,601,000	75%	75%	Manufacture and sale of coal chemical products	Limited liability company

43 PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (Continued)

(a) Principal subsidiaries (Continued)

Company name	Country/Place of operation and date of incorporation	Registered capital	Attributable equity interest held by the Company	Attributable equity interest held by the Group	Principal activities	Type of legal entity
Wushenqi Mengda Mining Company Limited (烏審旗蒙大礦業有限責任公司)	Ordos, the PRC 27 April 2007	RMB854,000,000	66%	66%	Coal mining and manufacture and sale of chemical products	Limited liability company
Ordos Yihua Mining Resources Company Limited (鄂爾多斯市伊化礦業資源有限責任公司)	Ordos, the PRC 16 January 2007	RMB1,013,000,000	51%	51%	Coal mining and manufacture and sale of chemical products	Limited liability company
Guangzhou China Coal South China Trading Company Limited (廣州中煤華南銷售有限公司)	Guangzhou, the PRC 11 November 2009	RMB10,000,000	100%	100%	Import and export coal products	Limited liability company
China Coal Shaanxi Yulin Energy & Chemical Company Limited (中煤陝西榆林能源化工有限公司)	Yulin, the PRC 21 April 2010	RMB6,865,560,000	100%	100%	Manufacture, processing sale of coal and coal chemical products	Limited liability company
Ordos Yinhe Hongtai Coal Power Company Limited (鄂爾多斯市銀河鴻泰煤電有限公司)	Ordos, the PRC 10 May 2006	RMB94,493,800	78.84%	78.84%	Coal mining	Limited liability company
Shanxi Puxian China Coal Jinchang Mining Company Limited (山西蒲縣中煤晉昶礦業有限責任公司)	Linfen, the PRC 12 March 2012	RMB50,000,000	51%	51%	Coal mining	Limited liability company
China Coal Sales and Transportation Company Limited (中國煤炭銷售運輸有限責任公司)	Beijing, the PRC 29 March 1983	RMB1,891,439,198	100%	100%	Sale of coal products and other related products	Limited liability company
Shanxi Zhongxin Tangshangou Coal Industry Company Limited (山西中新唐山溝煤業有限責任公司)	Datong, the PRC 18 November 1981	RMB16,350,000	80%	80%	Coal mining	Limited liability company
Shanxi Puxian China Coal Yushuo Mining Company Limited (山西蒲縣中煤禹碩礦業有限責任公司)	Linfen, the PRC 5 June 2013	RMB50,000,000	63%	63%	Coal mining	Limited liability company
Inner Mongolia China Coal Yuanxing Energy Chemical Company Limited (內蒙古中煤遠興能源化工有限公司)	Ordos, the PRC 27 December 2013	RMB1,032,399,000	75%	75%	Manufacture and sale of coal chemical products	Limited liability company

Notes:

(a) Except for Sunfield Resources Pty. Limited which has adopted 30 June as its financial year end date, all subsidiaries have adopted 31 December as their financial year end date.

43 PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (Continued)

(b) Principal joint ventures

Company name	Country/Place of operation and date of incorporation	Registered capital	Attributable equity interest held by the Company	Attributable equity interest held by the Group	Principal activities	Type of legal entity
Datong Zhongxin Energy Company Limited (大同中新能源有限公司)	Datong, the PRC 27 August 2001	RMB161,000,000	5%	42% (note (b))	Manufacture and processing of coal	Sino-foreign joint venture
Hebei Sinocoal Risun Coking Company (河北中煤旭陽焦化有限公司)	Xingtai, the PRC 21 November 2003	RMB100,000,000	—	45% (note (b))	Manufacture and sale of coal and other related products	Limited liability company
Gansu China Coal Tianda Energy Company Limited (甘肅中煤天大能源有限公司)	Qingyang, the PRC 14 October 2011	RMB50,000,000	50% (note (b))	50% (note (b))	Coal and coal chemical engineering	Limited liability company

Notes:

(b) As no venturer of these entities are in a position to control the activities of these entities unilaterally, and the strategic financial and operating decisions relating to them require the unanimous consent of the venturers, they are accounted for as joint ventures of the Group.

43 PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (Continued)

(c) Principal associates

Company name	Country/Place of operation and date of incorporation	Registered capital	Attributable equity interest held by the Company	Attributable equity interest held by the Group	Principal activities	Type of legal entity
Tianjin Port China Coal Huaneng Coal Terminal Company Limited (天津港中煤華能煤碼頭有限公司)	Tianjin, the PRC 14 September 2007	RMB1,125,000,000	24.50%	24.50%	Port logistics	Limited liability company
Guotou China Coal Tongmei Jingtang Port Company Limited (國投中煤同煤京唐港口有限公司)	Tianjin, the PRC 16 June 2005	RMB200,000,000	21%	21%	Coal quay construction	Limited liability company
Taiyuan Coal Gasification Longquan Energy Development Company Limited (太原煤氣化龍泉能源發展有限公司)	Taiyuan, the PRC 8 September 2006	RMB900,000,000	40%	40%	Manufacture and sale of coke, coal and other related products	Limited liability company
Zhejiang Zheneng China Coal Zhoushan Coal & Electricity Company Limited (浙江浙能中煤舟山煤電有限責任公司)	Zhoushan, the PRC 5 June 2007	RMB2,014,000,000	27%	27%	Import and export of coal and related products	Limited liability company
Zhongtian Synergetic Energy Company Limited (中天合創能源有限責任公司)	Ordos, the PRC 24 October 2007	RMB5,403,768,000	38.75%	38.75%	Coal chemical engineering	Limited liability company
Shaanxi Yanchang China Coal Yulin Energy Chemical Company Limited (陝西延長中煤榆林能源化工有限公司)	Yulin, the PRC 21 May 2008	RMB7,000,000,000	30%	30%	Coal and coal chemical engineering	Limited liability company
Shanxi Pingshuo Gangue-fired Power Generation Company Limited (山西平朔煤矸石發電有限責任公司)	Shuozhou, the PRC 10 December 2002	RMB714,250,000	—	33%	Power generation and related products	Limited liability company
Shuozhou Pingshuo Luda Railway Transportation Company Limited (朔州平朔路達鐵路運輸有限公司)	Shuozhou, the PRC 19 May 2004	RMB10,000,000	—	37.50%	Railway transportation	Limited liability company
Shuozhou Pinglu District Ping'an Fertilizer Company Limited (朔州市平魯區平安化肥有限責任公司)	Shuozhou, the PRC 31 July 1996	RMB137,018,257	—	29.71%	Explosive and pyrotechnic products manufacturing	Limited liability company
Guorun (Zhangjiakou) Mineral Equipment Company Limited (國潤 (張家口) 工業技術有限責任公司)	Zhangjiakou, the PRC 18 November 2004	USD3,530,000	—	40%	Manufacture of mining vehicles and provision of technical services	Sino-foreign joint venture

43 PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (Continued)

(c) Principal associates (Continued)

Company name	Country/Place of operation and date of incorporation	Registered capital	Attributable equity interest held by the Company	Attributable equity interest held by the Group	Principal activities	Type of legal entity
Beijing Zhongshuichang Solid and Liquid Separation Technology Company Limited (北京中水長固液分離技術有限公司)	Beijing, the PRC 20 September 2001	RMB11,600,000	—	25.86%	Manufacture and sale of environmental friendly equipments	Limited liability company
Inner Mongolia Tianlong Mining Machinery Maintenance Company Limited (內蒙古天隆煤機維修有限責任公司)	Ordos, the PRC 17 July 2008	RMB100,000,000	—	20%	Mechanical equipment maintenance	Limited liability company
Inner Mongolia Boyuan Joint Chemical Company Limited (內蒙古博源聯合化工有限公司)	Ordos, the PRC 12 July 2004	RMB650,000,000	—	20%	Manufacture and sale of methanol related products	Sino-foreign joint venture
Inner Mongolia Sulige Natural Gas Chemical Company Limited (內蒙古蘇裡格天然氣化工有限公司)	Ordos, the PRC 9 June 2009	RMB300,000,000	—	20%	Manufacture and sale of methanol related products	Limited liability company
China Power Shentou Power Generation Company Limited (中電神頭發電有限責任公司)	Shuozhou, the PRC 20 February 2012	RMB1,000,000,000	20%	20%	Power generation and related products	Limited liability company
Datong Coal Mining Group Electrical Machinery and Equipment (Fushun) Company Limited (大同煤礦集團機電裝備撫順電機有限公司)	Datong, the PRC 20 March 2012	RMB20,000,000	—	30%	Manufacture and sale of electric motor	Limited liability company
Shuozhou Fumin Water Supply Investment Construction Company Limited (朔州市富民供水投資建設公司)	Ordos, the PRC 9 June 2009	RMB153,000	—	65% (note (c))	Water supply	Limited liability company
Huajin Coking Coal Company Limited (華晉焦煤有限責任公司)	Liulin, the PRC 23 February 2001	RMB519,870,000	49%	49%	Coal mining and sales of coal products	Limited liability company
CITIC (Jiangyin) Terminal Company Limited (中信(江陰)碼頭有限公司)	Jiangyin, the PRC 7 June 2010	RMB400,000,000	—	30%	Port Services	Limited liability company
China Coal Elgin Mining Machinery Company Limited (中煤艾爾競礦業裝備有限公司)	Ordos, the PRC 12 August 2013	USD8,100,000	—	49%	Manufacture and sale of machinery and equipment for coal industry	Limited liability company
Tianjin King Carbon Energy Technical Company Limited ((天津炭金能源技術有限公司))	Tianjin, the PRC 28 August 2001	RMB2,000,000	—	40%	Trading of coal products	Limited liability company

43 PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (Continued)

(c) Principal associates (Continued)

Notes:

(c) As the strategic, financial and operating decisions relating to the company is controlled by the other shareholders, they are accounted for as an associate of the Group.

The English names of certain subsidiaries, joint ventures and associates referred to herein represent management's best effort at translating the Chinese names of these companies as no English names have been registered.

44 ULTIMATE HOLDING COMPANY

The Company's directors regard China Coal Group, a company established in the PRC, as the ultimate holding company of the Company.

Financial Summary for Recent Five Years

Unit: RMB '000

	2009 Annual Report	2010 Annual Report	2011 Annual Report	2012 Annual Report (Restated)	**2013 Annual Report**
Revenue and Profit					
Revenue	53,187,027	70,302,637	87,773,054	87,291,670	**82,316,482**
Profit before income tax	10,315,570	10,998,895	14,041,860	12,789,100	**6,401,221**
Income tax	2,395,399	2,847,876	3,382,822	3,214,246	**1,781,107**
Profit for the year	7,920,171	8,151,019	10,659,038	9,574,854	**4,620,114**
Attributable to:					
Equity holders of the Company	7,409,336	7,466,357	9,801,542	8,842,340	**3,805,128**
Non-controlling interests	510,835	684,662	857,496	732,514	**814,986**
Dividends	2,043,559	1,986,651	2,072,693	2,851,145	**2,784,319**
Earnings per share attributable to the equity holders of the Company (RMB/share)	0.56	0.56	0.74	0.67	**0.29**
Assets and Liabilities					
Non-current assets	60,226,564	74,236,219	103,821,748	136,306,360	**168,792,285**
Current assets	50,873,086	48,699,970	56,111,496	49,392,813	**47,727,822**
Current liabilities	15,519,185	19,390,780	28,779,185	34,126,631	**43,497,865**
Net current assets/(liabilities)	35,353,901	29,309,190	27,332,311	15,266,182	**4,229,957**
Total assets less current liabilities	95,580,465	103,545,409	131,154,059	151,572,542	**173,022,242**
Non-current liabilities	17,384,763	17,206,859	35,189,270	50,141,175	**69,929,102**
Net assets	78,195,702	86,338,550	95,964,789	101,431,367	**103,093,140**
Equity attributable to the equity holders of the Company	68,595,392	74,048,571	81,745,042	86,737,342	**87,811,024**
Non-controlling interests	9,600,310	12,289,979	14,219,747	14,694,025	**15,282,116**

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 Stock Exchange of Hong Kong Limited 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 License	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 Center, Building 2, Corporate Avenue, 202 Hu Bin Road, Huangpu 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	
Legal advisor as to PRC law	Beijing Jiayuan Law Firm
Contact address	R407 Ocean Plaza, 158 Fuxingmennei Avenue, Xicheng District, Beijing, China
Legal advisor as to Hong Kong law	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, China
H Share Registrar	Computershare Hong Kong Investors Services Limited
Contact Address	Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Definitions

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

Company/China Coal Energy/ the Group/the Company	China Coal Energy Company Limited, unless otherwise indicated, also includes all of its subsidiaries
Board of the Company/Board	the board of directors of China Coal Energy Company Limited
Directors	the directors of the Company, including all the executive directors, non-executive directors and independent non-executive directors
China Coal Group	China National Coal Group Corporation, the controlling shareholder of the Company
Shanghai Energy Company	Shanghai Datun Energy Resources Company Limited
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
Datun Mining Area	the coal mining area in Jiangsu Province operated by Shanghai Energy Company, comprising the Yaoqiao, Kongzhuang, Xuzhuang and Longdong mines
Dongpo Company	Shanxi China Coal Dongpo Coal Industry Company Limited
Nanliang Company	Shaanxi Nanliang Coal Company Limited
Yilan Coal Mine No.3	an underground coal mine in Heilongjiang Province operated by China Coal Heilongjiang Coal Chemical Company Limited
China Coal Equipment Company	China National Coal Mining Equipment Company Limited
Pingshuo Company	China Coal Pingshuo Group Company Limited
Shanxi Coking Coal Group	Shanxi Coking Coal Group Co., Ltd.,
Huajin Coking Coal Company	Huajin Coking Coal Company Limited
China Coal Huajin Company	Shanxi China Coal Huajin Energy Company Limited

Definitions

Import and Export Company	China Coal Import and Export Company
Huayu Company	China Coal Group Shanxi Huayu Energy Co. Ltd. (formerly known as China Coal Group Shanxi Jinhaiyang Energy Co., Limited)
Tang Shan Gou Company	Shanxi Zhongxin Tangshangou Coal Industry Company Limited
Sales and Transportation Company	China Coal Sales and Transportation Company Limited
Jinmei Group	Shanxi Jincheng Anthracite Mining Group Co., Ltd.
Taiyuan Coal Gasification Group	Taiyuan Coal Gasification (Group) Co., Limited
Heilongjiang Coal Chemical Group	China Coal Heilongjiang Coal Chemical Engineering (Group) Company Limited
Heilongjiang Coal Chemical Company	China Coal Heilongjiang Coal Chemical Company Limited
Finance Company	China Coal Finance Co., Ltd.
China Coal and Coke	China Coal and Coke Holdings Limited
Zhongtian Synergetic Company	Zhongtian Synergetic Energy Company Limited
Shaanxi Company	China Coal Shaanxi Yulin Energy & Chemical Company Limited
Ministry of Finance	the Ministry of Finance of the People's Republic of China
SAIC	the State Administration for Industry and Commerce of the People's Republic of China
SAWS	the State Administration of Work Safety of the People's Republic of China
NDRC	the National Development and Reform Commission of the People's Republic of China
SASAC	the State-owned Assets Supervision and Administration Commission of the State Council
CSRC	China Securities Regulatory Commission
HKSE	The Stock Exchange of Hong Kong Limited

Definitions

HKSE Website	www.hkexnews.hk
SSE	the Shanghai Stock Exchange
SSE Website	www.sse.com.cn
Company Website	www.chinacoalenergy.com
Articles of Association	the articles of association passed at the inaugural meeting of the Company on 18 August 2006 and approved by the relevant state authorities, as amended and supplemented from time to time
A Share(s)	the ordinary share(s) issued to domestic investors in China with approval from CSRC, which are listed on the SSE and traded in RMB
H Share(s)	the overseas listed foreign share(s) of RMB1.00 each in the share capital of the Company, which are listed on the HKSE for subscription in Hong Kong dollars
PricewaterhouseCoopers Zhong Tian	PricewaterhouseCoopers Zhong Tian LLP
PricewaterhouseCoopers	PricewaterhouseCoopers
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
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
SSE Listing Rules	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
RMB	RMB yuan

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