年度報告

Annual Report 2014

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

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:RMB 100 million

Items	**As at 31 December 2014**	As at 31 December 2013	Percentage Change (%)	Notes to financial statements
Assets	**2,440.12**	2,165.20	12.7	
Of which: Property, plant and equipment	**1,263.67**	1,100.15	14.9	Note 6
Mining and exploration rights	**331.68**	325.67	1.8	Note 8
Investment in associates	**101.35**	95.60	6.0	Note 10
Inventories	**86.22**	68.06	26.7	Note 17
Trade and notes receivables	**134.59**	128.95	4.4	Note 18
Term deposits with initial terms of over 3 months	**58.16**	82.05	-29.1	Note 20
Cash and cash equivalents	**181.32**	112.33	61.4	Note 20
Equity	**1,029.29**	1,030.93	-0.2	
Of which: Equity attributable to the equity holders of the Company	**869.04**	878.11	-1.0	
Non-controlling interests	**160.25**	152.82	4.9	Note 9
Liabilities	**1,410.83**	1,134.27	24.4	
Of which: Long-term borrowings	**510.16**	297.75	71.3	Note 23
Long-term bonds	**308.55**	298.68	3.3	Note 24
Provision for close down, restoration and environmental costs	**12.45**	11.74	6.0	Note 28
Trade and notes payable	**234.21**	226.31	3.5	Note 26
Taxes payable	**9.05**	17.85	-49.3	

SUMMARY OF CONSOLIDATED INCOME STATEMENT

Unit:RMB 100 million

Items	**For the year ended 31 December 2014**	For the year ended 31 December 2013	Percentage Change (%)	Notes to financial statements
Revenue	**706.64**	823.16	-14.2	Note 5
Cost of sales	**634.68**	709.20	-10.5	Note 30
Gross profit	**71.96**	113.96	-36.9	
Profit from operations	**24.97**	68.79	-63.7	
Profit before income tax	**6.79**	64.01	-89.4	
Profit for the year	**4.88**	46.20	-89.4	
Profit attributable to the equity holders of the Company	**1.41**	38.05	-96.3	
Basic earnings per share attributable to equity holders of the Company (RMB/Share)	**0.01**	0.29	-96.6	Note 34

Overview of Key Financial Data

SUMMARY OF THE OPERATING RESULTS OF THE SEGMENTS (FOR THE YEAR ENDED 31 DECEMBER 2014 AND AS AT 31 DECEMBER 2014)

Unit:RMB 100million

Items	Coal operations	Coal chemicals operations	Coal mining equipment operations	Other operations	Non-operating segments	Elimination	Total
Revenue	584.64	42.85	61.35	36.12	–	-18.32	706.64
Of which: Revenue from external sales	580.67	42.85	55.90	27.22	–	–	706.64
Profit from operations	26.47	1.43	1.33	-0.22	-3.41	-0.63	24.97
Profit before income tax	12.69	-0.20	0.89	1.76	-7.83	-0.52	6.79
Assets	1,296.00	471.14*	178.18	206.76	329.05	-41.01	2,440.12
Liabilities	475.59	225.80	63.62	60.16	625.65	-39.99	1,410.83

*: As at 31 December 2014, total assets of coal chemical operations include construction in progress of RMB28.34 billion.

SUMMARY OF CONSOLIDATED CASH FLOW STATEMENT

Unit: RMB 100 million

Items	**For the year ended 31 December 2014**	For the year ended 31 December 2013 (Restated)
Net cash generated from operating activities	**50.84**	94.91
Net cash used in investing activities	**-177.67**	-287.36
Net cash generated from financing activities	**195.85**	172.60
Net increase/(decrease) in cash and cash equivalents	**69.02**	-19.85
Cash and cash equivalents at the beginning of the period	**112.33**	132.23
Net foreign exchange losses	**-0.02**	-0.05
Cash and cash equivalents at the end of the period	**181.32**	112.33

Note: In order to mitigate inconsistency across different capital markets, the Group reclassified interest paid and interest income received (other than those related to current deposits) from operating activities to financing activities and investing activities respectively in the current period. Prior period figure is reclassified accordingly.

Overview of Key Financial Data

RECONCILIATION OF PROFIT BEFORE TAX TO NET CASH GENERATED FROM OPERATIONS

Unit: RMB 100 million

Items	**For the year ended 31 December 2014**	For the year ended 31 December 2013 (Restated)
Profit before tax	**6.79**	64.01
Adjustments for		
Depreciation and amortisation	**54.53**	52.06
Net losses/(gains)from disposal of property, plant and equipment, land use rights and intangible assets	**0.64**	-0.24
Provision for impairment of receivables, inventories and property, plant and equipment	**5.07**	2.37
Share of profits of associated and jointly controlled entities	**-1.34**	-1.52
Net gains in foreign exchange	**-0.21**	-1.42
Losses on disposal of investments	**0.05**	0.13
Interest and dividend income	**-5.94**	-5.31
Interest expense	**27.33**	13.64
Changes in working capital	**-23.56**	1.12
Decrease in provision for employee benefits	**-0.42**	-0.97
Increase/(Decrease) in provision for close down, restoration and environmental costs	**0.04**	-0.40
Net cash generated from operating activities	**62.98**	123.47

Overview of Business Data

Items	2014	2013	Change (%)
(1) Coal operations (10 thousand tonnes)			
Production volume of raw coal	**15,024**	15,660	-4.1
Production volume of commercial coal	**11,440**	11,868	-3.6
Sales volume of commercial coal	**15,689**	16,101	-2.6
Of which: Sales volume of self-produced commercial coal	**10,609**	11,531	-8.0
(2) Coal Chemical Operations (10 thousand tonnes)			
Production volume of urea	**105.6**	16.2	551.9
Of which: Production volume for the trial production period	**69.6**	3.7	–
Sales volume of urea	**85.8**	15.8	443.0
Of which: Sales volume for the trial production period	**46.6**	3.6	–
Production volume of methanol	**57.7**	12.4	365.3
Of which: Production volume for the trial production period	**27.6**	☆	–
Sales volume of methanol	**58.6**	17.9	227.4
Of which: Sales volume for the trial production period	**22.3**	☆	–
Production volume of polyethylene	**9.7**	☆	–
Of which: Production volume for the trial production period	**9.7**	☆	–
Sales volume of polyethylene	**8.9**	☆	–
Of which: Sales volume for the trial production period	**8.9**	☆	–
Production volume of polypropylene	**7.7**	☆	–
Of which: Production volume for the trial production period	**7.7**	☆	–
Sales volume of polypropylene	**6.8**	☆	–
Of which: Sales volume for the trial production period	**6.8**	☆	–
Production volume of coke	**194.4**	190.6	2.0
Sales volume of coke	**252.2**	242.3	4.1
Of which: Sales volume of self-produced coke	**200.4**	192.6	4.0
(3) Coal mining equipment operations			
Production value of coal mining equipment (RMB100 million)	**55.6**	64.8	-14.2
Sales volume of coal mining equipment (10 thousand tonnes)	**25.1**	34.3	-26.8

Notes: 1. ☆: N/A for the period (same as below)

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

Production volume of commercial coal (10 thousand tonnes)	2014	2013	Change (%)
Pingshuo Company	**8,459**	9,134	-7.4
Shanghai Energy Company	**808**	783	3.2
China Coal Huajin Company	**697**	555	25.6
Dongpo Company	**614**	653	-6.0
Nanliang Company	**261**	204	27.9
Tang Shan Gou Company	**133**	137	-2.9
Shuozhong Company	**535**	522	2.5
Dazhong Company	**317**	318	-0.3
Shaanxi Company	**256**	154	66.2
Total	**11,440**	11,868	-3.6

Notes: 1. Internal transactions of 6.40 million tonnes were eliminated from the total commercial coal production volume in 2014, while 5.92 million tonnes were eliminated in 2013.

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.

Overview of Business Data

Sales volume of commercial coal (10 thousand tonnes)			2014	2013	Change (%)
(1)	**Domestic sales of self-produced coal**		**10,557**	11,488	-8.1
	By region:	North China	**5,347**	4,596	16.3
		East China	**3,433**	4,633	-25.9
		South China	**1,553**	1,270	22.3
		Others	**224**	989	-77.4
	By coal type:	Thermal coal	**9,939**	11,030	-9.9
		Coking coal	**618**	458	34.9
	By contract:	Long-term contract	**8,247**	6,911	19.3
		Spot trading	**2,310**	4,577	-49.5
	By transportation:	Seaborne	**7,616**	8,521	-10.6
		Direct arrival	**1,828**	1,580	15.7
		Local sales	**1,113**	1,387	-19.8
(2)	**Self-produced coal export**		**52**	43	20.9
	By region:	Taiwan, China	**52**	43	20.9
	By coal type:	Thermal coal	**52**	43	20.9
	By contract:	Long-term contract	**52**	43	20.9
(3)	**Proprietary trading**		**4,634**	4,119	12.5
	Of which:	Domestic resale	**4,416**	3,995	10.5
		Import trading	**215**	94	128.7
		Transshipment trading	☆	27	-100.0
		Self-operated exports	**3**	3	–
(4)	**Agency**		**446**	451	-1.1
	Of which:	Import agency	**66**	146	-54.8
		Export agency	**214**	196	9.2
		Domestic agency	**166**	109	52.3
Total			**15,689**	16,101	-2.6

Production value of coal mining equipment (RMB100 million)	2014	2013	Change (%)
Conveyor equipment	**23.1**	25.8	-10.5
Support equipment	**16.5**	19.1	-13.6
Road header	**5.1**	6.8	-25.0
Shearer	**5.6**	6.9	-18.8
Electric mining motor	**5.3**	6.2	-14.5
Total	**55.6**	64.8	-14.2

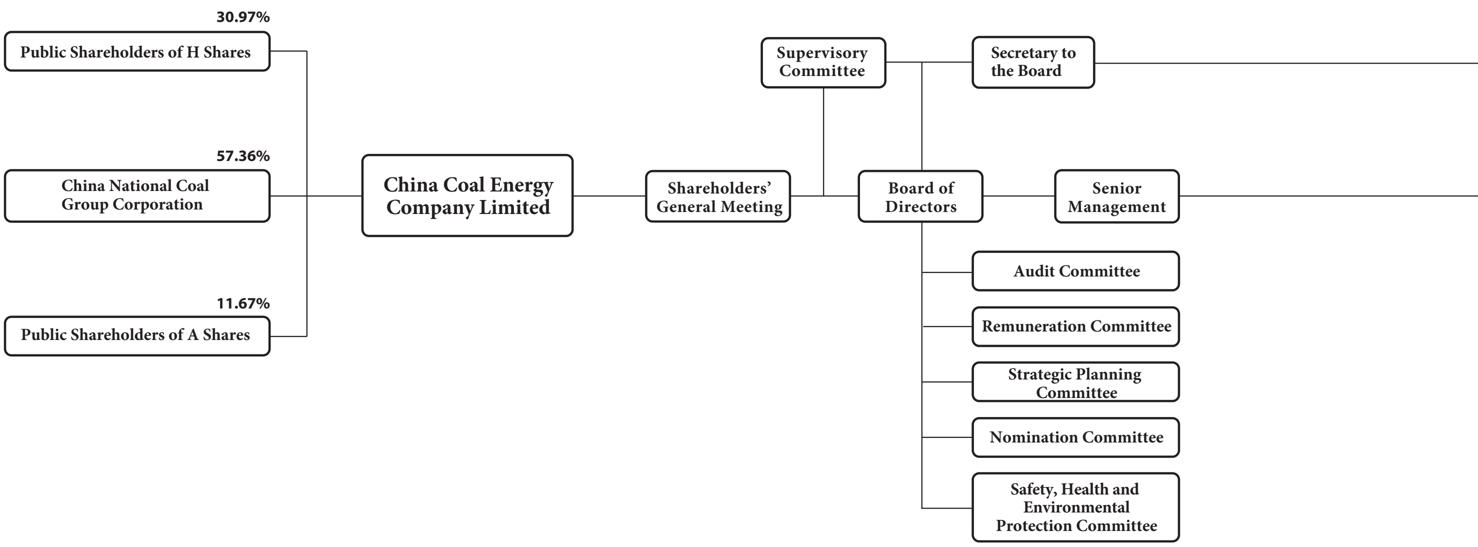
Overview of Business Data

Coal resource reserve (100 million tonnes)	As of the end of 2014	Percentage (%)
By base:		
Shanxi	**79.9**	42.1
Inner Mongolia-Shaanxi	**92.4**	48.7
Jiangsu	**7.8**	4.1
Xinjiang	**6.5**	3.4
Heilongjiang	**3.1**	1.7
By coal type:		
Thermal coal	**158.5**	83.6
Coking coal	**31.2**	16.4
Total	**189.7**	100.0

Notes:

1. As at the end of 2014, the Company had coal resource reserve of 18.97 billion tonnes with mining rights in accordance with the mining standards of the PRC.
2. In accordance with the latest resource reserve verification report approved by the Ministry of Land and Resources, Zhongtian Synergetic Company was verified to decrease resource reserve in Menkeqing Coal Mine and Hulusu Coal Mine by 166 million tonnes and 109 million tonnes respectively.
3. Hecaogou Coal Mine of Shaanxi Company registered a new mining permit and a reduced minning area was verified to decrease resource reserve by 118 million tonnes.
4. In accordance with the latest resource reserve verification report approved by the Department of Land and Resources of Xinjiang Uyghur Autonomous Region, Weizigou Coal Mine in Xinjiang of Shanghai Energy Company was verified to increase resource reserve by 37 million tonnes.
5. Yilan No.3 Coal Mine of Heilongjiang Coal Chemical Company delimited its mining area in 2014, and according to the latest resource reserve verification report approved by the Department of Land and Resources of Heilongjiang Province, it was verified to increase resource reserve by 125 million tonnes.
6. After exploration of coal resource reserve by the Company, and inspection and recalculation of resource reserve in other mines, coal resource reserve of the Company decreased by 259 million tonnes in 2014.

Organisation Chart of the Company



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
- Production and Operation Command Centre
- Technology Management Centre
- Department of Infrastructure Management
- Department of Science and Technology Development
- Department of Information Management
- Department of Investor Relations
- Department of Safety, Health and Environmental Protection
- International Collaboration & Development Department
- Department of Legal Affairs
- Auditing Department
- Coal Sales Centre
- Purchasing Centre
- Coal Chemical Research Institute

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	100%
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

Dear Shareholders,

In 2014, amidst a prolonged correction phase in the world economy after the global financial crisis, developed economies other than the United States showed little signs of recovery, and the international bulk commodity market witnessed a growing imbalance between supply and demand as well as significant price fluctuations. Chinese economy entered into a gear shifting phase with the structural adjustments realising a positive change, whereas it still faced notable downward pressure and overcapacity in certain industries. Owing to the influence from the following elements, including but not limited to, the backdrop of economic growth slowdown, insufficient coal demand and the enhanced intensity in air pollution control, China's coal industry remained in a profound correction scenario. The lingering high coal inventories and declining coal prices led to larger scale of deficit of the industry. In the face of a complicated and grim operating environment, China Coal Energy took the initiative to tackle the difficulties and challenges, earnestly performed its various duties, and managed to fulfil its production and operation tasks in line with the general guidelines of seeking progress while maintaining stability and promoting innovation through reforms.

During the reporting period, the Company rationalised the continuation of production, consolidated coordination between production and sales on a market-oriented basis, and offset the adverse impact from insufficient coal demand. To alleviate the imbalance between supply and demand of coal and stabilise coal prices, the Company and certain large coal enterprises in China voluntarily adopted production cutback in the second half of 2014. With production optimised, the Company's raw coal production volume completed for 2014 was 150 million tonnes, representing a year-on-year decrease of 4.1%. Sticking to the principle of placing profitability as top priority, the Company enhanced coal mining, washing and processing and blending processes, strengthened coal quality management and improved product structure in order to meet differentiated needs of customers. The commercial coal production volume reached 114 million tonnes, representing a year-on-year decrease of 3.6%. To perfect the marketing system, the Company stepped up its penetration into new markets such as central, southern and southwestern China, leading to an expanded coverage of coal sales network. To optimise customer structure, the Company actively explored metallurgical, chemical and construction materials industries in a bid to expand market share. To introduce innovative sales model, the e-commence platform was launched successfully, and the thermal coal futures business was promoted smoothly. In 2014, the Company sold 157 million tonnes of coal, of which the sales volume of self-produced coal amounted to 106 million tonnes.

The Company adhered to the established strategy to expedite industrial transformation and upgrades. During the reporting period, a number of coal chemical projects commenced production and operation. The Yulin Methanol Acetic Acid Deep Processing and Comprehensive Utilisation Project completed a successful test run in one attempt, setting several new records for investment and management of similar projects in China, and accumulatively produced 174,000 tonnes of polyolefin which was highly recognised in market since its rollout. The production load of the Mengda Coal-Based Methanol Project was increased steadily with continuous optimisations of process parameters, and accumulatively produced 450,000 of methanol and quickly built up the sales channels. The Tuke fertiliser project in Ordos accumulatively produced 828,000 tonnes of urea which was mainly sold to South America with brand influence continuously being increased. The coke oven gas produced fertiliser project in Lingshi of Shanxi completed technological upgrade and achieved long-cycle safe and stable operation, with operating performance improved significantly. These coal chemical projects of olefin, methanol and fertiliser came on stream as new growth drivers, allowing the Company to further rationalise its industrial structure and enhance the risk resistance capacity.

Chairman's Statement

During 2014, the Company continued to consolidate its low-cost competitive advantage and upgraded lean management to a new level. Technological innovations resulted in optimised production processes and lower production unit consumption, expanding the headroom for higher efficiency and lower cost. The persistence on objective management and the emphasis on budget constraint led to a substantial drop of controllable costs. Investment scale and pace were rationally controlled to greatly cut down non-production expenses. The scope of centralised procurement and consignment purchase was expanded to minimise procurement costs. Finance Company drew upon its role as a funding pool and financing vehicle, allowing the Company to increase capital efficiency and expand financing channels, thus effectively meeting the funding needs from operation and construction. Furthermore, the Company revitalised the existing assets and sped up the disposal of inefficient and ineffective assets to improve asset quality. Meanwhile, the Company strengthened control over the size of trade receivables and inventories and enhanced management on cash flows to bring operational risks under strict control. During the reporting period, the Company's unit cost of sales of self-produced commercial coal decreased by 6.6% year-on-year, and profit before tax reached RMB680 million.

The Company strengthened preliminary preparation to expedite key projects in an orderly way. New achievements were made for a series of coal, power and supporting projects. With approvals obtained, coal mines at Menkeqing in Ordos and Hulusu, Yilan No. 3 Coal Mine in Heilongjiang and dedicated railway for Hujierte Mining Area in Ordos progressed steadily. Wangjialing Mine in Shanxi completed the acceptance inspection, Huaning Mine started joint trial operation, and the main work of Xiaohuigou Mine advanced smoothly. The Company actively developed the layout of power business. Shanghai Energy Company obtained an approval for its cogeneration project, and positive progresses were made in preliminary preparation for Pingshuo low calorific value coal power generation project and Zhundong Power Plant in Xinjiang, with approvals expected to obtain in the near future. Coal chemical projects under construction developed smoothly. Mengda Engineering Plastics Project in Ordos and Pingshuo Inferior Coal Comprehensive Utilisation Project in Shanxi will be set to commission test run in the fourth quarter of 2015.

As China's economy has entered a new normal with a shift of economy development mode from the scale and speed-oriented extensive growth model to the quality and efficiency-based intensive model, and a shift of the economic structure from the previous bias to volume and capacity expansion to a mode of streamlining the existing capacity and optimising the additions. The coal industry needs to ford through a period characterised by slower demand growth, de-capacity and de-stocking, stricter environmental constraints, key challenges in transformation and restructuring, and compliance in laws and regulations. On the other hand, resources tax levied on the ad valorem basis has come into effect, and the change from administrative fees into tax is steadily promoted across China, which can mitigate the cost pressure of coal enterprises to some extent. The initiatives, including nationwide supervision on illegal construction and over-capacity production of coal mines, gradual elimination of backward production capacity, strict implementation of commercial coal quality management regulations, reduction of coal export tariffs, intensification of industry self-discipline, and voluntary production cutback of key coal enterprises, will bring positive impact on the alleviation of the imbalance between domestic supply and demand and the reasonable recovery of the coal prices. China's coal industry is and will be in a critical period for its restructuring, transformation and upgrades, with new opportunities ahead and grim challenges as well.

Chairman's Statement

The year of 2015 is the final year for our "Twelfth Five-year Plan". We will focus on "production stabilisation, structure adjustment, sales expansion, quality enhancement and efficiency improvement" to improve our operation and management adhering to the overarching principle of forging through unfavourable conditions and progressing while maintaining stability. We will rationally arrange the coal production on a demand-oriented basis, accelerate test run of the coal chemical projects under construction while stabilising and increasing production load of the projects in operation, enhance innovations in the mining equipment manufacturing segment to release its production capacity of equipment manufacturing, integrate the coal marketing system and accelerate the establishment in logistics network to continuously innovate sales models, establish a centralised marketing system for coal chemical products to improve the pricing mechanism, strengthen cost control and capital management with strict control over non-production expenses, rationalise investment scale and paces to speed up the construction of key projects steadily, promote the establishment of safety-assured enterprise thoroughly and strengthen the safety responsibility to improve the long-term mechanism for safety production, and implement the innovation-driven strategy to create technological innovation-based competitiveness for reducing costs technically and supporting our transformation and upgrades.

Whilst the new cycle brings new challenges, the new normal also presents new opportunities. Addressing the extended recession in coal market, the management and all staff will adhere to the established strategy with keen risk awareness and an unchanged confidence. We will strive to seize opportunities, overcome the difficulties, improve our business performance, realize sustainable development, and create new value for Shareholders.

Wang An
Chairman

Beijing, the PRC
20 March 2015

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 2014, the Group spared no efforts in addressing the tremendous impacts arising from insufficient coal demand by arranging the continuation of production in a reasonable manner, improving the coordination between production and sales and strengthening cost reduction and potentiality-tapping. For the year ended 31 December 2014, the Group's total revenue (net of inter-segmental sales) amounted to RMB70.664 billion, representing a year-on-year decrease of 14.2%; profit before income tax amounted to RMB679 million, representing a year-on-year decrease of 89.4%; profit attributable to equity holders of the Company amounted to RMB141 million, representing a year-on-year decrease of 96.3%; net cash generated from operating activities per share was RMB0.38, representing a year-on-year decrease of RMB0.34; and basic earnings per share amounted to RMB0.01, representing a year-on-year decrease of RMB0.28.

Unit: RMB100 million

	For the year ended 31 December 2014	For the year ended 31 December 2013 (Restated)	**Increase/decrease** Increase/ decrease in amount	Increase/ decrease (%)
Revenue	**706.64**	823.16	-116.52	-14.2
Profit before income tax	**6.79**	64.01	-57.22	-89.4
EBIDTA	**79.50**	120.85	-41.35	-34.2
Profit attributable to equity holders of the Company	**1.41**	38.05	-36.64	-96.3
Net cash generated from operating activities	**50.84**	94.91	-44.07	-46.4

* In order to mitigate inconsistency across different capital markets, the Group reclassified interest paid and interest income received (other than those related to current deposits) from operating activities to financing activities and investing activities respectively in the current period. Prior period figure is reclassified accordingly.

As at 31 December 2014, the gearing ratio (total interest-bearing debts/(total interest-bearing debts + equity)) of the Group was 48.1%, representing an increase of 7.7 percentage points from the beginning of 2014.

Unit: RMB100 million

	As at 31 December 2014	As at 31 December 2013	**Increase/decrease** Increase/ decrease in amount	Increase/ decrease (%)
Assets	**2,440.12**	2,165.20	274.92	12.7
Liabilities	**1,410.83**	1,134.27	276.56	24.4
Interest-bearing debts	**952.08**	699.63	252.45	36.1
Equity	**1,029.29**	1,030.93	-1.64	-0.2
Equity attributable to the equity holders of the Company	**869.04**	878.11	-9.07	-1.0

II. OPERATING RESULTS

1) Combined Operating Results

1. Revenue

For the year ended 31 December 2014, the Group's total revenue (net of inter-segmental sales) decreased from RMB82.316 billion for the year ended 31 December 2013 to RMB70.664 billion, representing a decrease of 14.2%. The Group recorded a year-on-year decrease in production and sales price of self-produced commercial coal, which was mainly attributable to the market conditions, resulting in a year-on-year decrease of RMB10.543 billion in the external sales revenue of coal operations segment; external sales revenue of coal mining equipment operations segment recorded a year-on-year decrease of RMB1.245 billion due to the year-on-year decrease in sales volume of coal mining equipment products; and phase 1 of Tuke Fertiliser Project in Ordos of Inner Mongolia and Mengda Coal-Based Methanol Project were put into operation during the reporting period, resulting in a year-on-year increase of RMB233 million in the revenue from external sales of coal chemical operations segment.

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 2014 in comparison with the year ended 31 December 2013 are set out as follows:

Unit: RMB100 million

	Revenue net of inter-segmental sales		**Increase/decrease**	
	For the year ended 31 December 2014	For the year ended 31 December 2013	Increase/ decrease in amount	Increase/ decrease (%)
Coal operations	**580.67**	686.10	-105.43	-15.4
Coal chemical operations	**42.85**	40.52	2.33	5.8
Coal mining equipment operations	**55.90**	68.35	-12.45	-18.2
Other operations	**27.22**	28.19	-0.97	-3.4
Total	**706.64**	823.16	-116.52	-14.2

The proportion of revenue net of inter-segmental sales generated by each operating segment of the Group for the year ended 31 December 2014 and the year ended 31 December 2013 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 2014	For the year ended 31 December 2013	Increase/ decrease in (percentage point(s))
Coal operations	**82.2**	83.4	-1.2
Coal chemical operations	**6.1**	4.9	1.2
Coal mining equipment operations	**7.9**	8.3	-0.4
Other operations	**3.8**	3.4	0.4

2. *Cost of sales*

For the year ended 31 December 2014, the Group's cost of sales decreased from RMB70.920 billion for the year ended 31 December 2013 to RMB63.468 billion, representing a decrease of 10.5%.

Material costs decreased by 10.0% from RMB35.073 billion for the year ended 31 December 2013 to RMB31.555 billion, accounting for 49.7% of the cost of sales. The decrease was mainly attributable to a year-on-year decrease in the sales of self-produced commercial coal and a year-on-year decrease in the purchase price of proprietary coal trading and the reduction in the purchase price of materials through long-term purchasing contracts by coal production enterprises which led to a decrease of RMB2.178 billion in the material costs of coal business. The sales of coal mining equipment decreased as compared with the year ended 31 December 2013, resulting in a decrease in material costs of RMB995 million.

Staff costs decreased by 4.8% from RMB4.555 billion for the year ended 31 December 2013 to RMB4.335 billion, accounting for 6.8% of the cost of sales. The decrease was mainly attributable to the reduction in performance-based salary by the Group's subsidiaries according to their business performance, and further enhancement of labour dispatch management and reduction of total employment to reduce labor costs.

Depreciation and amortisation expenses increased 1.8% year-on-year from RMB4.846 billion for the year ended 31 December 2013 to RMB4.935 billion, accounting for 7.8% of the cost of sales. 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, thus resulting in a corresponding year-on-year increase in provision for depreciation and amortisation expenses.

Repairs and maintenance costs decreased by 26.4% from RMB1.135 billion for the year ended 31 December 2013 to RMB835 million, accounting for 1.3% of the cost of sales. The decrease was mainly attributable to the decrease in repair outsourcing through making full use of own repair capability by the Group's subsidiaries, and the enhancement in daily repair and maintenance of equipment, thus resulting in a corresponding year-on-year decrease of incurred repair expenses.

Transportation costs and port expenses decreased by 9.1% from RMB13.016 billion for the year ended 31 December 2013 to RMB11.834 billion, accounting for 18.6% of the cost of sales. The decrease was mainly attributable to a year-on-year decrease in the sales of coal, for which freight and port charges had to be borne.

Sales taxes and surcharges decreased by 16.7% from RMB1.294 billion for the year ended 31 December 2013 to RMB1.078 billion, accounting for 1.7% of the cost of sales. The decrease was mainly attributable to a year-on-year decrease in profit of the Group, which led to a year-on-year reduction in urban maintenance and construction tax and education surcharge.

Other costs decreased by 19.1% from RMB11.001 billion for the year ended 31 December 2013 to RMB8.896 billion, accounting for 14.1% of the cost of sales. This was mainly attributable to the decrease in the production volume of the Group's subordinate coal production enterprises in Shanxi Province and the reduction of standard levy of coal sustainable development fund by RMB3/tonne in Shanxi Province with effect from 1 January 2014 (the coal sustainable development fund in Shanxi Province has been canceled since the reform of coal resource tax featured by price-based tax calculation and collection with effect from 1 December 2014), resulting in the decrease in costs of RMB732 million. The reduction of costs of outsourcing by subsidiaries and year-on-year decreases in outsourced stripping volume and roadheading length, which led to a decrease of RMB416 million in costs. A year-on-year decrease in revenue and the rate of mineral resources compensation fee of coal lowered to zero since 1 December 2014, leading to a decrease of RMB120 million in such fee which was calculated and collected in proportion to the total revenue. In addition, there was a year-on-year decrease in routine sporadic project expenditure such as environmental restoration and land subsidence treatment.

3. *Gross profit and gross profit margin*

For the year ended 31 December 2014, the Group's gross profit decreased from RMB11.396 billion for the year ended 31 December 2013 to RMB7.196 billion, representing a decrease of 36.9%, and gross profit margin decreased from 13.8% for the year ended 31 December 2013 to 10.2%, representing a decrease of 3.6 percentage points.

The gross profit and gross profit margin of each operating segment of the Group for the year ended 31 December 2014 and for the year ended 31 December 2013 are as follows:

Unit: RMB100 million

	Gross profit			**Gross profit margin (%)**		
	For the year ended 31 December 2014	For the year ended 31 December 2013	Increase/ decrease (%)	**For the year ended 31 December 2014**	For the year ended 31 December 2013	Increase/ decrease (percentage point(s))
Coal operations	**56.13**	97.79	-42.6	**9.6**	14.2	-4.6
Self-produced commercial coal	**53.86**	96.35	-44.1	**13.7**	19.7	-6.0
Proprietary coal trading	**1.84**	1.01	82.2	**1.0**	0.5	0.5
Coal chemical operations	**3.22**	1.73	86.1	**7.5**	4.3	3.2
Coal mining equipment operations	**10.41**	13.27	-21.6	**17.0**	17.8	-0.8
Other operations	**2.98**	1.86	60.2	**8.3**	5.0	3.3
Group	**71.96**	113.96	-36.9	**10.2**	13.8	-3.6

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 2014, the total revenue from coal operations of the Group decreased from RMB68.961 billion for the year ended 31 December 2013 to RMB58.464 billion, representing a decrease of 15.2%; revenue net of other inter-segmental sales decreased from RMB68.610 billion for the year ended 31 December 2013 to RMB58.067 billion, representing a decrease of 15.4%.

For the year ended 31 December 2014, revenue from sales of self-produced commercial coal of the Group decreased from RMB49.016 billion for the year ended 31 December 2013 to RMB39.245 billion, representing a decrease of 19.9%. After offsetting the revenue from inter-segmental sales, the revenue decreased from RMB48.693 billion for the year ended 31 December 2013 to RMB38.900 billion, representing a decrease of 20.1%; of which, revenue from thermal coal was RMB35.533 billion, representing a year-on-year decrease of RMB9.457 billion; revenue from coking coal was RMB3.367 billion, representing a year-on-year decrease of RMB336 million. For the year ended 31 December 2014, the Group's sales of self-produced commercial coal was 106.09 million tonnes, representing a year-on-year decrease of 9.22 million tonnes and decreasing revenue by RMB3.891 billion; the weighted average sales price was RMB367/tonne, representing a year-on-year decrease of RMB55/tonne and reducing revenue by RMB5.902 billion.

Revenue from sales of proprietary trading coal decreased from RMB19.498 billion for the year ended 31 December 2013 to RMB18.750 billion, representing a decrease of 3.8%.

Revenue from agency services decreased from RMB33 million for the year ended 31 December 2013 to RMB18 million, representing a decrease of 45.5%.

Changes in the Group's coal sales volume and selling price for the year ended 31 December 2014 in comparison with the year ended 31 December 2013 are set out as follows:

		For the year ended 31 December 2014		For the year ended 31 December 2013		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	**10,609**	**367**	11,531	422	-922	-55	-8.0	-13.0
	(I) Thermal coal	**9,991**	**356**	11,073	406	-1,082	-50	-9.8	-12.3
	1. Domestic sale	**9,939**	**355**	11,030	406	-1,091	-51	-9.9	-12.6
	(1) Long-term contract	**8,247**	**368**	6,911	425	1,336	-57	19.3	-13.4
	(2) Spot trading	**1,692**	**287**	4,119	373	-2,427	-86	-58.9	-23.1
	2. Export	**52**	**545**	43	596	9	-51	20.9	-8.6
	(1) Long-term contract	**52**	**545**	43	596	9	-51	20.9	-8.6
	(2) Spot trading	☆	☆	☆	☆	–	–	–	–
	(II) Coking coal	**618**	**545**	458	811	160	-266	34.9	-32.8
	1. Domestic sale	**618**	**545**	458	811	160	-266	34.9	-32.8
	(1) Long-term contract	☆	☆	☆	☆	–	–	–	–
	(2) Spot trading	**618**	**545**	458	811	160	-266	34.9	-32.8
	2. Export	☆	☆	☆	☆	–	–	–	–
II. Proprietary trading	Total	**4,634**	**405**	4,119	473	515	-68	12.5	-14.4
	(I) Domestic resale	**4,416**	**399**	3,995	471	421	-72	10.5	-15.3
	(II) Import trading	**215**	**494**	94	484	121	10	128.7	2.1
	(III) Transshipment trading	☆	☆	27	523	-27	–	-100.0	–
	(IV) Self-operated exports*	**3**	**1,967**	3	2,177	–	-210	–	-9.6
III. Import and export and domestic agency★	Total	**446**	**4**	451	7	-5	-3	-1.1	-42.9
	(I) Import agency	**66**	**9**	146	11	-80	-2	-54.8	-18.2
	(II) Export agency	**214**	**5**	196	8	18	-3	9.2	-37.5
	(III) Domestic agency	**166**	**1**	109	1	57	–	52.3	–

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

- *Cost of sales*

For the year ended 31 December 2014, cost of sales for the Group's coal operations decreased from RMB59.182 billion for the year ended 31 December 2013 to RMB52.851 billion, representing a decrease of 10.7%. Changes in major cost items are set out as follows:

Unit: RMB100 million

Item	**For the year ended 31 December 2014**	For the year ended 31 December 2013	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)	**50.85**	63.60	-12.75	-20.0
Cost of external purchases of raw coal for washing purpose	**12.27**	12.32	-0.05	-0.4
Proprietary coal trading cost★	**183.09**	192.07	-8.98	-4.7
Staff costs	**32.53**	33.88	-1.35	-4.0
Depreciation and amortisation	**42.27**	42.33	-0.06	-0.1
Repairs and maintenance	**7.86**	11.35	-3.49	-30.7
Transportation costs and port expenses	**112.87**	125.16	-12.29	-9.8
Coal sustainable development fund (reserve)	**14.10**	21.42	-7.32	-34.2
Outsourcing mining engineering fee	**28.05**	32.21	-4.16	-12.9
Sales taxes and surcharges	**10.25**	12.25	-2.00	-16.3
Other costs*	**34.37**	45.23	-10.86	-24.0
Total cost of sales for coal operations	**528.51**	591.82	-63.31	-10.7

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

* : 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 2014, the Group's cost of sales of self-produced commercial coal was RMB33.859 billion, representing a year-on-year decrease of RMB5.522 billion or 14.0%; the unit cost of sales of self-produced commercial coal was RMB319.15/tonne, representing a year-on-year decrease of RMB22.38/tonne or 6.6%; the cost of proprietary coal trading was RMB18.566 billion, representing a year-on-year decrease of RMB831 million or 4.3%; and the unit cost of sales of proprietary coal trading was RMB400.67/tonne, representing a year-on-year decrease of RMB70.25/tonne or 14.9%.

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 2014**	For the year ended 31 December 2013	Increase/decrease Increase/ decrease in amount	 Increase/ decrease (%)
Materials costs (excluding cost of external purchases of raw coal for washing purpose)	**47.93**	55.15	-7.22	-13.1
Cost of external purchases of raw coal for washing purpose	**11.57**	10.69	0.88	8.2
Staff costs	**30.66**	29.38	1.28	4.4
Depreciation and amortisation	**39.84**	36.71	3.13	8.5
Repairs and maintenance	**7.41**	9.85	-2.44	-24.8
Transportation costs and port expenses	**103.97**	107.11	-3.14	-2.9
Sales taxes and surcharges	**9.66**	10.62	-0.96	-9.0
Coal sustainable development fund (reserve)	**13.29**	18.57	-5.28	-28.4
Outsourcing mining engineering fee	**26.44**	27.94	-1.50	-5.4
Other costs	**28.38**	35.51	-7.13	-20.1
Unit cost of sales of self-produced commercial coal	**319.15**	341.53	-22.38	-6.6

The year-on-year change in the Group's unit cost of sales of self-produced commercial coal for the year ended 31 December 2014 was mainly attributable to:

Unit material costs decreased by RMB7.22/tonne, which was mainly attributable to the reduction in purchase price of materials by the Group's subsidiaries through long-term purchasing contracts, increase in the proportion of accessories made in China and further improvement of material requisition, consumption management and maintenance and recycling, resulting in the year-on-year decrease of material costs.

Unit staff costs increased by RMB1.28/tonne, which was mainly attributable to the decrease in the Group's production volume of self-produced commercial coal, resulting in the increase in unit staff costs.

Unit depreciation and amortisation increased by RMB3.13/tonne, which was mainly attributable to the transfer of construction-in-progress projects to fixed assets and an increase in procurement of equipment and facilities for production and a year-on-year decrease in the production volume of self-produced commercial coal, resulting in an increase in the provision for unit depreciation and amortisation.

Unit repair and maintenance costs decreased by RMB2.44/tonne, which was mainly due to the decrease in repair outsourcing by making full use of the own repair capability of the coal producing enterprises of the Group and the strengthening of routine repair and maintenance of equipment, resulting in the decrease of repair costs.

Unit transportation costs and port expenses decreased by RMB3.14/tonne, mainly due to the decrease in the sales of the Group's self-produced commercial coal, for which railway freight and port charges had to be borne.

Unit costs for coal sustainable development fund (reserve) decreased by RMB5.28/tonne. This was mainly due to the reduction of standard levy of coal sustainable development fund by RMB3/tonne in Shanxi Province with effect from 1 January 2014 and the cancellation of coal sustainable development fund in Shanxi Province since the reform of coal resource tax featured by price-based tax calculation and collection with effect from 1 December 2014, resulting in a year-on-year decrease in related costs.

Unit outsourcing mining engineering expenses decreased by RMB1.50/tonne. This was mainly due to the Group's subsidiaries' efforts in the further strengthening of management of outsourced business and the reduction of costs of outsourced business, and the year-on-year decreases in outsourced stripping volume and roadheading length, resulting in the corresponding year-on-year decrease of outsourcing mining engineering costs.

Other costs per unit decreased by RMB7.13/tonne. This was mainly attributable to the decrease in the Group's revenue and the rate of mineral resources compensation fee of coal lowered to zero since 1 December 2014, leading to a decrease of RMB120 million in such fee which was calculated and collected in proportion to the total revenue. In addition, the Group's subsidiaries reduced non-production related sporadic projects, resulting in a year-on-year decrease of other costs.

- *Gross profit and gross profit margin*

For the year ended 31 December 2014, the Group's gross profit from coal operations decreased from RMB9.779 billion for the year ended 31 December 2013 to RMB5.613 billion, representing a decrease of 42.6%; and gross profit margin decreased by 4.6 percentage points from 14.2% for the year ended 31 December 2013 to 9.6%.

2. Coal chemical operations

- *Revenue*

For the year ended 31 December 2014, the Group's revenue from coal chemical operations increased from RMB4.052 billion for the year ended 31 December 2013 to RMB4.285 billion (generated entirely from revenue of external transactions), representing an increase of 5.8%. This was mainly attributable to an increase in revenue of RMB662 million due to the commencement of operation of Phase 1 of Tuke Fertiliser Project in Ordos of Inner Mongolia and Mengda Coal-Based Methanol Project during the reporting period, as well as a year-on-year revenue increase of RMB149 million resulting from the increases in production and sales volume of urea of the coke oven gas-based chemical fertiliser project in Lingshi of Shanxi. The sales price of coke decreased year-on-year, resulting in a year-on-year decrease of RMB555 million in sales revenue of coke.

For the year ended 31 December 2014, the Group's sales revenue of methanol increased by RMB347 million from RMB365 million for the year ended 31 December 2013 to RMB712 million. This was mainly attributable to an increase of RMB348 million in methanol revenue arising from the commencement of operation of Mengda Coal-Based Methanol Project in Ordos of Inner Mongolia. Sales revenue of urea increased by RMB432 million from RMB183 million for the year ended 31 December 2013 to RMB615 million. This was mainly attributable to an increase of RMB283 million in urea revenue arising from the commencement of operation of Phase 1 of Tuke Fertiliser Project in Ordos of Inner Mongolia, as well as an revenue increase of RMB149 million arising from the increased production volume of the coke oven gas-based chemical fertiliser project in Lingshi of Shanxi. The Company's sales revenue of coke decreased by RMB555 million from RMB2.899 billion for the year ended 31 December 2013 to RMB2.344 billion.

Changes in the sales volume and selling price of major chemical products of the Group are set out in the table below:

	For the year ended 31 December 2014		For the year ended 31 December 2013		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. Methanol◆	**36.3**	**1,959**	17.9	2,035	18.4	-76	102.8	-3.7
II. Urea	**39.2**	**1,566**	12.2	1,506	27.0	60	221.3	4.0
III. Coke								
1. Self-produced	**200.4**	**907**	192.6	1,186	7.8	-279	4.0	-23.5
2. Proprietary trading	**51.4**	**1,021**	47.7	1,290	3.7	-269	7.8	-20.9
3. Export agency*	**0.4**	**12**	2.0	12	-1.6	–	-80.0	–

◆: including sales of methanol produced by Heilongjiang Coal Chemical Group, a subsidiary of China Coal Group with 56,300 tonnes in 2014 and 48,400 tonnes in 2013.

*: Selling price is agency service fee.

- *Cost of sales*

For the year ended 31 December 2014, the Group's cost of sales of coal chemical operations increased from RMB3.879 billion for the year ended 31 December 2013 to RMB3.963 billion, representing an increase of 2.2%. The details are set out below:

Unit: RMB100 million

Item	**For the year ended 31 December 2014**	For the year ended 31 December 2013	Increase/decrease: Increase/ decrease in amount	Increase/decrease: Increase/ decrease (%)
Material costs	**30.72**	31.85	-1.13	-3.5
Staff costs	**1.14**	0.76	0.38	50.0
Depreciation and amortisation	**2.33**	1.70	0.63	37.1
Repairs and maintenance	**0.45**	0.31	0.14	45.2
Transportation costs and port expenses	**4.19**	3.45	0.74	21.4
Sales taxes and surcharges	**0.10**	0.11	-0.01	-9.1
Other costs	**0.70**	0.61	0.09	14.8
Total cost of sales for coal chemical operations	**39.63**	38.79	0.84	2.2

For the year ended 31 December 2014, the Group's cost of sales of methanol increased by RMB290 million from RMB351 million for the year ended 31 December 2013 to RMB641 million, representing an increase of 82.6%, and the unit cost of sales decreased by RMB193.81/tonne from RMB1,956.35/tonne for the year ended 31 December 2013 to RMB1,762.54/tonne, representing a decrease of 9.9%. This was mainly attributable to the commencement of operation of Mengda Coal-Based Methanol Project in Ordos of Inner Mongolia, which achieved methanol sales of 189,100 tonnes with unit cost of sales of RMB1,296.42/tonne, driving down the overall unit cost of sales of methanol products.

The Group's cost of sales of urea increased by RMB374 million from RMB160 million for the year ended 31 December 2013 to RMB534 million, representing an increase of 233.8%, and the unit cost of sales increased by RMB43.79/tonne from RMB1,317.50/tonne for the year ended 31 December 2013 to RMB1,361.29/tonne, representing an increase of 3.3%, of which, Phase 1 of Tuke Fertiliser Project in Ordos of Inner Mongolia was put into operation during 2014, achieving urea sales of 165,500 tonnes and unit cost of sales of RMB1,329.22/ tonne.

The Group's cost of sales of coke decreased by RMB473 million from RMB2.925 billion for the year ended 31 December 2013 to RMB2.452 billion, representing a decrease of 16.2%, and the unit cost of sales decreased by RMB243.75/tonne from RMB1,217.42/tonne for the year ended 31 December 2013 to RMB973.67/tonne, representing a decrease of 20.0%. This was mainly attributable to a year-on-year decrease in purchase price of raw coal.

- *Gross profit and gross profit margin*

For the year ended 31 December 2014, the gross profit of the Group's coal chemical segment increased by RMB149 million from RMB173 million for the year ended 31 December 2013 to RMB322 million, and the gross profit margin increased from 4.3% for the year ended 31 December 2013 to 7.5%, representing an increase of 3.2 percentage points. This was mainly attributable to the commencement of operation of Phase 1 of Tuke Fertiliser Project and Mengda Coal-Based Methanol Project in Ordos of Inner Mongolia, resulting in an increase in gross profit and gross profit margin in the coal chemical segment.

3. *Coal mining equipment operations*

- *Revenue*

For the year ended 31 December 2014, the Group's revenue from coal mining equipment operations decreased from RMB7.447 billion for the year ended 31 December 2013 to RMB6.135 billion, representing a decrease of 17.6%, of which the revenue after netting of other inter-segmental sales decreased from RMB6.835 billion for the year ended 31 December 2013 to RMB5.590 billion, representing a decrease of 18.2%. This was mainly due to market supply and demand, resulting in a year-on-year decrease in the sales volume of coal mining equipment.

- *Cost of sales*

For the year ended 31 December 2014, the Group's cost of sales of coal mining equipment operations decreased from RMB6.120 billion for the year ended 31 December 2013 to RMB5.094 billion, representing a decrease of 16.8%. The decrease was mainly attributable to the drop in sales, resulting in a decrease in material costs. The details are set out below:

Unit: RMB100 million

Item	**For the year ended 31 December 2014**	For the year ended 31 December 2013	Increase/decrease Increase/ decrease in amount	Increase/ decrease (%)
Materials costs	**35.42**	45.37	-9.95	-21.9
Staff costs	**5.67**	6.10	-0.43	-7.0
Depreciation and amortisation	**1.71**	1.04	0.67	64.4
Repairs and maintenance	**0.78**	0.62	0.16	25.8
Transportation costs	**1.10**	1.39	-0.29	-20.9
Sales taxes and surcharges	**0.19**	0.35	-0.16	-45.7
Other costs	**6.07**	6.33	-0.26	-4.1
Total cost of sales of coal mining equipment operations	**50.94**	61.20	-10.26	-16.8

- *Gross profit and gross profit margin*

  For the year ended 31 December 2014, the gross profit of the Group's coal mining equipment operations decreased from RMB1.327 billion for the year ended 31 December 2013 to RMB1.041 billion, representing a decrease of 21.6%, and the gross profit margin decreased from 17.8% for the year ended 31 December 2013 to 17.0%, representing a decrease of 0.8 percentage point.

4. *Other operations*

For the year ended 31 December 2014, the Group's revenue from other operations such as power generation and sales of aluminium decreased from RMB3.694 billion for the year ended 31 December 2013 to RMB3.612 billion, representing a decrease of 2.2%, of which the revenue after netting of other inter-segmental sales decreased from RMB2.819 billion for the year ended 31 December 2013 to RMB2.722 billion, representing a decrease of 3.4%. Cost of sales decreased from RMB3.508 billion for the year ended 31 December 2013 to RMB3.314 billion, representing a decrease of 5.5%. Gross profit increased from RMB186 million for the year ended 31 December 2013 to RMB298 million, representing an increase of 60.2%, and gross profit margin increased from 5.0% for the year ended 31 December 2013 to 8.3%, representing an increase of 3.3 percentage points.

(3) Selling, general and administrative expenses

For the year ended 31 December 2014, the Group's selling, general and administrative expenses increased from RMB4.620 billion for the year ended 31 December 2013 to RMB4.904 billion, representing an increase of 6.1%. This was mainly attributed to the provision for bad debts in accounts receivables of RMB403 million based on the aging and recovery of accounts of the Group's subsidiaries, representing an increase of RMB333 million as compared to RMB70 million of 2013.

(4) Other net gains

For the year ended 31 December 2014, other net gains of the Group increased from RMB113 million for the year ended 31 December 2013 to RMB188 million, representing an increase of 66.4%. This was mainly attributable to the increase in government grants received by the subsidiaries of the Group during the reporting period.

(5) Profit from operations

For the year ended 31 December 2014, the Group's profit from operations decreased by 63.7% from RMB6.879 billion for the year ended 31 December 2013 to RMB2.497 billion. The decrease was primarily attributable to the decrease in profit from coal operations of RMB4.441 billion due to the year-on-year decrease in sales volume and decrease in prices of the Group's self-produced commercial coal as affected by market conditions. While the decrease in sales volume of coal mining equipment led to a decrease in profit from coal mining equipment operations of RMB179 million, the Phase 1 of Tuke Fertiliser Project and Mengda Coal-Based Methanol Project in Ordos of Inner Mongolia commenced operations, contributing to an increase of RMB134 million in the profits from coal chemical operations on a year-on-year basis.

Changes in profit from operations for each operating segment are as follows:

Unit: RMB100 million

	For the year ended 31 December 2014	For the year ended 31 December 2013	Increase/decrease Increase/ decrease in amount	Increase/ decrease (%)
The Group	**24.97**	68.79	-43.82	-63.7
Of which: Coal operations	**26.47**	70.88	-44.41	-62.7
Coal chemical operations	**1.43**	0.09	1.34	1,488.9
Coal mining equipment	**1.33**	3.12	-1.79	-57.4
Other operations	**-0.22**	-0.76	0.54	-71.1

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 2014, the Group's net finance costs increased by 209.8% from RMB630 million for the year ended 31 December 2013 to RMB 1.952 billion. Finance income increased by 25.9% from RMB606 million for the year ended 31 December 2013 to RMB763 million. The increase was mainly due to an increase in interest income from interbank deposits resulting from the establishment and commencement of operation of the Finance Company. Finance costs increased by 119.8% from RMB1.235 billion for the year ended 31 December 2013 to RMB2.715 billion, which was mainly due to the increase in debt financing according to the needs of production, operations and capital expenses, the gradual transfer to fixed assets of projects under construction, the decrease in cash inflow from operating activities of the Company as affected by the market conditions, and the increase in the debt capital used for working capital and equity investment which led to an increase in interest expenses from RMB1.358 billion to RMB2.736 billion on a year-on-year basis. Furthermore, the Japanese Yen borrowings by Pingshuo Company brought a foreign exchange net gain of RMB21 million, a decrease of RMB121 million as compared to RMB142 million in the previous year.

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

For the year ended 31 December 2014, the Group's share of profits of associates and jointly controlled entities decreased from RMB152 million for the year ended 31 December 2013 to RMB134 million, representing a decrease of 11.8%. 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 2014, the profit of the Group before income tax decreased from RMB6.401 billion for the year ended 31 December 2013 to RMB679 million, representing a decrease of 89.4%.

(9) Income tax expenses

For the year ended 31 December 2014, the Group's income tax expenses decreased from RMB1.781 billion for the year ended 31 December 2013 to RMB192 million, representing a decrease of 89.2%.

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

For the year ended 31 December 2014, profit attributable to the equity holders of the Company decreased from RMB3.805 billion for the year ended 31 December 2013 to RMB141 million, representing a decrease of 96.3%.

III. CASH FLOW

As at 31 December 2014, the balance of the Group's cash and cash equivalents amounted to RMB18.132 billion, representing an increase of RMB6.899 billion as compared to RMB11.233 billion as at 31 December 2013.

Net cash generated from operating activities decreased by 46.4% from RMB9.491 billion for the year ended 31 December 2013 to RMB5.084 billion. This was mainly due to the year-on-year decrease of RMB5.722 billion in the Group's profit before income tax and after deducting non-cash costs such as depreciation and amortization, and items which reduced profit but had no impact on the cash flow generated from operating activities such as impairment losses and finance costs, items affecting profit and loss resulted in a year-on-year decrease in cash inflow from operating activities of RMB3.682 billion; and the Group's inventories, notes receivables and trade payables attributable to operating activities increased by RMB871 million year-on-year. Changes in operating restricted deposits resulted in a year-on-year decrease in cash inflow of RMB1.596 billion. In addition, due to the decrease in profit year-on-year, cash outflow for income tax payment decreased by RMB1.642 billion year-on-year.

Net cash used in investing activities decreased by 38.2% from RMB28.736 billion for the year ended 31 December 2013 to RMB17.767 billion. This was mainly due to the year-on-year decrease of RMB5.680 billion in cash used for activities such as project construction, equipment purchase and resource reserves. A prepayment of RMB2.730 billion was made for the establishment of the Finance Company at the end of 2013. During the reporting period, the consolidation of the Finance Company into the Group led to an increase in cash inflow of RMB2.730 billion and a decrease of cash outflow of RMB5.460 billion. The movement of fixed term deposits with initial terms exceeding three months led to a year-on-year increase of RMB1.122 billion in cash inflow. In addition, prepayments for investments, additional investments in associates and joint ventures and cash used in equity investments such as available-for-sale financial assets increased by RMB1.542 billion.

Net cash generated from financing activities increased from RMB17.260 billion for the year ended 31 December 2013 to RMB19.585 billion, representing an increase of 13.5%. This was mainly attributable to the year-on-year increase of RMB10.266 billion in net cash inflow generated from the increase in debt financing and bank borrowings according to the capital requirement for construction and development; the year-on-year decrease of RMB8.505 billion in cash received from the issuance of bonds; the year-on-year decrease of RMB1.959 billion in cash payment for dividends distribution, and the year-on-year increase of RMB1.835 billion in cash used for interest payment. In addition, subsidiaries of the Group received government grants of RMB369 million, thus increasing the cash inflow for financing activities.

IV. LIQUIDITY AND SOURCES OF CAPITAL

For the year ended 31 December 2014, 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 2014, the net value of property, plant and equipment of the Group amounted to RMB126.367 billion, representing a net increase of RMB16.352 billion or 14.9% as compared to RMB110.015 billion as at 31 December 2013. This was mainly attributable to an increase in property, plant and equipment as a result of the increase in project investment from the Group's subsidiaries and the need for additional equipment and facilities for production and operation.

As at 31 December 2014 and 31 December 2013, the composition of the Group's property, plant and equipment (net value) is set out below:

Unit: RMB100 million

	As at 31 December 2014	**Percentage (%)**	As at 31 December 2013	Percentage (%)
Buildings	**228.29**	**18.1**	173.95	15.8
Mining structures	**135.83**	**10.7**	122.12	11.1
Plant, machinery and equipment	**332.91**	**26.3**	228.71	20.8
Railway structures	**26.85**	**2.1**	4.19	0.4
Motor vehicles, fixtures and others	**14.12**	**1.1**	13.76	1.3
Construction in progress	**525.67**	**41.7**	557.42	50.6
Total	**1,263.67**	**100.0**	1,100.15	100.0

(2) Mining and exploration rights

As at 31 December 2014, the net value of the Group's mining and exploration rights amounted to RMB33.168 billion, representing a net increase of RMB601 million or 1.8% as compared to RMB32.567 billion as at 31 December 2013. This was mainly attributable to the increase of RMB783 million for mining right as a result of the acquisition of companies such as Yuquan Coal Company by Shanghai Energy Company, a subsidiary of the Group, during the reporting period. In addition, there was an increase of RMB157 million in exploration rights and the amortisation of mining rights amounted to RMB339 million.

(3) Available-for-sale financial assets

As at 31 December 2014, the net value of the Group's available-for-sale financial assets amounted to RMB4.341 billion, representing a net increase of RMB2.320 billion or 114.8% as compared to RMB2.021 billion as at 31 December 2013. This was mainly attributable to the increase of RMB913 million and RMB 208 million for investments in Mengxi-Huazhong Railway Company and Hohhot-Zhungeer-Ordos Railway Company, respectively during the reporting period. In addition, the Company ceased to exercise significant influence over Huajin Coking Coal Company and therefore ceased to use the equity method of accounting for the investment in this Company since 1 October 2014. Such investment of RMB 1.076 billion was recognized as available-for-sale financial asset.

(4) Other non-current assets

As at 31 December 2014, other non-current assets of the Group amounted to RMB7.179 billion, representing a net decrease of RMB2.220 billion or 23.6% as compared to RMB9.399 billion as at 31 December 2013. This was mainly attributable to the Group's prepayment of a capital of RMB2.730 billion for Finance Company at the end of 2013 and such amount was transferred to investment in subsidiaries during this reporting period due to the establishment of Finance Company, which was then eliminated in the consolidated financial statements

(5) Trade and notes receivables

As at 31 December 2014, the net amount of the Group's trade and notes receivables was RMB13.459 billion, representing an increase of RMB564 million or 4.4% as compared with RMB12.895 billion as at 31 December 2013, of which the net amount of trade receivables was RMB8.222 billion, representing a decrease of RMB47 million or 0.6% as compared with RMB8.269 billion as at 31 December 2013. This was primarily attributable to the methods of accelerating the loan recovery taken by the Group resulting in a decrease in trade receivables from the sales of coal as compared to the beginning of 2014. Notes receivables was RMB5.237 billion, representing an increase of RMB610 million or 13.2% as compared with RMB4.627 billion as at 31 December 2013. This was mainly attributable to the increase in the settlement amount of bank acceptance during the process of product sales of the Group.

(6) Borrowings

As at 31 December 2014, the balance of borrowings of the Group amounted to RMB63.853 billion, representing a net increase of RMB23.758 billion or 59.3% as compared to RMB40.095 billion as at 31 December 2013. This was mainly attributable to an increase in bank borrowings used as working capital for project construction of the subsidiaries of the Group, of which the balance of long-term borrowings (including the portion due within one year) was RMB57.848 billion, representing a net increase of RMB24.529 billion as compared to RMB33.319 billion as at 31 December 2013, and the balance of short-term borrowings amounted to RMB6.005 billion, representing a net decrease of RMB771 million as compared to RMB6.776 billion as at 31 December 2013.

(7) Long-term Bonds

As at 31 December 2014, the balance of long-term bonds of the Group amounted to RMB30.855 billion, representing a net increase of RMB987 million or 3.3%, from RMB29.868 billion as at 31 December 2013. The increase was mainly attributable to the issuance of RMB1 billion medium-term notes by Shanghai Energy Company, a subsidiary of the Group, during 2014.

VI. SIGNIFICANT PLEDGE OF ASSETS

The Group did not have significant pledge of assets for the year ended 31 December 2014.

VII. SIGNIFICANT INVESTMENTS

For details of the significant investments during the reporting period, please refer to the section “Directors’ Report” in this report.

VIII. MATERIAL ACQUISITIONS AND DISPOSALS

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

IX. REGISTRATION AND ISSUANCE OF MEDIUM-TERM NOTES AND SHORT-TERM FINANCING BONDS

During the reporting period, Shanghai Energy Company, a subsidiary of the Group, issued the medium-term notes of RMB1 billion and short-term financing bonds of RMB500 million.

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 2014, the Group provided guarantees for a total amount of RMB15.165 billion, of which RMB5.776 billion were guarantees provided in proportion to the Group's shareholdings for the bank borrowings of the Group's equity investment 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	6,000	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	28,600	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	8,250	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	34,825.5	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	9,981.1	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	7,250	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	418,500	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	3,375	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	2,250	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)	245.7	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)	98,563.55
Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries)	577,621.30
Guarantee provided by the Company to its subsidiaries	
Total guarantee to subsidiaries incurred during the reporting period	690,770.50
Total balance of guarantee to subsidiaries as at the end of the reporting period (B)	938,899.50
Total guarantee of the Company (including those to subsidiaries)	
Total guarantee (A+B)	1,516,520.80
Percentage of total guarantee to net assets of the Company (%)	17.5
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)	597,492.60
Excess amount of total guarantee over 50% of net assets (E)	–
Total amount of the above three categories (C+D+E)	597,492.60

(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 2014, 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 2014, 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
220,200	–	–	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	–	13,860	14,112
Hebei Sinocoal Risun Coking Company	10,200	Three years	7.47	–	No	No	No	No	No	–	2,286	762

(3) Other investments in wealth management products and derivatives

As at 31 December 2014, the Group had no other investments in wealth management products or investments in derivatives.

Business Performance

I. PRINCIPAL BUSINESS OPERATIONS OF THE COMPANY IN 2014

(I) Coal operations

Affected by various factors such as the decelerated rate of growth in macro economy, energy restructuring and increased environmental pressure in the PRC in 2014, no significant improvement was made to the domestic coal overcapacity while coal prices continued to fall and coal stockpiles across the country remained high.

1. Coal production

The Company organised coal production in a scientific manner, optimized production continuity and made every effort to cope with the complex and challenging market conditions. During the reporting period, coal output declined slightly after the Company adopted measures to cutback coal production. The production volume of raw coal amounted to 150.24 million tonnes (including 3.63 million tonnes of engineering coal), representing a year-on-year decrease of 6.36 million tonnes or a fall of 4.1%. The production volume of commercial coal was 114.40 million tonnes, representing a year-on-year decrease of 4.28 million tonnes or a fall of 3.6%, of which the output of thermal coal was 106.39 million tonnes and coking coal was 8.01 million tonnes.

The Company placed great emphasis on the management of production safety, improvement of the accountability system construction, consolidation of the base for safe development, reinforcement of on-site management and control as well as continuous enhancement of safety assurance capability. The Company continued to raise the level of safety technology and effectively facilitated the construction of safe and efficient mines. During the reporting period, the raw coal production efficiency of the Company reached 40.8 tonnes/worker-shift, continuing to maintain a leading level within the industry.

Pingshuo Company continued to uphold the principle of "stabilising quantity, increasing quality, taking a market-oriented approach, optimizing structure and prioritizing efficiency" to give full play to productivity advantages of all mines, optimize production processes as well as raise the proportion and washing recovery ratio of premium coal. Pingshuo Company completed roadheading length of 23,983 metres in 2014 and a commercial coal output of 84.59 million tonnes, representing a year-on-year decrease of 7.4%. The entire Wangjialing Coal Mine Project of China Coal Huajin Company passed completion acceptance, the dedicated railway line officially commenced operation and transportation and 15,296 metres of roadheading length were completed in 2014; and China Coal Huajin Company achieved commercial coal output of 6.97 million tonnes, representing a year-on-year increase of 25.6%. Shanghai Energy Company actively proceeded with the construction of key projects, upgraded and modified coal preparation technology, accelerated the relocation of villages where coal mines were located and rationalised production continuity. Shanghai Energy Company completed roadheading length of 37,594 metres in 2014 and a commercial coal output of 8.08 million tonnes, representing a year-on-year increase of 3.2%. Nanliang Company further strengthened the organization of production, continued to optimize product design, carried out in-depth research on lump coal technology, improved product quality and completed a commercial coal output of 2.61 million tonnes, representing a year-on-year increase of 27.9%.

Commercial Coal Production Volume (10 thousand tonnes)	**2014**	2013	Change (%)
Pingshuo Company	**8,459**	9,134	-7.4
Shanghai Energy Company	**808**	783	3.2
China Coal Huajin Company	**697**	555	25.6
Dongpo Company	**614**	653	-6.0
Nanliang Company	**261**	204	27.9
Tang Shan Gou Company	**133**	137	-2.9
Shuozhong Company	**535**	522	2.5
Dazhong Company	**317**	318	-0.3
Shaanxi Company	**256**	154	66.2
Total	**11,440**	11,868	-3.6

Notes: 1. 6.40 million tonnes of internal transaction were eliminated from the total commercial coal production volume in 2014, while 5.92 million tonnes of internal transaction were eliminated in 2013.

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. *Coal sales*

The Company continued to uphold the guiding principle for "maintaining the market, pursuing share and enhancing efficiency" so as to give full play to the advantages of integrated marketing and sales. The Company expanded sales channels and enhanced the capacity to cope with the market by taking various comprehensive measures such as the timely adjustment of marketing strategy, proactive exploration of new markets, adoption of innovative marketing models, optimization of product mix and improvement of service quality. However, sales volume of commercial coal fell slightly due to inadequate demand from the domestic market. During the reporting period, the sales volume of commercial coal reached 156.89 million tonnes, representing a year-on-year decrease of 4.12 million tonnes or 2.6%.

Business Performance

Sales volume of coal (10 thousand tonnes)			**2014**	2013	Change (%)
(I)	**Domestic sales of self-produced coal**		**10,557**	11,488	-8.1
	By region:	North China	**5,347**	4,596	16.3
		East China	**3,433**	4,633	-25.9
		South China	**1,553**	1,270	22.3
		Others	**224**	989	-77.4
	By coal type:	Thermal coal	**9,939**	11,030	-9.9
		Coking coal	**618**	458	34.9
	By contract:	Long-term contract	**8,247**	6,911	19.3
		Spot trading	**2,310**	4,577	-49.5
	By transportation:	Seaborne	**7,616**	8,521	-10.6
		Direct arrival	**1,828**	1,580	15.7
		Local sales	**1,113**	1,387	-19.8
(II)	**Self-produced coal export**		**52**	43	20.9
	By region:	Taiwan, China	**52**	43	20.9
	By coal type:	Thermal coal	**52**	43	20.9
	By contract:	Long-term contract	**52**	43	20.9
(III)	**Proprietary trading**		**4,634**	4,119	12.5
	Of which:	Domestic resale	**4,416**	3,995	10.5
		Import trading	**215**	94	128.7
		Transshipment trading	☆	27	-100.0
		Self-operated exports	**3**	3	–
(IV)	**Agency sales**		**446**	451	-1.1
	Of which:	Import agency	**66**	146	-54.8
		Export agency	**214**	196	9.2
		Domestic agency	**166**	109	52.3
Total			**15,689**	16,101	-2.6

The Company comprehensively strengthened coal quality management, with a focus on quality control through the whole process from production, transportation, port loading and discharging to customer service. In addition, the Company proactively organized the blending of low-sulphur coal purchased externally with coal at mining areas, transshipment ports and forefront ports, so as to improve the quality of its self-produced coal and stabilise its market share. Due to the insufficient demand from domestic market, both railway transportation volume and sales volume of self-produced commercial coal declined to a certain extent. During the reporting period, railway transportation volume of commercial coal reached 88.59 million tonnes, representing a year-on-year decrease of 3.93 million tonnes. Sales volume of self-produced coal reached 106.09 million tonnes, representing a year-on-year decrease of 9.22 million tonnes or 8.0%, of which sales volume of self-produced commercial coal of Pingshuo Company reached 84.37 million tonnes, representing a year-on-year decrease of 7.1%; sales volume of self-produced commercial coal of Shanghai Energy Company reached 7.20 million tonnes, representing a year-on-year increase of 2.7%; and sales volume of self-produced commercial coal of China Coal Huajing Company reached 6.56 million tonnes, representing a year-on-year increase of 24.2%.

During the reporting period, the volume of proprietary coal trading reached 46.34 million tonnes, representing a year-on-year increase of 5.15 million tonnes or 12.5%, of which domestic sales volume reached 44.16 million tonnes, representing a year-on-year increase of 10.5%; import volume reached 2.15 million tonnes, representing a year-on-year increase of 128.7%. In addition, the Company's import agency sales volume reached 0.66 million tonnes, representing a year-on-year decrease of 54.8%; and export agency sales volume reached 2.14 million tonnes, representing a year-on-year increase of 9.2%.

(II) Coal chemical operations

The Company accelerated industrial restructuring and steadily proceeded with the construction and production of coal chemical projects. The Tuke Fertiliser Project in Ordos operated steadily since trial production, and commenced formal operation in December. Its total production volume of urea amounted to 828,000 tonnes, which was primarily marketed in South America where the reputation and influence of China Coal's urea brand were continuously rising. The Company continued to optimize the production processes of the Mengda Coal-Based Methanol Project so that the production load was raised steadily. The project commenced formal operation in October, reaching a total production volume of 450,000 tonnes of methanol, the sales of which went smoothly. Yulin Methanol Acetic Acid Deep Processing and Comprehensive Utilisation Project conducted a successful test run in one attempt in July, setting a number of new records in the operation and management of similar projects in the PRC. In the second half of 2014, production volume of polyolefin amounted to 174,000 tonnes and a stable sales channel was set up quickly. The coke oven gas-based fertiliser project in Lingshi of Shanxi realised long-period safe and stable operation upon completion of technological innovation. Total production volume of urea amounted to 228,000 tonnes, representing a year-on-year increase of 40.7% and indicating that the operating conditions of the project improved significantly.

Production and sales volume of coal chemical products (10 thousand tonnes)	**2014**	2013	Change (%)
Production volume of urea	**105.6**	16.2	551.9
Of which: Production volume for the trial production period	**69.6**	3.7	–
Sales volume of urea	**85.8**	15.8	443.0
Of which: Sales volume for the trial production period	**46.6**	3.6	–
Production volume of methanol	**57.7**	12.4	365.3
Of which: Production volume for the trial production period	**27.6**	☆	–
Sales volume of methanol	**58.6**	17.9	227.4
Of which: Sales volume for the trial production period	**22.3**	☆	–
Production volume of polyethylene	**9.7**	☆	–
Of which: Production volume for the trial production period	**9.7**	☆	–
Sales volume of polyethylene	**8.9**	☆	–
Of which: Sales volume for the trial production period	**8.9**	☆	–
Production volume of polypropylene	**7.7**	☆	–
Of which: Production volume for the trial production period	**7.7**	☆	–
Sales volume of polypropylene	**6.8**	☆	–
Of which: Sales volume for the trial production period	**6.8**	☆	–
Production volume of coke	**194.4**	190.6	2.0
Sales volume of coke	**252.2**	242.3	4.1
Of which: Sales volume of self-produced coke	**200.4**	192.6	4.0

Note:
1. ☆: N/A for the period (same as below).
2. The Company is concurrently responsible for the sales of all methanol products produced by Heilongjiang Coal Chemical Group, a subsidiary of China Coal Group.

Business Performance

(III) Coal mining equipment operations

In 2014, product prices fell due to the impact of the continuously sluggish coal market and intensified competition in the market for coal mining equipment. The Company made every effort to cope with these difficulties and challenges by launching proactively more mining professional services, promoting services to transform and upgrade, improving product design and quality control of the entire manufacturing process, increasing product competitiveness, striving to open up domestic and overseas markets as well as stabilising and expanding the leading position of its major coal equipment in the PRC. During the reporting period, the Company achieved RMB5.56 billion of production value of coal mining equipment, representing a year-on-year decrease of 14.2%. The total production volume of coal mining equipment reached 273,000 tonnes, representing a year-on-year decrease of 18.5%, of which 12,135 units (sets) were major coal mining equipment.

	Production value (RMB100 million)			**Sales revenue (RMB100 million)**	
Coal mining equipment	**2014**	2013	Change (%)	**2014**	Percentage of operating revenue of the coal mining equipment segment (%)
Conveyor equipment	**23.1**	25.8	-10.5	**12.0**	19.5
Support equipment	**16.5**	19.1	-13.6	**11.9**	19.4
Road header	**5.1**	6.8	-25.0	**1.1**	1.8
Shearer	**5.6**	6.9	-18.8	**2.8**	4.6
Electric mining motor	**5.3**	6.2	-14.5	**3.8**	6.2
Total	**55.6**	64.8	-14.2	**61.4**	–

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 RMB6.14 billion in total included revenues generated from accessories, services and trade.

Product type	**Percentage of sales of the product (%)**	**Market share (%)**
Medium and high-end armoured face conveyors	75	57
Medium and high-end hydraulic roof supports	80	21
Medium and high-end shearers	94	32
Medium and high-end electric motors	65	69
Medium and high-end road headers and drilling machines	73	10

The Company's technological innovation capability for coal mining equipment was enhanced steadily. During the reporting period, the project of the "Research on Complete Technologies and Equipment for Fully-mechanised Top Coal Caving for Extra-thick Coal Seam with Large Mining Height", the implementation of which was participated by the Company, was awarded the first prize in national scientific and technological progress for 2014. The project constructing the "National Energy Coal Mining Machinery and Equipment Research and Development (Experiment) Centre" was inspected and accepted upon completion. The "National Energy Centre for the Assessment of Coal Mine Roadheading and Transportation Technology and Equipment" and the "National Energy Centre for the Assessment of Coal Mine Support and Mining Shaft Technology and Equipment" were examined and approved by the National Energy Administration. Moreover, the Company is organizing and implementing a number of research topics under the Schemes of National 863 and National 973.

II. ANALYSIS OF CORE COMPETITIVENESS

The Company is the second largest coal producer and supplier in the PRC with core business segments focusing on coal, coal chemical and coal mining equipment. Leveraging on the top five bases located in Shanxi, Inner Mongolia-Shaanxi, Jiangsu, Heilongjiang and Xinjiang, the Company is dedicated to becoming a globally competitive modern energy conglomerate.

The Company boasts abundant and diversified coal resources, premium coal products as well as modern technologies and techniques in coal mining, washing and blending. Mining areas in Pingshuo, Shanxi and Hujierte, Odors of Inner Mongolia, 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 sulphur and extra low phosphorus content. The major coal production bases of the Company are equipped with easily accessible transportation channels which are connected with coal ports, creating favourable conditions for the Company to bolster competitive edges and achieve sustainable development.

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. By capitalizing on its constructed network of coal sales and logistics, well-established port service facilities and high-calibre professional teams, the Company is able to quickly adapt to coal market changes by leveraging on its excellent capabilities for market exploration and distribution.

In strengthening its leading position in the core coal business, the Company has been proactively developing the coal chemical industry, the electric power industry, the coal equipment manufacturing industry and other related industries, and has become the largest coal mining equipment manufacturer in the PRC. The Company's coal-based fertiliser project constructed in the base in Inner Mongolia-Shaanxi is the largest single urea plant project in the PRC, which has officially commenced operation and opened up export channels, with favourable advantages in terms of size and cost. The coal-based olefin project produced certified products following a test run, having created records in terms of the shortest construction period and test run for similar facilities in the PRC. The products were widely recognized by the market. Other projects such as engineering plastics and inferior coal comprehensive utilization have entered into the final construction phase and will, upon commencement of operation, further push forward the Company's comprehensive utilization of the classification of coal as well as enhance product value and efficiency. The Company is vigorously pushing forward the construction of low calorific value coal and pit mouth power generation bases in the Pingshuo mining area, Datun mining area and Zhundong of Xinjiang, etc. Official replies have been obtained on the approval of a number of power plant projects and the commencement of preliminary work. The Company's advantages in a complete industrial chain covering coal, coal chemical and power generation businesses can effectively broaden the range of products and services, enhance the Company's coal production and marketing capabilities as well as reinforce the Company's risk resistance capability and core competitiveness.

Following the rapid economic development and the rapid growth in energy demand in the PRC in recent years, the Company has seized the opportunity to carry out external expansion, decrease costs and improve efficiency so as to maintain a sound financial structure and substantially enhance financial strength and risk resistance capability, thus having effectively assured the rapid development of the core businesses.

III. COMPETITIVE LANDSCAPE IN THE INDUSTRY

In 2014, the imbalance of supply and demand in the Chinese coal market remained prominent, complicated by high coal stockpiles across the country, falling coal prices, declining economic benefits of the industry and increasing scale of loss. Under the impact of an array of national support policies in the fourth quarter, the market experienced some positive changes as the price of coal began to pick up, but the oversupply situation did not improve substantially.

Nationwide coal production and sales volume fell year-on-year while social coal stockpiles remained high for a long period of time. According to data from the National Bureau of Statistics and the China National Coal Association, total nationwide coal output amounted to 3.87 billion tonnes in 2014, down 2.5% year-on-year. Consumption of standard coal amounted to 2.81 billion tonnes, down 2.9% year-on-year. Social coal stockpiles remained at more than 300 million tonnes for over 30 consecutive months. Primarily due to the inadequate demand and the policy for production limitation, total output from state-owned key coal mines in 2014 amounted to 1.97 billion tonnes, down 3.7% year-on-year.

Profits from the coal industry continued to decline with increased operational risks. The statistics from the China National Coal Association indicated that there were losses across the coal sector in a number of provinces across the country in 2014, with more than 70% of coal enterprises nationwide expected to incur losses and industry-wide total profit having declined substantially year-on-year. With increased difficulty of coal sales as well as of sales and payment recovery by coal enterprises, the accounts receivable and inventory of some coal enterprises rose with gradually increasing operating risks.

Under the situation of a buyer’s market, some new changes have taken place in the competition in the coal industry. Customers’ requirements for coal quality were further raised because of the impact of national environmental policies. To keep their market shares stabilised, coal enterprises have modified the marketing methods, stepped up marketing efforts and improved product quality so that competition among coal enterprises have intensified. Coal enterprises with poor coal quality, high cost and heavy burden saw their operating pressure increasing and benefits falling significantly, while those with good coal quality and efficient mines achieved relatively good economic benefits and further improved market competitiveness. To cope with this market situation, some coal enterprises have accelerated industrial restructuring as well as carried out transformation and upgrade towards integration of coal and power businesses and coal deep processing, etc.

IV. INDUSTRY DEVELOPMENT TRENDS OF THE BUSINESS OF THE COMPANY

(I) Coal demand

Coupled with the high-speed growth in the Chinese economy in recent years, the domestic demand for coal has been growing rapidly for many years. However, following the decelerated rate of growth in the Chinese economy, energy restructuring and reinforced treatment of air pollution, the rate of growth in nationwide coal consumption is expected to slow down substantially, and this slowdown may become a new normal scene in the next period to come.

(II) Coal supply

According to the statistics from the China National Coal Association, fixed asset investment in the coal mining and processing sector since the "Eleventh Five-Year Plan" was close to RMB3 trillion, making excessive capacity-building a prominent issue. According to the investment progress, coal production capacity is expected to be gradually released in recent years. Given the slackened demand for coal consumption, it will be a long process to digest the existing coal inventory and the excessive coal capacity.

(III) Railway transportation capacity

Following the successive entry into operation of the major domestic coal trunk railways in the PRC, the long-standing tension in the "west-east" and "north-south" coal transportation will be gradually relieved. The future railway transportation is expected to be no longer a major restraining factor regarding the regional tension in coal consumption.

(IV) Coal import

Despite the rapid growth in coal import by China in recent years, the volume of coal import declined year-on-year to some extent in 2014, but the coal import yet amounted to 291 million tonnes. Considering various factors such as the cost advantages of imported coal and the rigid demand from coastal power plants, coal imports in 2015 is expected to remain of relevant high scale, which will curb domestic coal prices.

(V) Coal price

Considering various factors such as domestic coal supply and demand, transportation and imported coal, the oversupply situation in the coal market is anticipated to continue in 2015, and it will take a long time to fully improve the overall supply and demand imbalance. Coal prices will tend to be subject to seasonal fluctuations at low levels throughout 2015, but the range of such fluctuations is expected to be smaller than that of 2014.

V. PRODUCTION AND OPERATION PLANS OF THE COMPANY IN 2015

Faced with the challenging market conditions in 2014, the Company focused on the annual production and operation targets, strengthened the coordination between production and sales, optimized product mix, enhanced product quality, vigorously improved cost efficiency and strived to maintain the stable running of production and operations. To proactively cope with the overcapacity and falling prices in the domestic coal market, the Company modified the coal production plan in a timely manner by reducing its raw coal production volume by about 10% of the original annual target (see the "Announcement Regarding Adjustment of Planned Raw Coal Production Volume for 2014" published on the SSE Website and the HKSE Website as well as on the Company Website on 12 August 2014 for details). During the reporting period, the Company completed production volume of 150 million tonnes of raw coal, down 4.1% year-on-year. Unit cost of sales for self-produced commercial coal fell 6.6% year-on-year. However, the Company's operating income fell by 14.2% year-on-year, primarily attributable to the continuing coal prices decline and the Company's voluntary initiative to limit production.

In 2015, the Company will stick to the general requirement for braving difficulties and making progress while maintaining stability by continuing to strengthen the control of costs and expenses; rationalizing production schedule; reinforcing connection between production, transportation and marketing; optimizing product mix; accelerating the restructuring of overall arrangements; and proactively coping with the challenging market conditions. Based on the estimation under the PRC Accounting Standards for Business Enterprises, the Company will stabilise raw coal production volume (including engineering coal) for 2015 at around 150 million tonnes, and strive to achieve operating revenue of more than RMB70 billion, and make great efforts to control the unit cost of sales for self-produced commercial coal below RMB195/tonne, and continue to keep increase of periodic expenses under stringent control.

Firstly, to organize output from coal mines in a scientific, demand-oriented and efficiency-focused approach. The Company will proactively adapt to market changes, strengthen the quality control of coal and strive to customize production according to customer requirements.

Secondly, to strengthen the organization and management of production, co-ordinate and arrange inspection and maintenance of facilities at chemical plants, step up staff training and strive to keep chemical production load stabilised for maximizing capacity.

Thirdly, to continue integrating the coal marketing system, strengthen planning for the coal logistics network, promote online sales on the e-commerce platform and steadily launch the thermal coal futures business. The Company will accelerate the establishment of a centralized marketing system for coal chemical products and strive to expand market space for coal machinery and equipment.

Fourthly, to carry out comprehensive budget management further, strengthen budget constraints, highlight the process control and screw up management by objectives and performance appraisal. The Company will carry out refined production, improve efficiency, reduce unit consumption and keep cost and expense increase under stringent control.

Fifthly, to timely steer the pace of investment, control the scale of investment, accelerate key projects and auxiliary works in the bases in Inner Mongolia-Shaanxi, vigorously develop pit mouth power generation and the coal chemical business, and constantly improve industrial structure and product mix for increasing the Company's core competitiveness.

Sixthly, to further push for safety and quality standardization, improve the safety management and risk pre-control system, resolutely prevent relatively major or severer accidents and strive to control sporadic accidents. The Company will impel the management of the annual target for energy conservation and environmental protection, and strengthen day-to-day supervision and evaluation.

Seventhly, to constantly improve various special technology management systems, carry out major scientific and technological projects in an orderly manner, and effectively support the construction of new bases as well as the upgrade and transformation of old bases, with "safety, economicalness and development" as the theme of technology management and technological innovation.

Capital Expenditure

I. PERFORMANCE OF CAPITAL EXPENDITURE BUDGETED FOR 2014

Focusing on principal operations including coal, coal chemical, coal mining equipment and power generation, the Company's capital expenditure for 2014 was budgeted at RMB26.625 billion, of which RMB22.932 billion or 86.13% was invested during the reporting period.

Performance of Capital Expenditure Budgeted for 2014 (By Item)

Unit: RMB100 million

Items of capital expenditure	Actual Investment in 2014	Budgeted Investment in 2014	Actual Investment Ratio (%)
Total	**229.32**	266.25	86.13
Infrastructure projects	**183.61**	185.35	99.06
Acquisition and maintenance of fixed assets	**14.91**	26.84	55.55
Equity investment	**30.80**	54.06	56.97

Performance of Capital Expenditure Budgeted for 2014 (By business segments)

Unite: RMB100 million

Business segments	Actual Investment in 2014	Budgeted Investment in 2014	Actual Investment Ratio (%)
Total	**229.32**	266.25	86.13
Coal	**91.55**	142.23	64.37
Coal chemical	**129.39**	103.38	125.16
Coal mining equipment	**3.52**	6.00	58.67
Power generation	**2.51**	10.44	24.04
Others	**2.35**	4.20	55.95

II. PROGRESS OF MAJOR INVESTMENT PROJECTS IN 2014

(1) Progress of Investment Projects Using Proceeds from Fund-raising in 2014

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 2014, the accumulated actual investment amounted to RMB733 million, of which RMB209 million was invested in 2014. Approvals on authorisation, preliminary design, mining permit and construction commencement report for the project were obtained. With land leveling at the industrial site basically completed, the project has already started construction in full swing.

Capital Expenditure

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 an advisory letter from the National Energy Administration on the commencement of preliminary work in 2010 and a project safety approval from the SAWS in 2011, the supporting documents for approval of the project's environmental impact assessment report, water and soil conservancy plans, energy conservation assessment report, water resources appraisal report and social stability risk assessment report were approved by relevant national and local government departments, 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. Besides an advisory letter from the National Energy Administration on the commencement of preliminary work on 29 July 2014, the supporting documents required for approval of 12 items including the project's assessment opinions on and filing of reserve, safety pre-assessment report, geological disaster assessment report, overlaid mineral resources, land reclamation assessment report and selection of project site were approved by relevant national and local government departments, with other relevant procedures under smooth progress.

The Hecaogou Coal Mine Project developed by Shaanxi Yan'an Hecaogou Coal Mine Company Limited has a production capacity of 3 million tonnes/year with a total investment budget of RMB2.180 billion, the construction of which started on 9 September 2010. As at 31 December 2014, the accumulated actual investment amounted to RMB2.285 billion. The project obtained all necessary approvals and entered trial production after 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 RMB2.423 billion. As at 31 December 2014, the accumulated actual investment amounted to RMB2.423 billion, of which RMB183 million was invested in 2014. The project passed the acceptance inspection in May 2014, and was officially put into production.

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. As at 31 December 2014, proceeds of RMB2.1 billion from fund-raising were invested in the project. With all necessary approvals acquired, the project was basically completed and entered the stage of trial production.

The Company holds 38.75% equity 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) developed by Zhongtian Synergetic Company. Phase 1 of the project involves 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 self-equipped thermal power station. As at 31 December 2014, accumulated proceeds of RMB4.158 billion from fund-raising were invested in the project. Phase 1 of the chemical component of the project was approved in 2013. The approval for Menkeqing Project and Hulusu Coal Project was granted by the NDRC in accordance with Fa Gai Neng Yuan [2014] Nos. 428 and 429 respectively on 12 March 2014. The chemical component and coal component of the project have commenced full construction, and Hulusu Coal Project will be expected to commence joint trial operation on its initial working face by the end of 2015.

Capital Expenditure

II. Progress of Major Construction Projects with Funds not Raised through the Issuance of Shares in 2014

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 RMB1.012 billion. The construction started in March 2010. As at 31 December 2014, the accumulated actual investment amounted to RMB925 million, of which RMB248 million was invested in 2014. The project was basically completed.

The Coke Oven Gas-based 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 2014, the accumulated actual investment amounted to RMB1.051 billion, of which RMB16 million was invested in 2014. The major construction was completed at the end of February 2013, and the project successfully produced qualified urea products. The project passed the acceptance inspection in December 2014.

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 2014, the accumulated actual investment amounted to RMB3.611 billion, of which RMB103 million was invested in 2014. The project was officially put into production in October 2014.

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. The construction started on 1 April 2011. As at 31 December 2014, the accumulated actual investment amounted to RMB9.899 billion, of which RMB232 million was invested in 2014. With all necessary approvals acquired and after construction was fully completed, the project commenced trial production in February 2014 with qualified granular urea product smoothly produced. The project was officially put into production in December 2014.

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 2014, the accumulated actual investment amounted to RMB7.455 billion, of which RMB4.291 billion was invested in 2014. The construction of the project proceeded smoothly, and various items of major equipment were basically completed. Currently, the project is at its final stage and commissioning test run will be scheduled for the fourth quarter of 2015.

The Methanol Acetic Acid Series Deep Processing and Comprehensive Utilisation Project of Shaanxi Company 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 2014, the accumulated actual investment amounted to RMB17.962 billion, of which RMB3.603 billion was invested in 2014. With all necessary approvals acquired and fully completion of construction, the project passed the commissioning test successfully by producing qualified products in July 2014. The project was officially put into production in January 2015.

III. OVERALL ANALYSIS OF EXTERNAL EQUITY INVESTMENTS

In 2014, the Company's external equity investment was RMB3.080 billion, representing a year-on-year increase of RMB1.045 billion or 51.35%. Major equity investment projects included: contribution of RMB1.163 billion for capital increase in Zhongtian Synergetic Company; contribution of RMB913 million for capital increase in Mengxi-Huazhong Railway Company Limited; contribution of RMB208 million for capital increase in Hohhot-Zhungeer-Ordos Railway Company Limited; payment of RMB95 million as consideration for consolidation of small scale coal mines adjacent to Pingshuo East Open Pit Mine; payment of RMB80 million as consideration for acquisition of equity interest in Yuquan Coal Company.

Name of the investee	Principal activities	Percentage of the equity interest in the investee
Zhongtian Synergetic Company	Coal production and coal chemical	38.75%
Consolidation of small scale coal mines adjacent to Pingshuo East Open Pit Mine	Coal production	100%
Yuquan Coal Company	Coal production	70%
Mengxi-Huazhong Railway Company Limited	Railway transportation	10%
Hohhot-Zhungeer-Ordos Railway Company Limited	Railway transportation	10%

IV. ARRANGEMENT FOR CAPITAL EXPENDITURE IN 2015

The Company's capital expenditure budget for 2015 is RMB16.832 billion, representing a decrease of RMB9.793 billion or 36.78% compared with that of 2014. Out of the capital expenditure budget stated above, RMB10.142 billion (including expenditure of RMB103 million for preliminary works prior to the commencement of the projects) will be invested in infrastructure projects; RMB2.514 billion will be invested in the acquisition of fixed assets, small scale construction, renovation and maintenance; and RMB4.176 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 segment:

Unit: RMB100 million

Business Segments	Investment budget in 2015	Actual investment in 2014	Increase/decrease in capital expenditure budget in 2015 compared with actual investment in 2014 (%)	Percentage to the total (%)
Total	168.32	**229.32**	-26.60	100.00
Coal	91.92	**91.55**	0.40	54.61
Coal chemical	57.25	**129.39**	-55.75	34.01
Coal mining equipment	1.71	**3.52**	-51.42	1.02
Power generation	16.23	**2.51**	546.61	9.64
Others	1.21	**2.35**	-48.51	0.72

Capital Expenditure

Profile of infrastructure projects for 2015 is as follows:

Unit: RMB100 million

No.	Name of project	Production capacity	Expected total amount of investment	Budgeted investment in 2015
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	7.67
2	Muduchaideng Coal Mine of Ordos Yihua Mining Resources Company Limited	6 million tonnes/year	60.21	4.86
3	Renovation and expansion of Huaning Coal Mine in Shanxi	3 million tonnes/year	17.53	2.37
4	Renovation and expansion of Hanzui Coal Mine in Shanxi	1.2 million tonnes/year	14.85	1.02
5	Xiaohuigou Coal Mine Project of Shanxi China Coal Pingshuo Xiaohuigou Coal Industry Company Limited	3 million tonnes/year	36.98	4.50
6	Weizigou Coal Mine in Xinjiang	3 million tonnes/year	15.17	0.90
7	Dahaize Coal Mine of China Coal Shaanxi Yulin Energy & Chemical Company Limited	15 million tonnes/year	170.32	8.00
8	Yilan No. 3 Coal Mine in Heilongjiang	2.4 million tonnes/year	24.84	3.74
Coal chemical segment				
Major Projects are as follows:				
1	Mengda Engineering Plastics Project with production capacity of 500,000 tonnes/year	500,000 tonnes/year	104.22	24.16
2	Pingshuo Inferior Coal Comprehensive Utilisation Project	400,000 tonnes/year of porous ammonium nitrate, 110 million Nm^3/year of natural gas	43.37	4.00
Coal mining equipment segment				
Major project is as follows				
	Equipment Manufacturing Base in Ordos	–	8.99	0.46
Power generation segment				
Major projects are as follows:				
1	Pingshuo low calorific value coal power generation project in Shanxi	2 x 660MW	69.32	3.00
2	A newly constructed project of Datun Thermal Power in Jiangsu under the “building large-scale ones and decommissioning small-scale ones” initiative	2 x 350MW	34.52	4.21
Resources 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	0.80

The plan of major equity investment projects for 2015 includes: contribution of RMB1.468 billion for capital increase in Mengxi-Huazhong Railway Company Limited; contribution of RMB600 million for capital increase in Zhongtian Synergetic Company; payment of RMB220 million as consideration for acquisition of the equity interest in Ordos Yihua Mining Resources Company Limited; contribution of RMB260 million for capital increase in Hohhot-Zhungeer-Ordos Railway Company Limited; payment of RMB197 million as consideration for acquisition of the equity interest in Yuquan Coal Company; payment of RMB124 million as consideration for consolidation of small scale mines adjacent to Pingshuo East Open Pit Mine and contribution of RMB200 million to the investment in the second power plant located in the north of Wucai Bay, Zhundong, Xinjiang. 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 global 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 as one of the top two players domestically and as one of the top three coal enterprises globally while ranking among the top 500 global 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 its 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 with the development of the base in Xinjiang steadily, 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.

Capital Expenditure

Coal Industry: Under the direction of the national coal industry development plan and the relevant policies of the PRC, the Company will optimise its 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 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 infrastructure 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.

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 the "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 place emphasis on export expansion in a move to improve its marketing reach and capacity on coal mining equipment. During the period of the "Twelfth Five-year Plan", the Company will continue to build its competitiveness in equipment business as well as consolidate and improve its influence and leadership within the coal mining equipment industry.

Technological Innovation

In 2014, under the pressure of the coal industry downsides, the Company's technological innovations focused on meeting the actual demand for "safety assurance, cost reduction and efficiency promotion, and transformation and development", under which strategy of the technological innovation was fully implemented, the collaboration of enterprises, colleges and research institutes was deepened and key technology research was intensified to contribute to supporting production safety and increasing profitability.

I. UPGRADED COLLABORATIVE INNOVATIONS BASED ON COLLABORATION OF ENTERPRISES, COLLEGES AND RESEARCH INSTITUTES

In 2014, addressing the business difficulties and higher cost pressure across the coal industry, China Coal Energy took initiatives to develop, promote and apply advanced technologies. The Company entered into a strategic cooperation agreement with the State Key Laboratory for Geomechanics and Deep Underground Engineering of China University of Mining and Technology on co-establishment of the Deep Mining Institute, giving full play to the advantages of both parties. Research and development were conducted in the coal mines owned by the Company so as to promote the gob-side entry retaining formed by roof cut and pressure releasing technology. Joint efforts on the breakthrough in other advanced and practical technologies were made by both parties with respect to deep mine heat hazard control, rock burst prevention, slope treatment for open pit mines so as to further reduce the costs of coal mining and production. To proactively carry forward strategic technology cooperation and exchanges between China Coal Energy and GE, both parties entered into the Strategic Cooperation Agreement between GE Mining and China National Coal Mining Equipment Company Limited for carrying out cooperation and communication in coal mine auxiliary transportation equipment, asynchronous motor upgrade, automation and fast roadheading technologies to further develop high-end equipment market.

II. NEW ACHIEVEMENTS IN R&D SYSTEM CONSTRUCTION FOCUSING ON INDUSTRIAL UPGRADE AND INNOVATION CULTIVATION

In 2014, the National Energy Coal Mining Machinery and Equipment Research and Development (Experiment) Centre undertaken by the Company, which was the largest and most advanced in the world and the first integrated mining equipment laboratory in the domestic coal mining equipment manufacturing industry, was completed and passed acceptance inspection by the National Energy Bureau. It signified a substantive improvement in theoretical support and experimental validation to corporate R&D, testing and inspection services to the coal industry, and fundamental research for national major science and technology tasks. The Company newly established the "National Energy Centre for the Assessment of Coal Mine Roadheading and Transportation Technology and Equipment" and the "National Energy Centre for the Assessment of Coal Mine Support and Mining Shaft Technology and Equipment", which passed the examination and approvals by the National Energy Bureau.

As at the end of 2014, the Company owned 1 national energy mining equipment R&D centre, 2 national energy technology and equipment assessment centres, 3 state-level enterprise technological centres, 6 province-level enterprise technological centres, 3 province-level engineering research centres, 8 national accredited laboratories and 3 post-doctoral research stations. The improving R&D system further enhanced the independent innovations capability.

Technological Innovation

III. NEW R&D BREAKTHROUGHS IN KEY TECHNOLOGIES WITH EMPHASIS ON MATERIAL TECHNOLOGY RESEARCH

In 2014, the technology investment of the Company amounted to RMB1.492 billion, with a technical input ratio of 2.11%, including RMB976 million in research and development. The Company organised and implemented 8 national technology projects and tasks, 4 national new product development projects, and 16 company-level key technology projects.

New breakthroughs were achieved in key technology research. The Key technologies on Construction of the 100-million-tonne Coal Base in Hinterland of Inner Mongolia-Shaanxi, a national science technology support programme, completed its main task to effectively support construction of the coal base of 100-million-tonne located in Inner Mongolia-Shaanxi. The Model Project for 10-million-tonne Efficient Fully-mechanised Key Technological Innovations and Industrialisation, a national low-carbon technology programme, achieved 10kV high-voltage direct frequency control on motors with control power up to 1,200kW and total coal processing volume exceeding 4.7 million tonnes; and the Company completed an underground industrial experiment for the frequency converter which contained a ground-breaking technology in the world. For the Engineering Optimisation Research on Mining, Transportation and Waste Discharge across Anticline Structure in Anjialing Open Pit Mine, the Company successfully developed the technology for steady and rapid advance of combined work line to turn direction of panel, technology for large grade base overburden crisscrossed with false inclination and internal discharge, and saved transportation costs of RMB350 million in total. Four projects including SGZ1350/3×1500 (1600) armoured face conveyor for fully-mechanised working face were included by the Ministry of Science and Technology into the 2014 National Key New Product Programme and the National Torch Plan and obtained certificates of national key new products, which were of great significance for accelerating the industrialisation of high-tech achievements. Based on the R&D and Application of Mining Technologies and Complete Set of Equipment for Thin Coal Seams, the Company successfully developed BH38/2×400 fully automated gliding plough with frequency conversion technology for shallow, hard and elastic coal seams, which passed industrial test and achieved safe and automated mining of coal seams extremely difficult for plough. In the 9-month field operation, the low body height road header recorded more than 3,300 metres of roadheading, meeting the requirements of coal-rock roadheading for 1.8-metre thin coal seam. The Company participated in the Intelligent Unmanned Mining Project for Huangling Mine for development of shearer automatic control, and for the first time achieved normalised intelligent unmanned mining operations with overall technology reaching internationally leading level. The ZY12000/22/48D (Y204) high-end hydraulic roof support for export was successfully developed and met requirements of the 147,000 times life test with overall technology reaching internationally leading level. The localisation of imported equipment and accessories made initial success, as a number of domestically manufactured key components including electric wheel assembly and hydraulic coupler assembly for large mining trucks were put in field trial, saving costs RMB71.77 million.

IV. FRUITFUL KEY TECHNOLOGICAL ACHIEVEMENTS BACKED BY INDEPENDENT INNOVATIONS

In 2014, the Company continued to employ innovations to meet actual demand on cost economicalness and effectiveness promotion and safety assurance, giving full play to its complete industrial chain to strengthen independent and collaborative innovations. A number of key technological achievements were successfully developed and promoted, 19 of which obtained technology progress awards at province/ministry level or above. In particular, the Research of Complete Technologies and Equipment for Fully-mechanised Top Coal Caving for Extra-thick Coal Seam with Large Mining Height undertaken by the Company won the first prize of National Technology Progress Award for 2014. The Company developed the world's first complete technologies and equipment with annual capacity of 10 million tonnes for fully-mechanised top coal caving for extra-thick coal seam with 14 – 20m large mining height, and successfully completed the industrial test at #8105 working face of Tashan Mine of Datong Coal Mine Group with the highest monthly production of 1.035 million tonnes and annual production up to 10.849 million tonnes. Effectively addressing the technical challenges for high output, high efficiency and safety in mining extra-thick coal seams, the system made a qualitative leap in domestic technologies and equipment for fully-mechanised top coal caving and played a positive role in revitalising the coal equipment manufacturing industry. The Research and Application of Key Technologies on High-precision Three-dimensional Dynamic Geological Modelling won the first prize of Coal Industry Technology Progress for 2014. Relying on the platform of professional coal geographic information system, it achieved high-precision three-dimensional dynamic geological modelling for mines based on the collection and analysis of a large geological survey database. While visualising underground geological structure, goaf area, water-logged zone and subsided column, it allowed real-time updates of geological survey data in mining process and online alert of the identified geological hazard sources, thus providing an important technical support to production safety of mines. Meanwhile, two achievements including Engineering Optimisation Research Project on Mining, Transportation and Waste Discharge across Anticline Structure in Anjialing Open Pit Mine won the first prize of Coal Industry Technology Progress for 2014.

In 2014, the Company registered 286 patent applications (including 92 invention patents) and was granted 186 authorised patents (including 33 invention patents). The ownership of a total of 963 effective patents in force, of which 136 were invention patents, hit a record high in the number of patents owned by the Company.

Investor Relations

In 2014, China Coal Energy kept constant communications with its domestic and overseas investors through various methods under the guidelines of "taking the initiative to contact, enhancing feedback and caring for Shareholders". During 2014, the Company held 156 investor meetings of all kinds with 768 attendees in total. These activities included 39 presentations of annual results and road-show meetings with 415 attendees, 93 day-to-day receptions of investor visits and telephone conferences with 232 participants and attendees, and 24 forums organised by 9 domestic and overseas securities firms with 121 attendees.

China Coal Energy attached great importance to investor communications and continued to expand the breadth and depth of information disclosure. The Company's management attended the presentations of 2013 annual results and 2014 interim results in person and earnestly responded to investors' enquiries in detail, which was highly recognised by investors. The Company's management grasped first-hand information by face to face communication to keep abreast of the views and opinions of major institutional investors and analysts on China's macroeconomic trends, landscape of the coal industry and the business performance and prospect of China Coal Energy, which were useful for maintaining an in-depth understanding of the capital market and adjusting strategic focus and operating strategy. The Company actively participated in various investment forums and adhered to the practice of receiving investors on every Tuesday and Thursday in order to promote its future development strategy and build up the confidence of the capital market on the long-term development of China Coal Energy.

On the basis of maintaining extensive communication and contact with investors, China Coal Energy strengthened feedback on the views and suggestions of Shareholders. After the disclosure of results, by making full use of the existing analysts and institutional investors database, the Company promptly notified domestic and overseas coal industry analysts and institutional investors through mail and actively carried out investor survey by phone, with a focus on explaining to domestic and overseas substantial Shareholders and coal industry analysts in detail the drivers of the Company's results, highlights of the Company's future earnings, the progress it made in the coal chemical field in particular, so as to provide response and feedback regarding the concerns of the capital market.

During 2014, China Coal Energy continued to strengthen the service awareness for Shareholders and conscientiously implement the requirements of regulatory authorities, so as to improve the protection of investors' rights and interests. Benchmarking itself against excellent centrally administered stated-owned listed companies, the Company revamped and upgraded its website by optimising the design of its web user interface to provide clearer and more reasonable classification of sections. Webpages such as Dividend Distribution History, Investor FAQs, PPT Materials of Results Presentation and Investor Calendar were newly-introduced, so as to provide investors easier access to information. To further enhance the service quality for minority Shareholders, the Company formulated the "Management Measures on Maintenance of the Investor Hotline", appointed dedicated staff for answering the investor hotline, handling mails as well as facsimiles and responding inquiries from minority Shareholders with patience. In addition, the Company listened attentively to the voices of minority Shareholders at the Q&A session of the general meeting, and adopted their opinions and suggestions on a rational basis.

Looking forward, China Coal Energy will continue to learn from and draw upon the experience from outstanding listed companies, and maintain close communication with the capital market in line with the principles of transparency, integrity, fairness and openness. The Company will be more Shareholder-oriented by optimising its long-term mechanism regarding protection of the interests of minority Shareholders, thus gaining understanding and recognition from the capital market.

Safety, Health, Environmental Protection and Social Responsibility

I. SAFE PRODUCTION

In 2014, the Company strictly complied with the national regulatory requirements and policies on production safety. The Company managed to tighten management, strengthen accountability and enhance control throughout the production processes, with an aim to further strengthen and improve production safety.

(I) **Fundamental safety infrastructure was constantly improved.** To carry forward the establishment of a safety-assured enterprise as well as safety quality standardisation, the Company held field meetings, conducted dynamic reviews, and provided benchmarking and consultation to assist the development of newly established coal chemical projects. As a result, 5 enterprises achieved the standards for a safety-assured enterprise and a top-level enterprise with standardisation in safety quality; and 12 mines were honoured with the title of national first-class coal mines with standardisation in safety quality. The Company continued to improve the safe production environment, optimising technology of coal enterprises to simplify production systems and inviting experts to conduct a comprehensive diagnosis on the disaster resilience of the systems and equipment of certain infrastructure mines for carrying out targeted optimisation. With the investment in safety assurance, a total of 129 systematic renovation projects including those on "one ventilation, three preventions", electrical machinery and transportation were completed to further enhance the safety assurance capability of the Company.

(II) **Safety management and control was continuously tightened.** Aiming to strengthen the safety assurance system, the Company established an internal coal chemical safety assurance institution equipped with professional management staff to tighten supervision on coal chemical safety, and safety management of all units was substantially enhanced. Responsibility pledges were signed at each level and safety responsibilities were devolved downwards level by level, so as to facilitate the implementation of major safety tasks and optimise the supervisory mechanism. To strengthen process review and promote accountability in safety responsibilities, management and assessment standards of corporate safety in relation to coal mine, coal chemical industry and equipment manufacturing were formulated and safety management assessments were conducted in subordinate enterprises.

(III) **Safety risk prevention was further strengthened.** The mines and plants of the Company prepared safety risk reports to identify various safety risks in advance, and formulated and implemented targeted safety assurance measures to effectively prevent safety risks. The manual on identification of potential hazards was published for coal mines and coal chemical enterprises to optimise the closed-loop management process of potential hazards and regulate the procedures of identifying potential hazards, and quarterly reports on rectification of potential hazards were issued to promote the closed-loop management of potential hazards. The Company constantly stepped up the intensity and frequency of safety inspections, with a particular focus on "one ventilation, three preventions" and flood control, and during key periods including the Spring Festival, the period of the National People's Congress (NPC) and the Chinese People's Political Consultative Conference (CPPCC), and the National Day, strengthening on-site surveillance and sustaining the high priority given to safety.

(IV) **Employees' safety awareness was further enhanced.** Riding on special events including, among others, "March Safety Warnings", "Production Safety Month" and "100-day Safety", the Company strengthened safety publicity and education through the channels of radio, television, website, newspaper and billboard to effectively increase the safety awareness of all employees. The Company provided safety education in the form of case studies for frontline teams, arranged sub-units and frontline teams to attend lectures on safe production delivered by the management, and required all employees to watch the video of "Cases of Coal Mine Safety Accident with Over a Hundred Casualties". During 2014, the Company held 2,104 safety training sessions for frontline employees and 249 knowledge and skill contests with 31,000 attendees, further enhancing safety awareness and business skills of employees by stepping up safety training.

Making great efforts in safe production, the Company maintained the sound development of coal production and coal chemical and recorded an industry-leading fatality rate of 0.013 in raw coal production per million tonnes. However, the overall safe production faced great challenges as one serious accident and one major accident occurred in two mines under construction by the Company. The Company reflected on the accidents and took the following measures to enhance safe production more proactively: firstly, a comprehensive safety inspection was conducted immediately to eliminate potential hazards; secondly, six specific safety management regulations were issued to close loopholes in safety management; thirdly, a four-month special project was carried out to rectify the "three violations" (namely instructing in violation of regulations, operation in violation of regulations and the violation of labour discipline), thus delivering a crushing blow against the "three violations"; fourthly, a comprehensive investigation on potential disaster-inducing factors was conducted throughout mines (plants) to preliminarily identify such factors in goafs, fire areas, collapsed columns and oil and gas wells; fifthly, accident accountability was tightened and those liable for the accidents were punished severely.

II. OCCUPATIONAL HEALTH

To push forward occupational hazards prevention, the Company optimised its occupational hazards prevention and control system and gradually established a long-term mechanism for occupational health management. The subordinate enterprises of the Company carried forward the construction of occupational health infrastructure by benchmarking against the Basic Requirements and Inspection Methods for Occupational Health Infrastructure of Employers. Taking advantage of the publicity week of the Law on the Prevention and Control of Occupational Diseases, Pingshuo Group emphasised the publicity of occupational hazards prevention and held special lectures, with 25,000 brochures distributed and 128 billboards and warning boards created. By formulating the Standardised Grading Standards of Occupational Health and Safety Quality of Coal Mines, Shanghai Energy Company further refined and quantified work quality standards and strengthened the appraisal and implementation of such standards, and was therefore honoured for seven consecutive years with the title "Advanced Unit for the Prevention and Control of Occupational Diseases" by the Center for Disease Control and Prevention of Jiangsu Province. China Coal Huajin Company stepped up its efforts in the construction of dust-free mines, and its Wangjialing Coal Mine introduced the advanced wet mining dust collector and optimised techniques accordingly to effectively reduce the concentration of dust at working faces and improve dust removal effect. Newly established coal chemical enterprises initiated and improved the occupational health management system to enhance personal protection and surveillance and promote occupational health in an orderly way.

III. ENVIRONMENTAL PROTECTION

In line with national laws, regulations and policies on environmental protection, the Company continued to foster an ecological culture, established and improved its institutional systems, carried out energy efficiency and pollution reduction projects, and strengthened monitoring and inspection, achieving sound results in environmental protection. In 2014, the emission of chemical oxygen demand (COD), NOx, and ammonia nitrogen reduced by 12.0%, 10.6% and 14.7% year-on-year respectively, and the emission of sulphur dioxide remained basically flat year-on-year. Four mines of the Company, namely Pingshuo No. 3 underground mine, Dongpo Coal Mine, Nanliang Coal Mine and Tangshangou Coal Mine, were among the 4th batch of pilot units of national green mines; and the foundry plant of China Coal Zhangjiakou Coal Mining Machinery Company Limited was awarded the title of "National Model Enterprise for Green Foundry". Firstly, the Company strengthened the establishment of systems. The Company formulated the "Guidance on Strengthening Energy Saving and Environmental Protection" to set out the targets, tasks and measures by the end of the "twelfth five-year" period, and issued the pilot green standards and appraisal systems for coal mining equipment manufacturing to facilitate the regulation and standardisation of energy conservation and environmental protection management. Secondly, the Company promoted pollution prevention and treatment. The Company strengthened the treatment of air pollutant emission by fully implementing the "Action Plan on Air Pollution Prevention and Control", satisfied the regulatory standards of pollutant emission by providing central heating in mining areas and living areas, carried out smoke desulphurization and denitrification renovation of boilers in power plants and ensured normal operation of all treatment equipment, and formulated renovation plans for industrial boilers to satisfy the air pollutant emission standards. Thirdly, the Company carried out identification on potential environmental hazards. The Company sorted out in a systematic manner environmental risks from the aspects of ensuring compliance with law and regulations by construction projects, pollution prevention and treatment as well as production and operations management, developed rectification plans and carried out management at all levels. Enterprises located in the region of Inner Mongolia and Shannxi tightened control over the discharge of mine water and coal chemical waste water to ensure environmental safety. Fourthly, the Company promoted energy conservation and consumption reduction. Pingshuo Company insisted on involvement of all employees and whole-process management in the trial of its energy management system to improve performance in energy management. Catalogues for promoting energy conservation technologies of coal and power segments of the Company were published and the promotion of energy conservation was accelerated in the form of energy performance contracting.

IV. SOCIAL RESPONSIBILITY

Details of social responsibilities are set out in the Social Responsibility Report published by the Company on the HKSE Website, the SSE Website and the Company Website.

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 salaries and bonus received from the Company during the reporting period (RMB ten thousand) (before tax)	Total amount of five insurances and one fund as well as annuity paid by the Company during the reporting period (RMB ten thousand)	Whether receiving remuneration from the shareholder during the reporting period?
Wang An	Chairman, Executive Director	Male	56	December 2010	December 2013	–	–	–	–	0	0	Yes
Li Yanjiang	Vice Chairman, Non-executive Director	Male	57	February 2013	December 2013	–	–	–	–	0	0	Yes
★Li Yanmeng	Non-executive Director	Male	69	December 2010	December 2013	–	–	–	–	2.5	0	Yes
Peng Yi	Non-executive Director	Male	52	December 2010	December 2013	–	–	–	–	0	0	Yes
*Yang Lieke	Executive Director, President	Male	57	December 2010	December 2013	–	–	–	–	55.89	11.56	No
Zhang Jiaren	Independent Non- Executive Director	Male	70	December 2010	December 2013	–	–	–	–	30	0	No
Zhao Pei	Independent Non- Executive Director	Male	65	December 2010	December 2013	–	–	–	–	30	0	No
Ngai Wai Fung	Independent Non- Executive Director	Male	52	December 2010	December 2013	–	–	–	–	30	0	No
Zhou Qinye	Resigned Independent Non- Executive Director	Male	62	February 2013	December 2013	–	–	–	–	25	0	No
Wang Xi	Chairman of the Supervisory Committee	Male	59	December 2010	December 2013	–	–	–	–	0	0	Yes
Zhou Litao	Non-Employee Representative Supervisor	Male	54	December 2010	December 2013	–	–	–	–	0	0	Yes
♦Zhang Shaoping	Employee Representative Supervisor	Male	50	December 2010	December 2013	–	–	–	–	51.23	10.29	No
♦Gao Jianjun	Vice-President	Male	56	December 2010	December 2013	–	–	–	–	87.37	10.10	No
♦Qi Hegang	Vice-President	Male	55	December 2010	December 2013	–	–	–	–	68.43	11.56	No
♦Niu Jianhua	Vice-President	Male	52	December 2010	December 2013	–	–	–	–	69.06	11.56	No
♦Pu Jin	Vice-President	Male	54	December 2010	December 2013	–	–	–	–	68.39	10.45	No
♦Weng Qing'an	Chief Financial Officer	Male	58	December 2010	December 2013	–	–	–	–	68.81	11.56	No
♦Zhou Dongzhou	Secretary to the Board and Company Secretary	Male	56	December 2010	December 2013	–	–	–	–	68.18	11.56	No
Total	/	/	/	/	/	–	–	–	/	654.86	88.64	/

Note:
1. Save for independent non-executive directors, remuneration is calculated based on the period during which they hold office.
2. The remunerations during the reporting period presented are the remunerations of directors, supervisors and senior management received from the Company.
3. *The percentage of the performance-based salary paid to Mr. Yang Lieke for the current period was 70%, and the deferred performance-based salary will be paid upon termination of his current term.
4. ★The RMB25,000 remuneration that Mr. Li Yanmeng received from the Company was conference allowance only.
5. ▲As the election of new session or appointment is yet to complete, save for Mr. Zhou Qinye who resigned from its position in October 2014, other Directors, supervisors and senior management of the Company will continue to perform their duties in accordance with the Articles of Association.
6. ◆The percentage of performance-based salary for the current period was 70%, including the deferred performance-based salary from the previous year.

During the reporting period, the Company has two executive Directors, three non-executive Directors and three 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. MAJOR WORKING EXPERIENCES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Directors

Wang An, aged 56, is the Chairman and Executive Director of the Second Session of the Board of the Company. Mr. Wang is also the Chairman 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, General Manager of China Coal Group 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 57, is the Vice Chairman and Non-Executive Director of the Second Session of the Board of the Company. He serves as the Secretary of Party Committee, Vice Chairman of the board of directors and General Manager 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.

Directors, Supervisors and Senior Management

Li Yanmeng, aged 69, is a Non-Executive Director of the Second Session of the Board of the Company. Mr. Li is also 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, Datang International Power Generation Company Limited and External Director of China Coal Group. 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 52, 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 57, 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 of the First Session of the Board of the Company, and the President of the Company. Mr. Yang is proficient in 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 operation, and has more than 20 years of experience in the production, operation and management in coal industry.

Directors, Supervisors and Senior Management

Zhang Jiaren, aged 70, is an Independent Non-Executive Director of the Second Session of the Board of the Company and Non-Executive Director of Societe Generale (China) 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, Independent Director of Hangzhou Industrial & Commercial Trust Company Limited and China Erzhong Group (Deyang) Heavy Industries Company Limited, 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 65, 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 extensive experience in the management and operation of large-scale high-tech enterprises and listed companies.

Ngai Wai Fung, aged 52, 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 Director of China Railway Group 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 Yangtze Optical Fibre and Cable Joint Stock Limited Company and an independent director of LDK Solar Co. Ltd., and the 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 is a member of the General Committee of the Chamber of Hong Kong Listed Companies. 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 Chartered Secretaries, a fellow of the Hong Kong Institute of Directors and a member of the Hong Kong Securities and Investment Institute. Mr. Ngai has over 20 years of senior management experience as an executive director, chief financial officer and company secretary, most of which are in the areas of finance, accounting, internal control and regulatory compliance as well as corporate governance and company secretarial matters for listed issuers including major red chips companies. Mr. Ngai has participated in or led a number of key financing projects, including listing, mergers and acquisitions and issuance of bonds. Mr. Ngai also served as the Independent Non-Executive Director of China Life Insurance Company Limited, Franshion Properties (China) Limited and China Railway Construction Corporation Limited.

Supervisors

Wang Xi, aged 59, is the Chairman and Non-Employee Representative Supervisor of the Second Session of the Supervisory Committee of the Company, deputy secretary of Party Committee and secretary of Commission for Discipline Inspection 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 SASAC, and Employee Director and Chairman of the Trade Union of China Coal Group. Mr. Wang has long term experience in the relevant national economic operation regulatory departments and state-owned assets supervision agencies and gained rich experience in the research of macroeconomic policy, analysis of the economic operation, business management and operation performance assessment.

Directors, Supervisors and Senior Management

Zhou Litao, aged 54, is a Non-Employee Representative Supervisor of the Second Session of the Supervisory Committee of the Company and the General Legal Counsel of China Coal Group, Executive Vice-President of the Energy Law Academy of China Law Society, Chairman of Legal Issues Committee of China National Coal Association, a visiting professor of National Lawyers College, P.R.C. and an arbitrator of China International Economic and Trade Arbitration Commission. 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 the PRC Civil Law, Commercial Law and International Commercial Principles, and has rich experience in corporate legal affairs.

Zhang Shaoping, aged 50, 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.

Directors, Supervisors and Senior Management

Senior Management

Yang Lieke, aged 57, 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.

Gao Jianjun, aged 56, 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 Professoriate 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 production operation.

Qi Hegang, aged 55, 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, 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.

Niu Jianhua, aged 52, 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.

Directors, Supervisors and Senior Management

Pu Jin, aged 54, 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.

Weng Qing'an, aged 58, 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.

Zhou Dongzhou, aged 56, 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 2014, the total remuneration for directors, supervisors and senior management of the Company was RMB7.435 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. Chairman and Vice Chairman of the Company who are also board members of the Shareholder do 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 hold positions 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

The Board of the Company received a written resignation report from Mr. Zhou Qinye, an independent Director, on 24 October 2014. Mr. Zhou Qinye requested to resign from his position as an independent Director of the Company and the relevant positions at the special committees of the Board according to the regulations and requirements of relevant government authorities of China. For details, please refer to the relevant announcements published on the SSE Website, HKSE Website and the Company Website on 24 October 2014.

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 2014 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 2014 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 2014, the distributable profits amounted to RMB1,065,958,000 and RMB1,270,642,000 as set out in the audited consolidated financial statements of the year 2014 of the Company prepared in accordance with the IFRS and the PRC Accounting Standards for Business Enterprises, respectively. To provide better rewards to the Shareholders of the Company as well as improve corporate and Shareholders' values, taking into consideration of the Company's 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 RMB319,787,400 to Shareholders of the Company, representing 30% of the distributable profits, which was RMB1,065,958,000 for the year of 2014 as set out in the consolidated financial statements of 2014 prepared in accordance with the IFRS. 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 RMB0.024 per share (inclusive of tax).

The above proposed profit distribution plan is subject to the approval of Shareholders at the 2014 annual general meeting. Cash dividends will be distributed to all Shareholders registered at the relevant record date upon approval.

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.

An announcement containing information in relation to the latest registration date and the period of closure of share register for attending the 2014 annual general meeting of the Company to be held in 2015 and for receiving the final dividend for the year ended 31 December 2014, as well as the dividend distribution date will be published separately when the date of the 2014 annual general meeting of the Company is fixed.

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 2014, which, among other things, will set out the record date and ex-rights date of dividend distribution for A Shares.

As at 31 December 2014, 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 2014, 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 executive) 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.	1,356,110,000	H Shares	Long position	Interest of controlled corporation by substantial shareholders	33.02	10.23
BlackRock, Inc.	303,803,244	H Shares	Long position	Interest of controlled corporation by substantial shareholders	7.40	2.29
	95,264,000		Short position	Interest of controlled corporation by substantial shareholders	2.32	0.72
JPMorgan Chase & Co.	286,725,498	H Shares	Long position	Of which 62,366,937 shares were held as beneficial owner, 20,099,000 shares were held as investment manager, 25,440 shares were held as trustee (except passive trustee), 204,234,121 shares (shares available for lending) were held as custodian-corporation/ approved lending agents	6.98	2.16
	9,723,195		Short position	Beneficial owner	0.23	0.07

Note: The information disclosed is based on the information provided on HKSE website.

Save as disclosed above, as at 31 December 2014, 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.

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 2014, none of the Directors, supervisors or chief executives of the Company 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 2014, 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 Zhou Qinye, whose term of service for the second session of the Board commenced from the date of appointment and ended on 24 October 2014, the term of service of each of other Directors (except the new Directors) is three years from the date of appointment. The term of service of supervisors 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. In accordance with the Articles of Association, members of the second session of the Board and the Supervisory Committee of the Company shall continue to perform their duties before the next session of the Board and the Supervisory Committee have been elected.

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 2014, 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 2014 are set out in the notes to the consolidated financial statements and the section headed "Directors, Supervisors and Senior Management" of this report.

For the year ended 31 December 2014, 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.

10. PURCHASE, SALE OR REPURCHASE OF LISTED SECURITIES OF THE GROUP

For the year ended 31 December 2014, the Company and its subsidiaries had not purchased, sold or repurchased any listed securities of the Group (the term "securities" has the meaning ascribed to it under Hong Kong Listing Rules).

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 2014, among the investment projects funded by the H Share proceeds, Pingshuo East Open Pit coal mine, Antaibao underground coal mine and Heilongjiang methanol projects (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 2014, the actual application of proceeds from A Share issuance amounted to RMB21.614 billion in total, representing approximately 85.4% of the net proceeds from A Share issuance, details of which are listed below:

Unit: RMB 100 million

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 or 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	3.09	41.58	No	Phase 1 of the coal and chemical segments of the project is approved and has commenced construction. Preliminary work for phase 2 is in progress.	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	2.89	16.19	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.	
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	0.80	14.98	No	The project is approved and has commenced construction.	34.20%	–	–	The project is under 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%	–	–	–	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
Zhangjiakou Coal Machinery Equipment Industrial Park Project developed by China Coal Zhangjiakou Coal Mining Machinery Company Limited	Yes	23.62	0.19	23.62	Yes	The project has been completed and put into operation.	11.60%	Achieved profits of RMB36 million in 2014.	No	Economic downside, resulting in a lack of orders.	
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 has been completed and has entered the stage of trial production.	15.51%	–	–	–	
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	6.97	216.14	/	/	/	/	/	/	

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 2014 are set out in the notes to the audited financial statements for the year.

13. DONATION

For the year ended 31 December 2014, the Company donated a total of RMB1,988,000 for charity and other donation purposes.

14. SUBSIDIARIES AND ASSOCIATES

The details of subsidiaries and associates of the Company as at 31 December 2014 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 Group 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 2014, the sales revenue from the top five customers of the Group was RMB13.808 billion, representing 19.5% of the Group's total sales revenue. The details are as follows:

Unit: RMB100 million

Major customers	**Amount**	**Percentage of the Group's total sales revenue**	**Related party or not**
A	47.09	6.7	No
B	33.03	4.7	No
C	25.51	3.6	No
D	18.63	2.6	No
E	13.82	1.9	No
Total	138.08	19.5	–

(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 2014, the total purchases made by the Group from its top five suppliers were RMB5.670 billion, representing 8.9% of the total cost of sales of 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	13.38	2.1	No
B	12.12	1.9	Yes
C	11.41	1.8	No
D	10.42	1.6	Yes
E	9.37	1.5	No
Total	56.70	8.9	–

For the year ended 31 December 2014, none of the Directors, their associates or any Shareholder (which to the knowledge of the Board owns more than 5% of the share capital of the Company) has beneficial interests in five major customers or in five major suppliers of the Group.

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 2014:

(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 2014 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 2014 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 2014 was RMB4.883 billion. The actual expenditure incurred was RMB2.159 billion.

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 2014, (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 2014 was RMB4.263 billion and the actual expenses incurred were RMB3.228 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 2014 was RMB770 million and the actual revenue was RMB645 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 2014, 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 2014 was RMB5.720 billion and the actual expenses incurred were RMB3.704 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 announcement of the Company dated 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 2014 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 RMB97 million. The actual rentals incurred were RMB94 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 announcement of the Company dated 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 2014 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. The actual rentals occurred were RMB62 million.

6. Financial Services Framework Agreement

On 18 March 2014, Finance Company, a controlling subsidiary of the Company, entered into a Financial Services Framework Agreement with China Coal Group which is valid until 31 December 2014 since the date of agreement and renewable upon expiry. Pursuant of which, Financial Company agrees to provide financial services such as deposit and loan services and financial leasing to China Coal Group and its associates. The details are set out in the announcement of the Company dated 18 March 2014.

Pricing principles: (i) The interest rate for deposits provided to China Coal Group and its subsidiaries and associates of China Coal Group by Finance Company shall be negotiated on arm's length and by reference to the interest rates provided by normal commercial banks in the PRC for comparable deposits by both parties. In any case, the interest rate for deposits shall not be higher than the upper limit allowed by the PBOC for such type of deposits, or the interest rate provided by Finance Company to other clients for the same type of deposits, or the interest rate for the same type of deposits provided by normal commercial banks in the PRC to China Coal Group and its subsidiaries and associates of China Coal Group, whichever is lower; (ii)The interest rates for loans charged by Finance Company to China Coal Group and its subsidiaries and associates of China Coal Group shall be negotiated on arm's length and by reference to the interest rates charged by normal commercial banks in the PRC for comparable loans by both parties. In any case, the interest rate for loans shall not be lower than the lowest rates prescribed by the PBOC for such type of loans, or the interest rate charged by Finance Company to other clients for the same type of loans, or the interest rate for the same type of loans charged by normal commercial banks in the PRC to China Coal Group and its subsidiaries and associates of China Coal Group, whichever is higher; (iii) The fee standard for other financial services (excluding the deposits and loans as mentioned above) shall be determined by Finance Company according to the corresponding service fees fixed by the PBOC or the CBRC. If such fixed fee rates are not available, the service fees are negotiated on arm's length and by reference to the fees charged by normal commercial banks in the PRC for comparable financial services. In any case, the fee standard shall not be lower than the fee standard adopted by normal commercial banks in the PRC for comparable services.

The maximum daily balance in terms of cash and cash equivalents of loans and financial leasing (including accrued interests) for 2014 granted by Finance Company to China Coal Group and its subsidiaries and associates of China Coal Group was RMB800 million. The actual balance occurred were RMB307 million; the annual cap for 2014 in respect of financial services fees charged by Finance Company for providing other financial services to China Coal Group and its subsidiaries and associates of China Coal Group including but not limited to bill acceptance and discount, agency, settlement, transfer, consultation as well as the internal entrusted loans and financial leasing between members of China Coal Group and its subsidiaries and associates of China Coal Group was RMB2 million. No such cases occurred during the reporting period.

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.56 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 or more favourable 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.

The Company has confirmed that the specific agreements under the continuing connected transactions for the year ended 31 December 2014 mentioned above were entered into and executed in accordance with the pricing principles pertaining thereto.

(2) Renewal or revision of continuing connected transactions in 2015-2017 and revision of annual caps

The Coal Supply Framework Agreement, Integrated Materials and Services Mutual Provision Framework Agreement, and Project Design, Construction and General Contracting Services Framework Agreement entered into between the Company and China Coal Group in 2011, the Coal and Coal Related Products and Service Supply Framework Agreement entered into between the Company and Shanxi Coking Coal Co, Ltd., and the Financial Services Framework Agreement entered into between Finance Company, a controlling subsidiary of the Company, and China Coal Group in March 2014 expired on 31 December 2014. The Company renewed the aforementioned continuing connected transactions agreements on 23 October 2014 for a term of three years with effect from 1 January 2015 and ending on 31 December 2017, and applied for their respective transaction caps for the coming three years. The Company also revised the Property leasing Framework Agreement and Land Use Rights Leasing Framework Agreement with effect until 31 December 2024 and 21 August 2025 respectively with China Coal Group on 23 October 2014, and the Company also applied for their respective transaction caps for the coming three years.

For details of the aforementioned transactions, please refer to the announcements of the Company published on China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily and the HKSE Website, SSE Website and the Company Website on 23 October and 29 December 2014.

(3) Non-continuing connected transactions

During the reporting period, the Company did not enter into any non-continuing connected transactions not exempted under Chapter 14A 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

In May 2014, the Company received the Letter of Undertaking on Further Avoiding Horizontal Competition with China Coal Energy Company Limited from China Coal Group (the controlling shareholder of the Company), in which China Coal Group stated expressly that: "Within 7 years from the date of the Letter of Undertaking on Further Avoiding Horizontal Competition with China Coal Energy Company Limited, China Coal Group will inject its competing equity interests in Import and Export Company, Huayu Company and Heilongjiang Coal Chemical Group into China Coal Energy, subject to the procedures for meetings of the Board of Directors or Shareholders' general meetings of China Coal Energy fulfilled under applicable laws and regulations and the Articles of Association." The matter above was disclosed after consideration at the fourth meeting of the second session of the Board in 2014 held on 13 May 2014. China Coal Energy will arrange the fulfilment of the above undertaking with a high sense of responsibility to investors in compliance with relevant regulatory requirements.

For details, please refer to the Announcement on Fulfilment of Undertaking of the Company and Controlling Shareholder and the Announcement on Undertaking of China National Coal Group Corporation on Further Avoiding Horizontal Competition with China Coal Energy Company Limited respectively published on 14 February and 13 May 2014 on the SSE Website, HKSE Website and the Company Website.

20. ISSUES, DIFFICULTIES AND RISKS ARISING FROM THE OPERATION OF THE COMPANY AND RELEVANT STRATEGIES AND MEASURES

(1) Risks of fluctuation in 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 world's major developed economies remaining in deep adjustment phase, it shows a downward trend of bulk commodity prices and the growth of China's economy. There remain myriad elements of instabilities and uncertainties affecting the macro economy in 2015, which may significantly affect the operating results of the Company.

(2) Risks of oversupply of coal

Affected by the rapid growth of investments in the coal industry after the "11th Five-Year Plan", the newly developed production capacity has continued to be released in recent years, highlighting the imbalance from the structural oversupply of coal. Factors including the sluggish demand from major developed economies, the low international coal prices and low ocean freight rates as well as the cost advantages of imported coal lead to the continuing relatively high level volume of coal import. The situation of oversupply of coal is expected to persist longer in the future.

(3) Risks of fluctuation in product price

Due to various factors such as demand and supply, characteristics of products, transportation capacity and weather, it remains difficult to determine the trend of prices of coal and coal chemical products accurately. The recent sharp decline in international crude oil prices significantly affects the prices of domestic coal-to-olefin products, which further poses a great impact on the profit margin of the coal chemical products. The Company will strengthen its judgment of the market situation, flexibly adjust its marketing strategy and increase the profitability of its products.

(4) Risks of safe production

Restricted by factors such as natural conditions and characteristics of production, the production process of coal mining and coal chemical products involves higher safety risks, making safety management more difficult. The Company continues to perfect its safety management and risk precontrol system, advances significantly safe and efficient coal mine construction, upgrades the level of automatic production, puts emphasis on enhancing system protection capacity and undertakes special treatment work for major disasters periodically, as so to ensure the safe operation in every aspect during production.

(5) Risks of project investment

New investment project normally requires longer time from conducting feasibility study to effective production. 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 will strengthen preliminary work by shortening the time for application of certificates and licences and procedures, and rationally controlling investment scale and pace, timing and investment costs in a reasonable manner so as to avoid investment risks.

(6) 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 continued to promote "Green China Coal" construction. The Company has increased investment in technological and environmental protection and strived to strike a balance between coal mining development and environmental protection. The Company is actively committed to social responsibility, strongly promotes land subsidence treatment and reclamation work in mining areas, developing circular economy in mining areas and spares no efforts in establishing a resource saving and environmental friendly enterprise.

(7) Risks of rising costs

In recent years, the pressure of coal cost control has been relatively greater attributable to factors including complex conditions of coal mining, increasing investments in the maintenance of large-scale equipment, safety and environmental protection, and decrease in the production of certain mines. The Company will continue to exert more efforts in cost control, optimise production layout, enhance production efficiency and reduce material purchase costs and unit consumption through adopting new technologies, new working processes and equipment to control the growth of costs.

(8) Risks of foreign exchange

The Company'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 Company 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 will proactively study the trend of the global exchange market, and control and avoid the risks of foreign exchange by using different kinds of financial instruments in a comprehensive manner.

21. SIGNIFICANT EVENTS

(1) Share capital structure

As at 31 December 2014, 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

(2) Distribution of final dividends for 2013

The Company's 2013 profit distribution plan was considered and approved at the Company's 2013 annual general meeting held on 13 May 2014. In the year 2013, cash dividends of RMB1,072,680,600 were distributed to the Shareholders, representing 30% of the RMB3,575,602,000 of net profit attributable to the equity holders of the Company presented in the consolidated financial statements prepared 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 RMB0.081 per share (inclusive of tax). The final dividends were duly paid to Shareholders before 30 June 2014.

(3) Amendment to the Articles of Association

On 13 May 2014, as required by No. 3 Guideline for the Supervision of Listed Companies – Cash Dividends Distribution of Listed Companies released by CSRC and the Guidelines of the Shanghai Stock Exchange on Cash Dividends Distribution of Listed Companies, the Resolution on Amendment to the Articles of Association was considered and approved at the Company's 2013 annual general meeting, setting out that the Company might distribute dividends in cash, in shares or in a combination of both cash and shares, and shall give priority to cash dividends.

For details, please refer to relevant announcements published on the SSE Website, HKSE Website and the Company Website on 13 May 2014.

(4) Transaction of assets

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

(5) Other significant events

1. Investment in and construction of Dahaize Coal Mine and Coal Preparation Plant of Shaanxi Company

On 10 January 2014, the first meeting of the second session of the Board of the Company in 2014 considered and passed the Resolution on Investment in and Construction of Dahaize Coal Mine and Coal Preparation Plant of China Coal Shaanxi Yulin Energy & Chemical Company Limited. On 13 May 2014, the 2013 annual general meeting of the Company considered and approved the above resolution. Currently, upon the approval by the National Energy Administration for commencing the preliminary preparation works, the project is progressing steadily as scheduled.

For details, please refer to relevant announcements published on the SSE Website, HKSE Website and the Company Website on 10 January and 13 May 2014.

2. Investment in and the construction of Tuke Gasification Island and related facilities

On 18 March 2014, the second meeting of the second session of the Board of the Company in 2014 considered and passed the Resolution on Investment in and Construction of Tuke Gasification Island and Related Facilities. On 13 May 2014, the 2013 annual general meeting of the Company considered and approved the above resolution.

For details, please refer to relevant announcements published on the SSE Website, HKSE Website and the Company Website on 18 March and 13 May 2014.

3. Increase in shareholding in the Company by Sino Life Insurance Company

On 4 March 2014, the Company received a notice from its Shareholder, Sino Life Insurance Company, that through trading on secondary market, its interest in voting rights of the A Shares and H Shares in aggregate reached 5% as at 4 March 2014. On behalf of Sino Life Insurance Company, the Company disclosed the Condensed Statement of Changes in Equity of China Coal Energy on 6 March 2014. On 3 September 2014, the Company received a notice from its Shareholder, Sino Life Insurance Company, that through trading on secondary market, its interest in voting rights of the A Shares and H Shares in aggregate reached 10% as at 3 September 2014. On behalf of Sino Life Insurance Company, the Company disclosed the Condensed Statement of Changes in Equity of China Coal Energy on 4 September 2014. According to the share register provided by China Securities Depository and Clearing Corporation Limited Shanghai Branch, Sino Life Insurance Company held 119,523,827 A Shares as at 31 December 2014. According to the disclosure of interests published on the HKSE Website, Sino Life Insurance Company held long position in 1,356,110,000 H Shares as at 31 December 2014. The changes in equity above will not result in any change in the Company's controlling shareholder or de facto controller.

For details, please refer to relevant announcements published on the SSE Website, HKSE Website and the Company Website on 4 March, 6 March, 3 September and 4 September 2014.

4. *Occurrence of accidents in coal mines under construction by the subsidiaries*

On 14 May 2014, an accident occurred in Dahaize Coal Mine, which was under construction by Shaanxi Company, a wholly-owned subsidiary of the Company, during the construction process, resulting in 13 casualties of the construction party. Currently, the relevant remedial work has been completed. For details, please refer to relevant announcements published on the SSE Website, HKSE Website and the Company Website on 15 May, 16 May and 20 May 2014.

On 13 October 2014, a roof falling accident occurred in No. 106 coal mine, which was under construction by China Coal Xinjiang Tianshan Coal Electricity Company Limited attached to Shanghai Energy Company, a controlling subsidiary of the Company, during the construction process, resulting in 9 casualties. Currently, the relevant remedial work has been basically completed. For details, please refer to relevant announcements published on the SSE Website, HKSE Website and the Company Website on 14 October and 16 October 2014.

5. *Progress in Methanol Acetic Acid Series Deep Processing and Comprehensive Utilisation Project of Shaanxi Company*

After consideration by the board of directors and the Shareholders' general meeting, it was approved that Shaanxi Company would act as the entity for investing in the construction of the Methanol Acetic Acid Series Deep Processing and Comprehensive Utilisation Project ("Methanol Acetic Acid Deep Processing Project" or the "Project"). The Project involves a total investment of RMB19,335,350,000 with a production capacity of 600,000 tonnes/year of engineering plastics as the final products. On 29 July 2014, the Company made an announcement disclosing that the Methanol Acetic Acid Deep Processing Project of the Shaanxi Company has successfully completed the commissioning test run for the whole production process, and produced polyethylene and polypropylene products smoothly. The project has entered normal production and operation in January 2015.

For details, please refer to relevant announcements published on the SSE Website, HKSE Website and the Company Website on 29 July 2014.

22. MATERIAL LEGAL PROCEEDINGS

As at 31 December 2014, 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 2014.

23. AUDITORS

The Company has appointed PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian as its international and domestic auditor respectively for the year ended 31 December 2014. The financial statements prepared by the Company in accordance with the International Financial Reporting Standards have been audited by PricewaterhouseCoopers and an unqualified opinion has been issued.

The resolution in relation to the appointment of PricewaterhouseCoopers as the Company's international auditor for the year 2015 and PricewaterhouseCoopers Zhong Tian as the Company's domestic auditor for the year 2015 will be considered at the 2014 annual general meeting convened in 2015.

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 2014 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 2014, reserves available for distribution by the Company in accordance with the laws and regulations of the PRC were RMB19.757 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
20 March 2015

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 and Ngai Wai Fung.

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 lawfully 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. The Supervisory Committee has conducted supervision over the major decision-making, financial reports, connected transactions of the Company and the behaviours of the Directors and senior management of the Company through organizing and convening meetings of the Supervisory Committee, attending Shareholders' general meetings and Board meetings, thereby completing the work of the Supervisory Committee in a better way in 2014.

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 2014 of the second session of the Supervisory Committee	18 March 2014	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily	19 March 2014
Second meeting for 2014 of the second session of the Supervisory Committee*	25 April 2014	–	–
Third meeting for 2014 of the second session of the Supervisory Committee	15 August 2014	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily	16 August 2014
Fourth meeting for 2014 of the second session of the Supervisory Committee	23 October 2014	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily	24 October 2014

* As the meeting only considered a resolution on the first quarterly report, no disclosure of the resolution announcement by the Supervisory Committee is required according to regulatory requirements.

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

The first meeting for 2014 of the second session of the Supervisory Committee convened on 18 March 2014 in Beijing considered and approved seven resolutions principally in relation to the Company's 2013 annual report and its summary, 2013 annual results announcement, report of the Supervisory Committee, 2013 annual financial report, proposed profits distribution plan for 2013, the special report on deposit and actual application of the proceeds from A Share issuance for 2013, report on the assessment of the Company's internal control for 2013 and the connected transactions regarding provision of financial services by Finance Company to the China Coal Group.

The second meeting for 2014 of the second session of the Supervisory Committee convened on 25 April 2014 in Beijing considered and approved the resolution on the Company's first quarterly report for 2014. The Board listened to two reports in relation to the work progress in 2013 and the work arrangement for 2014 regarding the Company's auditing work.

Supervisory Committee's Report

The third meeting for 2014 of the second session of the Supervisory Committee convened on 15 August 2014 considered and approved the resolution on the Company's interim report of 2014 and the resolution on the special report on deposit and actual application of the proceeds from A Share issuance of the Company.

The fourth meeting for 2014 of the second session of the Supervisory Committee convened on 23 October 2014 considered and approved the resolution on the Company's third quarterly report for 2014, the resolution on changes in the Company's accounting policy for long-term equity investments in accordance with the newly promulgated and amended accounting standards by the Ministry of Finance and the resolution on determination of the annual exempted caps of continuing connected transactions of the Company for 2015-2017.

II. OPINIONS OF THE SUPERVISORY COMMITTEE IN RESPECT OF THE WORK OF THE COMPANY

During 2014, coal enterprises generally faced operating difficulties as a result of the continuing slowdown in domestic economic growth, oversupply in the coal market and the sharp decline in coal prices. In response to the unprecedented operating pressure, the Company took the initiative to adapt to the changing conditions, reformed and innovated the development model, organized coal production in a scientific and reasonable manner, deeply promoted the lower cost and higher effectiveness and commenced various works in a solid and efficient manner, so as to strive to maintain the stable and sound development of the enterprise. The Supervisory Committee is satisfied with the Company's accomplishments.

III. INDEPENDENT OPINIONS HAVE BEEN GIVEN BY THE SUPERVISORY COMMITTEE IN RESPECT OF THE FOLLOWING ISSUES OF THE COMPANY IN 2014

(1) Operation of the Company in 2014 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 (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 RMB697 million while the accumulated expended proceeds amounted to RMB21.614 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 2014 were conducted at fair prices. No acts were found to be detrimental to the interests of the Company and its Shareholders.

The Company considered and approved the Resolution on determination of the Annual Exempted Caps of Continuing Connected Transactions of the Company for 2015-2017. The connected transaction agreements of the Company and the approval procedures for the annual exempted caps of connected transactions for 2015-2017 under these agreements were in accordance with the laws, regulations and requirements of the regulatory authorities of listed companies. The relevant standards of proposed cap conformed to the actual conditions of the Company.

(6) Implementation of resolution 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 2014. The Supervisory Committee is of the opinion that the self-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 self-assessment report on internal control.

In 2015, the Supervisory Committee will continue to perform its duties faithfully and diligently in strict compliance with the rights and obligations conferred on the Supervisory Committee by laws and regulations of the PRC and the Articles of Association, and strive to fulfill its work 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
20 March 2015

Corporate Governance Report

During the reporting period, the Company continued to strive for standardised operations, improve the Company's corporate governance system, accelerate the development of its information systems, improve its 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 team in accordance with the provisions of relevant laws and regulations including the Company Law and the 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 the management 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 made amendments to its regulatory framework including the Articles of Association in compliance with the latest requirements of laws and regulations, the Listing Rules and regulatory rules of the stock exchanges where the Company's shares are listed, making the corporate governance system more optimal. 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 the "Corporate Governance Report" set out in Appendix 14 of the Hong Kong Listing Rules. For the year ended 31 December 2014, the Company strictly complied with the code provisions under the "Corporate Governance Code" and the "Corporate Governance Report" set out in Appendix 14 of the Hong Kong Listing Rules.

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 throughout the year of 2014.

4. BOARD OF DIRECTORS

(I) Composition and term of office

The second session of the Board of the Company currently comprises eight Directors, namely Wang An, Li Yanjiang, Li Yanmeng, Peng Yi, Yang Lieke, Zhang Jiaren, Zhao Pei and Ngai Wai Fung. 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 2014, 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 2014

The Board of the Company convened seven meetings in 2014. 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	6/7	1/7	86
Li Yanjiang	Vice Chairman, Non-Executive Director	7/7	–	100
Li Yanmeng	Non-Executive Director	7/7	–	100
Peng Yi	Non-Executive Director	7/7	–	100
Yang Lieke	Executive Director, President	6/7	1/7	86
Zhang Jiaren	Independent Non-Executive Director	7/7	–	100
Zhao Pei	Independent Non-Executive Director	7/7	–	100
Ngai Wai Fung	Independent Non-Executive Director	7/7	–	100
Zhou Qinye*	Independent Non-Executive Director	6/6	–	100

Notes: *Mr. Zhou Qinye has resigned as the director of the Company in October 2014.

During the reporting period, seven Board meetings were convened and the Company considered and approved resolutions on significant events including the annual report for 2013, the interim report for 2014, the quarterly reports, proposed profit distribution plan of the Company for 2013, amendments to the Articles of Association and investment in construction of Tuke Gasification Island and related facilities. Various reports including the work progress of capital expenditure plans of the Company for 2013 and 2014 during the course of production and operation and the implementation of Board resolutions of the Company were also reported at the meetings.

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 authorized 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 rate (%)
Wang An	Chairman, Executive Director	1	50
Li Yanjiang	Vice Chairman, Non-Executive Director	1	50
Li Yanmeng	Non-Executive Director	2	100
Peng Yi	Non-Executive Director	2	100
Yang Lieke	Executive Director, President	2	100
Zhang Jiaren	Independent Non-Executive Director	2	100
Zhao Pei	Independent Non-Executive Director	2	100
Ngai Wai Fung	Independent Non-Executive Director	2	100
Zhou Qinye*	Independent Non-Executive Director	1	100

Note: *Mr. Zhou Qinye has resigned as the director of the Company in October 2014.

(1) continued to engage PricewaterhouseCoopers Zhong Tian and PricewaterhouseCoopers as its domestic and international auditors respectively for the year 2014 to provide review and 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 2014 amounted to RMB11.50 million;

(2) distributed profit for 2013 of RMB1,072,680,600 to existing Shareholders of the Company on 29 May and 26 June 2014 respectively, representing a dividend of RMB0.081 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 recommendations 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 revised a series of corporate governance documents of the Company, including the Articles of Association and the "Work Manual of the Nomination Committee of the Board", 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 identify any violation of laws and regulatory requirements; approved the Company's Corporate Governance Report for 2014 and authorised the disclosure of the same on the HKSE website and the Company website; and 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 team 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 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 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 Provision 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 two 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. The remuneration committee is accountable to the Board.

In 2014, the remuneration committee held two meeting (the second meeting was a telecom meeting) which mainly considered the annual report for 2013 and its summary, the results announcement, the remuneration of Directors and supervisors of the Company for 2014, and the operational results performance evaluation of senior management for 2014, the proposal for the payment of remuneration to senior management of the Company for 2013 and the proposal for the basic salary for 2014 and 2015.

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 terms of service. The remuneration committee under the second session of the Board consists of three 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 as committee members.

Attendance details of the meeting of remuneration committee in 2014 (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)*	3	0	100
Li Yanjiang	3	0	100
Zhang Jiaren	3	0	100
Zhou Qinye*	2	0	100

Note: *Mr. Zhou Qinye has resigned as the director of the Company in October 2014.

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 Directors Mr. Zhang Jiaren as chairman and Mr. Wang An and Mr. Zhao Pei as committee members.

In 2014, in respect of the preparation for the newly commenced session of the Board of the Company, the nomination committee instructed the relevant departments of the Company to study the structure and composition of the new session of the Board and inspect the candidates of the Directors and the alternative candidates of senior management so as to give advice and recommendations to the Board of the Company and relevant regulatory departments.

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.

10. AUDIT COMMITTEE

The audit committee under the Board of the Company currently comprises two independent non-executive Directors and one non-executive Director. The "Work Manual of the Audit Committee 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 reports and profit announcements; 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 Listing Rules. The audit committee is accountable to the Board.

In 2014, the audit committee held six meetings which mainly considered the annual report for 2013 and its summary, the 2013 results announcement, the Directors' Report for 2013, the proposed profit distribution plan for 2013, engagement of auditors to review the interim financial report and audit the annual financial report for 2014, the assessment report regarding internal control for 2013, the first quarterly report for 2014, the interim report for 2014, the third quarterly report for 2014, the special report for deposit and actual application of the proceeds from the A share issuance by the Company, extension of duration of authorisation regarding the registered RMB10 billion medium-term notes of the Company, the Company's general mandate to issue debt financing instruments, connected transactions regarding provision of financial services by China Coal Finance Co., Ltd. to the China Coal Group, financial guarantee provided by the Company to Shaanxi Company in respect of bank loans for the Methanol Acetic Acid Series Deep Processing and Comprehensive Utilisation Project, changes in the Company's accounting policy for long-term equity investment in accordance with the accounting standards issued and revised by the Ministry of Finance and determination of the annual exempted caps of continuing connected transactions of the Company for 2015 to 2017. In addition, the audit status of the 2013 financial report of the Company, the review status of the 2014 interim financial report and the audit plan for 2014 reported by PricewaterhouseCoopers Zhong Tian, as well as the work progress of the audit for 2013 and work arrangement for 2014 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 three members, among which the convener of the committee is independent non-executive Director Ngai Wai Fung, and the committee members are non-executive Director Peng Yi and independent non-executive Director Zhao Pei.

Attendance details of the meetings of audit committee in 2014 (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	0	100
Peng Yi	6	0	100
Zhao Pei	4	2	67
Ngai Wai Fung	6	0	100

Note: *Mr. Zhou Qinye has resigned as the director of the Company in October 2014.

11. STRATEGIC PLANNING COMMITTEE

The strategic planning committee under the Board of the Company comprises five Directors, of which two 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 Listing Rules. The strategic planning committee is accountable to the Board.

In 2014, the strategic planning committee held one meeting which mainly considered the annual report for 2013 and its summary, the results announcement for 2013, the Director's report for 2013, the completion status of the 2013 capital expenditure plan, the 2014 capital expenditure plan, and the investment in and construction of Tuke Gasification Island and related facilities.

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 five 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 and Zhao Pei as committee members.

Attendance details of the meeting of strategic planning committee in 2014 (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

Note: *Mr. Zhou Qinye has resigned as the Director of the Company in October 2014.

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 2014, the safety, health and environmental protection committee held two meetings, at which the annual report of the Company for 2013, the 2013 results announcement, the Director's report for 2013 and the social responsibility report for 2013 were considered.

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 Vice Chairman of the Board 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 2014 (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)*	1	1	50
Yang Lieke	2	0	100
Zhao Pei	2	0	100

13. PERFORMANCE OF DUTIES BY INDEPENDENT NON-EXECUTIVE DIRECTORS

There are currently three independent non-executive Directors in the Board of the Company. 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 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, the Company also empowers the independent Directors with the duty to propose to appoint or remove accounting firms and other duties to the Board.

During the reporting period, the independent 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 2014, 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 Directors upheld the legal rights of Shareholders, especially the minority Shareholders independently and objectively, fully exploiting the functions of independent Directors.

In 2014, the Company convened a total of nine meetings of independent Directors, at which the resolutions in relation to the following issues were considered: the proposal on remuneration payment of the senior management of the Company for 2012 and the proposal on their basic remuneration package for 2013, amendments to the "Provisional Measures for Assessment on Performance of the Senior Management", annual report for 2013 and its summary, results announcement for 2013, Directors' report of the Company for 2013, proposed profit distribution plan of the Company for 2013, engagement of auditors to review the interim financial report and audit the annual financial report of the Company for 2014, special report on the deposit of and actual application of the proceeds from A Share issuance, report on the assessment of internal control of the Company for 2013, extension of duration of authorisation regarding the registered RMB10 billion medium-term notes of the Company, the general mandate to issue debt financing instruments, connected transactions regarding provision of financial services by Finance Company to the China Coal Group, financial guarantee provided by the Company to Shaanxi Company in respect of bank loans for the Methanol Acetic Acid Series Deep Processing and Comprehensive Utilisation Project, the first quarterly report for 2014, the interim report for 2014, the special report for deposit and actual application of the proceeds from the A share issuance by the Company, the third quarterly report for 2014, changes in the Company's accounting policy for long-term equity investment in accordance with the accounting standards issued and revised by the Ministry of Finance, determination of the annual exempted caps of continuing connected transactions of the Company for 2015 to 2017, the proposal on remuneration payment of the senior management of Company for 2013 and the proposal on their basic remuneration package for 2014 and 2015. The independent non-executive Directors also listened to the audit status of the 2013 financial report of the Company, the review status of the 2014 interim financial report and the audit plan for 2014 reported by PricewaterhouseCoopers Zhong Tian, as well as the work progress of the audit for 2013 and work arrangement for 2014, engagement of independent financial advisers regarding application for caps of connected transactions for 2015 to 2017, transfer of equity interest in China Coal Huajin Company by Shanxi Coking Coal Group, investment in the newly constructed project of Datun Thermal Power in Jiangsu under the "building large-scale ones and decommissioning small-scale ones" initiative and investment in construction of Pingshuo low calorific value coal power generation project in Shanxi.

Attendance details of the meetings of independent Directors in 2014 (including attendance by written proxy) are as follows:

Member of the Committee	Attendance in person	Attendance by proxy	Attendance rate (%)
Zhou Qinye*	8	0	100
Zhang Jiaren	9	0	100
Zhao Pei	6	3	67
Ngai Wai Fung	9	0	100

Note: *Mr. Zhou Qinye has resigned as the Director of the Company in October 2014.

14. REMUNERATION OF AUDITORS

In 2014, the Group's international auditor was PricewaterhouseCoopers, and the domestic auditor was PricewaterhouseCoopers Zhong Tian. The Group's annual audit fees for the year ended 31 December 2014 were RMB11,500,000 in aggregate, of which audit fees for internal control amounted to RMB1,200,000. Apart from abovementioned fees, the Group did not incur other non-audit fees.

15. SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETING

In order to ensure that all Shareholders of the Company 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, two Shareholders' general meetings were held, including the 2013 annual general meeting and one extraordinary general meeting.

(I) At the 2013 annual general meeting, twelve resolutions on Directors' report of the Company for 2013, report of supervisory committee for 2013, financial report for 2013, proposed profit distribution plan for 2013, capital expenditure plans of for 2014, engaging auditors to review interim financial report and audit annual report of the Company for 2014, remuneration of Directors and the supervisors of the Company for 2014, the extension of the validity of related mandate of the registered RMB10 billion mid-term notes of the Company, the general mandate to issue debt financial instruments by the Company, the amendment of the Articles of Association, the investment in and construction of Dahaize Coal Mine and Coal Preparation Plant of Shaanxi Company and the investment in and construction of Tuke Gasification Island and related facilities respectively were considered.

(II) At the first extraordinary general meeting for 2014, the resolution on the determination of the annual exempted caps of continuing connected transactions for the Company for 2015 -2017 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	3	1	75

17. ESTABLISHMENT AND IMPLEMENTATION OF ANCILLARY MECHANISMS

(I) Management of Connected Transactions

The Company strictly adheres to the provisions of the Listing Rules of the stock exchanges where the Company's shares are 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 in a reasonable manner in accordance with the routine connected transactions and their caps considered approved by the Board and Shareholders' general meeting of the Company. The consideration of connected transactions is determined in accordance with the principle set out in the framework agreement, therefore is fair and reasonable and in the best interest of the Shareholders as a whole.

In 2014, 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 software, the Company controlled the actual monthly amounts of connected transactions, analyzed and studied problems of related enterprises identified in the course of management of connected transactions to instruct and urge related enterprises to eliminate hidden problems, thus 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 regulatory requirements.

(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 2014, 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, finance, operation, compliance and risk management. The Board is of the opinion that the current internal control system of the Company is compliant with the relevant laws and regulations of the PRC and the requirements of the securities regulatory authorities, and that the system has no significant or material deficiencies and can accommodate the needs for the management of the Company.

The Company established a standardised corporate governance and control structure of legal entities by earnestly implementing the "Basic Standard for Enterprise Internal Control" and its supplemental guidance jointly promulgated by the five ministries including the Ministry of Finance, thereby formulating internal control mechanisms under which functional bodies of the Company support and hold checks and balances against each other. In addition, the Company formulated and optimized the "Internal Control Handbook" and "Internal Control Evaluation Handbook" to ensure the design and operation effectiveness of internal control, compliant operation and management and safety of assets in a reasonable manner, thus providing strong support to the Company's sustainable and healthy development.

Corporate Governance Report

In 2014, based on institutional building, the Company constantly enhanced its internal control standards and continuously improved its internal control system. To address the major aspects of business operations and management activities of the Company, the Company focused on the major business units, critical workflows and control points in pursuit of decision-making based on scientific methods, efficient execution and effective supervision. In terms of strategic planning, investment decision-making, safe production, infrastructure management, budget management, financial management, human resources management, procurement and sales management and contract management, the Company formulated a number of internal control systems including “2014-2016 Rolling Development Plan”, “Implementation Rules for the Tender Management Regarding Materials”, “Implementation Rules for the Tender Management Regarding Infrastructure Project Contracts”, “Administrative Measures for Contract Management” and “Administrative Measures for Material Procurement”. By continuously enhancing its systems and workflows, the Company strengthened the management of internal control and continuously improved the standardisation, centralisation, specialisation, refinement and informatisation of corporate management, thereby improving its operational management efficiency and risk resistance capability.

While focusing on “target, risk and control”, the Company employed an operational approach of “coordinated planning and level-by-level implementation”, under which the Company conducted regular risk assessments and internal self-evaluation, earnestly identified the weak points and potential risk exposures in the business management process, and carried out special risk assessments on major decisions, appointment and removal of key personnel, major project arrangements and operation of large-amount funds, aiming at eliminating major potential problems that may occur and maintaining effective prevention and control over various risks.

Human Resources Report

1. OVERALL SITUATION OF HUMAN RESOURCES MANAGEMENT

Adhering to a "prudent and pragmatic work style, down-to-earth work method, and work attitude of serving overall interest", the Company concentrated on its main principle of "seeking progress in stability and advocating reforms and innovation" and carried out its "1233" strategy, that is, 1 focus on building up talent teams, 2 key points of controlling the number of employees and the overall labour cost, 3 basic tasks of management positions system standardization, newly founded enterprises salary system standardization and training system standardization, and 3 reforms on labour, human resource and income distribution systems. Forging ahead with determination, and advocating reforms and innovation, the Company established a solid human resources pool against the daunting challenges in the market.

Building up a high calibre management team through stringent management. The reform on election and appointment system was carried forward to establish an effective and simplified election and appointment mechanism. The allocation of the management team was optimised according to age structure, knowledge structure and personal qualities, and the capability and quality of the management team were further enhanced on a continual basis by deliberately rotating targeted management personnel to other positions. The Company expanded its scope and channels for talents sourcing, increased the intensity of competitive selection, optimised work methods, improved the quality of the selection and appointment process, and recruited and allocated highly-qualified talents to fuel up the scientific development of the Company. The Company intensified the training and selection of young and outstanding employees, carried out a mutual deployment mechanism between employees from the headquarters and those from subordinate enterprises, and increased the frequency of job rotation. Adhering to the stringent management, the Company strictly implemented the various regulations governing the management team, and tightened assessment and accountability.

Controlling the total number of employees to optimise staff structure. Publicizing and implementing the principles of "excellent capability with high efficacy" and "Lean structure with enhanced efficiency", the Company applied them gradually to grassroot units and all aspects of labour management. Aiming at "minimum staff numbers, highest efficiency and lowest cost", the newly founded enterprises carried out staffing approval process during the establishment phase to control the total number of employees, and tightened up planning to manage and control the recruitment process; during the production phase, the staff establishment was streamlined through process optimisation and re-engineering, and higher efficiency was achieved by enhancing staff quality. The existing enterprises reduced the number of employees by improving their systems, technologies and equipment, intensified staff rotation and labour so as to achieve the target of "reduced labour, higher efficiency and lower cost".

Reducing cost and increasing efficiency to explore reform of the distribution system. By carrying out a pilot run of total labour cost management, the Company included the labour cost of outsourcing staff, dispatched staff and staff from other segments into its regular management system, streamlined outsourcing staff and reduced outsourcing expenses to achieve a significant drop in outsourcing labour cost. Adopting a performance-oriented system to refine the linkage between salary distribution and corporate profitability, the Company steadily promoted its distribution system reform of newly founded and existing enterprises, and emphasised efficiency and fairness in salary distribution, ensuring the stable salaries for frontline employees while adjusting relatively and extremely high salaries as well as unreasonable salary distribution.

Human Resources Report

Enhancing the capabilities and qualities of employees to serve the development. Thanks to the stepping up of staff appraisal work, a total of 2,682 employees obtained certificates for various professional titles, and 4,781 operating employees were awarded certificates for professional qualifications. In line with its development situation, the Company continued to enhance the effectiveness and practicality of training and recorded a total of 130,000 attendees from different posts participating in the training sessions in 2014. Attributable to the promotion of occupational education, 108 out of 115 graduates from the first cohort of "Titanium" elite blue collar training held by the Company worked in the core frontline manufacturing positions, exerting positive influence on technological renovation, cost cutting and efficiency improvement, and safety management.

2. THE COMPANY'S CORE TECHNOLOGICAL TEAM OR KEY TECHNICAL STAFF

As at 31 December 2014, the Company had 54,150 current employees in total, with 2,307 holding senior titles or above, representing a net decrease of 1,111 persons or a decrease of 2.01 percentage points as compared to that as at the end of December 2013, thus providing strong support to the continued scientific development of the Company. In future, aligning with the requirements of its strategic development, the Company will continue to optimise the allocation of human resources, 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 in the years ahead and effectively enhance the core competitiveness of the Company.

3. STAFF OF THE COMPANY AND MAJOR SUBSIDIARIES

1. Staff

	2014
Number of current employees in the Company	**394**
Number of current employees in major subsidiaries	**33,618**
Total number of current employees	**54,150**
Number of staff who have resigned or retired, for whom the Company and major subsidiaries are required to bear the relevant costs	**0**

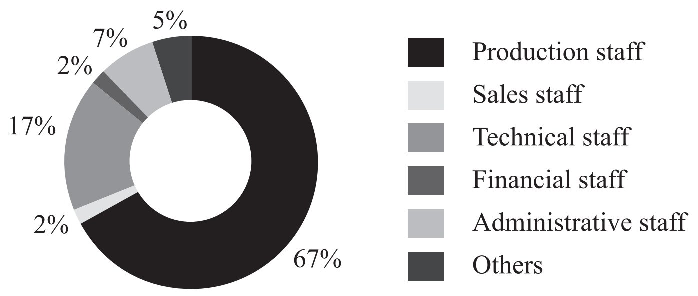
Professional composition

Professional composition by type	**No. of persons of Professional Composition 2014**
Production staff	**36,193**
Sales staff	**985**
Technical staff	**8,991**
Financial staff	**820**
Administrative staff	**3,886**
Other staff	**3,275**
Total	**54,150**

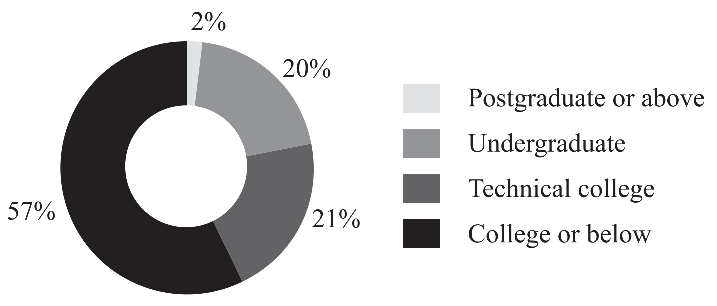
Education level

Education level by type	No. of persons 2014
Postgraduate or above	**1,020**
Undergraduate	**10,750**
Technical college	**11,126**
College or below	**31,254**
Total	**54,150**

2. Professional composition statistical chart



3. Education level statistical chart



4. Outsourcing

Total number of working hours outsourced (hours)	45,536,978
Total amount of remuneration paid for outsourcing (RMB: one thousand)	1,305,715

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 108 to 206, which comprise the consolidated and company balance sheets as at 31 December 2014, 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.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

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 2014, 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, 20 March 2015

Balance Sheets

As at 31 December 2014
(All amounts in RMB unless otherwise stated)

		Group		Company	
		As at 31 December 2014	As at 31 December 2013	**As at 31 December 2014**	As at 31 December 2013
	Note	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
ASSETS					
Non-current assets					
Property, plant and equipment	*6*	**126,367,333**	110,015,200	**703,675**	342,406
Investment properties		**51,154**	44,352	**–**	–
Land use rights	*7*	**4,691,349**	4,005,591	**–**	–
Mining and exploration rights	*8*	**33,167,714**	32,566,844	**–**	–
Intangible assets		**264,294**	159,104	**83,815**	77,832
Investments in subsidiaries	*9*	**–**	–	**72,147,867**	64,822,871
Investments in associates	*10*	**10,135,191**	9,560,189	**9,111,866**	7,744,945
Investments in joint ventures	*11*	**670,812**	526,300	**213,433**	98,433
Available-for-sale financial assets	*13*	**4,340,765**	2,020,603	**3,376,932**	1,887,970
Deferred income tax assets	*25*	**1,155,655**	454,687	**327,483**	18,636
Loans to subsidiaries	*14*	**–**	–	**20,592,493**	27,892,200
Long-term receivables	*15*	**207,675**	40,274	**–**	–
Other non-current assets	*16*	**7,179,299**	9,399,141	**1,173,994**	3,959,646
		188,231,241	168,792,285	**107,731,558**	106,844,939
Current assets					
Inventories	*17*	**8,622,473**	6,806,493	**1,699,177**	201,272
Trade and notes receivables	*18*	**13,459,490**	12,895,477	**3,105,100**	3,096,338
Prepayments and other receivables	*19*	**7,217,133**	7,004,845	**8,719,931**	9,219,320
Restricted bank deposits	*20*	**2,534,610**	1,583,835	**–**	–
Term deposits with initial terms of over three months	*20*	**5,815,521**	8,204,597	**5,404,987**	7,699,162
Cash and cash equivalents	*20*	**18,131,712**	11,232,575	**9,999,485**	7,014,660
		55,780,939	47,727,822	**28,928,680**	27,230,752
TOTAL ASSETS		**244,012,180**	216,520,107	**136,660,238**	134,075,691
EQUITY					
Equity attributable to the equity holders of the Company					
Share capital	*21*	**13,258,663**	13,258,663	**13,258,663**	13,258,663
Reserves	*22*	**43,069,928**	43,969,215	**42,665,476**	42,665,476
Retained earnings	*22*				
– Dividends proposed after the balance sheet date	*35*	**319,787**	1,072,681	**319,787**	1,072,681
– Others		**30,255,365**	29,510,465	**18,650,065**	19,610,933
		86,903,743	87,811,024	**74,893,991**	76,607,753
Non-controlling interests	*9*	**16,025,405**	15,282,116	**–**	–
Total equity		**102,929,148**	103,093,140	**74,893,991**	76,607,753

Balance Sheets

As at 31 December 2014
(All amounts in RMB unless otherwise stated)

		Group		Company	
		As at 31 December 2014	As at 31 December 2013	**As at 31 December 2014**	As at 31 December 2013
	Note	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
LIABILITIES					
Non-current liabilities					
Long-term borrowings	*23*	**51,015,961**	29,774,758	**17,936,000**	11,686,000
Long-term bonds	*24*	**30,855,018**	29,868,059	**29,869,504**	29,868,059
Deferred income tax liabilities	*25*	**7,505,602**	7,744,694	**–**	–
Deferred revenue		**617,942**	412,631	**–**	–
Provision for employee benefits		**56,777**	94,511	**–**	–
Provision for close down, restoration and environmental costs	*28*	**1,224,927**	1,154,695	**–**	–
Other long-term liabilities	*29*	**877,996**	879,754	**–**	–
		92,154,223	69,929,102	**47,805,504**	41,554,059
Current liabilities					
Trade and notes payables	*26*	**23,421,126**	22,631,060	**3,400,911**	1,766,535
Accruals, advances and other payables	*27*	**11,745,890**	8,742,810	**6,603,715**	12,435,259
Taxes payable		**904,557**	1,784,692	**56,117**	232,085
Short-term borrowings	*23*	**6,005,048**	6,776,186	**1,700,000**	–
Current portion of long-term borrowings	*23*	**6,831,879**	3,544,019	**2,200,000**	1,480,000
Current portion of provision for close down, restoration and environmental costs	*28*	**20,309**	19,098	**–**	–
		48,928,809	43,497,865	**13,960,743**	15,913,879
Total liabilities		**141,083,032**	113,426,967	**61,766,247**	57,467,938
TOTAL EQUITY AND LIABILITIES		**244,012,180**	216,520,107	**136,660,238**	134,075,691
NET CURRENT ASSETS		**6,852,130**	4,229,957	**14,967,937**	11,316,873
TOTAL ASSETS LESS CURRENT LIABILITIES		**195,083,371**	173,022,242	**122,699,495**	118,161,812

The accompanying notes on page 115 to page 206 are an integral part of these consolidated financial statements.

These financial statements have been approved for issue by the Board of Directors on 20 March 2015.

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 2014
(All amounts in RMB unless otherwise stated)

		Year ended 31 December	
		2014	2013
	Note	***RMB'000***	*RMB'000*
Revenue	*5*	**70,663,840**	82,316,482
Cost of sales			
Materials used and goods traded		**(31,555,126)**	(35,072,945)
Staff costs		**(4,335,055)**	(4,554,593)
Depreciation and amortisation		**(4,934,651)**	(4,846,380)
Repairs and maintenance		**(834,501)**	(1,134,710)
Transportation costs and port expenses		**(11,834,022)**	(13,015,596)
Sales taxes and surcharges		**(1,078,112)**	(1,293,811)
Others		**(8,896,464)**	(11,002,462)
Cost of sales	*30*	**(63,467,931)**	(70,920,497)
Gross profit		**7,195,909**	11,395,985
Selling, general and administrative expenses	*30*	**(4,903,538)**	(4,619,512)
Other income/(loss)		**16,298**	(9,778)
Other gains, net		**187,999**	112,726
Profit from operations		**2,496,668**	6,879,421
Finance income	*31*	**763,133**	605,575
Finance costs	*31*	**(2,715,006)**	(1,235,342)
Share of profits of associates and joint ventures		**134,485**	151,567
Profit before income tax		**679,280**	6,401,221
Income tax expense	*33*	**(191,768)**	(1,781,107)
Profit for the year		**487,512**	4,620,114
Profit attributable to:			
Equity holders of the Company		**141,097**	3,805,128
Non-controlling interests		**346,415**	814,986
		487,512	4,620,114
Basic and diluted earnings per share for the profit attributable to the equity holders of the Company (RMB)	*34*	**0.01**	0.29
Dividends distributed	*35*	**1,073,952**	2,784,319
Dividends proposed after the balance sheet date attributable to all shareholders of the Company	*35*	**319,787**	1,072,681

The accompanying notes on page 115 to page 206 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014
(All amounts in RMB unless otherwise stated)

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Profit for the year	**487,512**	4,620,114
Other comprehensive income/(loss):		
Items that may be reclassified to profit or loss		
Fair value changes on available-for-sale financial assets, net of tax	**7,167**	(2,663)
Currency translation differences	**(20,084)**	(16,121)
Total items that may be reclassified to profit or loss	**(12,917)**	(18,784)
Other comprehensive loss for the year, net of tax	**(12,917)**	(18,784)
Total comprehensive income for the year	**474,595**	4,601,330
Total comprehensive income attributable to:		
Equity holders of the Company	**128,180**	3,786,344
Non-controlling interests	**346,415**	814,986
	474,595	4,601,330

The accompanying notes on page 115 to page 206 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014
(All amounts in RMB unless otherwise stated)

	Attributable to equity holders of the Company					
	Share capital RMB'000	Reserves RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2013	13,258,663	43,321,258	30,157,421	86,737,342	14,694,025	101,431,367
Comprehensive income						
Profit for the year	–	–	3,805,128	3,805,128	814,986	4,620,114
Other comprehensive loss						
Available-for-sale financial assets	–	(2,663)	–	(2,663)	–	(2,663)
Currency translation differences	–	(16,121)	–	(16,121)	–	(16,121)
Total other comprehensive loss, net of tax	–	(18,784)	–	(18,784)	–	(18,784)
Total comprehensive (loss)/income	–	(18,784)	3,805,128	3,786,344	814,986	4,601,330
Appropriations *(Note 22)*	–	569,480	(569,480)	–	–	–
Acquisition of a subsidiary under common control	–	(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 35)*	–	–	(2,784,319)	(2,784,319)	(363,484)	(3,147,803)
Reduction of capital of a subsidiary	–	–	–	–	(12,615)	(12,615)
Total transactions with owners, recognised directly in equity	–	666,741	(3,379,403)	(2,712,662)	(226,895)	(2,939,557)
Balance at 31 December 2013	13,258,663	43,969,215	30,583,146	87,811,024	15,282,116	103,093,140
Comprehensive income						
Profit for the year	–	–	141,097	141,097	346,415	487,512
Other comprehensive (loss)/income						
Available-for-sale financial assets	–	7,167	–	7,167	–	7,167
Currency translation differences	–	(20,084)	–	(20,084)	–	(20,084)
Total other comprehensive loss, net of tax	–	(12,917)	–	(12,917)	–	(12,917)
Total comprehensive (loss)/income	–	(12,917)	141,097	128,180	346,415	474,595
Appropriations *(Note 22)*	–	(678,602)	678,602	–	–	–
Acquisition of non-controlling interests	–	(1,234)	–	(1,234)	(49,046)	(50,280)
Share of changes in equity of associates	–	123,485	(69,915)	53,570	–	53,570
Acquisition of a subsidiary	–	–	–	–	178,500	178,500
Contributions	–	2,197	–	2,197	331,487	333,684
Dividends *(Note 35)*	–	–	(1,073,952)	(1,073,952)	(64,067)	(1,138,019)
Loss of significant influence over an associate	–	(332,216)	316,174	(16,042)	–	(16,042)
Total transactions with owners, recognised directly in equity	–	(886,370)	(149,091)	(1,035,461)	396,874	(638,587)
Balance at 31 December 2014	13,258,663	43,069,928	30,575,152	86,903,743	16,025,405	102,929,148

The accompanying notes on page 115 to page 206 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2014
(All amounts in RMB unless otherwise stated)

	Note	Year ended 31 December 2014 RMB'000	2013 Restated RMB'000
Cash flows from operating activities			
Cash generated from operations	*37(a)*	**6,297,689**	12,347,388
Income tax paid		**(1,214,164)**	(2,856,235)
Net cash generated from operating activities		**5,083,525**	9,491,153
Cash flows from investing activities			
Purchases of property, plant and equipment		**(18,804,013)**	(23,677,687)
Proceeds from disposals of property, plant and equipment	*37(b)*	**113,513**	137,255
Purchases of land use rights, mining rights and intangible assets		**(891,172)**	(1,696,836)
Proceeds from disposals of land use rights, mining right and intangible assets		**58,820**	1,772
Purchases of available-for-sale financial assets		**(1,136,143)**	(356,727)
Proceeds from disposals of available-for-sale financial assets		**366**	20,830
Increase in prepayments for investments		**(752,981)**	(3,123,209)
Payment for acquisition of subsidiaries, net of cash required		**(89,269)**	(10,946)
Payment of prior year's acquisition consideration		**(83,875)**	(484,390)
Decrease in prepayment for investments		**2,730,000**	–
Disposal of an associate		**17,315**	–
Cash injections in associates		**(1,784,954)**	(1,109,454)
Dividends received		**191,353**	125,541
Cash injections in joint ventures		**(115,000)**	(65,000)
Loan repayment from a joint venture		**102,000**	124,894
Loan repayment from a third party		**1,200,000**	500,000
Increase in loan receivables		**(1,602,000)**	(900,000)
Interest income on loan receivables received		**155,826**	133,719
Interest income on term deposits received		**534,615**	377,878
Decrease in placement of term deposits with initial terms of over three months		**2,389,076**	1,266,843
Net cash used in investing activities		**(17,766,523)**	(28,735,517)

Consolidated Cash Flow Statement

For the year ended 31 December 2014
(All amounts in RMB unless otherwise stated)

		Year ended 31 December	
		2014	2013
			Restated
	Note	***RMB'000***	*RMB'000*
Cash flows from financing activities			
Proceeds from short-term borrowings		**7,543,900**	6,932,737
Repayments of short-term borrowings		**(8,315,038)**	(5,286,897)
Proceeds from long-term borrowings		**29,142,907**	13,186,436
Repayments of long-term borrowings		**(4,601,343)**	(1,334,102)
Government grant received		**368,820**	–
Repayments of borrowings from non-controlling shareholders		**(11,200)**	(4,800)
Proceeds from reduction of capital in a subsidiary		**–**	(12,615)
Contributions from the Company's shareholders		**2,197**	62,290
Net capital injection from non-controlling shareholders		**312,399**	148,577
Dividends paid to the Company's shareholders		**(1,077,536)**	(2,784,319)
Dividends paid to non-controlling shareholders		**(111,388)**	(363,841)
Acquisition of non-controlling interest of a subsidiary		**(50,280)**	–
Interest paid		**(5,049,882)**	(3,214,886)
Net proceeds from issuance of long-term bonds		**1,483,000**	9,988,000
Bonds issuance costs		**(52,050)**	(57,000)
Net cash generated from financing activities		**19,584,506**	17,259,580
Net increase/(decrease) in cash and cash equivalents		**6,901,508**	(1,984,784)
Cash and cash equivalents, at beginning of the year		**11,232,575**	13,222,898
Net foreign exchange losses		**(2,371)**	(5,539)
Cash and cash equivalents at end of the year		**18,131,712**	11,232,575

The accompanying notes on page 115 to page 206 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014
(All amounts in RMB unless otherwise stated)

1. ORGANISATION AND PRINCIPAL ACTIVITIES

China Coal Energy Company Limited (the "Company") was established in the People's Republic of China (the "PRC") on 22 August 2006 as a joint stock company with limited liability under the Company Law of the PRC as a result of a group restructuring of China National Coal Group Corporation ("China Coal Group" or the "Parent Company") in preparing for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Restructuring"). The Company and its subsidiaries (collectively the "Group") is principally engaged in mining and processing of coal, sales of coal and 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. 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.

2.1 Basis of preparation

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

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

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 4.

2.1.1 Going Concern

The Group meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty particularly over (a) the level of demand for the Group's products; and (b) the availability of bank finance for the foreseeable future. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements. Further information on the Group's borrowings is given in Note 23.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

(i) The following standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2014.

- Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group financial statements.

- 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 CGUs which had been included in IAS 36 by the issue of IFRS 13. It also enhanced the disclosures of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

- Amendment to IAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The Group has applied the amendment and there has been no significant impact on the Group financial statements as a result.

- IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to the payment a levy and when a liability should be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.2 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 2014 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.

- Amendment to IAS 19 regarding defined benefit plans. This narrow scope amendment applies to contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits. The amendment is effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

- Amendment to IFRS 11 on accounting for acquisitions of interests in joint operation. The amendment requires an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business' (as defined in IFRS 3, Business combinations). Specifically, an investor will need to:

  – measure identifiable assets and liabilities at fair value;
  – expense acquisition-related costs;
  – recognise deferred tax; and
  – recognise the residual as goodwill.

  All other principles of business combination accounting apply unless they conflict with IFRS 11.

  The amendment is applicable to both the acquisition of the initial interest and a further interest in a joint operation. The previously held interest is not remeasured when the acquisition of an additional interest in the same joint operation with joint control maintained.

  The amendment is effective for annual periods beginning on or after 1 January 2016 with earlier application permitted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.2 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 2014 and have not been early adopted (continued)

- Amendment to IFRS 10 and IAS 28 on the sale or contribution of assets between an investor and its associate or joint venture. The amendments address an inconsistency between IFRS 10 and IAS 28 in the sale and contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary. The amendment is effective for annual periods beginning on or after 1 January 2016 with earlier application permitted.

- Amendment to IAS 27 on the equity method in separate financial statements. The amendment allows entities to use equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is effective for annual periods beginning on or after 1 January 2016 with earlier application permitted.

- IFRS 15, "Revenue from contracts with customers". IFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) identify the contract(s) with customer; (2) identify separate performance obligations in a contract (3) determine the transaction price (4) allocate transaction price to performance obligations and (5) recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an 'earnings processes to an 'asset-liability' approach based on transfer of control.

  IFRS 15 provides specific guidance on capitalisation of contract cost and licence arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

  IFRS 15 replaces the previous revenue standards: IAS 18 Revenue and IAS 11 Construction Contracts, and the related Interpretations on revenue recognition: IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue–Barter Transactions Involving Advertising Services.

  IFRS 15 is effective for annual periods beginning on or after 1 July 2017 with earlier application permitted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.2 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 2014 and have not been early adopted (continued)

- IFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

  Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess IFRS 9's full impact.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material on the group.

2.2 Subsidiaries

2.2.1 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) Business combinations

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, Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(b) 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.

(c) 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.

2.2.2 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 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. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

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 of equity interest in associates are recognised in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Joint arrangement

The Group has applied IFRS 11 to all joint arrangements. 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. The group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. 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.

2.5 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.

2.6 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency translation (continued)

(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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 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 exploration 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.

2.8 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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Property, plant and equipment (continued)

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.

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 2.14).

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

2.9 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.

2.10 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 measured 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 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.

2.12 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.

2.13 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.

2.14 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial assets

2.15.1 Classification

The Group classifies its financial assets in the following categories: loans and receivables, available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(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 cash equivalents", "trade and notes receivables", "prepayments and other receivables", "loans to subsidiaries" and "long-term receivables" in the balance sheet.

(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.

2.15.2 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial assets (continued)

2.15.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.15.4 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial assets (continued)

2.15.4 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 equity investments, 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 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.

2.16 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.

2.17 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.

2.18 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.

2.19 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 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.

2.21 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.

2.22 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.

2.23 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Current and deferred income tax (continued)

(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 liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability 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. Generally the group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 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.

(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.

2.25 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 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.

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.

2.27 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, coal-chemical products, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 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.

2.28 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a loan and 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.

2.29 Dividend income

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

2.30 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.

2.31 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.32 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.

2.33 Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of subsidiaries or associates to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms, and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the company's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised in accordance with IAS 18, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by management's judgement. The fee income earned is recognised on a straight-line basis over the life of the guarantee. Any increase in the liability relating to guarantees is reported in the consolidated income statement within other operating expenses.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment in the financial statements of the company.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including 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) Foreign exchange risk

The Group's operations (such as export sales, imports of machinery and equipment, foreign currency deposits (Note 20(d)), trade and notes receivables (Note 18(c)) and borrowings (Note 23(e)) denominated in foreign currency) expose it to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar ("USD"). 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 currently does not have a fixed policy to do so in the foreseeable future. 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 approximately by RMB 16,134,000 in 2014 (2013: RMB 27,213,000), with all other variables held constant.

(ii) 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 may subject to adjustments by the PRC government. Borrowings at variable rates expose the Group to cash flow interest-rate risk while borrowings and long-term bonds 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 at variable rates had been 0.5 basis point higher/lower with all other variables held constant, post-tax profit for 2014 would have been approximately RMB 182,687,000 (2013: RMB109,961,000) lower/higher.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 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 companies out of the Group, represent the Group's maximum exposure to credit risk in relation to its financial assets.

As at 31 December 2014, the Group holds approximately 63% (2013: 70%) 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 the companies out of the Group 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 23(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 23(h)) and cash and cash equivalents (Note 20)) on the basis of expected cash flow.

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.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

	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 2014					
Bank borrowings	16,315,075	15,551,282	28,446,610	17,327,086	77,640,053
Long-term bonds	1,780,300	16,735,300	3,395,400	15,823,000	37,734,000
Trade and other payables	33,870,425	–	–	–	33,870,425
Other long-term liabilities	–	103,248	340,613	210,300	654,161
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	30,815,873	–	–	–	30,815,873
Other long-term liabilities	–	101,221	338,715	344,744	784,680
Company					
At 31 December 2014					
Bank borrowings	3,276,303	7,832,561	8,942,126	4,442,602	24,493,592
Long-term bonds	1,780,300	16,735,300	3,395,400	15,823,000	37,734,000
Trade and other payables	9,968,392	–	–	–	9,968,392
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	14,251,515	–	–	–	14,251,515

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

3.2 Capital 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 net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) and long-term bonds less cash and cash equivalents. Total capital is calculated as "equity" under China Accounting Standards for Business Enterprises plus net debt.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital management (continued)

The gearing ratios at 31 December 2014 and 2013 were as follows:

	2014	2013
	RMB'000	*RMB'000*
Total borrowings and long-term bonds	**94,707,906**	69,963,022
Less: cash and cash equivalents	**(18,131,712)**	(11,232,575)
Net debt	**76,576,194**	58,730,447
Total equity	**102,704,964**	102,672,245
Total capital	**179,281,158**	161,402,692
Gearing ratio	**43%**	36%

The increase in the gearing ratio during 2014 resulted primarily from the increase in borrowings in 2014.

3.3 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 2014, the Group has the following assets which we defined as level 1.

	As at 31 December 2014	As at 31 December 2013
	RMB'000	*RMB'000*
Available-for-sale financial assets		
– Equity securities (level 1)	**21,953**	12,397

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

Financial instruments in level 1

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.

4. 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.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

(c) Coal reserve estimates

Coal 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.

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.

(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.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

(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.

5. SEGMENT INFORMATION

5.1 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.

5. SEGMENT INFORMATION (CONTINUED)

5.2 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.

(b) Reportable segments' profit, assets and liabilities

	For the year ended and as at 31 December 2014						
	Coal	Coal-chemical product	Machinery	Others (note)	Non operating segment	Inter-segment elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue							
Total revenue	58,463,860	4,284,935	6,135,034	3,611,673	–	(1,831,662)	70,663,840
Inter-segment revenue	(397,145)	–	(545,287)	(889,230)	–	1,831,662	–
Revenue from external customers	58,066,715	4,284,935	5,589,747	2,722,443	–	–	70,663,840
Profit/(loss) from operations	2,646,512	143,118	133,431	(21,586)	(341,234)	(63,573)	2,496,668
Profit/(loss) before income tax	1,269,370	(19,909)	88,698	176,097	(782,820)	(52,156)	679,280
Interest income	66,198	228,141	7,668	274,558	669,098	(482,530)	763,133
Interest expense	(1,445,699)	(395,400)	(46,411)	(76,693)	(1,267,205)	498,667	(2,732,741)
Depreciation and amortisation	(4,434,645)	(245,803)	(235,031)	(508,333)	(29,451)	–	(5,453,263)
Share of profits/(losses) of associates and joint ventures	(33,193)	14,997	(3,443)	–	156,124	–	134,485
Income tax (expense)/credit	(66,306)	6,865	(50,370)	(102,557)	219	20,381	(191,768)
Other material non-cash items							
Provision for impairment of property, plant and equipment	–	–	(11,309)	–	–	–	(11,309)
Provision for impairment of other assets	(323,439)	(244)	(74,641)	(97,719)	–	–	(496,043)
Segment assets and liabilities							
Total assets	129,599,546	47,114,655	17,818,074	20,676,189	32,904,812	(4,101,096)	244,012,180
Include: investment in associates and joint ventures	575,662	633,708	80,714	–	9,515,919	–	10,806,003
Addition to non-current assets	12,936,448	10,180,976	1,606,127	302,788	598,393	–	25,624,732
Total liabilities	47,559,419	22,580,340	6,361,641	6,015,806	62,564,986	(3,999,160)	141,083,032

5. SEGMENT INFORMATION (CONTINUED)

5.2 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 2013						
	Coal	Coal-chemical product	Machinery	Others *(note)*	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

Note: These activities are excluded from the reportable operating segments, as these activities are not reviewed by the CODM.

Others segments primarily relate to finance, aluminum, electricity generating, equipment trading agency services, tendering services and other insignificant manufacturing businesses.

5. SEGMENT INFORMATION (CONTINUED)

5.3 Geographical information

Analysis of revenue

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Domestic markets	**70,278,983**	81,972,668
Asia Pacific markets	**384,857**	343,814
	70,663,840	82,316,482

Note:

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

Analysis of non-current assets

	31 December	31 December
	2014	2013
	RMB'000	*RMB'000*
Domestic markets	**182,526,495**	166,269,407
Overseas markets	**651**	7,314
	182,527,146	166,276,721

Note:

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

6. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings	Mining structures	Plant, machinery and equipment	Railway structures	Motor vehicles, fixtures and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
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
Transfers upon completion of construction	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 30)*	(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
Year ended 31 December 2014							
Opening net book amount	**17,395,265**	**12,211,960**	**22,870,980**	**419,471**	**1,375,761**	**55,741,763**	**110,015,200**
Acquisition of a subsidiary	**4,179**	**–**	**3,744**	**–**	**4,664**	**102,918**	**115,505**
Additions	**319,468**	**2,113,445**	**1,399,466**	**–**	**306,070**	**18,397,836**	**22,536,285**
Transfers upon completion of construction	**6,022,549**	**15,443**	**12,415,543**	**2,316,108**	**76,840**	**(20,846,483)**	**–**
Transfer to mining rights and other intangible assets	**–**	**–**	**–**	**–**	**–**	**(829,690)**	**(829,690)**
Transfer to investment property	**(8,541)**	**–**	**–**	**–**	**–**	**–**	**(8,541)**
Disposals	**(15,216)**	**–**	**(142,291)**	**–**	**(19,813)**	**–**	**(177,320)**
Depreciation charge *(Note 30)*	**(877,074)**	**(757,637)**	**(3,256,315)**	**(50,387)**	**(331,384)**	**–**	**(5,272,797)**
Provision for impairment	**(11,309)**	**–**	**–**	**–**	**–**	**–**	**(11,309)**
Closing net book amount	**22,829,321**	**13,583,211**	**33,291,127**	**2,685,192**	**1,412,138**	**52,566,344**	**126,367,333**
At 31 December 2014							
Cost	**27,328,428**	**19,198,199**	**53,275,186**	**3,085,230**	**2,803,946**	**52,566,344**	**158,257,333**
Accumulated depreciation	**(4,453,811)**	**(5,613,818)**	**(19,897,831)**	**(400,038)**	**(1,321,720)**	**–**	**(31,687,218)**
Impairment provision	**(45,296)**	**(1,170)**	**(86,228)**	**–**	**(70,088)**	**–**	**(202,782)**
Net book amount	**22,829,321**	**13,583,211**	**33,291,127**	**2,685,192**	**1,412,138**	**52,566,344**	**126,367,333**

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company

	Buildings	Plant, machinery and equipment	Motor vehicles, fixtures and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2013					
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
Year ended 31 December 2014					
Opening net book amount	**293,328**	**304**	**43,469**	**5,305**	**342,406**
Additions	**375,871**	**24**	**6,376**	**730**	**383,001**
Disposals	**–**	**–**	**(809)**	**–**	**(809)**
Depreciation charge	**(8,278)**	**(45)**	**(12,600)**	**–**	**(20,923)**
Closing net book amount	**660,921**	**283**	**36,436**	**6,035**	**703,675**
At 31 December 2014					
Cost	**677,383**	**2,237**	**89,636**	**6,035**	**775,291**
Accumulated depreciation	**(16,462)**	**(1,954)**	**(53,200)**	**–**	**(71,616)**
Net book amount	**660,921**	**283**	**36,436**	**6,035**	**703,675**

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During the year ended 31 December 2014, the depreciation charges of the Group were recorded in cost of sales with an amount of RMB4,549,040,000 (2013:RMB4,383,299,000), selling, general and administrative expenses with an amount of RMB446,838,000 (2013: RMB307,517,000), construction in progress with an amount of RMB229,183,000 (2013: 285,998,000), and cost of inventories which remained unsold as at year end with an amount of RMB47,736,000 (2013: RMB4,104,000) respectively.

Bank borrowings are secured on buildings and plant, machinery and equipment for the value of RMB 12,063,016,000 (2013: Nil) (Note 23). Bank borrowings are secured on construction in progress for the value of RMB1,381,550,000 (2013: RMB1,676,087,000) (Note 23).

As at 31 December 2014, the relevant legal procedures related to ownership certificates of buildings with a cost amount of RMB6,064,779,000 (31 December 2013: RMB685,501,000) and net book amount of RMB5,770,994,000 are still in process (31 December 2013: RMB576,676,000).

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7. LAND USE RIGHTS

	Group
	RMB'000
At 1 January 2013	
Cost	3,936,698
Accumulated amortisation	(406,995)
Impairment provision	(1,197)
Net book amount	3,528,506
Year ended 31 December 2013	
Opening net book amount	3,528,506
Additions	553,220
Disposals	–
Amortisation charge	(76,135)
Closing net book amount	4,005,591
At 31 December 2013	
Cost	4,489,918
Accumulated amortisation	(483,130)
Impairment provision	(1,197)
Net book amount	4,005,591
Year ended 31 December 2014	
Opening net book amount	**4,005,591**
Acquisition of a subsidiary	**4,259**
Additions	**836,544**
Disposals	**(58,720)**
Amortisation charge	**(96,325)**
Closing net book amount	**4,691,349**
At 31 December 2014	
Cost	**5,263,601**
Accumulated amortisation	**(571,055)**
Impairment provision	**(1,197)**
Net book amount	**4,691,349**

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 RMB43,687,000 (2013: RMB41,202,000), selling, general and administrative expenses with an amount of RMB46,122,000 (2013: RMB31,379,000) and construction in progress with an amount of RMB5,845,000 (2013: RMB3,554,000) and cost of inventories which remained unsold as at year end with an amount of RMB671,000 (2013:Nil).

8. MINING AND EXPLORATION RIGHTS

Group

	Group		
	Mining rights	**Exploration Rights**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2013			
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
Year ended 31 December 2014			
Opening net book amount	**12,913,939**	**19,652,905**	**32,566,844**
Acquisition of a subsidiary	**766,290**	**–**	**766,290**
Transferred from construction in progress	**16,278**	**–**	**16,278**
Additions	**–**	**157,205**	**157,205**
Amortisation charge	**(338,903)**	**–**	**(338,903)**
Closing net book amount	**13,357,604**	**19,810,110**	**33,167,714**
At 31 December 2014			
Cost	**16,408,229**	**19,810,110**	**36,218,339**
Accumulated amortisation	**(3,050,625)**	**–**	**(3,050,625)**
Net book amount	**13,357,604**	**19,810,110**	**33,167,714**

The amortisation charge was mainly recorded in cost of sales for the years ended 31 December 2014 and 2013.

9. INVESTMENTS IN SUBSIDIARIES

(a) Investments in subsidiaries

	Company	
	31 December 2014	31 December 2013
	RMB'000	*RMB'000*
Investments, at cost:		
Shares listed in the PRC	**2,317,127**	2,317,127
Unlisted shares	**70,645,698**	62,505,744
	72,962,825	64,822,871
Provision for impairment	**(814,958)**	–
Total	**72,147,867**	64,822,871
Market value of listed shares	**5,080,414**	4,471,306

Particulars of principal subsidiaries as at 31 December 2014 are set out in Note 43(a).

(b) Material non-controlling interests

The total non-controlling interest for the year is RMB 16,025,405,000 (2013: RMB 15,282,116,000). The material non-controlling interests are set out below.

	Group	
	31 December 2014	31 December 2013
Subsidiaries with material non-controlling interest	***RMB'000***	*RMB'000*
Shanghai Datun Energy Resources Co., Limited ("Shanghai Datun")	**3,264,882**	3,282,502
Shanxi China Coal Huajin Energy Company Limited ("China Coal Huajin")	**2,533,784**	2,124,281
Ordos Yihua Mining Resources Company Limited ("Yihua Mining")	**1,822,006**	1,824,082
	7,620,672	7,230,865

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

9. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) Material non-controlling interests (continued)

Summarised financial information on subsidiaries with material non-controlling interests

Set out below is 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		Yihua Mining	
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013	**31 December 2014**	31 December 2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Current assets	**2,215,540**	2,612,619	**2,440,035**	2,002,934	**424,790**	737,643
Non-current assets	**12,859,460**	11,622,624	**11,275,106**	10,584,074	**8,291,762**	7,204,173
	15,075,000	14,235,243	**13,715,141**	12,587,008	**8,716,552**	7,941,816
Current liabilities	**3,696,666**	4,099,110	**3,621,685**	3,649,566	**414,557**	435,585
Non-current liabilities	**2,058,782**	927,614	**4,428,844**	4,014,904	**4,583,615**	3,783,615
	5,755,448	5,026,724	**8,050,529**	7,664,470	**4,998,172**	4,219,200
Net assets	**9,319,552**	9,208,519	**5,664,612**	4,922,538	**3,718,380**	3,722,616

Summarised income statement and statement of comprehensive income

	Shanghai Datun		China Coal Huajin		Yihua Mining	
	2014	2013	**2014**	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue	**6,351,647**	8,461,013	**3,450,036**	3,895,183	**13,318**	–
(Loss)/profit before income tax	**(102,994)**	177,796	**1,035,961**	1,795,131	**(4,236)**	(9,444)
Income tax expense	**(23,329)**	62,728	**267,919**	432,036	**–**	–
(Loss)/profit for the year	**(79,665)**	115,068	**768,042**	1,363,095	**(4,236)**	(9,444)
Total comprehensive (loss)/ income for the year	**(79,665)**	115,068	**768,042**	1,363,095	**(4,236)**	(9,444)
Total comprehensive (loss)/ income allocated to non-controlling interests	**(17,658)**	49,772	**409,503**	638,218	**(2,076)**	(4,628)
Dividends paid to non-controlling interests	**–**	108,610	**–**	–	**–**	–

9. 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		Yihua Mining	
	2014	2013	**2014**	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
		Restated		Restated		
Cash flows from operating activities						
Cash generated/(used) from operations	**852,617**	906,939	**1,349,705**	1,647,832	**249,430**	(261,135)
Income tax paid	**(64,730)**	(119,783)	**(353,048)**	(355,973)	**–**	(1,000)
Net cash generated/(used) from operating activities	**787,887**	787,156	**996,657**	1,291,859	**249,430**	(262,135)
Net cash used in investing activities	**(1,189,493)**	(1,848,059)	**(1,237,827)**	(1,080,928)	**(830,394)**	(557,867)
Net cash generated from/(used) in financing activities	**255,827**	1,096,495	**206,886**	(213,532)	**580,278**	(760,472)
Net increase/(decrease) in cash and cash equivalents	**(145,779)**	35,592	**(34,284)**	(2,601)	**(686)**	(59,530)
Cash and cash equivalents, at beginning of the year	**291,740**	256,148	**532,369**	534,970	**3,697**	63,227
Cash and cash equivalents at end of the year	**145,961**	291,740	**498,085**	532,369	**3,011**	3,697

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

10. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Beginning of the year	**9,560,189**	8,484,033	**7,744,945**	6,784,945
Additions	**1,784,954**	1,109,454	**1,734,740**	960,000
Disposals	**(21,793)**	–	**–**	–
Loss of significant influence over an associate	**(1,174,963)**	–	**(367,819)**	–
Share of profits	**87,695**	67,032	**–**	–
Share of change in reserves	**53,570**	20,940	**–**	–
Dividends	**(154,461)**	(121,270)	**–**	–
End of the year	**10,135,191**	9,560,189	**9,111,866**	7,744,945

Note:

In order to streamline and improve efficiency of management at the level of the Board of Directors of Huajin Coking Coal Company Limited ("Huajin Coking Coal"), a 49% owned associate of the Group, the Company has entered into an agreement with Shanxi Coking Coal Group Co., Ltd. ("Shanxi Coking Coal"), the 51% controlling shareholder, on 1 October 2014 whereby the Company has irrevocably agreed to consign its voting rights of the directors nominated by the Company to the directors nominated by Shanxi Coking Coal in respect of resolutions and decisions on all significant financing and operating matters. The agreement will expire on 31 December 2017 and will be automatically extend for one year unless there is advance notice of termination from the Company. Taking into account that the Company is not able to participate nor influence any decisions relating to financial and operating matters, the Company has ceased its influence over Huajin Coking Coal and has accounted for Huajin Coking Coal as an available-for-sale investment with effect from 1 October 2014.

Set out below are the associates of the Group as at 31 December 2014, 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 2014 and 2013

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

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

10. INVESTMENTS IN ASSOCIATES (CONTINUED)

Summarised financial information for associates

Set out below are the summarised financial information for associates which are material to the Group and accounted for using the equity method.

Summarised balance sheet

	Zhongtian Synergetic		Shaanxi Yanchang	
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Current assets	**6,833,027**	4,473,510	**2,911,505**	3,882,338
Non-current assets	**15,986,813**	6,982,017	**22,409,180**	15,976,487
Current liabilities	**7,537,878**	334,126	**4,376,526**	3,215,201
Non-current liabilities	**2,348,011**	1,330,000	**13,950,000**	9,650,000
Net assets	**12,933,951**	9,791,401	**6,994,159**	6,993,624

Summarised income statement and statement of comprehensive income

	Zhongtian Synergetic		Shaanxi Yanchang	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Revenue	**–**	–	**9,323**	4,483
Profit/(loss) for the year from continuing operations	**–**	–	**535**	(6,376)
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income/(loss) for the year	**–**	–	**535**	(6,376)

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.

10. 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	
Summarised financial information	**2014**	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Opening net assets at 1 January	**9,791,401**	7,791,401	**6,993,624**	7,000,000
Profit/(loss) for the year	**–**	–	**535**	(6,376)
Contributions	**3,000,000**	2,000,000	**–**	–
Others	**142,550**	–	**–**	–
Closing net assets at 31 December	**12,933,951**	9,791,401	**6,994,159**	6,993,624
Interest in associates (38.75%, 30%)	**5,011,906**	3,794,168	**2,098,247**	2,098,087
Carrying value	**5,011,906**	3,794,168	**2,098,247**	2,098,087

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

	Group	
	2014	2013
	RMB'000	*RMB'000*
Beginning of the year	**3,667,934**	3,364,865
Additions	**622,454**	334,454
Disposals	**(21,793)**	–
Transferred to available-for-sale financial assets	**(1,174,963)**	–
Share of profit	**87,535**	68,945
Share of change in reserves	**(1,668)**	20,940
Dividends	**(154,461)**	(121,270)
End of the year	**3,025,038**	3,667,934

11. INVESTMENTS IN JOINT VENTURES

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Beginning of the year	**526,300**	378,506	**98,433**	33,433
Additions	**115,000**	65,000	**115,000**	65,000
Share of profit	**46,790**	84,535	**–**	–
Dividends	**(17,278)**	–	**–**	–
Others	**–**	(1,741)	**–**	–
End of the year	**670,812**	526,300	**213,433**	98,433

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 interests in the joint ventures.

12. FINANCIAL INSTRUMENTS

Group – 31 December 2014

	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	–	4,340,765	4,340,765
Trade and other receivables excluding prepayments	17,144,314	–	17,144,314
Long-term receivables	207,675	–	207,675
Restricted bank deposits and term deposits	8,350,131	–	8,350,131
Cash and cash equivalents	18,131,712	–	18,131,712
Total	43,833,832	4,340,765	48,174,597

	Other financial liabilities at amortised cost
	RMB'000
Liabilities as per balance sheet	
Borrowings	63,852,888
Trade and other payables	33,870,425
Other long-term liabilities	579,628
Long-term bonds	30,855,018
Total	129,157,959

12. FINANCIAL INSTRUMENTS (CONTINUED)

Company – 31 December 2014

	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	–	3,376,932	3,376,932
Trade and other receivables excluding prepayments	11,276,967	–	11,276,967
Cash and cash equivalents	9,999,485	–	9,999,485
Term deposits	5,404,987	–	5,404,987
Loans to subsidiaries	24,810,693	–	24,810,693
Total	51,492,132	3,376,932	54,869,064

	Other financial liabilities at amortised cost
	RMB'000
Liabilities as per balance sheet	
Borrowings	21,836,000
Long-term bonds	29,869,504
Trade and other payables	9,968,392
Total	61,673,896

Group – 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	–	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

12. FINANCIAL INSTRUMENTS (CONTINUED)

Group – 31 December 2013

	Other financial liabilities at amortised cost
	RMB'000
Liabilities as per balance sheet	
Borrowings	40,094,963
Trade and other payables	30,815,873
Other long-term liabilities	639,869
Long-term bonds	29,868,059
Total	101,418,764

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
Loan 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	14,251,515
Total	57,285,574

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Beginning of the year	**2,020,603**	1,687,917	**1,887,970**	1,570,500
Additions	**2,311,106**	356,727	**1,488,962**	317,470
Disposal	**(500)**	(20,490)	**–**	–
Increase/(decrease) in fair value credited/ (charged) to other comprehensive income	**9,556**	(3,551)	**–**	–
End of the year	**4,340,765**	2,020,603	**3,376,932**	1,887,970

Available-for-sale financial assets include the following:

	Group		Company	
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Listed securities, at fair value				
– equity securities, listed in the PRC	**21,953**	12,397	**–**	–
Unlisted securities				
– equity securities, at cost (Note)	**4,318,812**	2,008,206	**3,376,932**	1,887,970
	4,340,765	2,020,603	**3,376,932**	1,887,970

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 RMB20,910,000 in 2014 (2013: RMB4,371,000).

Available-for-sale financial assets are all denominated in RMB.

14. 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 6.88% (2013: from 5.90% to 6.77%) per annum with maturities up to 10 years (2013: up to 5 years). The loans are neither past due nor impaired as at 31 December 2014 and 2013. Such loan balances and the related interest income have been eliminated in the consolidated balance sheet, income statement and cash flow statement.

The carrying amounts of loans to subsidiaries approximate their fair values.

15. LONG-TERM RECEIVABLES

	Group	
	2014	2013
	RMB'000	*RMB'000*
Entrusted loan to a joint venture	**102,000**	–
Deposits paid for secured borrowing	**60,131**	–
Others	**45,544**	40,274
Total	**207,675**	40,274

Long-term receivables of the Group mainly include entrusted loans of RMB102,000,000 (2013: Nil) to a jointly controlled entity via Bank of Communications. These amounts bear interest rate at 7.47% per annum during the year (2013: Nil) and are payable within 3 years.

The receivables are neither past due nor impaired as at 31 December 2014 and 2013. The carrying amounts of long-term receivables approximate their fair values.

16. OTHER NON-CURRENT ASSETS

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Prepayments for long-term investments *(Note (a))*	**3,484,655**	5,751,800	**470,914**	3,200,914
Prepayments for mining and exploration rights *(Note (b))*	**1,882,715**	1,697,595	**700,000**	500,000
Prepayments for constructions in progress and equipment *(Note (c))*	**227,266**	513,138	**–**	–
Deductible value added tax	**821,612**	755,401	**–**	–
Others	**763,051**	681,207	**3,080**	258,732
Total	**7,179,299**	9,399,141	**1,173,994**	3,959,646

Note:

(a) In line with the Group's strategy of expanding its coal resources, the Group has entered into a series of agreements for the acquisitions of several local coal mines. In this regard, as at 31 December 2014, the Group has paid RMB 3,484,655,000 (31 December 2013: RMB 3,021,800,000) according to the signed agreements. As the relevant legal procedures are still in process, such balances are recorded as other non-current assets.

(b) As at 31 December 2014, the Group has paid RMB 1,882,715,000 (31 December 2013: RMB1,697,595,000) for the acquisitions of mining rights 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 rights or exploration rights upon completion of related legal procedures.

(c) As at 31 December 2014, the amounts of prepayment to fellow subsidiaries for purchasing property, plant and equipment amounted to RMB 42,983,000(2013: RMB 38,050,000), which are unsecured and interest free.

17. INVENTORIES

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Coal	**2,286,610**	1,002,997	**1,699,177**	201,272
Machinery for sale	**2,844,838**	2,266,251	**–**	–
Coal chemical products	**393,342**	69,420	**–**	–
Auxiliary materials, spare parts and tools	**3,097,683**	3,467,825	**–**	–
	8,622,473	6,806,493	**1,699,177**	201,272

The provisions for impairment of inventories of the Group amounted to RMB 176,041,000 as at 31 December 2014 (2013: RMB 159,660,000).

18. TRADE AND NOTES RECEIVABLES

	Group		Company	
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade receivables, net *(note (a))*	**8,222,019**	8,268,716	**2,939,434**	2,720,992
Notes receivables *(note (b))*	**5,237,471**	4,626,761	**165,666**	375,346
	13,459,490	12,895,477	**3,105,100**	3,096,338

Notes:

(a) Trade receivables are analysed as follows:

	Group		Company	
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade receivables				
– Subsidiaries	**–**	–	**2,165,043**	1,060,925
– Associates	**101,536**	23,556	**82,392**	14,202
– Joint ventures	**46,466**	43,163	**–**	–
– Fellow subsidiaries	**761,721**	438,567	**–**	464
– Third parties	**7,312,296**	7,763,430	**691,999**	1,645,401
Trade receivables, net	**8,222,019**	8,268,716	**2,939,434**	2,720,992

18. TRADE AND NOTES RECEIVABLES (CONTINUED)

Notes: (continued)

(a) Trade receivables are analysed as follows: *(continued)*

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

	Group		Company	
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within 6 months	**5,214,360**	6,152,209	**2,809,465**	2,719,687
6 months - 1 year	**1,607,463**	1,203,275	**128,664**	–
1 - 2 years	**1,266,055**	880,889	**–**	–
2 - 3 years	**292,017**	170,657	**–**	–
Over 3 years	**290,967**	263,192	**1,328**	1,328
Trade receivables, gross	**8,670,862**	8,670,222	**2,939,457**	2,721,015
Less: Impairment of receivables	**(448,843)**	(401,506)	**(23)**	(23)
Trade receivables, net	**8,222,019**	8,268,716	**2,939,434**	2,720,992

Movements of the provision for impairment of trade receivables are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Beginning of the year	**401,506**	334,152	**23**	–
Provision for impairment of receivables	**76,050**	77,450	**–**	23
Reversal of provision for impairment of receivables	**(3,031)**	(10,073)	**–**	–
Receivables written off during the year as uncollectible	**(25,682)**	(23)	**–**	–
At the end of the year	**448,843**	401,506	**23**	23

Trade receivables are normally with credit terms up to 30 days, depending on the credit history of the customer and other commercial terms of the sales contract. As at 31 December 2013 and 2014, there are no significant trade receivables that are past due but are not impaired.

The individually impaired receivables primarily relate to customers who are in financial difficulty.

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 (2013: less than one year).

18. TRADE AND NOTES RECEIVABLES (CONTINUED)

Notes: (continued)

(c) The carrying amounts of trade and notes receivables are denominated in the following currencies:

	Group		Company	
	31 December 2014 *RMB'000*	31 December 2013 *RMB'000*	**31 December 2014** *RMB'000*	31 December 2013 *RMB'000*
RMB	**13,365,398**	12,705,851	**3,105,100**	3,096,338
USD	**94,092**	189,626	**–**	–
	13,459,490	12,895,477	**3,105,100**	3,096,338

(d) The carrying amounts of trade and notes receivables approximate their fair values.

(e) As at 31 December 2014, notes receivables with amount of RMB 258,000,000 (2013: RMB 609,692,000) are secured for short-term borrowings amounted to RMB 250,000,000 (2013: RMB 575,300,000)(Note 23 (g)). Notes receivables with amount of RMB 668,161,000(2013: RMB 80,500,000) are secured for notes payables amounted to RMB 651,612,000 (2013: RMB 80,500,000).

19. PREPAYMENTS AND OTHER RECEIVABLES

	Group		Company	
	31 December 2014 *RMB'000*	31 December 2013 *RMB'000*	**31 December 2014** *RMB'000*	31 December 2013 *RMB'000*
Advances to suppliers *(note (a))*	**1,438,188**	2,195,785	**231,284**	190,119
Entrusted loans *(note (b))*	**2,100,000**	2,202,000	**–**	–
Loans to subsidiaries *(note (c))*	**–**	–	**4,218,200**	2,776,138
Interest receivable	**131,008**	247,680	**879,287**	955,893
Dividends receivable	**29,490**	28,194	**2,285,276**	4,563,660
Loan to a fellow subsidiary *(note (d))*	**300,000**	–	**–**	–
Other amounts due from related parties, gross *(note (e))*	**48,283**	157,776	**707,136**	715,288
Other amounts due from third parties, gross *(note (f))*	**3,772,149**	2,464,392	**322,853**	80,314
	7,819,118	7,295,827	**8,644,036**	9,281,412
Less: Impairment of prepayment and other receivables *(note (g))*	**(601,985)**	(290,982)	**(62,092)**	(62,092)
Prepayments and other receivables, net *(note (h))*	**7,217,133**	7,004,845	**8,581,944**	9,219,320

19. PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Notes:

(a) Advances to suppliers are analysed as follows:

	Group		Company	
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Advances to suppliers				
– Subsidiaries	**–**	–	**19,908**	14,604
– Associates	**7,712**	13,808	**6,217**	–
– Fellow subsidiaries	**52,232**	63,254	**25,158**	1,567
– Third parties	**1,378,244**	2,118,723	**180,001**	173,948
	1,438,188	2,195,785	**231,284**	190,119

As at 31 December 2014 and 2013, advanced to related parties are unsecured and interest free.

(b) Entrusted loans are analysed as follows:

	Group		Company	
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Entrusted loans				
– A joint venture	**–**	102,000	**–**	–
– Third party *(note (i))*	**2,100,000**	2,100,000	**–**	–
	2,100,000	2,202,000	**–**	–

Notes:

(i) 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 rate of 6.60% per annum (2013: 6.60%).

(c) 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 6.77% per annum (2013: 5.90% to 7.22%).

None of the loan receivables is past due nor impaired.

(d) The balance represents a loan to a fellow subsidiary. The loan receivable is unsecured and repayable within 12 months from the balance sheet date with an interest rate of 6.00% per annum.

19. PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

(e) Other amounts due from related parties are analysed as follows:

	Group		Company	
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Amount due from related parties, gross				
– Subsidiaries	**–**	–	**706,743**	714,923
– Associates	**38,348**	43,712	**154**	67
– Fellow subsidiaries	**9,935**	114,064	**239**	298
	48,283	157,776	**707,136**	715,288
Less: Impairment of receivables	**(8,952)**	(7,915)	**–**	–
Amount due from related parties, net	**39,331**	149,861	**707,136**	715,288

Other amounts due from related parties are unsecured, interest free and are repayable on demand.

(f) Aging analysis of other amounts due from third parties on each balance date is as follows:

	Group		Company	
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within 1 year	**2,503,512**	1,941,187	**248,600**	8,848
1 - 2 years	**816,668**	169,735	**2,889**	272
2 - 3 years	**165,231**	54,391	**176**	6
Over 3 years	**286,738**	299,079	**71,188**	71,188
Other amounts due from third parties, gross	**3,772,149**	2,464,392	**322,853**	80,314
Less: Impairment of receivables	**(564,069)**	(253,541)	**(62,092)**	(62,092)
Other amounts due from third parties, net	**3,208,080**	2,210,851	**260,761**	18,222

(g) 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 2014	31 December 2013	**31 December 2014**	31 December 2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Beginning of the year	**290,982**	288,462	**62,092**	62,092
Provision for impairment of receivables	**337,255**	6,295	**–**	–
Reversal of provision for impairment of receivables	**(7,183)**	(3,664)	**–**	–
Receivables written off during the year as uncollectible	**(19,069)**	(111)	**–**	–
At the end of the year	**601,985**	290,982	**62,092**	62,092

There are no significant amounts due from third parties and related parties that are past due but are not impaired.

19. PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

(h) The carrying amounts of other receivables approximate their fair values.

(i) There are no collaterals for other receivables.

(j) The carrying amounts of other receivables are denominated in the following currencies:

	Group		Company	
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
RMB	**5,807,909**	4,838,586	**8,350,660**	9,029,201

20. CASH AND BANK DEPOSITS

	Group		Company	
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Restricted bank deposits *(note (a))*	**2,534,610**	1,583,835	**–**	–
Term deposits with initial terms of over three months	**5,815,521**	8,204,597	**5,404,987**	7,699,162
Cash and cash equivalents				
– Cash on hand	**1,715**	1,625	**40**	38
– Deposits with banks and other financial institutions	**18,129,997**	11,230,950	**9,999,445**	7,014,622
	26,481,843	21,021,007	**15,404,472**	14,713,822

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 22) and deposits pledged for issuance of notes payable.

(b) For the year ended 31 December 2014, the weighted average effective interest rates on deposits ranged from 0.35% to 4.62% (2013: 0.35% to 3.5%) per annum.

(c) As at 31 December 2014, term deposits amounting to RMB194,620,000(2013: RMB108,100,000) are secured to banks for notes payables amounted to RMB621,777,000(2013: RMB111,200,000).

20. CASH AND BANK DEPOSITS (CONTINUED)

Notes: (continued)

(d) Deposits and cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
RMB	**26,349,318**	20,804,015	**15,404,472**	14,710,217
USD	**122,064**	194,591	**–**	3,605
EUR	**7,654**	19,933	**–**	–
Other currencies	**2,807**	2,468	**–**	–
	26,481,843	21,021,007	**15,404,472**	14,713,822

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.

21. SHARE CAPITAL – GROUP AND COMPANY

	2014		2013	
	Number of shares *(thousands)*	**Nominal value *RMB'000***	Number of shares (thousands)	Nominal value *RMB'000*
Registered, issued and fully paid:				
Domestic shares ("A shares") of RMB1.00 each				
– held by China Coal Group	**7,605,208**	**7,605,208**	7,605,208	7,605,208
– held by other shareholders	**1,546,792**	**1,546,792**	1,546,792	1,546,792
H shares of RMB1.00 each				
– held by a wholly-owned subsidiary of China Coal Group	**132,351**	**132,351**	132,351	132,351
– held by other shareholders	**3,974,312**	**3,974,312**	3,974,312	3,974,312
	13,258,663	**13,258,663**	13,258,663	13,258,663

21. SHARE CAPITAL – GROUP AND COMPANY (CONTINUED)

A summary of the movement in the Company's issued share capital is as follows:

	A Shares held by:		H Shares held by:		
	China Coal Group	**other shareholders**	**a wholly owned subsidiary of China Coal Group**	**other shareholders**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2013	7,538,833	1,613,167	125,351	3,981,312	13,258,663
Share transaction *(note (b))*	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
As at 31 December 2014	7,605,208	1,546,792	132,351	3,974,312	13,258,663

Notes:

(a) The A shares rank pari passu, in all material respects, with the H shares.

(b) In 2013, China Coal Group acquired 66,374,261 A shares and 7,000,000 H shares(via a wholly-owned subsidiary of China Coal Group) from respective stock exchange, holding in the Company from 57.81% to 58.36%.

(c) As at 31 December 2014, 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.

22. 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 2013	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 35)*	–	–	–	–	–	–	–	(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
Profit for the year	–	–	–	–	–	–	–	141,097	141,097
Other comprehensive (loss)/income	–	–	–	–	–	(20,084)	7,167	–	(12,917)
Appropriations	–	–	(20,109)	(56,412)	(602,081)	–	–	678,602	–
Acquisition of non-controlling interests	–	–	–	–	–	–	(1,234)	–	(1,234)
Share of change in reserves of associates	–	–	–	–	–	–	123,485	(69,915)	53,570
Contributions	2,197	–	–	–	–	–	–	–	2,197
Dividends *(Note 35)*	–	–	–	–	–	–	–	(1,073,952)	(1,073,952)
Loss of significant influence over an associate	–	–	–	–	–	–	(332,216)	316,174	(16,042)
Balance at 31 December 2014	30,651,045	3,992,822	56,027	13,912	2,118,320	(67,328)	6,305,130	30,575,152	73,645,080

	Company				
	Capital reserve	**Statutory reserve funds**	**Other reserves earnings**	**Retained**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2013	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 35)*	–	–	–	(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
Loss for the year	–	–	–	(639,810)	(639,810)
Dividends *(Note 35)*	–	–	–	(1,073,952)	(1,073,952)
Balance at 31 December 2014	38,718,090	3,943,257	4,129	18,969,852	61,635,328

22. 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.
'

(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 (2013: RMB6 to RMB8) per ton of raw coal mined. The fund can be used for future development of the coal mining operations, and is not available for distribution to shareholders. Upon incurring qualifying development 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 (財政部) and the State Administration of Work Safety (國家安全生產監督管理總局) of the PRC, the subsidiaries of the Group which are engaged in coal mining are required to set aside an amount to a safety fund at RMB10 to RMB30 per ton of raw coal mined. The subsidiaries of the Group which are engaged in machinery manufacturing, metallurgy and other relevant business are required to set aside an amount of certain percentage of revenue to a safety fund. The safety fund can be used for safety facilities and environment improvement, 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 provincial government on 15 November 2007, both of which are effective from 1 October 2007, mining companies of the Group located in Shanxi Province are required to set aside an amount to a coal mine industry transformation fund and environmental restoration fund at RMB5 and RMB10 per ton of raw coal mined respectively. According to the relevant rules, such funds will be specifically utilised for the transformation costs of the coal mine industry and for the land restoration and environmental cost, and is not available for distribution to shareholders. Upon incurring qualifying transformation and environmental restoration expenditures, an equivalent amount is transferred from transformation and environmental restoration fund to retained earnings.

Pursuant to a regulation issued by the Shanxi provincial government, transformation and environmental restoration fund have not been set aside for the year ended 31 December 2014.

(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 (2013: 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. The sustainable development fund has not been set aside for the year ended 31 December 2014 according to related requirement of the local government.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014
(All amounts in RMB unless otherwise stated)

23. BORROWINGS AND BANKING FACILITIES

	Group		Company	
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Long-term borrowings				
Bank loans and loans from other financial institutions				
– Secured *(note (g))*	**5,314,761**	1,000,000	**–**	–
– Guaranteed *(note (f))*	**2,819,185**	2,875,261	**–**	–
– Unsecured	**49,713,894**	29,432,316	**20,136,000**	13,166,000
	57,847,840	33,307,577	**20,136,000**	13,166,000
Other unsecured loans from				
– Non-controlling shareholders of certain subsidiaries	**–**	11,200	**–**	–
	57,847,840	33,318,777	**20,136,000**	13,166,000
Less: Amount due within one year under current liabilities	**(6,831,879)**	(3,544,019)	**(2,200,000)**	(1,480,000)
	51,015,961	29,774,758	**17,936,000**	11,686,000
Short-term borrowings				
Bank loans and loans from other financial institutions				
– Secured *(note (g))*	**250,000**	1,275,300	**–**	–
– Unsecured	**5,754,448**	5,500,286	**1,700,000**	–
	6,004,448	6,775,586	**1,700,000**	–
Other unsecured loans from				
– Non-controlling shareholders of certain subsidiaries	**600**	600	**–**	–
	6,005,048	6,776,186	**1,700,000**	–
Total borrowings	**63,852,888**	40,094,963	**21,836,000**	13,166,000

23. BORROWINGS AND BANKING FACILITIES (CONTINUED)

Notes:

(a) Repayment terms of long-term borrowings are analysed below:

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Wholly repayable within five years				
– Bank loans and loans from other financial institutions	**27,084,389**	16,345,043	**13,650,000**	9,300,000
– Loans from non-controlling shareholders of certain subsidiaries	**–**	11,200	**–**	–
	27,084,389	16,356,243	**13,650,000**	9,300,000
Not wholly repayable within five years				
– Bank loans and loans from other financial institutions	**30,763,451**	16,962,534	**6,486,000**	3,866,000
	57,847,840	33,318,777	**20,136,000**	13,166,000

(b) At 31 December 2014, the Group's long-term borrowings were repayable as follows:

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Bank loans and loans from other financial institutions				
– Within one year	**6,831,879**	3,538,819	**2,200,000**	1,480,000
– Between one and two years	**12,670,732**	5,430,844	**6,926,000**	2,190,000
– Between two and five years	**23,607,251**	13,904,581	**7,770,000**	7,636,000
– Over five years	**14,737,978**	10,433,333	**3,240,000**	1,860,000
	57,847,840	33,307,577	**20,136,000**	13,166,000
Loans from non-controlling shareholders of certain subsidiaries				
– Within one year	**–**	5,200	**–**	–
– Between two and five years	**–**	6,000	**–**	–
	57,847,840	33,318,777	**20,136,000**	13,166,000

(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	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Borrowings	**51,015,961**	29,774,758	**51,288,821**	29,766,704	**17,936,000**	11,686,000	**18,142,959**	11,671,948

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 6.00% to 6.15% per annum as at 31 December 2014 (2013: 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.

23. BORROWINGS AND BANKING FACILITIES (CONTINUED)

Notes: (continued)

(d) The effective interest rates at the balance sheet dates were as follows:

	Group		Company	
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013
Bank loans and loans from other financial institutions				
– RMB loan	**4.67%-11.40%**	5.04%-11.40%	**5.54%-6.88%**	5.54%-6.15%
– JPY loan	**N/A**	2.39%	**N/A**	N/A
– USD loan	**N/A**	2.31%-3.47%	**N/A**	N/A
– EURO loan	**N/A**	2.15%	**N/A**	N/A
Loans from non-controlling shareholders of certain subsidiaries				
– RMB loan	**N/A**	5.60%	**N/A**	N/A

(e) The total borrowings are denominated in the following currencies:

	Group		Company	
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Long-term borrowings:				
RMB	**57,847,840**	33,102,107	**20,136,000**	13,166,000
JPY	**–**	216,670	**–**	–
	57,847,840	33,318,777	**20,136,000**	13,166,000
Short-term borrowings:				
RMB	**6,005,048**	6,757,742	**1,700,000**	–
USD	**–**	18,444	**–**	–
	6,005,048	6,776,186	**1,700,000**	–
	63,852,888	40,094,963	**21,836,000**	13,166,000

(f) The guaranteed borrowings are as follows:

	Group	
	31 December 2014	31 December 2013
	RMB'000	*RMB'000*
Guaranteed by:		
– Guizhou Panjiang Investment Holdings Group Co.,Ltd.	**80,000**	95,000
– Jizhong Energy Group Co.,Ltd.	**195,535**	36,611
– the Company and Shanxi Coking Coal	**2,543,650**	2,743,650
	2,819,185	2,875,261

23. BORROWINGS AND BANKING FACILITIES (CONTINUED)

Notes: (continued)

(g) The secured borrowings are as follows:

	Group	
	31 December 2014	31 December 2013
	RMB'000	*RMB'000*
Secured by:		
– Property, plant and equipment	**5,314,761**	1,000,000
– Notes receivables	**250,000**	575,300
– Trade receivables	**–**	700,000
Total	**5,564,761**	2,275,300

All the other borrowings of the Group are unsecured bank loans.

(h) As at 31 December 2014, the Group has the following undrawn borrowing facilities:

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Floating rates				
– Expiring within one year	**164,587,000**	61,777,000	**160,277,000**	56,977,000
– Expiring over one year	**25,390,000**	118,367,000	**25,390,000**	118,367,000
	189,977,000	180,144,000	**185,667,000**	175,344,000

24. LONG-TERM BONDS

	Group		Company	
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Bonds payable	**30,723,018**	29,655,059	**29,737,504**	29,655,059
Commission payable – non-current	**132,000**	213,000	**132,000**	213,000
	30,855,018	29,868,059	**29,869,504**	29,868,059

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 RMB 15,000,000,000. 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 RMB 225,000,000 to the underwriter as the underwriting commission, which is payable in five instalments of RMB 45,000,000 annually. First instalment of RMB 45,000,000 was paid on 18 August 2011 when the transaction was completed.

24. LONG-TERM BONDS (CONTINUED)

Notes: (continued)

(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.

(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 was paid on 18 March 2014 and the same amount is payable on 19 September in each of the following six years.

(e) On 23 October 2014, Shanghai Datun issued 10,000,000 corporate bonds with a par value of RMB100 each and received a total proceeds of RMB985,000,000, deducting the underwriting commission of RMB15,000,000. The bonds are fully repayable on 23 October 2019 when they become due. These bonds carry a coupon rate of 5.28% per annum and the interest charge will be paid on 23 October annually in each of the following five years. The effective interest rate is 5.63% per annum.

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 2014	31 December 2013	**31 December 2014**	31 December 2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Bonds interest payable	**591,179**	577,386	**577,386**	577,386
Commission payable – current	**121,950**	93,000	**121,950**	93,000
	713,129	670,386	**699,336**	670,386

The fair values of long-term bonds are as follows:

	Group		Company	
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Long-term bonds	**31,268,770**	29,450,656	**30,265,050**	29,450,656

The fair values of long-term bonds are within level 1 of the fair value hierarchy.

25. 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 2014	31 December 2013	**31 December 2014**	31 December 2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Deferred income tax assets:				
Deferred income tax assets to be recovered after more than 12 months	**844,476**	181,200	**327,483**	15,528
Deferred income tax assets to be recovered within 12 months	**311,179**	273,487	**–**	3,108
	1,155,655	454,687	**327,483**	18,636
Deferred income tax liabilities:				
Deferred income tax liabilities to be settled after more than 12 months	**(7,393,632)**	(7,217,304)	**–**	–
Deferred income tax liabilities to be settled within 12 months	**(111,970)**	(527,390)	**–**	–
	(7,505,602)	(7,744,694)	**–**	–
Deferred income tax (liabilities)/assets, net	**(6,349,947)**	(7,290,007)	**327,483**	18,636

The gross movements on the deferred tax account are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Beginning of the year	**(7,290,007)**	(7,067,255)	**18,636**	18,117
Acquisition of a subsidiary	**(157,559)**	–	**–**	–
Transferred to current income tax payable	**515,578**	–	**–**	–
Credited/(debited) to income statement *(Note 33)*	**584,430**	(223,640)	**308,847**	519
(Debited)/credited to other comprehensive income *(Note 33)*	**(2,389)**	888	**–**	–
End of the year	**(6,349,947)**	(7,290,007)	**327,483**	18,636

25. DEFERRED INCOME TAX (CONTINUED)

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 RMB 518,095,000 (2013: RMB515,054,000), in respect of certain subsidiaries' accumulated tax losses of RMB2,072,378,000 (2013: RMB2,060,216,000) as at 31 December 2014, that can be carried forward against future taxable income and will expire between 2015 and 2019. 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.

Tax losses that has not been recognised as deferred income tax assets will be expired in the following years:

	Group	
	2014	2013
	RMB'000	*RMB'000*
2014	**–**	207,286
2015	**597,434**	597,434
2016	**342,488**	342,488
2017	**641,676**	641,676
2018	**271,332**	271,332
2019	**219,448**	–
	2,072,378	2,060,216

The movement in deferred income 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:

	Group							
	Trial production	**Unrealized profit**	**Tax losses**	**Amortisation**	**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 2013	164,787	101,398	55,703	155,289	122,387	26,986	138,710	765,260
Credited/(charged) to income statement	(5,985)	(3,580)	(3,900)	(21,180)	5,443	35,732	34,418	40,948
At 31 December 2013	158,802	97,818	51,803	134,109	127,830	62,718	173,128	806,208
Credited/(charged) to income statement	21,363	12,427	258,444	(10,352)	90,217	45,279	23,927	441,305
At 31 December 2014	180,165	110,245	310,247	123,757	218,047	107,997	197,055	1,247,513

25. DEFERRED INCOME TAX (CONTINUED)

Deferred tax liabilities- Group:

	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 2013	(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)
Credited to income statement	10,581	92,327	40,217	–	–	–	143,125
Transferred to current income tax payable	–	–	–	–	515,578	–	515,578
Acquisition of a subsidiary	–	–	(157,559)	–	–	–	(157,559)
Debited to other comprehensive income	–	–	–	(2,389)	–	–	(2,389)
At 31 December 2014	(38,280)	(1,078,464)	(6,476,064)	(4,590)	–	(62)	(7,597,460)

Note:

(a) Pursuant to certain regulations of the PRC government, the Group is required to set aside amounts for the future development funds (Note 22 (b)), safety fund (Note 22 (c)), transformation and environmental restoration fund (Note 22 (d)) and sustainable development fund (Note 22 (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 amount of funds deducted 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.

Deferred tax assets- Company:

	Company			
	Impairment of asset	Provision for employee benefits	Tax losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2013	15,522	2,595	–	18,117
Credited to income statement	–	519	–	519
At 31 December 2013	15,522	3,114	–	18,636
Credited to income statement	203,740	1,061	104,046	308,847
At 31 December 2014	219,262	4,175	104,046	327,483

26. TRADE AND NOTES PAYABLES

	Group		Company	
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade payables *(note (a))*	**20,641,683**	19,821,545	**3,400,911**	1,766,535
Notes payable	**2,779,443**	2,809,515	**–**	–
	23,421,126	22,631,060	**3,400,911**	1,766,535

Notes:

(a) Trade payables are analysed as follows:

	Group		Company	
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade payables				
– Subsidiaries	**–**	–	**3,064,468**	1,522,074
– Fellow subsidiaries	**3,067,076**	3,630,028	**155,420**	16,939
– Associates	**40,183**	76,707	**–**	–
– Third parties	**17,534,424**	16,114,810	**181,023**	227,522
	20,641,683	19,821,545	**3,400,911**	1,766,535

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 2014	31 December 2013	**31 December 2014**	31 December 2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Less than 1 year	**16,707,059**	17,849,700	**3,366,777**	1,710,456
1 - 2 years	**2,951,493**	1,242,016	**31,609**	53,149
2 - 3 years	**559,899**	408,844	**1,115**	2,930
Over 3 years	**423,232**	320,985	**1,410**	–
	20,641,683	19,821,545	**3,400,911**	1,766,535

26. TRADE AND NOTES PAYABLES (CONTINUED)

Notes: (continued)

(b) The carrying amounts of trade and notes payable are denominated in the following currencies:

	Group		Company	
	31 December 2014 *RMB'000*	31 December 2013 *RMB'000*	**31 December 2014** *RMB'000*	31 December 2013 *RMB'000*
RMB	**23,419,663**	22,627,784	**3,224,111**	1,763,596
USD	**1,038**	2,939	**176,800**	2,939
AUD	**425**	337	**–**	–
	23,421,126	22,631,060	**3,400,911**	1,766,535

(c) The carrying amounts of trade and notes payable approximate their fair values.

(d) As at 31 December 2014, term deposits amounting to RMB194,620,000 (2013: RMB108,100,000) are pledged to banks for notes payables amounted to RMB621,777,000 (2013:RMB111,200,000) (Note 20(c)).

As at 31 December 2014, notes receivables with amount of RMB668,161,000 (2013: RMB80,500,000) are pledged to banks for notes payables amounted to RMB651,612,000 (2013: RMB80,500,000)(Note 18(e)).

27. ACCRUALS, ADVANCES AND OTHER PAYABLES

	Group		Company	
	31 December 2014 *RMB'000*	31 December 2013 *RMB'000*	**31 December 2014** *RMB'000*	31 December 2013 *RMB'000*
Customer deposits and receipts in advance *(note (a))*	**1,416,512**	1,644,443	**78,587**	166,530
Payables for acquisition of subsidiaries	**907,864**	826,989	**709,454**	709,454
Payable for compensation for local mining companies	**286,994**	441,709	**–**	–
Dividends payable	**316,271**	382,680	**–**	–
Payables for site restoration	**234,704**	273,709	**–**	–
Mineral and water resource compensation payable	**130,026**	193,421	**–**	–
Salaries and staff welfare payable	**784,636**	698,246	**13,764**	15,834
Interest payable	**691,841**	644,287	**606,053**	577,386
Payables for mining rights	**212,676**	283,724	**–**	–
Advance from a non-controlling interest of a subsidiary	**325,147**	200,000	**–**	–
Contractor deposits	**1,045,139**	502,256	**–**	–
Short-term bonds *(note (b))*	**500,000**	–	**–**	–
Deposits from fellow subsidiaries *(note (c))*	**2,138,685**	–	**–**	–
Other amounts due to related parties *(note (d))*	**221,858**	511,710	**4,959,916**	10,774,529
Other amounts due to third parties	**2,533,537**	2,139,636	**235,941**	191,526
	11,745,890	8,742,810	**6,603,715**	12,435,259

27. ACCRUALS, ADVANCES AND OTHER PAYABLES (CONTINUED)

Notes:

(a) Customer deposits and receipts in advance are analysed as follows:

	Group		Company	
	31 December 2014 ***RMB'000***	31 December 2013 *RMB'000*	**31 December 2014** ***RMB'000***	31 December 2013 *RMB'000*
Customer deposits and receipts in advances				
– Fellow subsidiaries	**2,854**	2,712	**–**	640
– Associates	**95,458**	14,810	**–**	–
– Third parties	**1,318,200**	1,626,921	**78,587**	165,890
	1,416,512	1,644,443	**78,587**	166,530

Customer deposits and receipts in advances from 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.

(b) On 4 November 2014, Shanghai Datun issued 5,000,000 one-year short-term bonds with a par value of RMB 100 each and received a total proceeds of 498,000,000, deducting the underwriting commission of RMB 2,000,000. These bonds carry a fixed coupon rate of 4.40% per annum and the interest charge will be paid when the bonds become due.

(c) The balance represents deposits received from fellow subsidiaries by China Coal Finance Co.,Ltd ("China Coal Finance"), a 91% owned subsidiary of the Group. The deposits are unsecured and settled within 12 months from the balance sheet date, with an interest rate ranged from 0.35% to 3.00% per annum.

(d) Amounts due to related parties are analysed below:

	Group		Company	
	31 December 2014 ***RMB'000***	31 December 2013 *RMB'000*	**31 December 2014** ***RMB'000***	31 December 2013 *RMB'000*
Amounts due to related parties, gross				
– Subsidiaries	**–**	–	**4,957,628**	10,772,256
– Parent Company	**1,982**	3,036	**1,541**	1,795
– Fellow subsidiaries	**219,872**	268,441	**747**	478
– An associate	**4**	240,233	**–**	–
	221,858	511,710	**4,959,916**	10,774,529

Amounts due to related parties are unsecured, interest free and payable on demand.

(e) The carrying amounts of accruals, advance and other payables approximate their fair values.

(f) The carrying amounts of accruals and other payables are denominated in the following currencies:

	Group		Company	
	31 December 2014 ***RMB'000***	31 December 2013 *RMB'000*	**31 December 2014** ***RMB'000***	31 December 2013 *RMB'000*
RMB	**10,329,378**	7,098,301	**6,525,128**	12,268,729
AUD	**–**	66	**–**	–
	10,329,378	7,098,367	**6,525,128**	12,268,729

28. PROVISION FOR CLOSE DOWN, RESTORATION AND ENVIRONMENTAL COST

	Group	
	2014	2013
	RMB'000	*RMB'000*
Beginning of the year	**1,173,793**	1,174,326
Interest charge on unwinding of discounts	**39,911**	39,601
Provision	**48,961**	(6,025)
Payments	**(17,429)**	(34,109)
End of the year	**1,245,236**	1,173,793
Less: current portion	**(20,309)**	(19,098)
	1,224,927	1,154,695

Mining activities may result in land subsidence or damage, 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 damage, 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.

29. OTHER LONG-TERM LIABILITIES

	Group	
	2014	2013
	RMB'000	*RMB'000*
Payables for mining rights	**785,653**	920,946
Others	**305,019**	242,532
Less: current portion *(Note 27)*	**(212,676)**	(283,724)
Total	**877,996**	879,754

Note:

The payables for mining rights are mainly the unpaid balances of the consideration for purchasing mining rights. According to relevant purchase agreements, considerations are paid by instalment before April 2021. The current portion of the payables is included in other payables (Note 27).

As at 31 December 2014, the amounts due to the Parent Company are RMB 1,471,000 (2013: RMB 2,647,000), which are unsecured, interest free and payable within 1 to 2 years.

30. EXPENSES BY NATURE

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

	2014	2013
	RMB'000	*RMB'000*
Depreciation *(note (a))*	**4,997,618**	4,692,437
Amortisation *(note (b))*	**455,645**	514,851
Materials used and goods traded	**31,555,126**	35,072,945
Transportation costs and port expenses	**11,834,022**	13,015,596
Sales tax and surcharges	**1,078,112**	1,293,811
Auditors' remuneration	**12,190**	12,285
– Audit service	**12,150**	12,150
– Non-audit service	**40**	135
Losses/(gains) on disposal of property, plant and equipment, land use rights and intangible assets	**63,807**	(24,160)
Repairs and maintenance	**872,271**	1,178,157
Operating lease rentals	**192,525**	219,114
Provision for impairment of receivables	**403,091**	70,008
Provision for impairment of inventories	**92,952**	94,936
Provision for impairment of property, plant and equipment	**11,309**	72,013
Employee benefit expense (including directors' emoluments) *(note (c), Note 32)*	**6,654,208**	6,894,756
Mineral and water resource compensation fees *(note (d))*	**531,876**	690,734
Sustainable development charges *(note (e))*	**1,409,739**	2,042,933
Other expenses	**8,206,978**	9,699,593
Total cost of sales, selling, general and administrative expenses	**68,371,469**	75,540,009

30. EXPENSES BY NATURE (CONTINUED)

Notes:

(a) Depreciation charged to the income statement is analysed as follows:

	2014 *RMB'000*	2013 *RMB'000*
Depreciation for the year	**5,274,537**	4,982,539
– Property, plant and equipment (Note 6)	**5,272,797**	4,980,918
– Investment properties	**1,740**	1,621
Less: Allocated to inventories which remained unsold as at year end	**(47,736)**	(4,104)
Allocated to construction in progress	**(229,183)**	(285,998)
Amount charged to income statement	**4,997,618**	4,692,437

Charged to:

	2014 *RMB'000*	2013 *RMB'000*
Expenses		
– Cost of sales	**4,550,780**	4,384,920
– Selling, general and administrative expenses	**446,838**	307,517
	4,997,618	4,692,437

(b) Amortisation charged to income statement is analysed as follows:

	2014 *RMB'000*	2013 *RMB'000*
Land use rights *(Note 7)*	**89,809**	72,581
Mining rights *(Note 8)*	**337,819**	422,690
Intangible assets	**18,577**	17,894
Long-term deferred expense	**9,440**	1,686
	455,645	514,851

(c) Staff costs (including directors' emoluments) charged to the income statement are analysed as follows:

	2014 *RMB'000*	2013 *RMB'000*
Charged to:		
Cost of sales	**4,335,055**	4,554,593
Selling, general and administrative expenses	**2,319,153**	2,340,163
	6,654,208	6,894,756

30. EXPENSES BY NATURE (CONTINUED)

Notes: *(continued)*

(d) The mineral and water resource compensation fees represent fees to the PRC government for compensation of the mineral resources mined and water consumed.

Pursuant to a regulation issued by local government of Shanxi Province on 25 November 2014, the mineral resource compensation fees is no longer required with effect from 1 December 2014.

(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 per tonne.

Pursuant to a regulation issued by local government of Shanxi Province on 25 November 2014, sustainable development charge is no longer required with effect from 1 December 2014.

31. FINANCE INCOME AND COSTS

	2014	2013
	RMB'000	*RMB'000*
Interest expense:		
– Bank borrowings	**3,437,144**	2,137,061
– Provisions: unwinding of discount	**88,111**	86,453
– Long-term and short-term bonds	**1,745,251**	1,363,978
Other incidental borrowing costs and charges	**2,945**	13,255
Net foreign exchange gains	**(20,680)**	(142,311)
Finance costs	**5,252,771**	3,458,436
Less: amounts capitalised on qualifying assets	**(2,537,765)**	(2,223,094)
Total finance costs	**2,715,006**	1,235,342
Finance income:		
– interest income on bank deposits	**607,307**	471,856
– interest income on loans receivable	**155,826**	133,719
Total finance income	**763,133**	605,575
Finance costs, net	**1,951,873**	629,767

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:

	2014	2013
Capitalisation rate used to determine the amount of finance costs eligible for capitalisation	**5.42%-7.15%**	5.33%-7.00%

32. EMPLOYEE BENEFIT EXPENSE

	2014	2013
	RMB'000	*RMB'000*
Wages, salaries and allowances	**4,396,721**	4,465,633
Housing subsidies *(note (a))*	**423,597**	441,539
Contributions to pension plans *(note (b))*	**844,761**	854,849
Welfare and other expenses	**989,129**	1,132,735
	6,654,208	6,894,756

Notes:

(a) These mainly include the group's contributions to government-sponsored housing funds in the PRC at rates ranging from 12% to 25% of the employees' basic salaries.

(b) The Group participates in various pension plans organised by the relevant municipal and provincial governments in the PRC 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.

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.

33. INCOME TAX EXPENSE

	2014	2013
	RMB'000	*RMB'000*
Current income tax		
– PRC enterprise income tax *(note (a))*	**776,198**	1,557,467
Deferred income tax *(Note 25)*	**(584,430)**	223,640
	191,768	1,781,107

33. INCOME TAX EXPENSE (CONTINUED)

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 2014 and 2013 is 25% on the assessable income of each of the companies now comprising the Group, determined in accordance with the relevant PRC income tax rules and regulations, except for certain subsidiaries which are taxed at preferential tax rate of 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:

	2014	2013
	RMB'000	*RMB'000*
Profit before income tax	**679,280**	6,401,221
Tax calculated at applicable tax rates	**169,820**	1,600,305
Preferential tax rates on the income of certain subsidiaries	**(17,214)**	(46,563)
Income not subject to taxation	**(55,595)**	(38,368)
Expenses not deductible for taxation purposes	**55,492**	229,995
Utilisation of previously unrecognised tax losses	**(2,525)**	(5,062)
Tax losses for which no deferred income tax asset has been recognised	**54,862**	67,833
Additional expenses allowable for tax deduction	**(13,072)**	(27,033)
Income tax expense	**191,768**	1,781,107

The weighted average applicable tax rate was 28% (2013: 28%).

(c) The tax charge/(credit) relating to components of other comprehensive income are as follows:

	2014			2013		
	Before tax	**Tax charge**	**After tax**	Before tax	Tax credit	After tax
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
Available-for-sale financial assets	**(9,556)**	**2,389**	**(7,167)**	3,551	(888)	2,663
Currency translation differences	**20,084**	**–**	**20,084**	16,121	–	16,121
Other comprehensive income	**10,528**	**2,389**	**12,917**	19,672	(888)	18,784
Current tax		**–**			–	
Deferred tax		**2,389**			(888)	
		2,389			(888)	

The income tax charged/(credited) directly to other comprehensive income during the year is as follows

	2014	2013
	RMB'000	*RMB'000*
Deferred tax:	**2,389**	(888)

34. 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.

	2014	2013
Profit attributable to equity holders of the Company *(RMB'000)*	**141,097**	3,805,128
Number of ordinary shares in issue *(thousands)*	**13,258,663**	13,258,663
Basic earnings per share *(RMB per share)*	**0.01**	0.29

As the Company had no dilutive instruments for the years ended 31 December 2014 and 2013, diluted earnings per share are presented equals to basic earnings per share.

35. DIVIDENDS

	2014	2013
	RMB'000	*RMB'000*
Dividends recorded:		
– final dividends for 2012, paid *(note (a))*	**–**	2,784,319
– final dividends for 2013, paid *(note (b))*	**1,073,952**	–

	2014	2013
	RMB'000	*RMB'000*
Dividends proposed after the balance sheet date:		
– final dividend for 2013 *(note (b))*	**–**	1,072,681
– final dividend for 2014 *(note (c))*	**319,787**	–

Notes:

(a) On 13 May 2013, after approval from the annual general meeting of shareholders, the Company declared 2012 final dividend of RMB 0.210 per share, and the Company made dividend payment of approximately RMB2,784,319,000 during 2013.

(b) On 13 May 2014, after approval from the annual general meeting of shareholders, the Company declared 2013 final dividend of RMB 0.081 per share, and the Company made dividend payment of approximately RMB 1,073,952,000 during 2014.

(c) The Board of Directors, in a meeting held on 20 March 2015, proposed to distribute a final dividend for 2014 to equity holders of the Company of RMB319,787,000 (RMB0.024 per share), based on total number of shares which are in issue as at 31 December 2014. Such dividend distribution is subject to the approval of shareholders' meeting, and is not reflected in these financial statements.

36. EMOLUMENTS OF DIRECTORS AND SUPERVISORS

(a) The emoluments of directors and supervisors for the year ended 31 December 2014 and 2013 are set out below:

	2014					
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. LI Yanjiang	–	–	–	–	–	–
Executive director:						
Mr. YANG Lieke	–	224	334	48	68	674
Non-executive director						
Mr. PENG Yi	–	–	–	–	–	–
Mr. LI Yanmeng	25	–	–	–	–	25
	25	224	334	48	68	699
Independent non-executive directors						
Mr. ZHOU Qinye[1]	–	250	–	–	–	250
Mr. ZHANG Jiaren	–	300	–	–	–	300
Mr. ZHAO Pei	–	300	–	–	–	300
Mr. WEI Weifeng	–	300	–	–	–	300
	–	1,150	–	–	–	1,150
Supervisors:						
Mr. WANG Xi	–	–	–	–	–	–
Mr. ZHOU Litao	–	–	–	–	–	–
Mr. ZHANG Shaoping	–	135	377	48	55	615
	–	135	377	48	55	615
	25	1,509	711	96	123	2,464

1. Mr.ZHOU Qinye resigned from the Company as the independent non-executive director on 24 October 2014.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014
(All amounts in RMB unless otherwise stated)

36. EMOLUMENTS OF DIRECTORS AND SUPERVISORS (CONTINUED)

(a) The emoluments of directors and supervisors for the year ended 31 December 2014 and 2013 are set out below (continued):

	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	1311	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. Me. ZHANG Ke and Mr. WU Rongkang retired as independent non-executive director due to the expiration of their terms of office on 1 February 2013.

36. EMOLUMENTS OF DIRECTORS AND SUPERVISORS (CONTINUED)

(a) The emoluments of directors and supervisors for the year ended 31 December 2014 and 2013 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 2014, the emoluments paid to each of the directors did not exceed HK$1,000,000 (equivalent to RMB800,000).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group during the year are as follows:

	2014	2013
Director	**–**	1
Non-director individuals	**5**	4
	5	5

Details of emoluments paid to the non-director individuals are as follows:

	2014	2013
	RMB'000	*RMB'000*
Basic salaries, housing allowances, other allowances and benefits-in-kind	**1,246**	1,583
Contributions to pension schemes	**295**	175
Discretionary bonuses	**3,480**	2,985
	5,021	4,743

During the year ended 31 December 2014, the emoluments paid to each of the highest paid non-director individuals are in the range of HK$1,185,829 and HK$1,360,689(2013: HK$ 1,430,532 and HK$ 1,734,344)

(c) During the year ended 31 December 2014, 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.

37. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENTS

(a) Reconciliation of profit before income tax to net cash inflows generated from operations

	2014	2013
	RMB'000	*RMB'000*
		Restated
Profit before income tax	**679,280**	6,401,221
Adjustments for:		
Depreciation charge	**4,997,618**	4,692,437
Net losses/(gains) on disposal of property plant and equipment, land use rights and intangible assets	**63,807**	(24,160)
Amortisation charge	**455,645**	513,165
Provision for impairment of property, plant and equipment	**11,309**	72,013
Provision for impairment of receivables	**403,091**	70,008
Provision for impairment of inventories	**92,952**	94,936
Share of profits of associates and joint ventures	**(134,485)**	(151,567)
Net foreign exchange gains	**(20,680)**	(142,311)
Losses on disposal of investments	**4,612**	13,373
Interest income	**(573,769)**	(526,294)
Interest expense	**2,732,741**	1,364,398
Dividend income	**(20,910)**	(4,371)
Changes in working capital:		
Inventories	**(1,859,463)**	(199,130)
Trade and notes receivables	**(736,363)**	(1,693,394)
Prepayments and other receivables	**236,170**	522,033
Trade and notes payables	**570,784**	2,038,666
Accruals, advances and other payables	**383,703**	(1,202,128)
Restricted bank deposits	**(950,775)**	645,660
Provision for employee benefits	**(41,778)**	(97,033)
Provision for close down, restoration, and environmental costs	**4,200**	(40,134)
Cash generated from operations	**6,297,689**	12,347,388

Note: In order to mitigate inconsistency across different capital markets, the Group reclassified interest paid and interest income received (other than those related to current deposits) from operating activities to financing activities and investing activities respectively in the current period. Prior period figure is reclassified accordingly.

(b) In the cash flow statement, proceeds from sale of property, plant and equipment, land use rights and intangible assets comprise:

Group	**2014**	2013
Net book amount	**236,140**	114,867
(Loss)/profit on disposal of property, plant and equipment, land use rights and intangible assets	**(63,807)**	24,160
Proceeds from disposal of property, plant and equipment, land use rights and intangible assets	**172,333**	139,027

38. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The (loss)/profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of loss of RMB639,810,000 (2013: profit of RMB2,616,420,000).

39. CONTINGENT LIABILITIES

The Group is a defendant in a number of 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 the Group.

40. FINANCIAL GUARANTEE CONTRACTS

The Group has guaranteed the bank loans of a number of subsidiaries, related parties and third parties. Under the terms of the financial guarantee contracts, the Group will make payments to reimburse the lenders upon failure of the guaranteed entities to make payments when due.

Terms and face value of the liabilities guaranteed were as follows:

		Group and Company	
		31 December 2014	31 December 2013
	Year of maturity	**Face value**	Face value
		RMB'000	*RMB'000*
Bank loans of:			
– Subsidiaries	2006-2026	**9,388,995**	2,481,290
– Related parties	2008-2025	**5,170,690**	4,790,506
– Third parties	2008-2024	**605,523**	73
		15,165,208	7,271,869

The method used in determining the fair value of these guarantees has been disclosed in Note 2.33.

41. COMMITMENTS

(a) Capital commitments

Capital expenditure of property, plant and equipment authorised by the board of directors which has not been contracted for as of 31 December 2014 amounts to RMB8,963,000 (2013: RMB564,331,000).

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

	Group	
	2014	2013
	RMB'000	*RMB'000*
Property, plant and equipment	**6,727,896**	18,161,359
Others	**1,251,629**	545,656
	7,979,525	18,707,015

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	
	2014	2013
	RMB'000	*RMB'000*
Land and buildings:		
– Within 1 year	**67,193**	128,162
– From 1 year to 5 years	**242,664**	256,769
– Over 5 years	**744,210**	801,060
	1,054,067	1,185,991

(c) Investment commitments

According to the agreement entered into on 16 August 2012, Mengxi-Huazhong Railway Company Limited ("Mengxi-Huazhong") was incorporated by the Company, China Railway Investment Corporation and other 14 companies. As a 10% shareholder, as at 31 December 2014 the Company has invested RMB1,013 million in Mengxi-Huazhong and is committed to further invest RMB5,684 million by instalments in the future.

According to the agreement entered into on 29 June 2011 between the Company, Yima Coal Industry Group Company Limited and Shanxi Haizi Jiaohua Company Limited ("Haizi Jiaohua"), as at 31 December 2014 the Company has paid RMB 178 million to Haizi Jiaohua as part of the consideration to acquire 51% interests in Jinchang and committed to pay the remaining consideration of RMB 301 million in the future when certain condition is fulfilled.

According to the agreement entered into on 29 June 2011 between the Company and Haizi Jiaohua, as at 31 December 2014 the Company has paid RMB 293 million to Haizi Jiaohua as part of the consideration to acquire 63% interests in Yushuo and committed to pay the remaining consideration of RMB 446 million in the future when certain condition is fulfilled.

According to the agreement entered into on 15 July 2006, Zhongtian Synergetic was incorporated by the Company, China Petroleum & Chemical Corporation and other 3 companies. As a 38.75% shareholder, as at 31 December 2014 the Company has invested RMB 5,012 million in Zhongtian Synergetic and is committed to further invest RMB1,188 million by instalments in the future.

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 related party transactions in the years ended 31 December 2014 and 2013.

(a) Related party transactions

	2014	2013
	RMB'000	*RMB'000*
Transactions with the Parent Company and fellow subsidiaries		
Coal Export and Sales (i)		
Charges paid for agency services of coal export	**2,022**	2,709
Integrated Materials and Services Mutual Provision (ii)		
Charges paid for production materials and ancillary services	**3,136,815**	3,433,814
Charges paid for social and support services	**91,148**	82,223
Revenue received from supply of production materials and ancillary services	**634,779**	503,380
Revenue received from provision of coal export-related services	**10,567**	–
Mine Construction, Design and General Contracting Service (iii)		
Charges paid for construction services	**3,704,268**	5,716,621
Property Leasing (iv)		
Rental charge paid	**93,590**	91,194
Land Use Right Leasing (v)		
Rental charge paid	**61,620**	61,620
Coal Supplies (vi)		
Coal purchase	**2,159,012**	522,202
Financial Services(vii)		
Loans provided	**300,000**	–
Deposits received	**2,138,685**	–
Interest paid	**10,072**	–
Interest received	**6,983**	–
Fee paid for use of trademark (viii)	**RMB1**	RMB1

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 agreement has been renewed to extend the term to 31 December 2017.

(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 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. The above two agreements have been renewed to extend the term to 31 December 2017.

(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.

The agreement has been renewed to extend the term to 31 December 2017.

(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.

42. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related party transactions (continued)

(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 agreement has been renewed to extend the term to 31 December 2017.

(vii) China Coal Finance and China Coal Group entered into a Financial Services Framework Agreement on 18 March 2014, under which the Company provides financial services to China Coal Group within its business scope. This agreement is valid until 31 December 2014, taking effect from 18 March 2014. The agreement has been renewed to extend the term to 31 December 2017.

(viii) The Company and China Coal Group entered into a Trademark License Framework Agreement on 5 September 2006, under which the Company is authorized to use partial registered trademarks of companies without use at the cost of RMB 1. This agreement is valid for 10 years, taking effect from 22 August 2006.

42. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related party transactions (continued)

	2014	2013
	RMB'000	*RMB'000*
Transactions with joint ventures:		
A loan provided to a joint venture	**102,000**	124,894
Interest income on loan to a joint venture	**7,725**	10,648
Revenue received from sales of coal	**164,759**	95,634
Purchases of goods and services:		
Purchases of coal	**30,214**	–
Transactions with associates:		
Sales and services provided:		
Sales of machinery and equipment	**3,971**	86,044
Sales of materials and spare parts	**4,170**	–
Railway rental income	**154,169**	163,362
Income from providing labor services	**14,242**	–
Sales of coal	**913,320**	367,835
Purchases of goods and services:		
Purchases of coal	**17,058**	–
Purchases of materials and spare parts	**–**	95,171
Transportation services	**466,419**	531,901

42. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related party transactions (continued)

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:

	2014	2013
	RMB'000	*RMB'000*
Salary, allowances and other benefits		
– Directors and supervisors	**2,341**	3,005
– Other key management	**4,589**	4,339
	6,930	7,344
Pension costs-defined contribution plans		
– Directors and supervisors	**123**	113
– Other key management	**381**	349
	504	462
	7,434	7,806

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 2013 and 2014, 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

	2014	2013
	RMB'000	*RMB'000*
With the parent company and fellow subsidiaries		
– Purchases of goods	**–**	391,104
– Purchases of services	**873,744**	1,281,900
– Leasing payments	**1,047,540**	1,174,976
Total	**1,921,284**	2,847,980

(c) Loan guarantees to related parties

	2014	2013
	RMB'000	*RMB'000*
Loan guarantees to related parties		
– Associates	**5,114,440**	4,610,506
– A joint venture	**56,250**	180,000
Total	**5,170,690**	4,790,506

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

As at 31 December 2014, 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 2014 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 and Sale of coal	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	RMB7,623,597,469	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	RMB2,865,513,920	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%	Trading 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
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%	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%	Mining and Sale 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%	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	RMB2,263,573,500	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	RMB1,111,488,600	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	RMB 464,766,400	100%	100%	Coal mining and Sale of coal	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

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
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	RMB2,198,601,000	100%	100%	Manufacture and sale of coal chemical products	Limited liability company
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 Sale of coal	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 Sale of coal	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	RMB8,869,060,000	100%	100%	Manufacture and Sale of 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	RMB 94,493,800	78.84%	78.84%	Coal mine development	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 mine development	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 and Sale of coal	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 mine development	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
China Coal Finance (中煤財務有限責任公司)	Beijing,the PRC 6 March 2014	RMB3,000,000,000	91%	91%	Grant loans,take deposits	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.

(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 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))*	Processing and Sale 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 coke	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	RMB260,000,000	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)	Tangshan, the PRC 16 June 2005	RMB965,583,000	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	RMB1,740,350,000	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	RMB2,344,000,000	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	RMB16,000,000,000	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 (朔州市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
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	RMB31,700,000	-	25.86%	Manufacture and Sale of environmental friendly equipments	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	RMB 1,000,000,000	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	RMB60,000,000	-	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有限公司)	Ordos, the PRC 9 June 2009	RMB153,000	-	65% *(note (c))*	Water supply	Limited liability company

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
CITIC (Jiangyin) Terminal Company Limited (中信(江陰)碼頭有限公司)	Jiangyin, the PRC 7 June 2010	RMB500,000,000	-	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
Guizhou Panjiang Libo Equipment Manufacturing Company Limited (貴州盤江力博裝備製造有限公司)	Guizhou,the PRC 11 July 2012	RMB15,408,200	-	16%	Design, manufacture and sale of machinery and equipment for coal industry	Limited liability company

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

	2010 Annual Report	2011 Annual Report	2012 Annual Report	2013 Annual Report (Restated)	**2014 Annual Report**
Revenue and Profit					
Revenue	70,302,637	87,773,054	87,291,670	82,316,482	**70,663,840**
Profit before income tax	10,998,895	14,041,860	12,789,087	6,401,221	**679,280**
Income tax	2,847,876	3,382,822	3,214,363	1,781,107	**191,768**
Profit for the year	8,151,019	10,659,038	9,574,724	4,620,114	**487,512**
Attributable to:					
Equity holders of the Company	7,466,357	9,801,542	8,842,210	3,805,128	**141,097**
Non-controlling interests	684,662	857,496	732,514	814,986	**346,415**
Dividends	1,986,651	2,072,693	2,851,145	2,784,319	**319,787**
Basic earnings per share attributable to the equity holders of the Company (RMB/share)	0.56	1.00	0.67	0.29	**0.01**
Assets and Liabilities					
Non-current assets	74,236,219	103,821,748	13,306,348	168,792,285	**188,231,241**
Current assets	48,699,970	56,111,496	49,381,353	47,727,822	**55,780,939**
Current liabilities	19,390,780	28,779,185	34,126,108	43,497,865	**48,928,809**
Net current assets	29,309,190	27,332,311	15,255,245	4,229,957	**6,852,130**
Total assets less current liabilities	103,545,409	131,154,059	151,561,593	173,022,242	**195,083,371**
Non-current liabilities	17,206,859	35,189,270	50,141,175	69,929,102	**92,154,223**
Net assets	86,338,550	95,964,789	101,420,418	103,093,140	**102,929,148**
Equity attributable to the equity holders of the Company	74,048,571	81,745,042	86,726,393	87,811,024	**86,903,743**
Non-controlling interests	12,289,979	14,219,747	14,694,025	15,282,116	**16,025,405**

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

BRIEF INFORMATION ABOUT SHARES OF THE COMPANY

Type of shares	**Stock of Exchange**	**Short name of stock**	**Stock Code**	**Short name of stock before for listing of Shares 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, 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

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, 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
Director(s)	the director(s) 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 No.3 Coal Mine	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
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)
Sino Life Insurance Company	Sino Life Insurance Co., Ltd.

Definitions

Tang Shan Gou Company	Shanxi Zhongxin Tangshangou Coal Industry Company Limited
Shuozhong Company	Shuozhou China Coal Pingshuo Energy Company Limited
Dazhong Company	Datong China Coal Export Base Development 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
Yuquan Coal Company	Shanxi Yangquan Yuxian Yuquan Coal Company Limited
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
HKSE Website	www.hkexnews.hk
SSE	the Shanghai Stock Exchange

Definitions

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
Listing Rules	the Hong Kong Listing Rules and SSE Listing Rules
RMB	RMB yuan

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