年度報告

Annual Report 2015

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: RMB100 million

Items	As at 31 December 2015	As at 31 December 2014	Percentage of Change (%)	Notes to financial statements
Assets	**2,580.26**	2,440.12	5.7	
Of which: Property, plant and equipment	**1,288.05**	1,263.67	1.9	Note 6
Mining rights and exploration rights	**328.44**	331.68	-1.0	Note 8
Investments in associates	**112.22**	101.35	10.7	Note 10(b)
Inventories	**68.25**	86.22	-20.8	Note 15
Trade and notes receivables	**132.69**	134.59	-1.4	Note 16
Term deposits with initial term of over three months	**184.16**	58.16	216.6	Note 18
Cash and cash equivalents	**111.96**	181.32	-38.3	Note 18
Equity	**1,002.82**	1,029.29	-2.6	
Of which: Equity attributable to the equity holders of the Company	**837.08**	869.04	-3.7	
Non-controlling interests	**165.74**	160.25	3.4	
Liabilities	**1,577.44**	1,410.83	11.8	
Of which: Long-term borrowings	**544.80**	510.16	6.8	Note 21
Long-term bonds	**258.96**	308.55	-16.1	Note 22
Provision for close down, restoration and environmental costs	**13.32**	12.45	7.0	Note 27
Trade and notes payables	**206.66**	234.21	-11.8	Note 24
Short-term borrowings	**56.58**	60.05	-5.8	Note 21

SUMMARY OF CONSOLIDATED INCOME STATEMENT

Unit: RMB100 million

Items	For the year ended 31 December 2015	For the year ended 31 December 2014	Percentage of Change (%)	Notes to financial statements
Revenue	**592.71**	706.64	-16.1	Note 5
Cost of sales	**551.67**	634.68	-13.1	Note 29
Gross profit	**41.04**	71.96	-43.0	
Profit from operations	**0.43**	24.97	-98.3	
(Loss)/Profit before income tax	**-35.76**	6.79	-626.7	
(Loss)/Profit for the year	**-28.28**	4.88	-679.5	
(Loss)/Profit attributable to the equity holders of the Company	**-32.67**	1.41	-2,417.0	
Basic (loss)/earnings per share attributable to the equity holders of the Company (RMB/Share)	**-0.25**	0.01	-2,600.0	Note 33

Overview of Key Financial Data

SUMMARY OF THE OPERATING RESULTS OF THE SEGMENTS (FOR THE YEAR ENDED 31 DECEMBER 2015 AND AS AT 31 DECEMBER 2015)

Unit: RMB100 million

Items	Coal Business	Coal chemical business	Coal mining equipment business	Other business	Non-operating Segment	Elimination	Total
Revenue	421.06	119.32	49.80	31.67	–	-29.14	592.71
Of which: Revenue from external transactions	404.66	119.15	44.99	23.91	–	–	592.71
Profit/(loss) from operations	-21.85	24.57	1.21	-0.35	-3.23	0.08	0.43
Profit/(loss) before income tax	-35.39	12.90	0.29	3.87	-17.36	-0.07	-35.76
Assets	1,296.75	556.47	178.59	238.12	335.99	-25.66	2,580.26
Liabilities	474.79	251.95	60.36	82.40	733.61	-25.67	1,577.44

SUMMARY OF CONSOLIDATED CASH FLOW STATEMENT

Unit: RMB100 million

Items	**For the year ended 31 December 2015**	For the year ended 31 December 2014
Net cash generated from operating activities	**72.85**	50.84
Net cash used in investing activities	**-263.22**	-177.67
Net cash generated from financing activities	**120.99**	195.85
Net (decrease)/increase in cash and cash equivalents	**-69.38**	69.02
Cash and cash equivalents at the beginning of the period	**181.32**	112.33
Net gain/(loss) in foreign exchange	**0.02**	-0.02
Cash and cash equivalents at the end of the period	**111.96**	181.32

Overview of Key Financial Data

RECONCILIATION OF (LOSS)/PROFIT BEFORE INCOME TAX TO NET CASH GENERATED FROM OPERATIONS

Unit: RMB100 million

Items	**For the year ended 31 December 2015**	For the year ended 31 December 2014
(Loss)/profit before income tax	**-35.76**	6.79
Adjustments for		
Depreciation and amortisation	**70.36**	54.53
Net losses on disposal of property, plant and equipment, land use rights and intangible assets	**0.40**	0.64
Provision for impairment of receivables, inventories and property, plant and equipment	**3.24**	5.07
Share of profits of in associates and joint ventures	**-3.62**	-1.34
Net foreign exchange gains	**-0.20**	-0.21
Net gains on disposal of subsidiaries	**-0.47**	–
Net (gains)/losses on disposal of investments	**-0.04**	0.05
Dividend income, interest income on term deposits with initial terms of over three months and loans receivable	**-6.29**	-5.94
Interest expense	**49.56**	27.33
Changes in working capital	**3.54**	-23.56
Provision of employee benefits	**-0.18**	-0.42
Provision for close down, restoration and environmental costs	**0.68**	0.04
Net cash inflow from operating activities	**81.22**	62.98

Overview of Business Data

Item			2015	2014 (restated)	Change (%)
I.	**Coal Operations (10 thousand tonnes)**				
	1.	Production volume of commercial coal	**9,547**	11,184	-14.6
	2.	Sales volume of commercial coal	**13,772**	15,689	-12.2
		Of which: Sales volume of self-produced commercial coal	**9,754**	10,609	-8.1
II.	**Coal Chemical Operations (10 thousand tonnes)**				
	(I)	Olefin			
		1. Production volume of polyethylene	**35.3**	9.7	263.9
		Sales volume	**35.3**	8.9	296.6
		2. Production volume of polypropylene	**33.0**	7.7	328.6
		Sales volume	**32.3**	6.8	375.0
	(II)	Urea			
		1. Production volume	**196.3**	105.6	85.9
		2. Sales volume	**175.4**	85.8	104.4
	(III)	Methanol			
		1. Production volume	**78.6**	57.7	36.2
		2. Sales volume	**79.6**	58.6	35.8
	(IV)	Coke			
		1. Production volume	**195.7**	194.4	0.7
		2. Sales volume	**208.2**	252.2	-17.4
		Of which: Sales volume of self-produced coke	**193.2**	200.4	-3.6
III.	**Coal mining equipment operations**				
	1.	Production value of coal mining equipment (RMB100 million)	**43.1**	55.6	-22.5
	2.	Sales volume of coal mining equipment (10 thousand tonnes)	**23.1**	25.1	-8.0

Notes:
1. The production volume of commercial coal for the reporting period and the corresponding period of 2014 did not include the volume of commercial coal produced by Hecaogou Coal Mine of Shaanxi.
2. The methanol sales volume of the Company includes sales of all proprietary methanol products produced by Heilongjiang Coal Chemical Group, a subsidiary of China Coal Group.
3. The sales volumes of olefin, urea and methanol for 2014 comprised those for the trial production period.

Production volume of commercial coal (10 thousand tonnes)		**2015**	2014 (restated)	Change (%)
Total		**9,547**	11,184	-14.6
Of which:	Pingshuo Company	**6,648**	8,459	-21.4
	Shanghai Energy Company	**813**	808	0.6
	China Coal Huajin Company	**995**	697	42.8

Overview of Business Data

Sales volume of commercial coal (10 thousand tonnes)			**2015**	2014	Change (%)
(1)	**Domestic sales of self-produced coal**		**9,723**	10,557	-7.9
	By region:	North China	**3,015**	5,347	-43.6
		East China	**4,754**	3,433	38.5
		South China	**1,383**	1,553	-10.9
		Others	**571**	224	154.9
	By coal type:	Thermal coal	**8,831**	9,939	-11.1
		Coking coal	**892**	618	44.3
(2)	**Self-produced coal export**		**31**	52	-40.4
	By region:	Taiwan, China	**31**	52	-40.4
	By coal type:	Thermal coal	**31**	52	-40.4
(3)	**Proprietary trading**		**3,609**	4,634	-22.1
	Of which:	Domestic resale	**3,417**	4,416	-22.6
		Import trading	**177**	215	-17.7
		Self-operated exports	**15**	3	406.7
(4)	**Agency**		**409**	446	-8.3
	Of which:	Import agency	**10**	66	-84.8
		Export agency	**206**	214	-3.7
		Domestic agency	**193**	166	16.3
Total			**13,772**	15,689	-12.2

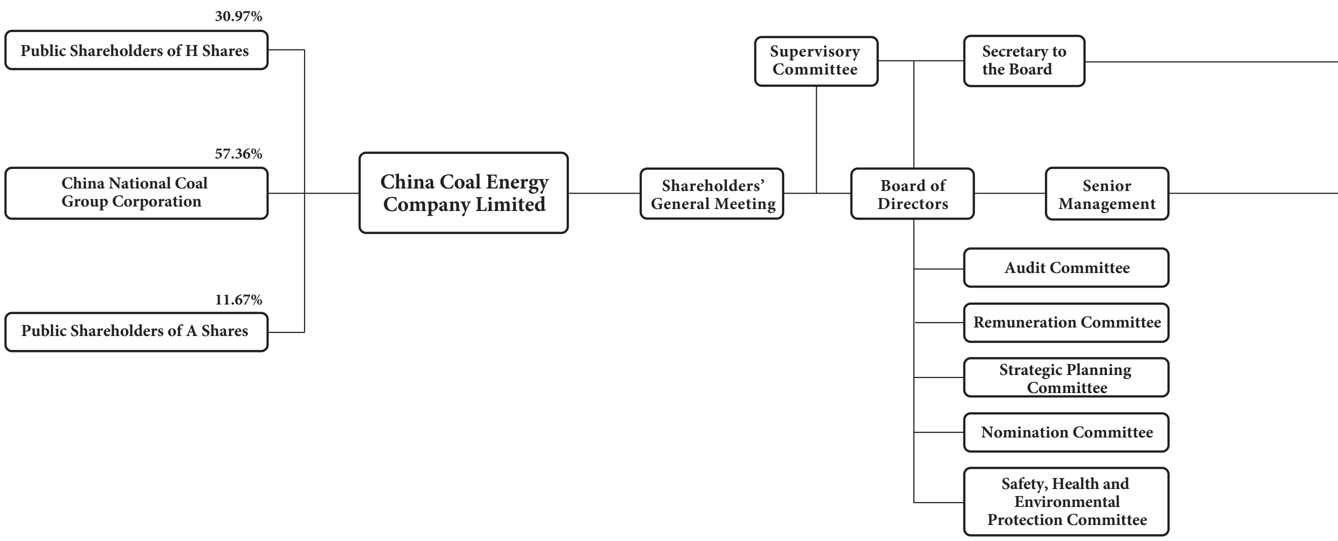
Production value of coal mining equipment (RMB100 million)	**2015**	2014	Change (%)
Conveyor equipment	**18.9**	23.1	-18.2
Support equipment	**12.1**	16.5	-26.7
Road header	**3.9**	5.1	-23.5
Shearer	**4.3**	5.6	-23.2
Electric mining motor	**3.9**	5.3	-26.4
Total	**43.1**	55.6	-22.5

Overview of Business Data

Coal resource reserve (100 million tonnes)	As of the end of 2015	Percentage (%)
By base:		
Shanxi	**79.45**	41.9
Inner Mongolia-Shaanxi	**92.89**	49.0
Jiangsu	**7.77**	4.0
Xinjiang	**6.56**	3.5
Heilongjiang	**3.08**	1.6
Total	**189.75**	100.0
By coal type:		
Thermal coal	**158.80**	83.7
Coking coal	**30.95**	16.3
Total	**189.75**	100.0

Note: In 2015, the Company verified to increase resource reserve 297.5 million tonnes, verified to decrease resource reserve 56 million tonnes, and utilized resource reserve 236.5 million tonnes. As at the end of 2015, the Company had coal resource reserve of 18.975 billion tonnes with mining rights in accordance with the mining standards of the PRC.

Organisation Chart of the Company



Organisation Chart of the Company

- Securities Affairs Department
- General office
- Department of Strategy Planning (International Collaboration & Development Department)
- Department of Human Resources
- Department of Operation Management
- Financial Department
- Production and Operation Command Centre
- Technology Management Centre
- Department of Coal Chemical Technology Management (Coal Chemical Research Institute)
- Department of Infrastructure Management
- Department of Science and Technology Development
- Department of Information Management
- Department of Safety, Health and Environmental Protection
- Department of Legal Affairs
- Auditing Department
- Department of Corporate Culture
- Purchase Centre
- Coal Sales Centre
- Coal Chemical Products Sales Center

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,

I would like to extend my sincere gratitude to all of you for your long-term interest in and support for China Coal Energy. On behalf of the Board, I hereby present the 2015 annual report to all Shareholders.

The year of 2015 was a very difficult year for Chinese coal industry. Amidst a complex world economic situation, a significant decline in the international energy prices and continuous slowdown of domestic economic growth, the supply and demand situation in the coal market suffered a serious imbalance and the loss of coal industry continued to increase. Under the unprecedented pressure of operation management, the Company took a series of vigorous steps to maintain stable production operation and eliminate fatal accidents in relation to production safety so as to realise safety production. However, due to the influences from the following factors, including but not limited to, the significant decline in the price of products such as coal, the Company incurred a loss for the first time since its listing and we hereby apologise for it.

During 2015, domestic coal prices continued to fall and the Company's operating revenue from coal operations declined significantly, resulting in an operating loss of the Company. The Bohai-Rim Steam-Coal Price Index continued to fall by more than RMB150/tonne to RMB370/tonne as compared with the beginning of 2015, representing a decrease of 30%. The composite selling prices of the Company's self-produced thermal coal and coking coal recorded a year-on-year decrease of RMB74/tonne and RMB124/tonne respectively, which severely constrained coal production and sales. Witnessing the severe situation, the Company timely adjusted its operation strategies, optimised production scheduling and adopted an efficiency-oriented approach to cutback and limit production voluntarily, focused on coal quality management, strengthened coal blending process and improved commercial coal quality, adjusted marketing strategies and vigorously explored new markets to strengthen market development in central and southwestern China and stabilise its sales channels. Meanwhile, through measures such as intensifying cost reduction at the source end, lowering production unit consumption, controlling labour cost, downsizing the outsourcing team and strengthening to repair the obsolete and utilize the waste, the Company focused on cost control during coal production and the Company's unit cost of sales of commercial coal decreased by 6.6% year-on-year. Under the scenario of decline in coal price and production cutback in 2015 which led to a decrease of RMB7.5 billion of profit, the Company made concerted effort to exploit potentials so as to increase profit of more than RMB5 billion, effectively alleviating the momentum of increasing loss of coal operations.

Following the successful production of projects such as Yulin Olefin, Tuke Fertiliser and Mengda Methanol, coal chemical operations have become a new profit growth driver of the Company. During 2015, the Company focused on equipment maintenance and operation management of coal chemical operations, actively eliminated defects and explored potentials, and raised production load to put into full and sound operation safely and stably in a long run. The production volume of coal chemical products increased substantially with an annual output of 683,000 tonnes of olefin, 1.963 million tonnes of urea and 786,000 tonnes of methanol and the major production indicators attained an advanced level in the industry. The Company has improved the mechanism for coal chemical management to achieve centralised sales of chemical products, create brand effect and vigorously explore the international and domestic market. Due to the decline in price of chemical products, the Company's profit before tax from newly launched coal chemical projects at the Inner Mongolia-Shaanxi base reached RMB1.52 billion, reflecting the impacts of adjustment of industrial structure.

Chairman's Statement

The Company constantly strengthened its internal management to enhance the standard of corporate operations and risk resistance capability. By way of comprehensive budgeting, the Company focused on lean management to improve its budget execution capability. To improve the construction of the system and mechanism, the Company promoted the integration of business and expedited governance on loss-suffering enterprises. The Company continued to deepen three reforms on labour, human resource and income distribution, streamline management and auxiliary structures and cut down total labour costs. Also, the Company actively revitalised the existing assets to enhance the profitability of assets. Furthermore, the Company strengthened the centralised procurement and enhanced effort to repair the obsolete and utilise the waste to lower the procurement and consumption costs. To retune the investment progress, the Company controlled its investing scale and brought investing risks under strict control. The Company also expanded its financing channel and optimized the financing structure to fully ensure capital needs for key projects. During 2015, through expediting the collection of trade receivables, reducing the scale of inventories, enhancing the management of capital centralisation and achieving substantial growth in the operating cash net inflow, the Company maintained its ordered production and operation.

Up till now, as China's economy has entered a new normal, coal enterprises should also adapt to and integrate into the new normal. During the "Thirteenth Five-Year Plan", the annual growth rate of gross domestic product will be maintained at above 6.5%. Following the development of the utilisation pattern and area of coal, the position of coal as the primary energy source in China will remain unchanged and the demand for coal will be kept in a large scale. The Chinese government is speeding up the supply-side structural reform so as to proactively dissolve overcapacity of coal, to eliminate backward production capacity, to exit around 0.5 billion tonnes of production capacity, to reduce and reorganise around 0.5 billion tonnes through 3 to 5 years. The central government is setting up the dedicated reward and compensation funds for industrial structure adjustment so as to dissolve overcapacity of the coal industry, resettle personnel in the process of dealing with the zombie companies. Meanwhile the central government is increasing support of financial and tax policies so as to strive to actively promote the basic balance between supply and demand in coal market, optimise the industry structure, achieve substantial progress in transformation and upgrade and facilitate the development of coal enterprises to shake off dilemma. From the internal perspective, the Company has achieved sound progress in the adjustment of industrial structure with the new coal chemical projects such as Yulin Olefin, Tuke Fertiliser and Mengda Methanol operating in a long-term and stable way. The production efficiency has been enhanced steadily while the economic benefit has been gradually reflected. Mengda Engineering Plastics Project and Pingshuo Inferior Coal Comprehensive Utilisation Project have proceeded in an orderly way and will strive to perform test run within the year of 2016. Pingshuo 2 × 660MW and 2 × 350MW low calorific value coal power generation projects, Datun 2 × 350MW Thermal Power Project and the Project of the Second Power Plant 2 × 660MW located in the north of Wucai Bay, Zhundong, Xinjiang have commenced full-scale construction, aiming to commerce trial operation in 2017. For the "Thirteenth Five-Year Plan", the Company will vigorously promote the development of clean and efficient utilisation of coal, devoting to create a new model of circular economy including coal-electricity-chemical and striving to become a clean energy supplier with relatively strong international competitiveness.

Chairman's Statement

The year of 2016 is the beginning of the "Thirteenth Five-Year Plan" and it will also be a crucial period for China Coal Energy to make up the deficit and shake off the dilemma. The Company will closely focus on the annual targets for production and operations on a market-oriented basis and efficiency-focused approach, highlighting "cutting overcapacity, destocking, deleveraging, reducing cost and remedying the weakness" so as to make efforts to mitigate the losses, strive for making up the deficit and achieve significant results. Firstly, the Company will optimise coal production with scientific mining to enhance coal blending. Secondly, the Company will continue to improve the operating standard of coal chemical projects by reducing production consumption and enhancing the product effectiveness. Thirdly, the Company will strengthen market development by enhancing marketing management and ensuring consolidated coordination between production and sales. Fourthly, the Company will focus on comprehensive budgeting management to intensify cost reduction from the source end, management and all staffs, expanding the headroom for higher efficiency and lower cost. Fifthly, the Company will continue to promote internal reform and strengthen corporate control to further stimulate the operating ability of the enterprise. Sixthly, the Company will speed up the construction of key projects, carry out structural transformation and upgrade and build a new industrial system. "After suffering hardships, greatness can finally be achieved". Going through the difficulties and endurance, motivation and vitality for the development of the Company will be stimulated. The management and all employees of the Company will meet the challenges with confidence and determination and overcome difficulties with courage and strength. We will exert every effort to accomplish various tasks, with an aim to achieve the sustainable and healthy development of the Company.

Li Yanjiang
Chairman

Beijing, the PRC
22 March 2016

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.

I. OVERVIEW

In 2015, the Group optimized the production organisation, spared no efforts in opening markets, strengthened cost reduction and potentiality-tapping, sped up the reorganization of industry structure, proactively addressed the impacts arising from the significant decrease in price of products including coal. For the year ended 31 December 2015, the Group's total revenue (net of inter-segment sales) amounted to RMB59.271 billion, representing a year-on-year decrease of RMB11.393 billion; profit before income amounted to RMB-3.576 billion, representing a year-on-year decrease of RMB4.255 billion; profit attributable to equity holders of the Company amounted to RMB-3.267 billion, representing a year-on-year decrease of RMB3.408 billion; net cash generated from operating activities amounted to RMB7.285 billion, representing a year-on-year increase of RMB2.201 billion; and basic earnings per share amounted to RMB-0.25, representing a year-on-year decrease of RMB0.26.

Unit: RMB100 million

	For the year ended 31 December 2015	For the year ended 31 December 2014	**Increase/decrease** Increase/ decrease in amount	Increase/ decrease (%)
Revenue	**592.71**	706.64	-113.93	-16.1
(Loss)/Profit before income tax	**-35.76**	6.79	-42.55	-626.7
EBIDA	**70.79**	79.50	-8.71	-11.0
(Loss)/Profit attributable to equity holders of the Company	**-32.67**	1.41	-34.08	-2,417.0
Net cash generated from operating activities	**72.85**	50.84	22.01	43.3

As at 31 December 2015, the gearing ratio (total interest-bearing debts/(total interest-bearing debts+equity)) of the Group was 53.0%, representing an increase of 4.9 percentage points from the beginning of 2015.

Unit: RMB100 million

	As at 31 December 2015	As at 31 December 2014	**Increase/decrease** Increase/ decrease in amount	Increase/ decrease (%)
Assets	**2,580.26**	2,440.12	140.14	5.7
Liabilities	**1,577.44**	1,410.83	166.61	11.8
Interest-bearing debts	**1,130.26**	952.08	178.18	18.7
Equity	**1,002.82**	1,029.29	-26.47	-2.6
Equity attributable to the equity holders of the Company.	**837.08**	869.04	-31.96	-3.7

Management Discussion and Analysis of Financial Conditions and Operating Results

II. OPERATING RESULTS

(1) Combined Operating Results

1. Revenue

For the year ended 31 December 2015, the Group's total revenue (net of inter-segmental sales) decreased from RMB70.664 billion for the year ended 31 December 2014 to RMB59.271 billion, representing a decrease of 16.1%. The Group recorded a year-on-year decrease in production and sales price of commercial coal, which was mainly attributable to the market conditions, resulting in a year-on-year decrease of RMB17.601 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 RMB1.091 billion due to the year-on-year decrease in sales volume of coal mining equipment products. However the Group accelerated industrial operation transformation, leading to a year-on-year increase of RMB7,630 million in the respect of coal external sales revenue due to the major coal chemical projects in Inner Mongolia-Shaanxi base gradually putting into operation in the second half of 2014.

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 2015 in comparison with the year ended 31 December 2014 are set out as follows:

Unit: RMB100 million

	Revenue net of inter-segmental sales		**Increase/decrease**	
	For the year ended 31 December 2015	For the year ended 31 December 2014	Increase/ decrease in amount	Increase/ decrease (%)
Coal operations	**404.66**	580.67	-176.01	-30.3
Coal chemical operations	**119.15**	42.85	76.30	178.1
Coal mining equipment operations	**44.99**	55.90	-10.91	-19.5
Other operations	**23.91**	27.22	-3.31	-12.2
Total	**592.71**	706.64	-113.93	-16.1

The proportion of revenue net of inter-segmental sales generated by each operating segment of the Group for the year ended 31 December 2015 and the year ended 31 December 2014 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 2015	For the year ended 31 December 2014	Increase/ decrease in (percentage point(s))
Coal operations	**68.3**	82.2	-13.9
Coal chemical operations	**20.1**	6.1	14.0
Coal mining equipment operations	**7.6**	7.9	-0.3
Other operations	**4.0**	3.8	0.2

2. *Cost of sales*

For the year ended 31 December 2015, the Group's cost of sales decreased from RMB63.468 billion for the year ended 31 December 2014 to RMB55.167 billion, representing a decrease of 13.1%.

Material costs decreased 23.3% from RMB31.555 billion for the year ended 31 December 2014 to RMB24.200 billion, representing 43.9% of cost of sales, of which, the costs of proprietary coal trading and external purchase of raw coal for washing purpose decreased on a year-on-year basis, and the material costs of coal operations decreased by RMB6.802 billion on a year-on-year basis, due to several measures adopted by the Group such as further strengthening the management of material consumption quota, enhancing the repair of the obsolete and the utilisation of the waste, and centralising procurement of materials; the reduction in orders for coal mining equipment operations affected by market conditions led to a year-on-year decrease of RMB1,056 million in material costs; major coal chemical projects at Inner Mongolia-Shaanxi base commencing production since the second half of 2014 led to a year-on-year increase of RMB1.829 billion in material costs of coal chemical operations; and coal chemical projects commencing operation together with increase of intra-trading between coal business and coal chemical business led to the inter-segment elimination of material costs experiencing a year-on-year increase of RMB1,203 million.

Staff costs decreased 2.4% from RMB4.335 billion for the year ended 31 December 2014 to RMB4.230 billion, representing 7.6% of cost of sales. The decrease was mainly due to conscientiously implementing the principle which linked remunerations with performance by each enterprise, further enhancing controls over gross salaries, strengthening reduction on labour dispatch workforce and diminution on gross manpower required.

Depreciation and amortisation costs increased 29.5% from RMB4.935 billion for the year ended 31 December 2014 to RMB6.393 billion, representing 11.6% of the cost of sales. The increase was mainly attributable to the reason that the major coal chemical projects at Inner Mongolia-Shaanxi base were gradually put into operation during the second half of 2014, leading to a year-on-year increase of RMB1.389 billion in cost of depreciation and amortisation for coal chemical operations.

Repairs and maintenance costs decreased 1.2% from RMB835 million for the year ended 31 December 2014 to RMB824 million, representing 1.5% of the cost of sales. The decrease was mainly attributable to the full utilisation of the self-repair capacities of the subordinate enterprises of the Group and decrease in outsourced repair as well as strengthening routine equipment repair and maintenance.

Transportation costs and port expenses decreased 0.8% from RMB11.834 billion for the year ended 31 December 2014 to RMB11.735 billion, representing 21.3% of the cost of sales. The decrease was mainly due to the year-on-year decrease of RMB673 million in transportation costs and port expenses for coal operations resulting from the decrease in sales volume of the Group's self-produced commercial coal, while there was an increase of RMB611 million in transportation costs and port expenses for coal chemical operations contributed by the major coal chemical projects at Inner Mongolia-Shaanxi base which were gradually put into operation during the second half of 2014.

Sales taxes and surcharges increased 38.5% from RMB1.078 billion for the year ended 31 December 2014 to RMB1.493 billion, representing 2.7% of the cost of sales. The increase was mainly attributable to the reform of coal resource tax featured by price-based tax calculation and collection, resulting in a year-on-year increase of RMB525 million in resource tax. Furthermore, with the impact of market circumstances, the decrease was attributable to a year-on-year decrease in profit of the Group, which led to a year-on-year reduction of RMB97 million in urban maintenance and construction tax and RMB70 million in education surcharge.

Outsourcing mining engineering fees for coal mines decreased 59.8% from RMB2.805 billion for the year ended 31 December 2014 to RMB1.127 billion, representing 2.0% of the cost of sales. The decrease was mainly due to the fact that all coal producing enterprises further strengthened their management on outsourcing business, and strictly controlled the outsourcing business unit price and year-on-year decrease in outsourcing stripping volume and roadheading length, which incurred a smaller outsourcing mining engineering fees for coal mines.

Other costs decreased 15.2% from RMB6.091 billion for the year ended 31 December 2014 to RMB5.165 billion, representing 9.4% of the cost of the sales. The decrease was mainly attributable to a reduction in other costs from coal business segments by RMB1.469 billion because of the fact that all coal enterprises no longer made provision for sustainable development fund (reserve) during 2015. As the major coal chemical projects at Inner Mongolia-Shaanxi base were gradually put into operation during the second half of 2014, other costs generated from coal chemical segments witnessed a corresponding increase of RMB659 million.

3. *Gross profit and gross profit margin*

For the year ended 31 December 2015, gross profit of the Group decreased from RMB7.196 billion for the year ended 31 December 2014 to RMB4.104 billion, representing a decrease of 43.0%; and gross profit margin decreased from 10.2% for the year ended 31 December 2014 to 6.9%, representing a decrease of 3.3 percentage points.

The gross profit and gross profit margin of each of the Group's operating segments for the year ended 31 December 2015 and the changes as compared to the same period of 2014 are as follows:

Unit: RMB100 million

	Gross profit			Gross profit margin (%)		
	For the year ended 31 December 2015	For the year ended 31 December 2014	Increase/ decrease (%)	**For the year ended 31 December 2015**	For the year ended 31 December 2014	Increase/ decrease (percentage point(s))
Coal operations	**1.19**	56.13	-97.9	**0.3**	9.6	-9.3
Self-produced commercial coal	**0.13**	53.86	-99.8	**0.04**	13.7	-13.66
Proprietary coal trading	**1.13**	1.84	-38.6	**0.9**	1.0	-0.1
Coal chemical operations	**28.74**	3.22	792.5	**24.1**	7.5	16.6
Coal mining equipment operations	**8.86**	10.41	-14.9	**17.8**	17.0	0.8
Other operations	**2.43**	2.98	-18.5	**7.7**	8.3	-0.6
Group	**41.04**	71.96	-43.0	**6.9**	10.2	-3.3

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

(2) Operating Results of Segments

1. Coal segment

• *Revenue*

Revenue from the coal operations of the Group was mainly generated from sales of coal produced from our own coal mines and coal washing plants (sales of self-produced commercial coal) to domestic and overseas customers. In addition, the Group also purchased coal from external coal enterprises for resale to customers (sales of proprietary coal trading) and was engaged in coal import and export and domestic agency services.

For the year ended 31 December 2015, the total revenue from coal operations of the Group decreased from RMB58.464 billion for the year 31 December 2014 to RMB42.106 billion, representing a decrease of 28.0%; revenue net of inter-segmental sales decreased from RMB58.067 billion for the year ended 31 December 2014 to RMB40.466 billion, representing a decrease of 30.3%.

Management Discussion and Analysis of Financial Conditions and Operating Results

For the year ended 31 December 2015, revenue from sales of self-produced commercial coal of the Group decreased from RMB39.245 billion for the year ended 31 December 2014 to RMB29.092 billion, representing a decrease of 25.9%. Revenue net of inter-segmental sales decreased from RMB38.900 billion for the year ended 31 December 2014 to RMB28.705 billion, representing a decrease of 26.2%; of which, revenue from thermal coal was RMB24.948 billion, representing a year-on-year decrease of RMB10.585 billion; revenue from coking coal was RMB3.757 billion, representing a year-on-year increase of RMB390 million. In 2015, the Group's sales of self-produced commercial coal recorded 97.54 million tonnes, a year-on-year decrease of 8.55 million tonnes, leading to a decrease of RMB3.134 billion in sales revenue; and the weighted average sales price of self-produced commercial coal decreased by RMB73/tonne on year-on-year basis to RMB294/tonne, leading to a reduction of RMB7.061 billion in respect of sales revenue.

Revenues from resale of coal that was purchased from external coal enterprises (sales of proprietary coal trading) decreased 32.9% from RMB18.750 billion for the year ended 31 December 2014 to RMB12.578 billion. Revenue net of sales revenue from inter-segmental trading decreased from RMB18.750 billion for the year ended 31 December 2014 to RMB11.369 billion, representing a decrease of 39.4%.

Revenue from agency services experienced a year-on-year decrease of RMB7 million, reaching RMB11 million.

Changes in the Group's coal sales volume and selling price for the year ended 31 December 2015 in comparison with the year ended 31 December 2014 are set out as follows:

		For the year ended 31 December 2015		For the year ended 31 December 2014		**Increase/decrease** 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	**9,754**	**294**	10,609	367	-855	-73	-8.1	-19.9
	(I) Thermal coal	**8,862**	**282**	9,991	356	-1,129	-74	-11.3	-20.8
	1. Domestic sale	**8,831**	**281**	9,939	355	-1,108	-74	-11.1	-20.8
	2. Export	**31**	**435**	52	545	-21	-110	-40.4	-20.2
	(II) Coking coal	**892**	**421**	618	545	274	-124	44.3	-22.8
	1. Domestic sale	**892**	**421**	618	545	274	-124	44.3	-22.8
	2. Export	☆	☆	☆	☆	–	–	–	–
II. Proprietary coal trading	Total	**3,609**	**315**	4,634	405	-1,025	-90	-22.1	-22.2
	(I) Domestic resale	**3,417**	**309**	4,416	399	-999	-90	-22.6	-22.6
	(II) Import trading	**177**	**396**	215	494	-38	-98	-17.7	-19.8
	(III) Transshipment trading	☆	☆	☆	☆	–	–	–	–
	(IV) Self-operated exports*	**15.2**	**706**	3.0	1,967	12.2	-1,261	406.7	-64.1
III. Import and export and domestic agency★	Total	**409**	**3**	446	4	-37	-1	-8.3	-25.0
	(I) Import agency	**10**	**5**	66	9	-56	-4	-84.8	-44.4
	(II) Export agency	**206**	**4**	214	5	-8	-1	-3.7	-20.0
	(III) Domestic agency	**193**	**1**	166	1	27	–	16.3	–

☆: N/A for the period.

★: Selling price is agency service fee.

* : Briquette export.

- *Cost of sales*

For the year ended 31 December 2015, cost of sales for the Group's coal operations decreased from RMB52.851 billion for the year ended 31 December 2014 to RMB41.987 billion, representing a decrease of 20.6%. Changes in major cost items are set out as follows:

Unit: RMB100 million

Item	**For the year ended 31 December 2015**	For the year ended 31 December 2014	**Increase/decrease** Increase/ decrease in amount	Increase/ decrease (%)
Material costs (excluding cost of external purchases of raw coal for washing purpose and proprietary coal trading cost)	**44.80**	50.85	-6.05	-11.9
Cost of external purchases of raw coal for washing purpose	**11.28**	12.27	-0.99	-8.1
Proprietary coal trading cost★	**122.11**	183.09	-60.98	-33.3
Staff costs	**29.00**	32.53	-3.53	-10.9
Depreciation and amortisation	**41.82**	42.27	-0.45	-1.1
Repairs and maintenance	**6.79**	7.86	-1.07	-13.6
Transportation costs and port expenses	**106.14**	112.87	-6.73	-6.0
Outsourcing mining engineering fee	**11.27**	28.05	-16.78	-59.8
Sales taxes and surcharges	**12.88**	10.25	2.63	25.7
Other costs*	**33.78**	48.47	-14.69	-30.3
Total cost of sales for coal operations	**419.87**	528.51	-108.64	-20.6

★: This cost does not include transportation costs 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 2015, the Group's cost of sales of self-produced commercial coal was RMB29.079 billion, representing a year-on-year decrease of RMB4.780 billion or 14.1%; the unit cost of sales of self-produced commercial coal was RMB298.16/tonne, representing a year-on-year decrease of RMB20.99/tonne or 6.6%; the cost of proprietary coal trading was RMB12.465 billion, representing a year-on-year decrease of RMB6.101 billion or 32.9%; and the unit cost of external sales of proprietary coal trading was RMB312.45/tonne, representing a year-on-year decrease of RMB88.22/tonne or 22.0%.

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 2015	For the year ended 31 December 2014	Increase/decrease: Increase/ decrease in amount	Increase/decrease: Increase/ decrease (%)
Material costs (excluding cost of external purchases of raw coal for washing purpose)	**45.94**	47.93	-1.99	-4.2
Cost of external purchases of raw coal for washing purpose	**11.57**	11.57	–	–
Staff costs	**29.74**	30.66	-0.92	-3.0
Depreciation and amortisation	**42.88**	39.84	3.04	7.6
Repairs and maintenance	**6.96**	7.41	-0.45	-6.1
Transportation costs and port expenses	**106.23**	103.97	2.26	2.2
Sales taxes and surcharges	**13.21**	9.66	3.55	36.7
Outsourcing mining engineering fee	**11.56**	26.44	-14.88	-56.3
Other costs	**30.07**	41.67	-11.60	-27.8
Unit cost of sales of self-produced commercial coal	**298.16**	319.15	-20.99	-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 2015 was mainly attributable to:

Unit material costs decreased by RMB1.99/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 a year-on-year decrease of RMB605 million in terms of material costs.

Unit staff costs decreased by RMB0.92/tonne, mainly due to conscientiously implementing the principle which linked remunerations with performance by each enterprise, further enhancing controls over gross salaries, strengthening reduction on labour dispatch workforce and diminution on gross manpower required, leading to a total decrease of RMB353 million in staff costs.

Unit depreciation and amortisation increased by RMB3.04/tonne, which was mainly attributable to a year-on-year decrease in the production volume of self-produced commercial coal.

Unit repair and maintenance costs decreased by RMB0.45/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 increased by RMB2.26/tonne, mainly due to the combining effect of the increase in the sales of the Group's self-produced commercial coal for which railway freight and port charges had to be born and the increase in the railway freight.

Unit sales taxes and surcharges increased by RMB3.55/tonne, mainly due to the year-on-year increase in resource tax paid by the Group after the reform of coal resource tax featured by price-based tax calculation and collection with effect from 1 December 2014.

Unit outsourcing mining engineering decreased by RMB14.88/tonne. This was mainly due to the Group's subsidiaries' efforts in the further strengthening of management of outsourced business, strictly controlling unit price of outsourced business, and a decrease in outsourcing mining engineering costs by RMB1.678 billion caused by a year-on-year reduction in outsourced stripping volume and roadheading length.

Other costs per unit decreased by RMB11.60/tonne. The decrease was mainly due to the reason that after the reform of coal resource tax featured by price based tax calculation and collection with effect from 1 December 2014, the relevant coal enterprises of the Group no longer made provision for sustainable development fund. (RMB1.41 billion was made provision for 2014). At the same time, the Group took measures to reduce costs and explore potentials, and cut down the amount of non-production related sporadic projects and expenses for small and medium projects. All aforementioned factors combined led to a year-on-year decrease of other costs of RMB1.469 billion.

- *Gross profit and gross profit margin*

For the year ended 31 December 2015, the Group's gross profit from coal operations decreased from RMB5.613 billion for the year ended 31 December 2014 to RMB119 million, representing a decrease of 97.9%; and gross profit margin decreased by 9.3 percentage points from 9.6% for the year ended 31 December 2014 to 0.3%.

2. *Coal chemical operations*

- *Revenue*

For the year ended 31 December 2015, the Group's revenue from coal chemical operations increased from RMB4.285 billion for the year ended 31 December 2014 to RMB11.932 billion, representing an increase of 178.5%, and revenue net of inter-segmental sales increased by 178.1% from RMB4.285 billion for the year ended 31 December 2014 to RMB11.915 billion; of which Yulin Olefin Project officially commenced production from the beginning of 2015, contributing a revenue of RMB5.553 billion, Tuke Fertiliser Project and Mengda Methanol Project started production from the second half of 2014 and kept operation for the whole year of 2015, contributing an increase of RMB3.049 billion in revenue, while the revenue of coke sales experienced a year-on-year decrease of RMB844 million due to a year-on-year decrease in coke price and sales volume.

During the year of 2015, the revenue of olefin sales amounted to RMB4.926 billion, mainly due to Yulin Olefin Project officially commenced production from the beginning of 2015. Revenue generated from the sales of urea reached RMB2.870 billion, increasing by RMB2.255 billion as compared to the RMB615 million of 2014, mainly due to an increase of urea revenue of RMB2.238 billion arising from the whole year stable operation of Tuke Fertiliser Project, and an increase of urea revenue of RMB17 million arising from coke oven gas-based chemical fertilizer project in Lingshi of Shanxi. Methanol sales revenue increased from RMB712 million for 2014 to RMB1.139 billion, representing an increase of RMB427 million, mainly due to an increase of methanol revenue of RMB507 million arising from the whole year operation of Mengda Methanol Project. The Group's coke revenue decreased from RMB2.344 billion for 2014 to RMB1.500 billion, representing a decrease of RMB844 million.

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 at 31 December 2015		For the year ended at 31 December 2014		Increase/decrease in amount		**Increase/decrease** Increase/decrease	
	Sales Volume (10,000 tonnes)	**Selling price (RMB/ tonne)**	Sales Volume (10,000 tonnes)	Selling price (RMB/ tonne)	Sales Volume (10,000 tonnes)	Selling price (RMB/ tonne)	Sales Volume (%)	Selling price (%)
I. Olefin								
1. Polyethylene	**35.3**	**7,771**	☆	☆	35.3	–	–	–
2. Polypropylene	**32.3**	**6,751**	☆	☆	32.3	–	–	–
II. Methanol◆	**79.6**	**1,432**	36.3	1,959	43.3	-527	119.3	-26.9
III. Urea	**175.4**	**1,637**	39.2	1,566	136.2	71	347.4	4.5
IV. Coke								
1. Self-produced	**193.2**	**712**	200.4	907	-7.2	-195	-3.6	-21.5
2. Proprietary trading	**15.0**	**836**	51.4	1,021	-36.4	-185	-70.8	-18.1
3. Export agency＊	**0.02**	**20**	0.4	12	-0.38	8	-95.0	66.7

◆: including sales of methanol produced by Heilongjiang Coal Chemical Group, a subsidiary of China Coal Group with 22,800 tonnes in 2015 and 56,300 tonnes in 2014.

＊: Selling price is agency service fee.

☆: N/A for the period.

- *Cost of sales*

For the year ended 31 December 2015, the Group's cost of sales of coal chemical operations increased from RMB3.963 billion for the year ended 31 December 2014 to RMB9.058 billion, representing an increase of 128.6%. The details are set out below:

Unit: RMB100 million

Item	**For the year ended 31 December 2015**	For the year ended 31 December 2014	**Increase/decrease** Increase/ decrease in amount	Increase/ decrease (%)
Material costs	**49.01**	30.72	18.29	59.5
Staff costs	**4.76**	1.14	3.62	317.5
Depreciation and amortisation	**16.22**	2.33	13.89	596.1
Repairs and maintenance	**1.42**	0.45	0.97	215.6
Transportation costs and port expenses	**10.30**	4.19	6.11	145.8
Sales taxes and surcharges	**1.58**	0.10	1.48	1,480.0
Other costs	**7.29**	0.70	6.59	941.4
Total cost of sales for coal chemical operations	**90.58**	39.63	50.95	128.6

The cost of sales of the major chemical products of the Group for the year ended 31 December 2015 and the changes as compared to the same period of 2014 are set out as follows:

	Cost of sales (RMB100 million)			**Unit cost of sales (RMB/tonne)**		
	For the year ended 31 December 2015	For the year ended 31 December 2014	Increase/ decrease in amount	**For the year ended 31 December 2015**	For the year ended 31 December 2014	Increase/ decrease in amount
Olefin	**28.94**	☆	28.94	**4,279**	☆	–
Methanol	**9.90**	6.41	3.49	**1,245**	1,763	-518
Urea	**21.38**	5.34	16.04	**1,219**	1,361	-142
Coke	**15.99**	24.52	-8.53	**768**	974	-206

☆: N/A for the period.

Yulin Olefin Project of the Group was put into operation at the beginning of 2015. Cost of sales of olefin was RMB2.894 billion, and unit cost of sales was RMB4,279/tonne. Cost of sales of methanol and urea increased as compared to the same period of 2014, while unit cost of sales decreased as compared to the same period of 2014, mainly due to the commencement of operation of Tuke Fertiliser Project and Mengda Methanol Project in the second half of 2014, resulting in a lower unit cost. Cost of sales and unit cost of sales of coke decreased as compared to the same period of 2014 as a result of the decrease in sales of coke and purchase price of raw coal required for coke production as compared to the same period of 2014.

- *Gross profit and gross profit margin*

  For the year ended 31 December 2015, the gross profit of the Group's coal chemical operations increased by RMB2.552 billion from RMB322 million for year ended 31 December 2014 to RMB2.874 billion, and the gross profit margin increased from 7.5% for the year ended 31 December 2014 to 24.1%, representing an increase of 16.6 percentage points. This was mainly due to the accelerated business transformation of the Group and putting into production of major coal chemical projects of the Inner Mongolia-Shaanxi base since the second half of 2014, resulting in the increase of gross profit and higher gross profit margin of the coal chemical business.

3. *Coal mining equipment segment*

- *Revenue*

  For the year ended 31 December 2015, the Group's revenue from the coal mining equipment operations decreased from RMB6.135 billion for the year ended 31 December 2014 to RMB4.980 billion, representing a decrease of 18.8%, of which the revenue net of inter-segmental sales decreased from RMB5.590 billion for the year ended 31 December 2014 to RMB4.499 billion, representing a decrease of 19.5%. This was mainly due to the reason that affected by the demand and supply condition in the market, the sales volume of coal mining equipment decreased on a year-on-year basis.

- *Cost of sales*

  For the year ended 31 December 2015, the Company's cost of sales for the coal mining equipment operations decreased from RMB5.094 billion for the year ended 31 December 2014 to RMB4.094 billion, representing a decrease of 19.6%. The major cost items and the changes as compared to the same period of 2014 are set out as follows:

Unit: RMB100 million

Item	**For the year ended at 31 December 2015**	For the year ended at 31 December 2014	**Increase/decrease** Increase/ decrease in amount	Increase/ decrease (%)
Materials used and goods traded costs	**24.86**	35.42	-10.56	-29.8
Staff costs	**5.02**	5.67	-0.65	-11.5
Depreciation and amortisation	**2.96**	1.71	1.25	73.1
Repairs and maintenance	**0.45**	0.78	-0.33	-42.3
Transportation costs	**0.85**	1.10	-0.25	-22.7
Sales taxes and surcharges	**0.21**	0.19	0.02	10.5
Other costs	**6.59**	6.07	0.52	8.6
Total costs of sales of coal mining equipment operations	**40.94**	50.94	-10.00	-19.6

- *Gross profit and gross profit margin*

For the year ended 31 December 2015, the gross profit of the Group's coal mining equipment operations segment decreased from RMB1.041 billion for the year ended 31 December 2014 to RMB886 million, representing a decrease of 14.9%; and the gross profit margin increased from 17.0% for the year ended 31 December 2014 to 17.8%, representing an increase of 0.8 percentage point.

4. Other operations

For the year ended 31 December 2015, the Group's total revenue from other operations such as power generation and aluminum decreased from RMB3.612 billion for the year ended 31 December 2014 to RMB3.167 billion, representing a decrease of 12.3%, of which revenue net of inter-segmental sales decreased from RMB2.722 billion for the year ended 31 December 2014 to RMB2.391 billion, representing a decrease of 12.2%. Cost of sales decreased from RMB3.314 billion for the year ended 31 December 2014 to RMB2.924 billion, representing a decrease of 11.8%. Gross profit decreased by 18.5% from RMB298 million for the year ended 31 December 2014 to RMB243 million, and gross profit margin decreased from 8.3% for the year ended 31 December 2014 to 7.7%, representing a decrease of 0.6 percentage point.

(3) Selling, General and Administrative Expenses

For the year ended 31 December 2015, the Group's selling, general and administrative expenses decreased from RMB4.904 billion for the year ended 31 December 2014 to RMB4.400 billion, representing a decrease of 10.3%, mainly due to the Group further consolidated its control over expenses which led to an year-on-year decrease in expenses.

(4) Other Net Gains

For the year ended 31 December 2015, other net gains of the Group increased from RMB188 million for the year ended 31 December 2014 to RMB283 million, representing an increase of 50.5%. 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 2015, the Group's profit from operations decreased by 98.3% from RMB2.497 billion for the year ended 31 December 2014 to RMB43 million. The decrease was primarily attributable to the decrease in profit from coal operations of RMB4.832 billion due to the year-on-year decrease in sales volume and prices of the Group's self-produced commercial coal as affected by market conditions. However, with the Group accelerating industrial transformation, the profit from coal chemical operation recorded a year-on-year increase of RMB2.314 billion mainly due to the reason that the major coal chemical projects in Inner Mongolia-Shaanxi base were gradually put into operation during the second half of 2014.

Profits from operations for major operating segments and the changes as compared to the same period of 2014 are as follows:

Unit: RMB100 million

	For the year ended 31 December 2015	For the year ended 31 December 2014	**Increase/decrease** Increase/ decrease in amount	Increase/ decrease (%)
The Group	**0.43**	24.97	-24.54	-98.3
Of which: Coal operations	**-21.85**	26.47	-48.32	-182.5
Coal chemical operations	**24.57**	1.43	23.14	1618.2
Coal mining equipment operations	**1.21**	1.33	-0.12	-9.0
Other operations	**-0.35**	-0.22	-0.13	59.1

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 2015, the Group's net finance costs increased by 103.9% from RMB1.952 billion for the year ended 31 December 2014 to RMB3.981 billion. Finance income increased by 26.6% from RMB763 million for the year ended 31 December 2014 to RMB966 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 82.2% from RMB2.715 billion for the year ended 31 December 2014 to RMB4.947 billion. This was mainly due to the increase of RMB994 million as compared to the same period of 2014 in expensed interest expenses as a result of putting into operation of major coal chemical projects of the Inner Mongolia-Shaanxi base successively since the second half of 2014. In addition, interest bearing debts as at 31 December 2015 stood at RMB113.026 billion, representing a net increase of RMB17.818 billion over RMB95.208 billion as at 31 December 2014.

(7) Share of Profits of Associates and Jointly Controlled Entities

For the year ended 31 December 2015, the Group's share of profits of associates and jointly controlled entities increased from RMB134 million for the year ended 31 December 2014 to RMB362 million, representing an increase of 170.1%. This was mainly attributable to the year-on-year increase in the Group's share of profits recognised in proportion to its shareholding resulting from the increase in profits generated from the investees of the Group, including power plants and terminals during the reporting period.

(8) Profit before Income Tax

For the year ended 31 December 2015, the profit of the Group before income tax decreased from RMB679 million for the year ended 31 December 2014 to RMB-3.576 million, representing a decrease of 626.7%.

(9) Income Tax Expenses

For the year ended 31 December 2015, the Group's income tax expenses decreased from RMB192 million for the year ended 31 December 2014 to RMB-748 million, representing a decrease of 489.6%.

(10) Profit Attributable to Equity Holders of the Company

For the year ended 31 December 2015, profit attributable to the equity holders of the Company decreased from RMB141 million for the year ended 31 December 2014 to RMB-3.267 billion, representing a decrease of 2,417.0%.

III. CASH FLOW

As at 31 December 2015, the balance of the Group's cash and cash equivalents amounted to RMB11.196 billion, representing a net decrease of RMB6.936 billion as compared to RMB18.132 billion as at 31 December 2014.

Net cash generated from operating activities increased by 43.3% from RMB5.084 billion for the year ended 31 December 2014 to RMB7.285 billion. The Group's profit before tax decreased by RMB4.255 billion year-on-year. After deducting non-cash costs such as depreciation and amortisation, 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 RMB886 million. Meanwhile, the Group strengthened the cash management and strictly controlled the utilization of working capital. The change in amount of utilised working capital increased cash inflow by RMB2.710 billion year-on-year. In addition, due to the decrease in profit year-on-year, cash outflow for income tax payment decreased by RMB377 million year-on-year.

Net cash used in investing activities increased by 48.2% from RMB17.767 billion for the year ended 31 December 2014 to RMB26.322 billion, of which the year-on-year decrease of RMB9.806 billion in cash used for activities such as project construction, equipment purchase, resources reserve and other long-term assets purchase and equity investment. Since the movement of fixed term deposits with initial terms exceeding three months of the Group led to a year-on-year increase in cash outflow of RMB14.989 billion (net outflow for the period amounted to RMB12.600 billion, while net inflow for the same period of the prior year amounted to RMB2.389 billion), the consolidated effect led to the increase in net cash outflow arising from investing activities. In addition, the consolidation of the Finance Company into the Group led to an increase of cash inflow of RMB2.730 billion.

Net cash generated from financing activities decreased from RMB19.585 billion for the year ended 31 December 2014 to RMB12.099 billion, representing a decrease of 38.2%. This was mainly attributable to the year-on-year decrease of RMB12.996 billion in cash received from borrowings, the year-on-year increase of RMB10.488 billion in cash received from insurance of bonds, and the year-on-year increase of RMB4.931 billion in cash repayment of debts.

IV. LIQUIDITY AND SOURCES OF CAPITAL

For the year ended 31 December 2015, the Group's funds were mainly derived from the proceeds generated from business operations, bank borrowings and net proceeds raised in capital markets. The Group's funds were mainly used for investments in production facilities and equipment for coal, coal chemical and coal mining equipment operations, repayment of debts payable by the Group, and the Group's working capital and general recurring expenditures.

The cash generated from the Group's operation, net proceeds from share offering in the global and domestic capital markets and relevant banking facilities obtained will provide sufficient 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 2015, the net value of property, plant and equipment of the Group amounted to RMB128.805 billion, representing a net increase of RMB2.438 billion or 1.9% as compared to RMB126.367 billion as at 31 December 2014. 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 2015 and 31 December 2014, the composition of the Group's property, plant and equipment (net value) is set out below:

Unit: RMB100 million

	As at 31 December 2015	**Percentage (%)**	As at 31 December 2014	Percentage (%)
Buildings	**295.81**	**23.0**	228.29	18.1
Mining Structures	**143.50**	**11.1**	135.83	10.7
Plant, machinery and equipment	**404.68**	**31.4**	332.91	26.3
Railway structures	**29.57**	**2.3**	26.85	2.1
Motor vehicles, fixtures and others	**12.88**	**1.0**	14.12	1.1
Construction in progress	**401.61**	**31.2**	525.67	41.7
Total	**1,288.05**	**100.0**	1,263.67	100.0

(2) Mining and Exploration Rights

As at 31 December 2015, the net value of the Group's mining and exploration rights amounted to RMB32.844 billion, representing a net decrease of RMB324 million or 1.0% as compared to RMB33.168 billion as at 31 December 2014, mainly due to the amortisation of mining rights during the period.

(3) Intangible Assets

As at 31 December 2015, the intangible assets of the Group was RMB1.363 billion as compared to the RMB264 million as at 31 December 2014, representing an increase of RMB1.099 billion or 416.3%, mainly due to the commencement of operation of Yulin Olefin Project generating a gross value of RMB1.149 billion for intangible assets.

(4) Investments in Associates

As at 31 December 2015, the Group's net investment into associates amounted to RMB11.222 billion as compared to the RMB10.135 billion as at 31 December 2014, representing an increase of RMB1.087 billion or 10.7%, mainly due to a capital increase of RMB1.163 billion in Zhongtian Synergetic Company based on proportions to its shareholding, and an injection of RMB535 million capital into Ezhou Power Generation Company to participate in the equity interest. In addition, the Group ceased to exercise significant influence over Coal Gasification Longquan Company and therefore the investment of RMB675 million in it was presented as available-for-sale financial assets, and China Coal Yuanxing Company ceased to exercise significant influence over Boyuan Joint Chemical Company and Sulige Natural Gas Chemical Company, therefore the investment of RMB154 million in the aforesaid two companies was presented as available-for-sale financial assets.

(5) Investments in Joint Ventures

As at 31 December 2015, the net value of the Group's investment into joint ventures amounted to RMB1.879 billion, representing an increase of RMB1.208 billion or 180.0% compared to the RMB671 million as at 31 December 2014, mainly due to the Shaanxi Company's recognition of RMB1.200 billion long-term equity investment of Hecaogou Company upon the establishment of the latter.

(6) Available-for-sale Financial Assets

As at 31 December 2015, the net value of the Group's available-for-sale assets amounted to RMB5.567 billion, representing an increase of RMB1.226 billion or 28.2% as compared to RMB4.341 billion of 31 December 2014. This was mainly attributable to the facts that the Group ceased to exercise significant influence over Coal Gasification Longquan Company and therefore the investment of RMB675 million in it was presented as available-for-sale financial assets, and China Coal Yuanxing Company ceased to exercise significant influence over Boyuan Joint Chemical Company and Sulige Natural Gas Chemical Company, therefore the investment of RMB154 million in the aforesaid two companies was presented as available-for-sale financial assets. In addition, the Group increased its capital in Mengxi-Huazhong Railway Company by RMB400 million in proportion to shareholding ratio.

(7) Other Non-current Assets

As at 31 December 2015, the net value of other non-current assets of the Group amounted to RMB6.717 billion, representing a net decrease of RMB462 million or 6.4% as compared to RMB7.179 billion as at 31 December 2014. This was mainly attributable to presenting Shaanxi Company's prepayment of investment capital of RMB1.200 billion for Hecaogou Company as investment in joint venture upon the establishment of the latter, and Shaanxi Company's prepayments of RMB500 million for Dahaize Coal Mine coal resources as well as the Finance Company offering RMB317 million loans to the Group's non-listing subsidiaries.

(8) Prepayments and Other Receivables

As at 31 December 2015, the net value of prepayments and other receivables amounted to RMB9.727 billion, representing an increase of RMB2.510 billion or 34.8% as compared to RMB7.217 billion as at 31 December 2014. The increase was mainly rising from an entrusted loan of RMB1.550 billion borrowed by Zhongtian Synergetic Company from the Finance Company through the Group, and other RMB1.374 billion receivables generated from a change in Pingshuo Company's subsidiaries scope for the newly consolidated Shanxi Chinacoal Pingshuo Xinyuan Company Limited.

(9) Borrowings

As at 31 December 2015, the balance of borrowings of the Group amounted to RMB70.157 billion, representing a net increase of RMB6.304 billion or 9.9% as compared to RMB63.853 billion as at 31 December 2014. 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 RMB64.499 billion, representing a net increase of RMB6.651 billion as compared to RMB57.848 billion as at 31 December 2014, and the balance of short-term borrowings amounted to RMB5.658 billion, representing a net decrease of RMB347 million as compared to RMB6.005 billion as at 31 December 2014.

(10) Long-term Bonds

As at 31 December 2015, the balance of long-term bonds of the Group amounted to RMB25.896 billion, representing a net decrease of RMB4.959 billion or 16.1% from RMB30.855 billion as at 31 December 2014. The increase was mainly attributable to the issuance of RMB10 billion medium-term notes by the Company, and medium-term notes of RMB14.973 billion with maturity in 2016 issued by the Group are set out in long-term bonds circulation.

VI. SIGNIFICANT PLEDGE OF ASSETS

As for the year ended 31 December 2015, the Group did not have significant pledge of assets.

VII. SIGNIFICANT INVESTMENT

For details of significant investment of the Group during the reporting period, please refer to the section "Directors' Report" in this report.

VIII.MATERIAL ACQUISITIONS AND DISPOSALS

For details of material acquisitions and disposals during the reporting period, please refer to the section "Directors' Report" in this report. Saved as the disclosed in this section, the Group did not have material acquisitions and disposals in relating to subsidiaries, associates and joint ventures during the reporting period.

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

During the reporting period, the Company registered to issue medium term notes. For details, please refer to the section "Directors' Report - Other Significant Events" in this report. During the reporting period, Shanghai Energy Company, a subsidiary of the Group, issued the short-term financing bonds of RMB1 billion, and Pingshuo Company, a subsidiary of the Company, issued the short-term financing bonds of RMB1 billion.

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 2015, the Group provided guarantees for a total amount of RMB14.413 billion, of which RMB5.845 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	4,350	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	18,600	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	6,700	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	30,325.5	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	6,250	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	58,300	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	431,579.1	28 April 2013	28 April 2013	28 April 2025	Joint and several liability guarantee	No	No	–	Yes	No	–
Shanghai Datun Energy Resources Company Limited	Subsidiary	Fengpei Railway Company Limited	869.2	21 November 2013	21 November 2013	20 April 2024	Joint and several liability guarantee	No	No	–	Yes	No	–
China Coal Shaanxi Yulin Energy & Chemical Company Limited	Subsidiary	Yan'an Hecaogou Coal Mine Company Limited	12,500	28 December 2015	29 November 2015	1 September 2025	Joint and several liability guarantee	No	No	–	Yes	No	
China Coal Shaanxi Yulin Energy & Chemical Company Limited	Subsidiary	Yan'an Hecaogou Coal Mine Company Limited	5,000	28 December 2015	30 December 2015	30 December 2018	Joint and several liability guarantee	No	No	–	Yes	No	–
Total guarantee incurred during the reporting period (excluding those provided to subsidiaries)													6,833.6
Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries)													584,454.9
Guarantee provided by the Company to its subsidiaries													
Total guarantee to subsidiaries incurred during the reporting period													-82,054.2
Total balance of guarantee to subsidiaries as at the end of the reporting period (B)													856,845.3
Total guarantee of the Company (including those to subsidiaries)													
Total guarantee (A+B)													1,441,300.20
Percentage of total guarantee to net assets of the Company (%)													17.2
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)													560,635.7
Excess amount of total guarantee over 50% of net assets (E)													–
Total amount of the above three categories (C+D+E)													560,635.7

(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 2015, 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 2015, the Group had neither entrusted wealth management nor investments in derivatives.

(2) Entrusted Loans

1. 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	155,000	65,000	310,200

2. *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 Mine Company Limited	50,000	One year	6.6	–	No	No	No	No	No	–	3,300	1,687
Yan'an Hecaogou Coal Mine Company Limited	95,000	Six months	6.6	–	No	No	Yes	No	No	–	3,135	1,237
Zhongtian Synergetic Energy Company Limited	155,000	Three months	4.35	–	No	No	No	No	No	–	1,742	918
Hebei Sinocoal Risun Coking Company	10,200	Three years	7.47	–	No	No	Yes	No	No	–	2,286	762

3. *Other investments in wealth management products and derivatives*

As at 31 December 2015, the Group had no other investments in wealth management products or investments in derivatives.

Business Performance

I. PRINCIPAL BUSINESS OPERATIONS OF THE COMPANY IN 2015

The Company is a large scale energy enterprise integrating business such as coal production and trading, coal chemical operations, coal equipment manufacturing and relevant services as well as pit mouth power generation. Through years of accumulation and development, the Company possesses certain resource advantages, a relatively reasonable business structure, advanced technology for coal mining, washing and preparation of coal, comprehensive marketing and customer service network, and gradually establishes positive brand reputation.

(1) Coal Operations

In 2015, the situation of imbalance between supply and demand in the domestic coal market intensified, resulting in continuous fall in the coal price and greater operating pressure for coal enterprises. The Company actively responded to the challenging situation by reinforcing market development, optimising production scheduling, strengthening quality control of coal, striving to improve product mix as well as continuing to promote cost reduction and efficiency improvement so as to reduce the loss in coal operations.

1. Coal production

The Company highlighted the market-oriented approach, organized coal production in a scientific and reasonable manner, enhanced the coordination among production, transportation and sales, increased the production volume of mines with relatively higher efficiency and adopted production cutback and limitation for certain mines with weaker market competitiveness, which effectively improved product structure and coal quality. During the reporting period, the production volume of commercial coal reached 95.47 million tonnes, representing a year-on-year decrease of 16.37 million tonnes or 14.6%, of which the production volume of thermal coal amounted to 86.61 million tonnes, representing a year-on-year decrease of 18.2%, and coking coal amounted to 8.86 million tonnes, representing a year-on-year increase of 47.2%.

Addressing hardship such as the shrinking market of thermal coal and difficult organization of production, Pingshuo Company coordinated and rationalized production schedule of open pit mines and underground coal mines, continued to optimize product structure, enhanced control for coal quality in each stages of production, washing and preparation and shipping, accelerated land acquisition and relocation work and achieved a roadheading length of 19,918 metres; and recorded a commercial coal production volume of 66.48 million tonnes, representing a year-on-year decrease of 21.4%. Wangjialing Coal Mine of China Coal Huajin Company maintained stable production with high efficiency. Yaping Mine completed its technical renovation and was put into production. China Coal Huajin Company achieved a roadheading length of 12,926 metres; and recorded a commercial coal production volume of 9.95 million tonnes, representing a year-on-year increase of 42.8%, of which clean coking coal amounted to 5.64 million tonnes, representing a year-on-year growth of 18.7%. Shanghai Energy Company proactively optimized production layout, stabilized coal production volume, increased proportion of washing coal, achieved a roadheading length of 34,689 metres; and recorded a commercial coal production volume of 8.13 million tonnes, remaining basically flat year-on-year.

Commercial Coal Production Volume (10 thousand tonnes)	2015	2014 (restated)	Change (%)
Total	**9,547**	11,184	-14.6
Of which: Pingshuo Company	**6,648**	8,459	-21.4
Shanghai Energy Company	**813**	808	0.6
China Coal Huajin Company	**995**	697	42.8

Note: The production volume of commercial coal for the reporting period and the corresponding period of 2014 did not include the volume of commercial coal produced by Hecaogou Coal Mine of Shaanxi.

2. *Coal sales*

The Company flexibly adjusted its marketing strategy, optimised market layout, introduced innovative business cooperation model, and actively explored new markets and new clients. The Company strengthened coal quality management, intensified blending of low-sulphur coal purchased externally, improved product structure, enhanced quality of commercial coal quality. Moreover, the Company strengthened its sales service management and improved its service standard in a customer-centred approach. During the reporting period, owing to the decline in demand of domestic coal market, the Company recorded accumulated sales volume of commercial coal of 137.72 million tonnes, representing a year-on-year decrease of 12.2%, of which sales volume of self-produced commercial coal amounted to 97.54 million tonnes, representing a year-on-year decrease of 8.1%. Pingshuo Company's sales volume of self-produced commercial coal amounted to 65.91 million tonnes, representing a year-on-year decrease of 21.9%. Shanghai Energy Company's sales volume of self-produced commercial coal amounted to 7.29 million tonnes, representing a year-on-year growth of 1.3%. China Coal Huajin Company's sales volume of self-produced commercial coal amounted to 9.76 million tonnes, representing a year-on-year growth of 48.8%.

Owing to the year-on-year decrease in the coal sales volume, during the reporting period, the Company's railway transportation volume of self-produced commercial coal reached 75.40 million tonnes, representing a year-on-year decrease of 13.19 million tonnes or 14.9%.

Business Performance

Sales volume of commercial coal (10 thousand tonnes)			2015	2014	Change (%)
(I)	**Domestic sales of self-produced coal**		**9,723**	10,557	-7.9
	By region:	North China	**3,015**	5,347	-43.6
		East China	**4,754**	3,433	38.5
		South China	**1,383**	1,553	-10.9
		Others	**571**	224	154.9
	By coal type:	Thermal coal	**8,831**	9,939	-11.1
		Coking coal	**892**	618	44.3
(II)	**Self-produced coal export**		**31**	52	-40.4
	By region:	Taiwan, China	**31**	52	-40.4
	By coal type:	Thermal coal	**31**	52	-40.4
(III)	**Proprietary trading**		**3,609**	4,634	-22.1
	Of which:	Domestic resale	**3,417**	4,416	-22.6
		Import trading	**177**	215	-17.7
		Self-operated exports	**15**	3	406.7
(IV)	**Agency sales**		**409**	446	-8.3
	Of which:	Import agency	**10**	66	-84.8
		Export agency	**206**	214	-3.7
		Domestic agency	**193**	166	16.3
Total			**13,772**	15,689	-12.2

(2) Coal Chemical Operations

In 2015, the Company strengthened production control of coal chemical enterprises, optimised the operating parameter of devices, and stabilised production load. Coal chemical projects generally performed well, with increased productivity of key products such as olefin, urea and methanol, advantage of scale of which started to emerge. The Company focused on quality control of products. By improving comprehensive marketing network for coal chemical products, key products achieved smooth sales. Mainly affected by the fall in international crude oil price, the price of major domestic chemical products declined significantly, which affected the profits of coal chemical products to some extent. The Company strengthened operating management and focused on decreasing costs and improving efficiency. Coal chemical sector achieved better economic benefit, which to some extent alleviated the operating pressure brought by the decline in coal business.

During the reporting period, the Company's Yulin Olefin Project achieved full-load operation with stable product quality and robust production and sales, producing 683,000 tonnes of polyolefin in total and selling 676,000 tonnes, which represented a year-on-year increase of 509,000 tonnes and 519,000 tonnes respectively.

Tuke Fertiliser Project fully utilized its productivity advantage with efforts to reduce unit consumption and actively developed domestic and overseas markets. During the reporting period, the Company accumulatively produced 1.963 million tonnes of urea, representing a year-on-year growth of 85.9%; and sold 1.754 million tonnes of urea, representing a year-on-year growth of 104.4%.

Mengda Methanol Project maintained stable operation since its commencement of operation and actively penetrated into surrounding markets with smooth sales of products. During the reporting period, the Company accumulatively produced 786,000 tonnes of methanol, representing a year-on-year growth of 36.2%; and sold 796,000 tonnes of methanol, representing a year-on-year growth of 35.8%.

Production and sales volume of coal chemical products (10 thousand tonnes)	2015	2014	Change (%)
(I) Olefin			
1. Production volume of polyethylene	**35.3**	9.7	263.9
Sales volume	**35.3**	8.9	296.6
2. Production volume of polypropylene	**33.0**	7.7	328.6
Sales volume	**32.3**	6.8	375.0
(II) Urea			
1. Production volume	**196.3**	105.6	85.9
2. Sales volume	**175.4**	85.8	104.4
(III) Methanol			
1. Production volume	**78.6**	57.7	36.2
2. Sales volume	**79.6**	58.6	35.8
(IV) Coke			
1. Production volume	**195.7**	194.4	0.7
2. Sales volume	**208.2**	252.2	-17.4
Of which: Sales volume of self-produced coke	**193.2**	200.4	-3.6

Notes: 1. The methanol sales volume of the Company includes sales of all proprietary methanol products produced by Heilongjiang Coal Chemical Group, a subsidiary of China Coal Group.

2. The sales volumes of olefin, urea and methanol for 2014 comprised those for the trial production period.

(3) Coal Mining Equipment Operations

During 2015, domestic coal demand continued to shrink, resulting in more fierce market competition. The Company proactively launched coal mining professional services, making effort to increase its revenue from equipment repairing and accessories operations. The Company strengthened its ability to tackle R&D breakthroughs and improved the overall competitiveness of the products. Also, the Company took advantage of the "One Belt, One Road" policy to actively develop overseas market. During the reporting period, the Company achieved RMB4.31 billion production value of coal mining equipment, representing a year-on-year decrease of 22.5%. The total production volume of coal mining equipment reached 230,000 tonnes, representing a year-on-year decrease of 15.8%, of which 8,735 units (sets) were major coal mining equipment.

Coal mining equipment	Production value (RMB100 million) 2015	2014	Change (%)	Sales revenue (RMB100 million) 2015	Percentage of operating revenue of the coal mining equipment segment (%)
Conveyor equipment	**18.9**	23.1	-18.2	7.2	14.5
Support equipment	**12.1**	16.5	-26.7	9.3	18.7
Road header	**3.9**	5.1	-23.5	0.6	1.2
Shearer	**4.3**	5.6	-23.2	2.7	5.4
Electric mining motor	**3.9**	5.3	-26.4	3.1	6.2
Total	**43.1**	55.6	-22.5	49.8	–

Note: 1. The revenue of the products in the table represents the sales revenue of the coal mining equipment segment before deducting the inter-segment revenue.

2. The total sales revenue of RMB4.98 billion included revenues generated from accessories, services and trading.

(4) Coordination among Operating Sectors

The Company strived to stabilize its tradition principal businesses, expedited industrial transformation and upgrade and perfected circular industrial chain including coal-electricity-chemical to promote coordinated development among the operating sectors. During the reporting period, the power plants of the Company proactively carried forward clean and efficient utilization of coal and consumed 1.46 million tonnes of self-produced low calorific value coal. Coal chemical projects in the region of Inner Mongolia and Shaanxi exerted more effort on local transformation of self-produced coal, which timely consumed 1.13 million tonnes of engineering coal in surrounding coal mines under construction. The segment of coal equipment achieved internal products sales and service revenue of RMB481 million, representing 9.7% of sales revenue of the segment, which alleviated the operating pressure brought by the rapid decline in equipment market to some extent.

II. ANALYSIS OF CORE COMPETITIVENESS

The Company's core business segments focus on coal, coal chemical, electricity and coal mining equipment. Leveraging on the bases located in Shanxi, Inner Mongolia-Shaanxi, Jiangsu, Heilongjiang and Xinjiang, the Company is dedicated to becoming a clean energy supplier with relatively strong international competitiveness.

The principal coal business of the Company has distinctive advantages with its leading technologies and techniques in coal mining, washing, preparation and blending in the industry. The production costs of the coal mines are lower than most of the coal enterprises in China. Both the capable and efficacious production method and economies of scale of cluster development constitute the core competitive advantage of the Company. The Company boasts abundant coal resources. Mining areas in Pingshuo, Shanxi and Hujierte, Ordos 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. Resource advantages enable the Company to win the market competition and provide favourable conditions for achieving sustainable development.

The Company adheres to the optimization of industrial structure, actively develops core business such as coal chemical and electric power. The Company's coal-based fertiliser project constructed in the base in Inner Mongolia-Shaanxi which is the largest single urea plant project in the PRC, has officially commenced operation and opened up export channels, with favourable advantages in terms of size and cost. The coal-based olefin project produced qualified products following a single commissioning test run, which 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 Mengda Engineering Plastics and Pingshuo Inferior Coal Comprehensive Utilisation Project 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 2015, four power plant projects were granted approvals and started construction in full swing. The Company's advantage in owning complete industrial chain of coal-chemical-electricity has laid a solid foundation for the Company to gain comparative cutting edges and improve its core competitiveness.

The Company is 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.

The Company is also the world's only large-scale energy enterprise, which is able to engage in manufacturing coal mining machinery, coal mining, washing, preparation and processing, logistics and transportation as well as provision of system solution, with the advantages of whole industrial chain for coal. The advantages of the complete industrial chain of the Company can effectively expand the product scope and services, improve the Company's capability in coal production and sales, and reinforce the Company's risk resistance capability and core competitiveness.

In recent years, the Company adhered to the established strategy so as to expedite extension of coal business to coal chemical and coal power generation with a shift of development mode from scale and speed-oriented extensive growth model to the quality and efficiency-focused intensive model. Coal business achieved scale development and innovative coal chemical became a new growth driver. Power industry also made new achievements while equipment industry stayed ahead of the industry. Amidst the predicament of the industry, the Company vigorously pushed forward quality enhancement, cost reduction and efficiency improvement so as to maintain a sound financial structure and further enhance risk resistance capability, thus laying a solid foundation for sound and fast development of the Company in a new era.

III. COMPETITIVE LANDSCAPE IN THE INDUSTRY

In 2015, the imbalance between supply and demand in the Chinese coal market remained prominent, complicated by high coal stockpiles across the country and falling coal prices, resulting in fierce competition in coal market and difficulties in the collection of coal proceeds, which brought greater operating pressure for coal enterprises. According to the data from the National Bureau of Statistics, total nationwide coal output amounted to 3.75 billion tonnes in 2015, down by 3.3% year-on-year. The coal consumption of China in 2015 decreased by 3.7% year-on-year. The coal price witnessed a further decrease with the Bohai-Rim Steam-Coal Price Index at an average RMB423/tonne over the whole year, representing a year-on-year decrease of 18.7%. The level of coal inventories remained high, with the nationwide coal inventories amounted to over 300 million tonnes for 48 consecutive months.

Under the circumstances of overcapacity in coal and coal-consuming industries and rapid development of alternative energy, the Chinese government has been accelerating the supply-side reform by expanding its effort in "cutting overcapacity, destocking, deleveraging, reducing cost and remedying the weakness" and other aspects. Specialised fund for adjustment of industrial enterprise structure to support de-capacity in steel, coal and other industries will be established. Relevant national ministries are formulating related work plan to gradually eliminate backward production capacity, strictly control additional productivity and encourage mergers and reorganisation of medium and small scale coal mines by large scale coal enterprise, so as to improve industrial concentration and promote business structure towards medium and high end. With the gradual release of reform dividend as well as the implementation of relevant policies for making up the deficit of coal, resources of coal industry will flow into superior enterprises while backward productivity will be gradually eliminated, thus relieving the rapid decline in industrial benefits.

Pingshuo Company, the principle coal enterprise of the Company, possesses rich resource reserve with high coal production efficiency and convenient railway transportation, being one of the major customers of Daqin Line. China Coal Huajin Company has stable quality of coking coal and the products of which are able to arrive at the Port of Rizhao and the steel enterprises along the route through Jinzhong South Railway. Shanghai Energy Company is based on East China market, taking advantages of its own railway and inland water transport, and has established long-term cooperative relationship with key steel enterprises such as Baosteel and Shagang. The base in Inner Mongolia-Shaanxi would enable the Company to deliver coal to the ports in Bohai-Rim Region including Caofeidian Harbour in the future through Mengji Railway. Furthermore, since 4 February 2016, national railway freight was reduced by RMB0.01/tonne kilometre, which would bring about positive effects on reduction of logistic cost and operating pressure of the Company.

IV. INDUSTRY DEVELOPMENT TRENDS OF THE BUSINESS OF THE COMPANY

In 2016, owing to slowdown in the growth rate of macroeconomics, adjustments of energy structure and other factors, the situation of imbalance between coal supply and demand would continue. Coal production capacity is excessive while coal consumption is expected to remain low. Among major coal transport corridors, the transport capacity of Daqin Line has reached a surplus of around 50 million tonnes and capacity of Shuohuang Line has been increased to 350 million tonnes after finalising upgrading. Following Daqin Line and Shuohuang Line, Mengji Railway has become the third energy corridor in China and it has opened to traffic at the beginning of 2016 after its completion. The bottleneck of domestic coal transportation is expected to be overcome in the future with an improved transport capacity. For import, the import volume of China in 2015 recorded a year-on-year decrease of 29.98%, but it is expected to maintain certain scale in 2016.

Considering various factors such as domestic coal supply and demand, transportation and imported coal, the supply and demand imbalance is anticipated to remain unchanged in 2016 and will be expected to persist for a long time. However, following the implementation of supply-side reform policies of the Chinese government, the national coal production volume is expected to decrease to some extent in 2016, gradually alleviating the serious overcapacity.

V. PRODUCTION AND OPERATION PLANS OF THE COMPANY IN 2016

Faced with the challenging market conditions in 2015, the Company focused on the annual production and operation targets, strengthened the coordination between production and sales, rationalised production schedule, optimised product mix, enhanced product quality, vigorously reduced cost and improved efficiency and strived to maintain the stable running of production and operations. During the reporting period, the Company achieved commercial coal production volume of 95.47 million tonnes and sales volume of self-produced commercial coal of 97.54 million tonnes, which was slightly lower than planned at the beginning of 2015. Unit cost of sales of self-produced commercial coal fell by 6.6% year-on-year. The Company's operating income fell by 16.1% year-on-year, primarily attributable to the continuing coal prices decline and the Company's voluntary initiative to limit production.

In 2016, the Company will stick to the general requirement of "overcoming all difficulties with firm confidence" by rationalising production schedule in a scientific and reasonable manner, reinforcing connection between production, transportation and marketing; optimising product mix, continuously enhancing cost and expense control, accelerating transformation and upgrade and proactively coping with the challenging market conditions. Production volume and the sales volume of self-produced commercial coal is planned to be 80 million tonnes for 2016. The Company will strive to control the unit cost of sales of self-produced commercial coal at the level as 2015. The Company will stabilize the scale of operating revenue and achieve operating revenue of around RMB50 billion in 2016. In addition, the Company will strictly control the growth of expenses, make efforts to mitigate the losses, strive for making up the deficit and achieve significant results.

Firstly, the Company will take the initiative to adapt to the changes brought by the supply-side reform of the Chinese government. Under the requirement of "prioritizing efficiency, stabilising production and improving quality, and optimising structure", the Company will organise production in a scientific manner, strengthen coal blending and make effort to complete production work.

Secondly, the Company will continue to enhance the operating standard of coal chemical projects. The Company will reduce production consumption and improve product benefits.

Thirdly, the Company will strengthen market-orientation. The Company will adhere to the principle of "paying equal attention on both quantity and price", enhance marketing organization and ensure perfect coordination between production and sales.

Fourthly, the Company will improve the level of refined management, strengthen management and control on budgeting, highlight process control, target management and performance assessment and strictly control the growth of cost and expenses. The Company will continue to promote internal reform and enhance enterprise management and control to further stimulate the operations of the enterprise.

Fifthly, the Company will optimize investment structure, establish new industrial mechanism and advance key projects. The Company will strictly manage and control project investment, accelerate structural adjustments and promote transformation and upgrade, as an effort to achieve long-term stable development of the Company.

Sixthly, the Company will further push for safety and quality standardisation, improve the safety management and risk pre-control system, tighten management and control for coal, coal chemical and other key business sectors. The Company will promote annual target management of energy conservation and environmental protection and strengthen daily supervision and examination.

Seventhly, the Company will reinforce innovation-driven strategy, secure technology investment, enhance technology management, proceed major technology projects in an orderly way so as to support construction of new bases as well as upgrade and transformation of old bases. The Company will promote the application of information integration and, by taking advantages of "Internet+", explore the transformation, upgrade, innovation and development of traditional industry.

Due to the slowdown in current economic growth rate and great fluctuation in the coal market, actual implementation of the above operation plans may be subject to adjustments according to the actual circumstances of the Company. Thus, the operation plans disclosed herein would not constitute any commitment to results to investors by the Company. Investors should be informed and aware of risk in this connection.

VI. ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group has been persistent to the developing philosophy of "building a green Chinacoal with great appreciation and respect to the natural environment", and taking the target of building" resource-conservative, environmental-friendly" enterprise as its long-term development strategy, and persisting in the practice of "green, recycle, low carbon" in the development. When exploring the way to construct ecological and civilized society, the Group strengthens environmental management, promotes energy saving, actively develops circular economy, and strives to construct eco-mining site, achieving coordinated development between resources development and ecology environment. As for daily operation, the Group insists on strictly controlling its emission and fair use of various resources. In compliance with relevant laws and regulations, the Group also formulates and implements internal regulation and standards regarding respects of emissions, polluting water treatment, disposal of waste and emissions, and the use of resources, trying to minimise the influence of production and operation on ecosystem. In the year 2015, the Group invested RMB79.31 million into 42 projects, such as waste water treatment, smoke desulphurisation and denitrification renovation, solid waste treatment and ecological constructions, further improving the quality of regional environment. Meanwhile, the Group is dedicated to maintaining and consolidating a healthy operating environment for its firm and ordered development. The Group strongly emphasized the safety of work, thus making every effort to improve the working environment of employees, advocating the idea of "safety is the most important while life is the most valuable", and being dedicated to providing a safe, healthy, ideal and secured environment for all employees. In 2015, the state of production safety of the Group maintained stable and the Group avoided fatality accidents in production. For details, please refer to the section headed "Safety, Health, Environmental Protection and Social Responsibility" in this report.

VII. COMPLIANCE WITH LAWS AND REGULATIONS

During 2015, as far as the Directors of the Company are aware, the Group did not fail to comply with any relevant laws and regulations which may have a significant impact on the Group.

VIII.RELATIONSHIP WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

Committed to realizing the sustainable development target of "optimizing the comprehensive value of economy, society and environment", the Group implements a strategy for chasing harmonious development, creating value for employees and customers and maintaining good relationship with suppliers. The Group recognizes that the development of employees is the key assurance of sustainable evolution of the Company. Realization and enhancement of their value would enable the achievement of the Group's overall target. Therefore, suggestions and opinions of our staff and staff representatives are heard by the Group via various channels, such as employees' representative conference, employee satisfaction surveys and forums so and so forth, which enables the Group to offer occupation training, better working environment and conditions, and provide long-term career development opportunities correspondingly. The Group attaches highly importance to supplier selection, and intends to establish a long-term partnership with high-quality suppliers who would be selected through open tendering or working conferences at arm's length and for mutual benefit. In order to strengthen the Group's core competitiveness, the Group upholds a "customer-centric, market-oriented" marketing concept, and keeps itself informed of customers' needs instantly through service hotline, after-sale service, seminars and regular visits, thus providing qualified and personalised products and services to customers. For the year ended 31 December 2015, the Group did not have any substantial or significant disputes with its suppliers and/or customers.

Capital Expenditure

I. PERFORMANCE OF CAPITAL EXPENDITURE BUDGETED FOR 2015

Focusing on principal operations including coal, coal chemical, coal mining equipment and power generation, the Company's capital expenditure for 2015 was budgeted at RMB16.832 billion, of which RMB12.543 billion or 74.52% was invested during the reporting period.

Performance of Capital Expenditure Budgeted for 2015 (By Item)

Unit: RMB100 million

Items of capital expenditure	**Budgeted Investment in 2015**	Actual Investment in 2015	Actual Investment Ratio (%)
Total	**168.32**	125.43	74.52
Infrastructure projects	**101.42**	88.78	87.54
Equity investment	**41.76**	22.00	52.68
Acquisition and maintenance of fixed assets	**25.14**	14.65	58.27

Performance of Capital Expenditure Budgeted for 2015 (By business segments)

Unit: RMB100 million

Business segments	**Budgeted Investment in 2015**	Actual Investment in 2015	Actual Investment Ratio (%)
Total	**168.32**	125.43	74.52
Coal	**91.92**	50.35	54.78
Coal chemical	**57.25**	58.31	101.85
Coal mining equipment	**1.71**	0.61	35.67
Power generation	**16.23**	15.48	95.38
Others	**1.21**	0.68	56.20

II. OVERALL ANALYSIS OF EXTERNAL EQUITY INVESTMENTS

In 2015, the Company's external equity investment was RMB2.2 billion, representing a year-on-year decrease of RMB879 million or 28.55%. Major equity investment projects included: contribution of RMB400 million for capital increase in Mengxi-Huazhong Railway Company Limited; contribution of RMB1.163 billion for capital increase in Zhongtian Synergetic Company; contribution of RMB535 million as consideration of equity in Ezhou Power Generation Company etc.

(1) Significant Equity Investment

The Company holds 38.75% equity interest funded by the Company's internal capital in the Zhongtian Synergetic Company which mainly engages in coal chemical business and produces coal and methanol as the main products. Other partners include Sinopec Great Wall Energy and Chemical Company Limited, Shenergy Company Limited, and Inner Mongolia Man Shi Coal Group Company Limited. The above project was not involved in litigation.

The Company holds 100% equity interest funded by the Company's internal capital after the consolidation of small scale coal mines within Pingshuo East Open Pit Mine which mainly engages in coal business and produces coal as the main product. The above project was not involved in litigation.

The Company holds 10% equity interest funded by the Company's internal capital in Mengxi-Huazhong Railway Company Limited which mainly engages in railway transportation and provides railway transportation services. Other partners include China Railway Investment Corporation and China Shenhua Energy Company Limited. The above project was not involved in litigation.

The Company holds 10% equity interest funded by the Company's internal capital in Ezhou Power Generation Company which mainly engages in power generation and provides electricity supply. Other partners include Hubei Energy Group Company Limited and Huainan Mining (Group) Company Limited. The above project was not involved in litigation.

The Company holds 50% equity interest funded by the Company's internal capital in the second power plant located in the north of Wucai Bay, Zhundong, Xinjiang which mainly engages in power generation and provides electricity supply. Other partner includes CPI Xinjiang Energy Chemical Group Company Limited. The above project was not involved in litigation.

(2) Significant Non-Equity Investment

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 2015, the accumulated actual investment amounted to RMB1.01 billion, of which RMB0.362 billion was invested in 2015. Approvals on authorisation, preliminary design, mining permit and construction commencement report for the project were obtained. With the completed temporary negative pressure ventilation systems at the mine shaft, the project has already entered the phase 2 of the underground construction.

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 and a project safety approval from the SAWS, the supporting documents including 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, 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, among which two documents regarding the water and soil conservancy plan and water resources appraisal report respectively, have passed the assessment of the Ministry of Water Resources, with other relevant procedures under smooth progress.

Capital Expenditure

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 2015, proceeds of RMB2.1 billion from fund-raising by the Company 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. 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 2015, the chemical component of the project has achieved the interim handover of 8 major facilities, including air separation units, among which the air separation units have entered the stage of joint commissioning test run while other facilities have entered the stage of final and individual commissioning test run. The lifting systems for the main and auxiliary shafts of Hulusu Coal Project have been in use. The installation and commissioning of the mining equipment for the joint trial operation on its initial working face have been completed. The lifting systems for the auxiliary mining shafts of the Menkeqing Coal Project have been in use while the phase 2 and 3 of the mining construction have fully commenced.

The Olefin Project of Shaanxi Company has a production capacity of 0.3 million tonnes/year of polyethylene and 0.3 million tonnes/year of polypropylene, with a total investment of RMB19.335 billion. As at 31 December 2015, the accumulated actual investment amounted to RMB18.599 billion, of which RMB0.637 billion was invested in 2015. With all necessary approvals acquired and full completion of construction, the project was officially put into production.

The Engineering Plastics Project in Ordos of Inner Mongolia has a production capacity of 0.5 million tonnes/year, with a total investment of RMB10.664 billion. As at 31 December 2015, the accumulated actual investment amounted to RMB9.226 billion, of which RMB1.771 billion was invested in 2015. The buildings in the plant front area of the construction project have passed the inspection and acceptance and been in use while the facilities and equipment have achieved the interim handover and been ready for the final commissioning test run.

The Pingshuo 2 × 660MW low calorific value coal power generation project in Shanxi has a generation capacity of 2 × 660MW, with a total investment of RMB6.773 billion. As at 31 December 2015, the accumulated actual investment amounted to RMB0.726 billion, of which RMB0.388 billion was invested in 2015. The approval documents and approval of environmental impact assessment and water resources appraisal report were obtained, and the construction has commenced.

The Antaibao 2 × 350MW low calorific value coal power generation project in Shanxi has a generation capacity of 2 × 350MW, with a total investment of RMB3.197 billion. As at 31 December 2015, the accumulated actual investment amounted to RMB0.036 billion, of which RMB0.036 billion was invested in 2015. The approval documents and approval of environmental impact assessment and water resources appraisal report were obtained, and the construction has commenced.

The second power plant located in the north of Wucai Bay, Zhundong, Xinjiang has a generation capacity of 2 × 660MW and has adopted the supercritical air-cooled coal-fired generators, with a total investment of RMB4.725 billion. As at 31 December 2015, the accumulated actual investment amounted to RMB0.407 billion, of which RMB0.376 billion was invested in 2015. The Construction Works Planning and Implementation Approval from National Energy Administration was obtained. The approval for the project was granted by Xinjiang Autonomous Region. The construction project commenced in June 2015. The construction of 35KV transmission lines was completed. The infrastructure including the major power plants and chimneys etc. are under construction.

III. ARRANGEMENT FOR CAPITAL EXPENDITURE IN 2016

The Company's capital expenditure budget for 2016 is RMB13.870 billion, representing a decrease of RMB2.962 billion or 17.60% compared with that of 2015. Out of the capital expenditure budget stated above, RMB10.655 billion (including expenditure of RMB100 million for preliminary works prior to the commencement of the projects) will be invested in infrastructure projects; RMB1.528 billion will be invested in the acquisition of fixed assets, small scale construction, renovation and maintenance, RMB0.093 billion will be invested in procurement of new mining equipment, and RMB1.687 billion will be utilized in equity investment.

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

Unit: RMB100 million

Business Segment	**Investment Budget in 2016**	Actual Investment in 2015	Increase/decrease in capital expenditure budget in 2016 compared with actual investment in 2015 (%)	Percentage of Total (%)
Total	**138.70**	125.43	10.58	100.00
Coal	**72.16**	50.35	43.32	52.03
Coal Chemical	**25.05**	58.31	-57.04	18.06
Coal Mining Equipment	**0.48**	0.61	-21.31	0.35
Power Generation	**40.75**	15.48	163.24	29.37
Other	**0.26**	0.68	-61.76	0.19

Capital Expenditure

Among which:

1. Profile of major infrastructure projects for 2016 is as follows:

Unit: RMB100 million

No	Name of Project	Production Capacity	Expected Total Amount of Investment	Budgeted Investment in 2016
	Coal Segment			
	Major projects are as follow:			
1	Ordos Muduchaideng Mine	6 million tones/year	60.21	4.19
2	Ordos Nalin River No.2 Coal Mine Shaft	8 million tones/year	71.98	5.78
3	Xiaohuigou Coal Mine of Shanxi	3 million tones/year	36.98	6.50
4	Dahaize Coal Mine	15 million tones/year	170.32	7.45
5	Yilan No.3 Coal Mine in Heilongjiang	2.4 million tones/year	24.84	5.30
6	Renovation and Expansion Project of Anjialing Opencast Mine	–	30.00	7.50
7	Renovation and Expansion Project of Antaibao Opencast Mine	–	30.00	7.50
	Coal Chemical Segment			
	Major projects are as follow:			
1	Mengda Engineering Plastics Project with production capacity of 500,000 tones/year	500,000 tones/year	106.64	6.20
2	Pingshuo Inferior Coal Comprehensive Utilisation Project	400,000 tonnes/year of porous ammonium nitrate, 110 million Nm^3/year of natural gas	43.91	2.30
3	Tuke mining water utilization project	30,000m^3/day	4.96	1.50
4	Tuke external water pipeline project	205 kilometers	15.18	3.00
	Coal Mining Equipment Segment			
	Major projects are as follow:			
1	Enhancement project of producing High-end Hydraulic Roof Support with Green Technology by Beijing Coal Mining Machinery Co., Ltd.	–	3.19	0.30
	Power Generation Segment			
	Major projects are as follows:			
1	Pingshuo low calorific value coal power generation project in Shanxi	2 × 660MW	67.73	9.99
2	Datun Thermal Power in Jiangsu under the "building large-scale ones and decommissioning small-scale ones" initiative	2 × 350MW	33.77	8.00
3	Antaibao low calorific value coal power generation project in Shanxi	2 × 350MW	33.48	6.99
4	Second power plant located in the north of Wucai Bay, Zhundong, Xinjiang	2 × 660MW	47.25	14.00

2. The plan of major equity investment projects for 2016 includes: contribution of RMB613 million for capital increase in Zhongtian Synergetic Company, contribution of RMB117 million to the investment in the second power plant located in the north of Wucai Bay, Zhundong, Xinjiang.

   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.

3. 2016 Major Debt Financing Plan as follows:

   In 2016, the company will base on the needs of production and operation, and plans of capital expenditure to arrange reasonable scale and pace of debt financing. Detailed arrangements will be made with reference to the actual condition of the company.

IV. CORPORATE DEVELOPMENT STRATEGY

Under the new normal of national economic and energy development, upon a comprehensive summary on the "Twelfth Five-Year Plan" and looking ahead, the Company has defined its strategic vision as well as the development strategies and goals for the next 5 years:

Strategic Vision: The Company will aim to build up its position as a clean energy supplier with relatively strong international competitiveness. The Company will also strive to become a leader in green and safe production, a fugleman of clean and highly-efficient utilisation and a provider of quality services, and to maximise the interests of enterprise and the employees, the Shareholders and the society.

Development Ideas for the Next 5 Years: According to requirements for provider of clean energy of being market-oriented and focusing on optimising efficiency, the Company will strive to establish a new circular economic business line for coal, power and chemical, and to build a new business line for energy integrated services. The Company will also strive to build a new regional layout of "full function, customised differentiation and complementary advantages" to deal with the critical relationships between short-term and long-term, reform and stability, as well as management control and vitality. The Company will be committed to making a good job on 5 key tasks which include safety and stability, quality and efficiency improvement, transforming and upgrading, reforming and adjusting, as well as consolidating the foundation. The Company will consciously implement the 5 key development concepts of making innovation, coordination, green, open and sharing.

Coal Industry: The Company will focus on promoting clean and efficient development of coal. The Company will vigorously promote the construction of integrated projects of coal, electricity and chemical to enhance the coal production efficiency and to increase the on-site transforming ratio of coal and to highlight the large economy of scale and intensive development. By leveraging on elements including the richness of coal resources, market location and environmental capacity, the Company will focus on developing the large-scale coal bases in Inner Mongolia -Shaanxi and Shanxi, etc. with differentiation so as to fully realize the transformation from speed and scale-oriented mode to quality and efficiency-based mode.

Capital Expenditure

Coal Chemical Industry: The Company will adopt the most advanced coal gasification technology and environmental energy saving standard to construct the large-scale coal chemical bases in Inner Mongolia-Shaanxi and Shanxi, etc. The Company will steadily promote the upgrading model projects of coal-based new materials, chemical fertilizer and new energy, strictly control the energy consumption, water consumption and emission of pollutants, so as to cluster the project, expand the production scale and refine the products. The Company will increase the standard of multi-production and added-value of coal-based products so as to realise the transformation from traditional coal chemical to modern refined coal chemical.

Power Generation Industry: Focusing on the construction of the nine 10-million-kilowatts large-scale coal power generation bases in Ordos, north Shanxi, north Shaanxi and Zhundong, etc., and fully integrating with the resources, environmental capacity and power transmission channels in the coal mining areas, the Company will adopt the most advanced power-saving, water-saving and environmental-friendly electricity generation techniques and construct the large-scale mine mouth coal fired power plants and low calorific value coal power plants in Shanxi, Xinjiang and Jiangsu, etc., so as to enhance the value chain of the coal-electricity industry and to achieve integrated and synergetic development of coal and electricity.

Coal Equipment Manufacturing Industry: By grasping the strategic opportunity of international resource cooperation and reacting to the "Made-in-China 2025 Strategic Plan", the Company will further deepen the reform on the management system and adhere to its technological innovation and technical cooperation. Besides, it will also focus on boosting in-depth integration of equipment manufacturing with new information technology including IOT, big data and cloud computing, etc. The Company will promote big scale, high-end and smart equipment manufacturing, strengthen its technology reserve and innovation capacity and in turn procure the localization of leading technology and equipment and the internalisation of significant technology and equipment in respect of coal mines. The Company will seek to speed up the equipment manufacturing in a move to make transformation from a production-oriented mode into production-and-service-oriented mode and to turn itself into an equipment manufacturing service provider with relatively strong international competitiveness.

The Future 5-year Development Goal: To fundamentally complete the structure adjustment through a series of enhancement, adjustment, transformations and upgrades, to make the regional layout more harmonised, the industrial synergetic effects more remarkable, the results arising from service transformation outstanding, the corporate management more scientific and reasonable, the Company will further improve the comprehensive economic power, the sustainable innovation development capability and the innovation initiatives of the employees; and to lay down a solid foundation for the Company to become a clean energy supplier with relatively strong international competitiveness.

Technological Innovation

In 2015, faced with the severe situation in coal industry, China Coal Energy conducted technological innovation in view of "low cost, high efficiency, transformation and upgrade" and focused on the 3 themes of "safety, economy and development". The Company gained a number of key achievements in critical technology development and building of innovation capability, and made new contribution to safety assurance, efficiency improvement, cost reduction and the core competitiveness enhancement.

1. NEW R&D BREAKTHROUGHS IN KEY AND CORE TECHNOLOGIES

In 2015, the "Key Technologies for the Construction of the 100-million-tonne Coal Base in Hinterland of Inner Mongolia-Shaanxi", a national science and technology program undertaken by the Company, passed acceptance inspection. The research results were widely adopted and implemented in the coal mines located in Inner Mongolia and Shaanxi bases which further supported the development of projects. The "Emergency Response Demonstration System" under the National 863 Program also passed the acceptance inspection, which means a coal mine gas emergency response system has been set up to effectively protect the safety of coal mine production. The test on gob-side entry retaining formed by roof cut and pressure releasing technology was successfully completed and approved by the China National Coal Association, which further cut back the shaft cost by RMB1,126 per meter. The Company pushed forward equipment localisation in the fields of open cast, underground, washing and preparation, and chemical industry, gained a batch of breakthroughs in localization work and saved RMB150 million of procurement funds. The R&D of new catalyst completed the microactivity contrast test, which established a solid foundation for further development. The new energy underground trackless rubber-wheel vehicles developed under a key technology program of the Company passed the result appraisal arranged by the State Administration of Coal Mine Safety and gained coal safety qualification, and would become a new growth point. The first set of 8.8-m high-end hydraulic roof support, which is the highest in the world and is developed by the Company, completed prototype manufacturing and passed the acceptance test by the experts. This means that a new series of the high-end mining support products will be launched.

2. NEW HIGH-LEVEL KEY TECHNOLOGICAL ACHIEVEMENTS

In 2015, the Company obtained 22 technology awards of the industry in total, which included: first-grade prizes of Coal Industry Technology Progress were awarded to Research in Key Control Technology for Open Pit Mining Slope Stability Coordination with Underground Mine in Pingshuo Mining Area, Research and Application of Vehicles Smart Control and Information Transferring Technology for Underground Workers, Key Technology Research of Complete Sets of High-end Hydraulic Roof Support based on the Consol Standard of the US and Research and Application of Safe and Efficient Transport System for Long-distance Main Coal Stream in Wangjialing Coal Mine. The Company also obtained 13 patent awards of the China National Coal Association, including the first-grade prize won by Complex Top Beam Hydraulic Roof Support and its Application ZL200910083335.3. The extensive application of these high-level technological developments provided new support to the quality improvement and upgrade of the Company's industry.

In 2015, the Company strengthened the reserve of core technologies and intellectual property and was granted 241 new patents (including 46 invention patents). The valid patents owned by the Company cumulated to a total of 1,177, of which 167 were invention patents. The layout of an industrialisation-oriented patent portfolio was initially formed and the core technological competitiveness of the Company was further enhanced.

Technological Innovation

3. CONTINUOUS PROGRESS IN CONSTRUCTION OF TECHNOLOGICAL INNOVATION SYSTEM

In 2015, the Company completed the preparation of "Thirteenth Five-Year" Technology Development Plan, and 4 sub-plans including Mining and Safety, Coal Chemical, Equipment Manufacturing and Localisation, further clarified "Thirteenth Five-Year" technology innovative strategies, targets, strategic focus and supporting measures. The National Research and Development Center of Energy Extraction Equipment affiliated with the Company focused on key technology projects and completed information collection and analysis of 29 testing projects, delivered 39 academic theses, filed 15 patent applications and declared 4 software copyrights, and the capabilities of research and development continued to enhance. Established upon the approval of the national competent authorities, Beijing Coal Mining Equipment Company Postdoctoral Research Station subordinated to the Company served as a new platform for further attracting, educating and making full use of high-level research talents. The newly-built "Engineering Research Centre for High-end Consolidated Mining Equipment Dynamics Testing and Big Data Analysis" of coal industry provided a new platform for speeding up the transformation of research results into real productivity.

4. NEW PROGRESS IN THE EMPLOYEES' INNOVATIVE ACTIVITIES

In 2015, the enterprises subordinated to the Company continued to improve the employees' long-term innovative mechanism. Relying on the employees' innovation studio, the Company fully stimulated the enthusiasm of innovation of front line working staff. The company extensively organized "five small" activities regarding tackling scientific issues and collecting reasonable suggestions to specially deal with key problems in on-site safety, production, technique, product quality and so forth, which resulted in nearly 2,000 achievements. These activities made great contribution to enhancing the safety assurance ability, technique standards, product quality and economic benefits. A strong atmosphere of innovation amongst all staff members was created and their awareness in innovation, optimization of efficiency and entrepreneurship was further deepened.

Investor Relations

In 2015, 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 2015, the Company held 81 investor meetings of various kinds with 416 attendees in total. These activities included 16 presentations of annual results and road-show meetings with 179 attendees, 43 day-to-day receptions of investor visits and telephone conferences with 149 participants and attendees, and 8 forums organized by domestic and overseas securities firms with 22 meetings and 88 attendees.

China Coal Energy continuously enhanced the transparency of its corporate governance and further improved its disclosure of information. Changes in share price of the Company were closely monitored in accordance with regulatory requirements. Announcement for unusual movements in stock trading was promptly published so as to reassure investors. Forecast for interim results was published voluntarily, and production and operation data of China Coal Energy were disclosed monthly to facilitate coal industry analysts and the large number of corporate investors of the Company to keep abreast of the operating dynamics of the Company. Clarification announcement was published immediately after material untrue media report appeared so as to promptly eliminate the impact caused by such rumours on the Company.

China Coal Energy attached great importance to investor communications and continued to expand the depth and breadth of information disclosure. The Company's management attended the presentations of 2014 H share annual results and 2015 A share interim results in person, delivered a detailed briefing about the latest business results of the Company, patiently answered the questions raised by investors, and achieved positive effects of communication. Meanwhile, the Company actively participated in various investment forums and adhered to the practice of receiving investors on every Tuesday and Thursday. The Company informed investors in a timely manner of its various measures for making prompt response to the in-depth adjustments in the coal industry to tide over difficulties and striving to cut cost and enhance efficiency to improve operation results. Making full use of the well-established database of investors and analysts, the Company actively enhanced the communication with key investors and provided timely updates about the progress of the transformation and development of the Company so as to understand the dynamics of investors and catch up with the market trends. The Company also organized a tour visit for A+H coal industry analysts to visit the coal chemical projects located in the regions of Inner Mongolia and Shaanxi, which brought about good showcasing effects to external parties of the key achievement of the Company's coal chemical projects.

On the basis of building up extensive communication with investors, China Coal Energy earnestly collected the concerns and feedback in the capital market and provided the Company with more opinions and suggestions of the Shareholders. The Company focused on enhancing the dynamic tracking of valuation of share price, analysts' reports and media comments, while tracing hot topics in the capital market, and providing the Company's management with the response in the capital market in a timely manner to facilitate their decision-making. The Company earnestly arranged the Q&A session in the general meeting so that the voices of minority Shareholders were understood and the Shareholders' opinions and suggestions could be adopted reasonably. Following the disclosure of the Company's results, the Company carried out investor surveys, actively enquired as to the views and comments of coal industry analysts on the Company's operation results, information disclosure and investor relations management, and solicited suggestions from the capital market for the Company's business development.

Investor Relations

China Coal Energy continued to strengthen the awareness of serving the Shareholders and ensured the smooth bilateral information exchange with investors through the communication platform. Through the E-interactive Platform of the Shanghai Stock Exchange, the Company continued to respond to the public about their questions of the Company's development strategies, business operations, etc., and strived to uplift the coverage and effectiveness of the communication with investors. The Company also appointed dedicated staff to answer the calls from the investor hotline and to deal with emails and faxes, provided minority investors with timely reply, so as to effectively safeguard stakeholders' right to information.

Looking ahead, China Coal Energy will continue to improve its investor relations management mechanism, further enhance the quality of investor communication, and look forward to obtaining more support and attention from investors.

Safety, Health, Environmental Protection and Social Responsibility

I. SAFE PRODUCTION

In 2015, the Company strictly complied with the national regulatory requirements and policies on production safety. The Company improved its management system, increased the safety assurance capacity, highlighted the focus of prevention and control, enhanced the overall governance, further improved the safe production process work and fully realised a safe production throughout 2015.

First, improving the safety management system and strengthening safety responsibilities. The Company established the coal chemical technology management department, formulated and published the management regulations on non-casualties accidents, emergency management and safety assurance, which further improved the safety management and control system. The production safety responsibility system of the headquarters of the Company was further revised and improved, the methods for assessing the production safety accountability system was formulated and the safety responsibility mechanism was further enhanced. Responsibility undertakings were signed at each level so that safety responsibilities were devolved downwards level by level. Safety management assessments were conducted on the persons in charge of the enterprises so as to facilitate the implementation of safety responsibilities.

Second, enhancing the construction of safety infrastructures to improve safety control capability. The Company organised and held meetings such as the safety committee meetings, safety regulatory bureau officer regular meetings and the meeting to push forward the construction of the safety and technology management systems of coal chemical enterprises, so as to research in respect of and propose measures and suggestions enhancing safety control over coal mining and coal chemical projects. The Company aimed to implement the standardization in safety quality and standardised target-achieving plan. By improving the methods on standardisation management of safety quality and revising standards on the safety and quality of equipment segments, the Company further optimized and upgraded its standardisation work. As a result, 6 enterprises achieved the standards for a safety assured enterprise and a top-level enterprise with standardisation in safety quality. The Company released coal chemical emergency response plans and conducted different kinds of drills including 251 emergency drills with over 15,000 attendees, therefore further enhanced the capacity of responding to emergency and strengthened the safety control capability.

Third, strengthening safety risk prevention and highlighting the on-site safety control. The Company organised the mines and plants to prepare safety risk reports so as to identify in due course various safety risks that need company-level supervision, and the risks so identified were labeled and urged to be tackled. The manual on identification of potential hazards was published and weekly tracking and scheduling was carried out to ensure that potential risks would be in control. The Company constantly stepped up the intensity and frequency of safety inspections, with a particular focus on flood control, "one ventilation, three preventions", coal chemical enterprise leakage prevention, explosion prevention, fire prevention, intoxication prevention and other safety assurance activities. The Company carried out full-coverage examination on coal mines and factories. The major potential hazards pinpointed during the inspection were labeled and urged to be tackled and the results of identification and rectification of potential hazards were timely announced, so as to ensure such potential hazards were rectified. At the same time, the company grasped the anti-violation actions as the key focus of the year and imposed penalty on violating workers. The Company also carried out corrective training programs to effectively prevent any occurrence of violation of regulations.

Fourth, enhancing safety education and safety awareness of Employees. Fully utilising the platforms of special events including, "Safe in a Quarter", "March Safety Warnings", "Production Safety Month" and "100-day Safety", the Company vigorously promoted the concept of safety and strengthened safety publicity and education. The Company established the coal chemical safety training center, and invited industrial experts to educate the staff on the Safety Production Law. All these measures further enhanced safety awareness of all employees.

II. OCCUPATIONAL HEALTH

The Company seriously implemented the Law on the Prevention and Control of Occupational Diseases, kept increasing its investment, enhanced the publicity and training, strengthened the supervision and inspection, to ensure the occupation health of all staff. Firstly, the Company pushed forward the construction of occupational health management system. The Company optimized its occupational health management organ which was equipped part-time and full-time management staff to formulate appropriate policies in relation to occupational health and strictly implement the responsibility of occupational health. Secondly, the Company promoted trainings, publicity and education on occupational health. The Company allocated more resources in promoting occupational health so as to increase the awareness of all staff towards the potential occupational hazards. Thirdly, the Company enhanced supervisions and inspections on occupational health. The Company committed to building a good and safe operation environment for all working staffs and therefore the Company further enhanced on-site monitoring and control, and made great efforts in tackling any potential hazardous factors in all sites. Fourthly, the Company constantly enhanced its effort in preventing and rectifying elements of occupational hazards. The intelligent positioning spray system was widely used in the working places of coal mines. The appropriate facilities including the alarming system, washing facilities and prevention facilities and preventive and first-aid appliances were installed in all coal chemical toxic and hazardous workplaces. Through the use of new appliances, new materials and new skill sets, the Company further reduced overall dust and noise pollutions and eliminated the occupational illness from the very beginning. Shanghai Energy Company, subordinated to the Company, was therefore honored for eight 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.

Safety, Health, Environmental Protection and Social Responsibility

III. ENVIRONMENTAL PROTECTION

In line with national laws, regulations and policies on resource conservation and environmental protection, the Company continued to practice the core vision of "Green China Coal and Cares for the Nature". The Company insisted on green strategies, relied on green technology, led by green culture, and pursued scientific exploration and mining, efficient usage of resources, clean production techniques, and ecological environment protection in the mining areas. As a result, the construction of "Green China Coal" obtained positive results. Pingshuo Antaibao Open Pit Mine was rewarded by China National Coal Association the title of Ecological Coal Mine (the second batch). Firstly, the Company strictly managed the targets. At the beginning of 2015, the Company devolved its environmental protection assessment targets level by level and had responsibility undertakings signed at each level. The Company conducted supervision and inspection carefully and implemented reward and punishment measures. Secondly, the Company improved the construction of the system of the "Green China Coal". The Company compiled the "Thirteenth Five-Year Energy Conservation and Environmental Protection Plan" to set out clear targets, major tasks and safeguard measures. Through the pilot green standards and appraisal systems for coal mining equipment manufacturing, the Company brought about the concept of green development to the full life cycle of coal mining equipment, and increased the competitiveness of the products and gained much reputation in the market which further promoted the sustainable development of coal mining equipment industry. Thirdly, the Company sought to ensure all the new projects were energy saving and environmental friendly from the very beginning. The four power generation projects which comprised 2 × 660MW low-calorific value coal generation plant of Pingshuo Company, Antaibao 2 × 350MW power generation plant, 2 × 350MW power generation plant of Shanghai Energy Company under the "building large-scale ones and decommissioning small-scale ones" initiative, 2 × 660MW power generation plant located in the north of Wucai Bay, Zhundong, Xinjiang acquired the environment assessment results from both national and regional governments. The principle of " Three Simultaneities" was adhered to throughout the entire construction process of these projects. Fourthly, the Company continuously conducted upgrade and transformation regarding environmental protection. The Company sought to implement the "Treatment of 3 Wastage" so as to comply with the national policies and standards that are currently effective or are foreseeable for a certain period of time to come. The focus was placed by the Company to complete the boiler flue gas desulphurisation and dust transformation of the plants of Shanghai Energy Company, China Coal Huajin Company and other enterprises, and the enhancement project of second recycling of coke oven gas desulphurization. Fifthly, the Company vigorously carried out renovations for energy conservation and efficiency enhancing. Shaanxi Company transferred the carbonic moist ash produced by the gasification device to fluidised bed boilers through pumps for mixed burning. Approximately 58,000 tonnes of coal fuel could be saved each year. There would be certain economic benefits and the impact of moist ash on the surrounding environment of factories would be largely decreased. China Coal Ordos Energy Chemical transferred liquid nitrogen exhaust gas back to boilers for burning, and 30,000Nm^3 of exhaust gas could be recycled in every hour, and 32,000 tonnes of coal could be saved each year. Sixthly, the Company continued to push forward the ecological management and water-soil conservation in the mining areas. According to the characteristics of the ecology of the respective corporate regions, the Company conducted focusing and step-by-step management of subsidence areas, integrated renovation of waste dumps and water-soil conservation in order to protect and improve the regional ecology, promote harmony between corporates and the regions and create a win-win situation for the ecology and the development.

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, Senior Management and Employees

I. GENERAL INFORMATION ON DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Unit: Share

Name	Position Held	Sex	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	Reasons of change	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
Li Yanjiang	Chairman (Executive Director)	Male	58	October 2015 (June 2015)	June 2018	–	–	–	–	0	0	Yes
Peng Yi	Non-executive Director	Male	53	June 2015	June 2018	–	–	–	–	0	0	Yes
Liu Zhiyong	Non-executive Director	Male	58	June 2015	June 2018	–	–	–	–	0	0	No
♦☆Gao Jianjun	Executive Director, President	Male	57	June 2015	June 2018	–	–	–	–	75.49	11.23	No
Xiang Xujia	Non-executive Director	Male	46	June 2015	June 2018	–	–	–	–	0	0	Yes
Zhang Ke	Independent Non-executive Director	Male	62	June 2015	June 2018	–	–	–	–	15	0	No
&Zhao Pei	Independent Non-executive Director	Male	66	June 2015	December 2016	–	–	–	–	30	0	No
&Ngai Wai Fung	Independent Non-executive Director	Male	53	June 2015	December 2016	–	–	–	–	30	0	No
★Wang An	Resigned Chairman, Executive Director	Male	57	June 2015	September 2015	–	–	–	–	0	0	Yes
▲*Li Yanmeng	Retired Executive Director	Male	70	December 2010	June 2015	–	–	–	–	1.4	0	No
▲Yang Lieke	Retired Executive Director, President	Male	58	December 2010	June 2015	–	–	–	–	14.08	5.75	Yes
▲Zhang Jiaren	Retired Independent Non-executive Director	Male	71	December 2010	June 2015	–	–	–	–	15	0	No
Zhou Litao	Shareholder Representative Supervisor	Male	55	June 2015	June 2018	–	–	–	–	0	0	Yes
Zhao Rongzhe	Shareholder Representative Supervisor	Male	50	June 2015	June 2018	–	–	–	–	0	0	Yes
♦●Zhang Shaoping	Employee Representative Supervisor	Male	51	June 2015	June 2018	–	–	–	–	41.42	11.07	No
▲Wang Xi	Retired Chairman of the Supervisory Committee, Shareholder Representative Supervisor	Male	60	December 2010	June 2015	–	–	–	–	0	0	Yes
♦Qi Hegang	Vice President	Male	56	June 2015	June 2018	–	–	–	–	52.56	12.04	No
♦Niu Jianhua	Vice President	Male	53	June 2015	June 2018	–	–	–	–	53.05	12.04	No
♦●Pu Jin	Vice President	Male	55	June 2015	June 2018	–	–	–	–	36.28	11.43	No
♦Weng Qing'an	Chief Financial Officer	Male	59	June 2015	June 2018	–	–	–	–	52.77	12.04	No
♦Zhou Dongzhou	Secretary to the Board and Company Secretary	Male	57	June 2015	June 2018	–	–	–	–	52.21	12.04	No
Total	/	/	/	/	/	–	–	–	/	469.26	87.64	/

Note: 1. Remuneration of the above directors, supervisors, senior management 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 RMB14,000 remuneration that Mr. Li Yanmeng received from the Company was conference allowance only.

4. & For purpose of supervision, the employment period of Mr. Zhao Pei and Mr. Ngai Wai Fung as independent non-executive Directors will not exceed a continuous term of 6 years.

5. ★Mr. Wang An resigned in September 2015 due to job changes.

6. ▲Mr. Li Yanmeng, Mr. Yang Lieke, Mr. Zhang Jiaren and Mr. Wang Xi retired upon expiration of terms in June 2015, and Mr. Yang Lieke started to receive remuneration from Chin Coal Group in July 2015.

7. ◆The percentage of the performance-based salary paid for the current period was 70% (including the deferred performance-based salary in the previous year).

8. ☆He received remuneration from Pingshuo Company from January to April of the year, including the annual performance-based salary and the safety performance bonus of Pingshou Company of previous year.

9. ●The performance-based salary of the year was not pre-paid, and will be paid next year.

10. The directors within the reporting period and as at the date of this report were included in the above table.

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 the Hong Kong Listing Rules.

II. MAJOR WORKING EXPERIENCE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Directors

1. **Li Yanjiang**, aged 58, is the Chairman and Executive Director of the Third Session of the Board of the Company. He currently serves as the Chairman of the board of directors 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, the Vice Chairman of the board of directors and the General Manager of China Coal Group 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.

2. **Peng Yi**, aged 53, is a Non-Executive Director of the Third Session of the Board of the Company. He is currently also a director and the General Manager 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, Vice Chairman of the Second Session of the Board of the Company, the Vice General Manager and the Chief Accountant of China Coal Group. Mr. Peng has extensive experience in corporate management, capital operation and financial management.

3. **Liu Zhiyong**, aged 58, is a Non-Executive Director of the Third Session of the Board of the Company, and currently serves as a full-time External Director of a central enterprise, the External Director of China Coal Group, a Non-Executive Director of CRRC Corporation Limited. Mr. Liu graduated from Nanjing Political College majoring in political economy and obtained a bachelor's degree in economics in July 1988. He served as the Deputy Division Director, Division Director and Deputy Director General of the Third Secretary Bureau of the General Office of the State Council, Deputy Party Secretary of Liuzhou Municipal Government of Guangxi (2 years under deployment mechanism), Administrative Commissioner and Deputy Director General of the Third Secretary Bureau of the General Office of the State Council, Inspector and Deputy Director General of the First Secretary Bureau of the General Office of the State Council (responsible for general affairs), and Executive Deputy Secretary of the Party Committee of the General Office of the State Council. Mr. Liu is familiar with the macroeconomic policies, the organizational and human resources and other affairs in the PRC.

4. **Gao Jianjun**, aged 57, is an Executive Director of the Third Session of the Board of the Company and President of the Company. He is currently the Vice Chairman of Green Coal & Electricity Co., Ltd. and also the Vice President of China Occupational Safety and Health Association. 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 the Vice President of the Company, 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 Limited, the Chairman and General Manager of Shanghai Datun Energy Resources Company Limited, and an executive director of China Coal Pingshuo Group 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.

5. **Xiang Xujia**, aged 46, is a Non-Executive Director of the Third Session of the Board of the Company, and he currently serves as a Non-Executive Director of Shougang Fushan Resources Group Limited. Mr. Xiang graduated from Zhejiang University majoring in information science and electronic engineering, and obtained a bachelor's degree of engineering in July 1991. He obtained a master's degree of laws from Southwest University of Political Science and Law in June 2001 majoring in economic law. Mr. Xiang is a qualified lawyer in the PRC and has been a practicing lawyer for over 7 years. He was a lawyer and legal partner of Grandall Law Firm (Shenzhen), a lawyer of DeHeng Law Offices in Beijing, a compliance head, Assistant to the General Manager, Secretary of the board, and General Manager of assets management centre of Sino Life Insurance Co., Ltd., the General Manager and Chairman of the board of Sino Life Asset Management Co., Ltd., a Director of Fund Resources Investment Holding Group Company Limited, a Director of Sino-Life Asset Management (Hong Kong) Company Limited, the President of Shenzhen Fude Holding (Group) Limited and the President of Shenzhen Fude Financial Investment Holding Limited. He has extensive experience in securities and finance, corporate governance, risk management and investment etc..

6. **Zhang Ke**, aged 62, is an Independent Non-Executive Director of the Third Session of the Board of the Company, and currently serves as the Chairman and Principal Partner of ShineWing Certified Public Accountants Company Limited, an Independent Director of Guiyang Longmaster Information & Technology Co., Ltd., Net263 Ltd., an External Director of China National Salt Industry Corporation, and a supervisor of China Minsheng Banking Corp., Ltd. Mr. Zhang obtained a bachelor's degree in economics from the Industrial Economics Department of Renmin University of China in 1982. Mr. Zhang is a Chartered Certified Accountant with qualification in securities dealing and a Senior Accountant. Mr. Zhang served as the Department manager of China International Economics Consultants Co., Ltd., Deputy Executive Officer of Zhongxin Accountants Firm, Deputy General Manager of Zhongxin Yongdao Accountants Firm, partner of Coopers & Lybrand International, General Manager of Zhongxin Yongdao Accountants Firm, Deputy Executive Director of Coopers & Lybrand (China), Independent Director of various listed companies including China Minsheng Bank Corp.,Ltd., Zhuhai Zhongfu Enterprise Co., Ltd. and Air China Ltd. He was an Independent Non-Executive Director of the Company from August 2006 to February 2013. Mr. Zhang has 30 years of experience in reviewing and analyzing financial statements of listed companies, and has extensive experience in dealing with internal and external auditors regarding the supervision of internal control and the auditing of financial statements.

7. **Zhao Pei**, aged 66, is an Independent Non-Executive Director of the Third Session of the Board of the Company and currently the Vice President and Secretary General 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 Director 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.

8. **Ngai Wai Fung**, aged 53, is an Independent Non-Executive Director of the Third 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, SITC International Holdings Company Limited, Biostime International Holdings Limited, Beijing Capital Juda Limited, Yangtze Optical Fibre and Cable Joint Stock Limited Company, BBMG Corporation, Topsearch International (Holdings) Limited and TravelSky Technology Limited and an Independent Director of LDK Solar Co. Ltd., and the former 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, China Railway Construction Corporation Limited and Sany Heavy Equipment International Holdings Company Limited.

Supervisors

1. **Zhou Litao**, aged 55, is a Shareholder Representative Supervisor of the Third Session of the Supervisory Committee of the Company, and currently serve as 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 National Coal Group Corporation and Supervisor of the First Session and the Second 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 management.

2. **Zhao Rongzhe**, aged 50, is a Shareholder Representative Supervisor of the Third Session of the Supervisory Committee of the Company, and currently serves as the Deputy Chief Accountant and General Manager of Financial Management Department in China National Coal Group Corporation, the director of each of China Credit Trust Co., Ltd., Jiang Tai Insurance Broker Co., Ltd., WinnerKey Investment Co., Ltd., and China Coal Finance Co., Ltd., and the Chairman of the supervisory committee of Shanghai China Coal building Co., Ltd., the Director of China Association of Chief Financial Officers, and the Vice President of the Coal Branch of the Accounting Society of China. Mr. Zhao obtained a Bachelor's Degree in Economics from China University of Mining and Technology majoring in financial accounting in June 1989, and obtained an MBA Degree from the Open University of Hong Kong in June 2011. Mr. Zhao is a Senior Accountant. Mr. Zhao has successively served as chief staff member of Finance and Labour Department of Ministry of Coal Industry, Deputy Director of Finance Division in China National Coal Mining Equipment Company Limited, Deputy Director of Corporation Asset Finance Department in China Coal Industry Import and Export Group Corporation, Director of Finance Department in China Coal Group, General Manager of Financial Management Department and Deputy Chief Accountant in China Coal Group. Mr. Zhao has more than 20 years of experience in financial management, and has extensive experience in accounting assessment, assets management and financial management.

3. **Zhang Shaoping**, aged 51, is the Employee Representative Supervisor of the Third Session of the Supervisory Committee of the Company and the Executive Director, General Manager of China National Coal Development Company Limited. He graduated from 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 National Coal Group Corporation, the secretary of the Party Committee and Deputy General Manager of China National Coal Development Company Limited, and the Employee Representative Supervisor of the Second Session of the Supervisory Committee of the Company. 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, Senior Management and Employees

Senior Management

1. **Gao Jianjun**, aged 57, the Executive Director of the Third Session of the Board and the President of the Company. For detail information refer to the session of 'Directors' of this section.

2. **Qi Hegang**, aged 56, is the Vice President of the Company, and currently serves as the 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.

3. **Niu Jianhua**, aged 53, 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 Division 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.

4. **Pu Jin**, aged 55, is the Vice President of the Company. He is currently also an Executive Director of China National Coal Mining Equipment Company Limited, 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 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 Corporation and other positions. Mr. Pu has extensive experience in enterprise management as well as solid theoretical expertise in coal mining machinery.

5. **Weng Qing'an**, aged 59, is the Chief Financial Officer of the Company and currently serves as the Chairman of China Coal Finance Co., Ltd. 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 Division Director and Division Director of the Finance Division 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 Limited. 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.

6. **Zhou Dongzhou**, aged 57, 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 Department of the Ministry of Coal Industry, and served as Secretary of the General Office of the Ministry of Coal Industry and the General Office of State Administration of Coal Industry, Manager of the Market Development Department and Deputy Head of the Coal Trading Division of China Coal Group, Deputy General Manager of China Coal Import and Export Company and Joint Company Secretary of the Company.

III. REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. The remuneration and the 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 2015, the total remuneration for directors, supervisors and senior management of the Company was RMB5.569 million (tax inclusive).

Directors, Supervisors, Senior Management and Employees

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

As approved by the First Extraordinary General Meeting in 2015 of the Company, the basis for determining the remuneration of directors of the third board and the supervisors of the supervisory committee of the Company is as follow: non-executive directors would receive remunerations from the Company, while the Company pays RMB300,000 to each independent non-executive director (before tax, on a monthly basis, individual income tax withheld and withheld tax paid, remunerations of independent non-executive directors would be determined according to actual period in office). Directors who are also senior management of the Company would receive remunerations according to “Management Method of the Remunerations for Senior Executives of the Company”. Other than the above directors, other directors would not receive remuneration from the Company. Travel expenses for directors and supervisors attending the board meeting, the supervisory committee meeting, annual general meeting, and relevant activities held by the board, the supervisory committee would be borne by the Company. 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 receive remunerations from the Company include basic salaries, bonuses, five insurances and one fund and corporate annuity paid by the Company.

IV. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

Name	Position Held	Changes	Reasons of Change
Wang An	Chairman, Executive Director	Resignation	Job rotation
Li Yanjiang	Vice Chairman	Cessation	Elected as the Chairman in the third meeting of the Third Session of the Board of the Company in 2015
Li Yanmeng	Non-executive Director	Retirement	Expiration of the term
Yang Lieke	Executive Director, President	Retirement	Expiration of the term
Zhang Jiaren	Independent Non-executive Director	Retirement	Expiration of the term
Wang Xi	Chairman of Supervisory Committee, Supervisor	Retirement	Expiration of the term
Gao Jianjun	Vice President	Cessation	Expiration of the term
Li Yanjiang	Executive Director, Chairman	Election	Elected as the Executive Director of the Company in the 2014 annual general meeting of the Company. Elected as the Chairman in the third meeting of the Third Session of the Board of the Company in 2015
Liu Zhiyong	Non-executive Director	Election	Elected as the Non-executive Director in the 2014 annual general meeting of the Company
Gao Jianjun	Executive Director	Election	Elected as the Executive Director in the 2014 annual general meeting of the Company
Gao Jianjun	President	Appointment	Employed as the President in the first meeting of the Third Session of the Board of the Company in 2015
Xiang Xujia	Non-executive Director	Election	Elected as the Non-executive Director in the 2014 annual general meeting of the Company
Zhang Ke	Independent Non-executive Director	Election	Elected as the Independent Non-executive Director in the 2014 annual general meeting of the Company
Zhao Rongzhe	Supervisor	Election	Elected as the Supervisor in the 2014 annual general meeting of the Company

Directors, Supervisors, Senior Management and Employees

V. EMPLOYEES OF THE COMPANY AND MAJOR SUBSIDIARIES

	2015	2014	Number of people increased/decreased	Increase/ Decrease (%)
Number of current employees in the Company	**412**	394	18	4.6
Number of current employees in major subsidiaries	**32,413**	33,618	-1,205	-3.6
Total number of current employees	**52,648**	54,150	-1,502	-2.8
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

	Number of persons of professional composition			
Professional composition by type	**2015**	2014	Number of people increased/decreased	Increase/ Decrease (%)
Production Staff	**34,860**	36,193	-1,333	-3.7
Sales Staff	**985**	985	0	0
Technical Staff	**8,993**	8,991	2	0.2
Financial Staff	**824**	820	4	0.5
Administrative Staff	**3,760**	3,886	-126	-3.2
Other Staff	**3,226**	3,275	-49	-1.5
Total	**52,648**	54,150	-1,502	-2.8

Education level

	Number of persons			
Education level by type	**2015**	2014	Number of people increased/decreased	Increase/ Decrease (%)
Postgraduate or above	**1,069**	1,020	49	4.8
Undergraduate	**10,882**	10,750	132	1.2
Technical college	**11,611**	11,126	485	4.4
College or below	**29,086**	31,254	-2,168	-6.9
Total	**52,648**	54,150	-1,502	-2.8

Note: Major subsidiaries include Pingshuo Company, Shanghai Energy Company and China Coal Huajin Company

VI. REMUNERATION POLICY

Confronted with the current challenging situation, the Company has continued to deepen its reform of the distribution system and to strictly control over the total labour cost in order to reduce expense and improve efficiency. Firstly, the Company implemented the overall salary reduction scheme. Each unit was required to make effort on structure adjustment so as to maintain a steady workforce while reducing the overall remuneration through a more salary reduction of administrative staff and a less or no salary reduction of the front-line employees. Secondly, the Company standardized the income distribution management of the Company and speeded up the adjustment of income distribution relationships, enhanced the assessment of total remuneration, upheld a disciplined salary distribution amongst staff seriously. The Company also defined actions of over claims, over release, disbursement violating regulations, income beyond annual packages during the income distribution process in the enterprise, clarified methods of punishments and enhanced pursuit of liabilities. Thirdly, the Company improved the systems of duty performance, remuneration and business expenses. Sticking to the principle of "Perform as per requirement, seek truth from facts, frugal and disciplined, open and transparent", the Company required all second-tier enterprises to enhance the system control, further promoted the standardised management through setting up sound systems in all levels, strengthening the monitoring responsibility in all levels and implementing budget control in all levels.

VII. TRAINING SCHEME

The Company actively established the corporate training system according to its needs for talents. According to the different functional position, the Company formed the basic layout of the three major training centers which comprised China Coal Vocational and Technical College, Pingshuo Group Education and Training Center and China Coal Chemical Training Center, satisfying the demand of the Company for autonomous training of coal mining, washing and preparation, power generation, chemical technology and skilled labor force as well as fulfilling the training tasks of different levels, different functional roles and different needs, so as to provide a great manpower and intellectual support for the development of various business of the Company. The Company carried out large-scale of staff appraisal work. In 2015, a total of 1,609 employees obtained certificates for various professional titles, and 1,835 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 160,000 attendees from different posts participating in the training sessions in 2015.

VIII. OUTSOURCING

Total number of outsourced working hours (hours)	37,076,616
Total amount of remuneration paid for outsourcing (RMB: one thousand)	102,250

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 2015 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 2015 are set out in the section headed "Management Discussion and Analysis of Financial Conditions and Operating Results".

3. DIVIDENDS

For the year ended 31 December 2015, the net profit attributable to shareholders of the Company as set out in the audited consolidated financial statements of the year 2015 of the Company was negative, and the Board does not recommend to distribute cash dividends or to implement capitalisation from capital reserves. Independent Directors have concurred with the proposal not to distribute profit. Such proposal is subject to approval at the 2015 annual general meeting of the Company.

4. SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2015, 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
Funde Sino Life Insurance Co., Ltd.	2,012,858,147	H Shares	Long position	Interest of controlled corporation by substantial shareholders	49.01	15.18

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

Save as disclosed above, as at 31 December 2015, 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 2015, none of the Directors, supervisors or chief executive 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 required to be 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 2015, 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.

As at 31 December 2015, save as Mr. Li Yanjiang, Mr. Peng Yi, Mr. Liu Zhiyong and Mr. Xiang Xujia, there is no other Director is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance.

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 the 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 on 16 June 2015. 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. The term of service of Directors is three years from the date of appointment. The term of service of supervisors is three years from the date of appointment.

Apart from the aforesaid contracts, none of the Directors or supervisors of the Company has entered into a service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

8. DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Apart from the service contracts, for the year ended 31 December 2015, none of the Directors or supervisors of the Company or their related entities is materially interested, whether directly or indirectly, in any transaction, arrangement or 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 2015 are set out in the notes to the consolidated financial statements and the section headed "Directors, Supervisors, Senior Management and Employees" of this report.

For the year ended 31 December 2015, 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 COMPANY

For the year ended 31 December 2015, the Company and its subsidiaries had not purchased, sold or repurchased any listed securities of the Company (the term "securities" has the meaning ascribed to it under the Hong Kong Listing Rules).

11. PROPERTY, PLANT AND EQUIPMENT

The details of the changes in the property, plant and equipment of the Company for the year ended 31 December 2015 are set out in the notes to the audited financial statements for the year.

12. DONATION

For the year ended 31 December 2015, the Company donated a total of RMB1,273,000 for charity and other donation purposes.

13. SUBSIDIARIES AND ASSOCIATES

The details of subsidiaries and associates of the Company as at 31 December 2015 are set out in the notes to the audited financial statements for the year.

14. 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 to subscribe for shares on a pro rata basis. Currently, the Company does not have any share option arrangement.

15. MAJOR CUSTOMERS AND SUPPLIERS

(1) Major customers

The major customers of the Group are domestic electric power enterprises and coke enterprises, based on the market of the Group's major products, such as coal, coal chemical and coal mining equipment. In 2015, the sales revenue from the top five customers of the Group was RMB8.809 billion, representing 14.9% 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	38.87	6.6	No
B	16.07	2.7	No
C	15.06	2.6	No
D	10.93	1.8	No
E	7.16	1.2	No
Total	88.09	14.9	–

(2) Major suppliers

Major suppliers mainly provide the Group with raw materials such as trading coal and diesel oil. In 2015, the total purchases made by the Group from its top five suppliers were RMB5.738 billion, representing 10.4% 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	24.06	4.4	No
B	9.25	1.7	No
C	8.99	1.6	No
D	7.9	1.4	No
E	7.18	1.3	No
Total	57.38	10.4	–

For the year ended 31 December 2015, none of the Directors, their associates or any Shareholder (which to the knowledge of the Board owns more than 5% of the number of issued shares of the Company) has beneficial interests in five major customers or in five major suppliers of the Group.

16. 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.

17. CONNECTED TRANSACTIONS

The followings are the main connected transactions of the Group during the year of 2015:

(1) Continuing connected transactions

As a result of listing after restructuring and reform, there are connected transactions between the Group and China Coal Group. The daily continuing connected transactions between the Group 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 Group and those of China Coal Group, and enable the Group 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 Group. Such transactions facilitate expansion of the Group's scale of operation, reduce uncertainty of transactions, lower transaction costs, prevent unnecessary disruptions to operations and avoid migration costs. The Group has entered into certain connected transaction agreements with China Coal Group. Meanwhile, there are also connected transactions between the Company and Shanxi Coking Coal Group, the substantial shareholder of China Coal Huajin Company, which is a significant subsidiary of the Company. Such transactions facilitate the Company in obtaining stable coal product supply, coal mine construction and related service at a market price from Shanxi Coking 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 2015 are as follows:

1. Coal Supply Framework Agreement

On 23 October 2014, the Company renewed the Coal Supply Framework Agreement with China Coal Group. The agreement is valid from 1 January 2015 until 31 December 2017, and is renewable upon expiry. Pursuant to the agreement, China Coal Group has agreed to exclusively supply the coal products produced from the mines owned by 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 excluding the Group and the institutions designated by the Group. The Group is entitled to purchase coal products produced by third parties once 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 23 October 2014.

Pricing principles: at market price. Market price shall be determined with reference to the Bohai-Rim Steam-Coal Price Index, and taking into account of the quality of the coal and different types of delivery.

The annual cap of coal purchase expenditure for 2015 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 2015 was RMB3.9 billion. The actual expenditure incurred was RMB1.251 billion.

2. *Integrated Materials and Services Mutual Provision Framework Agreement*

On 23 October 2014, the Company renewed the Integrated Materials and Services Mutual Provision Framework Agreement with China Coal Group. The agreement is valid from 1 January 2015 until 31 December 2017, 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, ancillary materials, transportation, loading and uploading services, electricity and heat supplies, equipment maintenance and leasing, labour contracting and others; and (ii) social and support services including staff training, medical services and emergence rescues, communication, property management services and others; and (2) the Group shall supply China Coal Group and its subsidiaries (excluding the Company) (i) production materials and ancillary services, among others, including coal, coal mining facilities, raw materials, auxiliary materials, electricity and heat supplies, transportation, loading and uploading services, equipment maintenance and leasing, labour contracting and others; and (ii) exclusive 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 23 October 2014.

Pricing principles shall be in the following order: as for the bulk equipment and raw materials, the price will be arrived by bidding process in principle; where no bidding process is involved, the price shall be in accordance with the relevant market price; and where comparable market price rate is unavailable, agreed price shall be adopted. Agreed price is determined with reference to reasonable costs plus a reasonable profit margin.

For the year ended 31 December 2015, (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 2015 was RMB4.225 billion and the actual expenses incurred were RMB2.666 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 2015 was RMB690 million and the actual revenue was RMB504 million.

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

On 23 October 2014, 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 2015 to 31 December 2017 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, and take up projects subcontracted by the Group. The details are set out in the announcement of the Company dated 23 October 2014.

Pricing principles: the service provider and the price of project design, construction and general contracting services shall be determined through a bidding process in principle and in compliance with applicable laws, regulations and rules. China Coal Group and its subsidiaries (excluding the Company) shall bid by stringently following the steps and/or measurements as stipulated by The Invitation And Submission of Bids Law of the PRC and the specific requirements in bidding invitation documents made by the Group.

For the year ended 31 December 2015, 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 2015 was RMB6.87 billion and the actual expenses incurred were RMB2.808 billion.

4. *Property Leasing Framework Agreement*

On 23 October 2014, the Company entered into Property Leasing Framework Agreement with China Coal Group for a term of 10 years commencing from 1 January 2015, and is renewable upon expiry. The Property Leasing Framework Agreement entered with China Coal Group on 5 September 2006 has been terminated correspondingly. Pursuant to the agreement, China Coal Group and its subsidiaries (excluding the Company) have agreed to lease certain properties in the PRC to the Group for the general operation and ancillary purpose. The properties leased include 360 properties amounting to a total floor area of approximately 317,298.01 square metres and most of which are for production and operation usage. Details are set out in the announcement of the Company dated 23 October 2014.

Pricing principles: (i) the rentals are subject to review and adjustments every three years during 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 during 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 each year and funded by the Group's internal resources.

The annual cap for 2015 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 RMB105 million. The actual rentals incurred for the year ended 31 December 2015 were RMB91 million.

5. *Land Use Rights Leasing Framework Agreement*

The Company and China Coal Group entered into a Land Use Rights Leasing Framework Agreement on 5 September 2006 of a term of 20 years, which is renewable upon expiry. Pursuant to the agreement, China Coal Group and its subsidiaries (excluding the Company) have agreed to lease to the Group certain land use rights for general business and auxiliary facilities purposes. Such land use rights include 202 parcels of land amounting to an aggregate gross site area of approximately 5,788,739.77 square metres, most of which are used for production and operation. Details are set out in the announcement of the Company dated 5 September 2006, 21 October 2011 and 23 October 2014.

Pricing principles: (i) the rentals are subject to review and adjustments every three years during 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 2015 in respect of the land use rights rental paid by the Company to China Coal Group and its subsidiaries (excluding the Company) was RMB61 million. The actual rentals incurred for the year ended 31 December 2015 were RMB58 million.

6. *Financial Services Framework Agreement*

On 23 October 2014, Finance Company, a controlling subsidiary of the Company, entered into a Financial Services Framework Agreement with China Coal Group. The agreement is valid from 1 January 2015 until 31 December 2017, and is renewable upon expiry. Pursuant of to the agreement, Finance Company agrees to provide financial services such as deposit and loan services and financial leasing to China Coal Group and its subsidiaries (excluding the Company) and associates of China Coal Group. The details are set out in the announcement of the Company dated 23 October 2014.

Pricing principles: (i) the interest rate for deposits 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. 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 China to China Coal Group and its subsidiaries (excluding the Company) and associates of China Coal Group, whichever is lower; (ii) the interest rates for loans 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. 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 China to China Coal Group and its subsidiaries (excluding the Company) and associates of China Coal Group, whichever is higher; and (iii) the fee standard for other financial services (excluding the deposits and loans) shall be determined 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 for comparable financial services. In any case, the fee standard shall not be lower than the fee standard adopted by normal commercial banks for comparable services.

The maximum daily balance of loans and financial leasing (including accrued interests) for 2015 granted by Finance Company to China Coal Group and its subsidiaries (excluding the Company) and associates of China Coal Group was RMB800 million. The actual daily balance incurred for the year ended 31 December 2015 were RMB601 million; the annual cap for 2015 in respect of financial services fees charged by Finance Company for providing financial services to China Coal Group and its associates was RMB3 million, as for the year ended 31 December 2015, the actual fees charged was RMB1.5 million.

7. *Coal and Coal Related Products and Services Supply Agreement*

On 23 October 2014, the Company entered into a Coal and Coal Related Products and Services Supply Agreement with Shanxi Coking Coal Group. The agreement is valid from 1 January 2015 until 31 December 2017, and is renewable upon expiry. Pursuant to the agreement, the Group has agreed to purchase the coal and coal related products and accept services from Shanxi Coking Coal Group, and Shanxi Coking Coal Group has agreed to purchase the coal and coal related products and accept services from the Group. The details are set out in the announcement of the Company dated 23 October 2014.

Pricing principles: (i) as for the infrastructural project and procurement of coal mining facilities, the price shall be arrived by bidding process; and (ii) as for the supply of coal, the price shall be in accordance with the relevant market price. Market price shall be determined with reference to the Bohai-Rim Steam-Coal Price Index, and taking into account of the quality of the coal and different types of delivery.

The annual cap for 2015 in respect of the coal and coal related products purchased and services received by the Company from Shanxi Coking Coal Group was RMB650 million. The actual amount incurred were RMB217 million. The annual cap for 2015 in respect of the coal and coal related products purchased and services accepted by Shanxi Coking Coal Group to the Company was RMB410 million. The actual amount incurred were RMB387 million.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing the findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Hong Kong Listing Rules. A copy of the auditor's letter has been provided by the Company to the HKSE. The letter stated that:

– the aforesaid continuing connected transactions have obtained approval from the Board;

– the pricing of the continuing connected transactions in relation to the provision of goods and services by the Group was determined, in all material respects, in accordance with pricing policy of the Group;

– the aforesaid continuing connected transactions were carried out, in all material respects, pursuant to relevant agreements regulating such transactions; and

– the aforesaid continuing connected transactions did not exceed their respective annual cap as disclosed in each of the announcements of the Company in respect of the transactions.

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 2015 mentioned above were entered into and executed in accordance with the pricing principles pertaining thereto.

(2) Non-continuing connected transactions

On 6 December 2015, Shanghai Datun Energy Resources Company Limited, a controlling subsidiary of the Company, entered into the Equity Transfer Agreement with Datun Coal and Electricity (Group) Company Limited, a wholly-owned subsidiary of China Coal Group, for the transfer of 75% equity interest in Jiangsu Datun Aluminum Co., Ltd. held to Datun Coal and Electricity (Group) Company Limited at a consideration of RMB287.2315 million.

On 6 December 2015, China Coal Pingshuo Group Company Limited, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Pingshuo Coal Industry Company, a wholly-owned subsidiary of China Coal Group, for the transfer of 100% equity interest in Shanxi Chinacoal Pingshuo New Building Materials Co., Ltd., 100% equity interest in Shanxi Chinacoal Pingshuo Xinyuan Co., Ltd. and 100% equity interest in Shanxi Chinacoal Pingshuo Zhengjia Rubber Co., Ltd. held to Pingshuo Coal Industry Company at a consideration of RMB91.6823 million, RMB223.3618 million and RMB325.4147 million respectively.

The Group recorded loss of approximately RMB46.3661 million (before relevant transaction costs and expenses) due to the disposal, which represents the difference between approximately RMB927.6903 million, being the consideration of the transaction under the Equity Transfer Agreement and approximately RMB881.3242 million, being the book value of assets involved in the disposal based on the Group's accounts as at 30 September 2015.

The above connected transactions do not constitute restructuring in major assets. For details, please refer to relevant announcements published on the SSE Website, HKSE Website and the Company Website on 6 December 2015.

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 related transaction or continuing related 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.

18. 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 fulfillment 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 Fulfillment 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.

19. 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. Currently, as the world's major developed economies remain in the deep adjustment phase, there is a downward trend of bulk commodity prices and the growth of China's economy. There are still many unstable and uncertain factors affecting the macro economy in 2016, which may have significant impact on the operating results of the Company.

(2) 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 accurately determine the trend of prices of coal and coal chemical products. The sharp decline in international crude oil prices significantly affects the prices of domestic chemical products, which further poses a great impact on the profit margin of the coal chemical products of the Company. The Company will enhance market research and analysis, flexibly adjust its marketing strategy and increase the profitability of its products.

(3) 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 improve the safety management and risk prevention system, vigorously promotes safe and efficient construction of coal mines and upgrades the level of automatic production. Meanwhile, the Company makes great effort to ensure the safe operation at all production stages by laying emphasis on the enhancement of system protection capacity and the launch of special projects regularly to address major disasters.

(4) Risks of project investment

New investment projects normally require longer time from the feasibility study to effective production. Due to the uncertainty in the approval process and the change in the industry of the project and related industries, the date of completion of the project and the actual yield of the project after it is put in operation may be different from the expectation to a certain extent. The Company will strengthen the preliminary project work by expediting the procedures for relevant certificates and licenses and ensuring rational investment scale and pace so as to control investment costs and avoid investment risks.

(5) 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 will continue to promote the development of a "Green China Coal". The Company has continuously increased investment in technology and environmental protection and adhered to a coordinated development of coal mining and environmental protection. The Company is actively committed to social responsibility by carrying out land subsidence treatment and reclamation work in mining areas in a down-to-earth manner and developing circular economy in mining areas and spares no efforts in establishing a resource saving and environmental friendly enterprise.

(6) Risks of rising costs

In recent years, the pressure of coal cost control has been relatively greater due to factors such as complex coal mining conditions, increasing investments in the maintenance of large equipment, safety and environmental protection, and decrease in the production of certain mines. The Company will continue to exert greater effort in cost control, by adopting new technologies, new working processes and new equipment, optimizing production layout, improving production efficiency and reducing material purchase costs and unit consumption to prevent cost increases.

(7) Risks of foreign exchange

The export sales of the Company are generally settled in US dollars and the liabilities of the Company are calculated 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 fluctuations in the exchange rate of a foreign currency against RMB have both favorable and unfavorable influence on the operating results of the Company. The Company will enhance the effort to study the trend of the global exchange market, effectively control and prevent the risks of foreign exchange by using various financial instruments.

Directors' Report

20. SIGNIFICANT EVENTS

(1) Share capital structure

As at 31 December 2015, 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 2014

The Company's 2014 profit distribution plan was considered and approved at the Company's 2014 annual general meeting held on 16 June 2015. In the year 2014, cash dividends of RMB319,787,400 were distributed to the Shareholders, representing 30% of the RMB1,065,958,000 of distributable profit for the year of 2014 as presented in the consolidated financial statements prepared under the International Financial Reporting Standards. The distribution was made based on the Company's total issued share capital of 13,258,663,400 shares, representing a dividend of RMB0.024 per share (inclusive of tax). The final dividends were duly paid to Shareholders in July 2015.

(3) Amendment to the Articles of Association

As the Company's coal chemical projects are gradually put into production, the Company is required to include "sale of chemical products (excluding hazardous chemicals and precursor chemicals in category I) in the Company's business scope. At the same time, the Company is required to adjust the "coal wholesale operations" under scope of business operation of the Company from licensed operations to general operations in accordance with the above provisions, and to cancel the valid period of the "coal wholesale operations". According to the above requirements, the Resolution on Amendment to the Articles of Association of China Coal Energy Company Limited was considered and approved at the first extraordinary general meeting held by the Company on 27 October 2015, which adds "sale of chemical products (excluding hazardous chemicals and precursor chemicals in category I)" to the scope of the operation, and requires to adjust the "coal wholesale operations" from licensed operations to general operations, and to cancel the valid period of the "coal wholesale operations".

For details, please refer to relevant announcements published on the SSE Website, HKSE Website and the Company Website on 27 October 2015.

(4) Transaction of assets

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

(5) Other significant events

1. Change in accounting estimate

On 24 April 2015, in order to define the depreciation of fixed assets in a more fair way, and to more appropriately reflect the Company's actual financial conditions and operating results, the second meeting of the second session of the Board in 2015 considered and passed the Resolution on the Adjustment of Depreciation Periods of Certain Fixed Assets and approved the adjustment of the depreciation periods of certain fixed assets of major coal production enterprises by the Company in accordance with the requirements of relevant laws and policies including the Accounting Standards for Business Enterprises. This adjustment has come into effect since 1 January, 2015, affecting the depreciation of RMB344 million in 2015 and RMB208 million in 2016.

For details, please refer to relevant announcements published on the SSE Website, The Stock Exchange of Hong Kong Limited Website and the Company Website on 24 April and 28 April 2015.

2. Investment in Ezhou Power Generation Company

On 24 April 2015, the second meeting of the second session of the Board of the Company in 2015 considered and passed the Resolution on Equity Investment in the Hubei Energy Group Ezhou Power Generation Company Limited and approved China Coal Sales and Transportation Company Limited, a wholly-owned subsidiary of the Company, to invest RMB535 million in Ezhou Power Generation Company and hold 10% equity interest in Ezhou Power Generation Company by way of capital and share increase. Up till now, the capital injection of China Coal Sales and Transportation Company Limited has been completed, whereas the registration of change with the industry and commerce administration authority by Ezhou Power Generation Company has also been completed.

For details, please refer to relevant announcements published on the SSE Website, HKSE Website and the Company Website on 24 April 2015.

3. Provision of guarantee for Hecaogou Company

On 25 May 2015, the third meeting of the second session of the Board in 2015 considered and passed the Resolution on Provision of Guarantee for Bank Borrowings of Yan'an Hecaogou Coal Mine Company Limited by China Coal Shaanxi Yulin Energy & Chemical Company Limited in accordance with Shareholding Ratio. On 27 October 2015, the above resolution has been considered and approved at the first extraordinary general meeting of the Company in 2015.

For details, please refer to relevant announcements published on the SSE Website, HKSE Website and the Company Website on 25 May 2015 and 27 October 2015.

4. *Issuance of medium-term notes*

On 17 June 2015, the Company issued the first tranche of medium-term notes in 2015. The total actual amount of the issuance was RMB10 billion, with a par value of RMB100 for each note, with coupon rate of 4.95% and a term of 7 years. On 18 June 2015, the proceeds raised were fully credited to the account of the Company. This issuance of medium-term notes is mainly used to supplement the Company's working capital and routine expenditures including purchasing of accessories, fuel, consumables, steel etc., so as to maintain smooth running of operations.

For details, please refer to relevant announcements published on the SSE Website, HKSE Website and the Company Website on 18 June 2015.

5. *Provision of guarantee and entrusted loan to Zhongtian Synergetic Company*

On 21 August 2015, the second meeting of the third session of the Board in 2015 considered and approved the Resolution on the Provision of Guarantee for Bank Loan regarding the Coal Deep Processing Demonstration Project of Zhongtian Synergetic Company in accordance with Shareholding Ratio, and such resolution has been approved by the Company's extraordinary general meeting dated 27 October 2015.

On 27 October 2015, the third meeting of the third session of the Board in 2015 considered and passed the Resolution on the Provision of Entrusted Loan for the Coal Deep Processing Demonstration Project of Zhongtian Synergetic Company, and approved the Company to provide entrusted loan of RMB3.1 billion to Zhongtian Synergetic in accordance with shareholding ratio.

For details, please refer to relevant announcements published on the SSE Website, HKSE Website and the Company Website on 21 August 2015 and 27 October 2015.

6. *Increase in the Company's shareholding by Funde Sino Life*

On 9 October 2015, the Company received a notice from its shareholder, Funde Sino Life. As at 8 October 2015, Funde Sino Life and its foreign wholly-owned subsidiary, Fund Resources Investment Holding Group Company Limited (Hong Kong), held an aggregate of 15.00% voting rights of the H Shares of the Company through secondary market transactions. As commissioned by Funde Sino Life, the Condensed Report on the Changes in Equity of China Coal Energy Company Limited has been disclosed by the Company. As at 31 December 2015, according to the disclosure of interests published on the HKSE website, Funde Sino Life had long positions in 2,012,858,147 H shares of the Company. The above changes in equity will not lead to changes in controlling shareholders and beneficial controllers.

For details, please refer to relevant announcements published on the SSE Website, HKSE Website and the Company Website on 9 October 2015.

21. MATERIAL LEGAL PROCEEDINGS

As at 31 December 2015, 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 2015.

22. AUDITORS

The Company has appointed PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian as its international and domestic auditor, respectively for the year ended 31 December 2015. The financial statements prepared by the Company in accordance with the International Financial Reporting Standards have been audited by PricewaterhouseCoopers.

The resolution in relation to the appointment of PricewaterhouseCoopers as the Company's international auditor for the year 2016 and PricewaterhouseCoopers Zhong Tian as the Company's domestic auditor for the year 2016 will be considered at the 2015 annual general meeting that will be convened in 2016.

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

23. TAXATION

The Company, according to the relevant taxation provisions, has withheld and paid relevant taxes when distributing dividends for the year 2014 to foreign non-resident enterprises or resident individual Shareholders.

24. 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 2015, reserves available for distribution by the Company in accordance with the laws and regulations of the PRC were RMB19.111 billion.

25. 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.

26. 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.

27. PERMITTED INDEMNITY PROVISION

The Company has renewed its liability insurance purchased for its Directors, supervisors and senior management. For details, please refer to the Corporate Governance Report section in this report.

28. SUBSEQUENT EVENTS

There are no material subsequent events for the Group.

China Coal Energy Company Limited
Li Yanjiang
Chairman and Executive Director

Beijing, China
22 March 2016

As at the date of this directors' report, the executive directors of the Company are Li Yanjiang and Gao Jianjun; the non-executive directors of the Company are Peng Yi, Liu Zhiyong and Xiang Xujia; and the independent non-executive directors of the Company are Zhang Ke, 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 and in strict compliance with the requirements of the Rules of Procedures of the Supervisory Committee. The Supervisory Committee has conducted supervision over the major decision-making, financial reports, connected transactions of the Company and the duties performed by 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 2015.

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 2015 of the second session of the Supervisory Committee	20 March 2015	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily	21 March 2015
Second meeting for 2015 of the second session of the Supervisory Committee	24 April 2015	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily	25 April 2015
First meeting for 2015 of the third session of the Supervisory Committee	21 August 2015	Shanghai Securities News, Securities Times	22 August 2015
Second meeting for 2015 of the third session of the Supervisory Committee	27 October 2015	Shanghai Securities News, Securities Times	28 October 2015
Third meeting for 2015 of the third session of the Supervisory Committee	6 December 2015	Shanghai Securities News, Securities Times	7 December 2015

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

The first meeting for 2015 of the second session of the Supervisory Committee convened on 20 March 2015 in Beijing considered and approved seven resolutions principally in relation to the Company's 2014 annual report and its summary, 2014 annual results announcement, report of the Supervisory Committee, 2014 annual financial report, proposed profits distribution plan for 2014, report on the assessment of the Company's internal control for 2014, social responsibility report for 2014, and the special report on deposit and actual application of the proceeds from A Share issuance for 2014.

The second meeting for 2015 of the second session of the Supervisory Committee convened on 24 April 2015 in Beijing considered and approved the resolution on the Company's first quarterly report for 2015, the resolution on the adjustment to depreciable life of certain fixed assets and the resolution on the election of supervisors representing shareholders for the third session of the Supervisory Committee of the Company. The Board listened to two reports in relation to the work progress in 2014 and the work arrangement for 2015 regarding the Company's auditing work.

Supervisory Committee's Report

The first meeting for 2015 of the third session of the Supervisory Committee convened on 21 August 2015 considered and approved the resolution on the Company's interim report of 2015 and the resolution on the special report on deposit and actual application of the proceeds from A Share issuance of the Company.

The second meeting for 2015 of the third session of the Supervisory Committee convened on 27 October 2015 considered and approved the resolution on the Company's third quarterly report for 2015.

The third meeting for 2015 of the third session of the Supervisory Committee convened on 6 December 2015 considered and approved the resolution on the transfer of 75% equity interest in Jiangsu Datun Aluminum Co., Ltd. by Shanghai Datun Energy Resources Company Limited to Datun Coal and Electricity (Group) Company Limited, the resolution of the transfer of 100% equity interest in Shanxi Chinacoal Pingshuo Xinyuan Co., Ltd. by China Coal Pingshuo Group Company Limited to Pingshuo Coal Industry Company, the resolution of the transfer of 100% equity interest in Shanxi Chinacoal Pingshuo Zhengjia Rubber Co., Ltd. by China Coal Pingshuo Group Company Limited to Pingshuo Coal Industry Company and the resolution of the transfer of 100% equity interest in Shanxi Chinacoal Pingshuo New Building Materials Co., Ltd. by China Coal Pingshuo Group Company Limited to Pingshuo Coal Industry Company.

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

In 2015, the coal industry in China experienced a difficult time that was uncommon in history due to the impact of decrease in international and domestic demand for coal, overcapacity, falling prices and other factors. Faced with the challenging market conditions and operating environment, the Company strengthened corporate governance, vigorously increased revenue and reduced expenses, aggressively explored potentials and improved efficiency; improved the convergence of production, transportation and sales, actively adjusted product structure and explored new markets; accelerated structure adjustment with skillful operation, and facilitated transformation and upgrading; strictly controlled capital expenditure under the principle of assisting some sectors while suppressing others and improved the construction of key projects; strived to prevent and control various risks to ensure orderly and steady production and operation; strengthened the fulfillment of safety responsibility to create a long-term mechanism for safety management and achieved safety production for the year. 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 2015

(1) Operation of the Company in 2015 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. The 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 RMB450 million while the accumulated expended proceeds amounted to RMB22.064 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, Shanghai Datun Energy Resources Company Limited, a subsidiary of the Company, transferred its 75% equity interest in Jiangsu Datun Aluminum Co., Ltd. to Datun Coal and Electricity (Group) Company Limited, and China Coal Pingshuo Group Company Limited, a subsidiary of the Company, transferred its 100% equity interest in Shanxi Chinacoal Pingshuo Xinyuan Co., Ltd., 100% equity interest in Shanxi Chinacoal Pingshuo Zhengjia Rubber Co., Ltd. and 100% equity interest in Shanxi Chinacoal Pingshuo New Building Materials Co., Ltd. to Pingshuo Coal Industry Company. The above transactions were conducted in accordance with the principles of market pricing, and the considerations of these transactions were fair and reasonable. The Supervisory Committee did not identify any insider dealing or any circumstances that were detrimental to the interests of Shareholders or resulted in a dissipation of assets of the Company.

(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.

During the reporting period, the non-routine connected transactions of the Company included the transfer of 75% equity interest in Jiangsu Datun Aluminum Co., Ltd. by Shanghai Datun Energy Resources Company Limited, a subsidiary of the Company, to Datun Coal and Electricity (Group) Company Limited, and the transfer of 100% equity interest in Shanxi Chinacoal Pingshuo Xinyuan Co., Ltd., 100% equity interest in Shanxi Chinacoal Pingshuo Zhengjia Rubber Co., Ltd. and 100% equity interest in Shanxi Chinacoal Pingshuo New Building Materials Co., Ltd. by China Coal Pingshuo Group Company Limited, a subsidiary of the Company, to Pingshuo Coal Industry Company. These non-routine connected transactions have been considered and approved by the Board of the Company and the supervisory committee.

All connected transactions of the Company in 2015 were conducted at fair prices. No acts were found to be detrimental to the interests of the Company and its Shareholders.

(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 2015. The Supervisory Committee is of the opinion that the assessment report on internal control of the Company has given an objective and true picture of the conditions of the internal control of the Company. The Supervisory Committee has no dissenting opinions on the Company's assessment report on internal control.

In 2016, the supervisory committee will continue to fulfill its duties faithfully and diligently in strict compliance with the Company Law, the Articles of Association of the Company and relevant provisions, and strive to fulfill its work with an aim to protect the interests of the Company and its Shareholders.

The Supervisory Committee of
China Coal Energy Company Limited
22 March 2016

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. For details, please refer to the announcements published on the websites of SSE, HKSE and the Company on 16 June 2015. The corporate governance of the Company complies with the requirements of relevant regulations by the 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 2015, the Company strictly complied with the aforementioned code provisions.

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 2015.

4. BOARD OF DIRECTORS

(I) Composition and term of office

The third session of the Board of the Company currently comprises eight Directors, namely Li Yanjiang, Peng Yi, Liu Zhiyong, Gao Jianjun, Xiang Xujia, Zhang Ke, 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, Senior Management and Employees" 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 that 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 2015, 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 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 2015

The Board of the Company convened seven meetings in 2015. The attendance record of directors to Board meetings are set out in the following table:

Names	Position in the Company	Attendance in person	Attendance by proxy	Attendance rate (%)
Wang An*	Chairman, Executive Director	5/5		100
Li Yanjiang	Chairman, Executive Director	7/7		100
Peng Yi	Non-Executive Director	6/7	1	86
Yang Lieke*	Executive Director, President	3/3		100
Li Yanmeng*	Non-Executive Director	3/3		100
Zhang Jiaren*	Independent Non-Executive Director	3/3		100
Zhao Pei	Independent Non-Executive Director	6/7	1	86
Ngai Wai Fung	Independent Non-Executive Director	7/7		100
Liu Zhiyong*	Non-Executive Director	4/4		100
Gao Jianjun*	Executive Director, President	4/4		100
Xiang Xujia*	Non-Executive Director	4/4		100
Zhang Ke*	Independent Non-Executive Director	3/4	1	75

Notes: * Wang An, resigned as the Chairman and executive Director of the Company in September 2015. Li Yanjiang was appointed as the Chairman of the Company in October, 2015. Yang Lieke, Li Yanmeng and Zhang Jiaren retired as the Directors of the Company upon change of the term of office of the Board in June 2015. Li Yanjiang, Gao Jianjun, Liu Zhiyong, Xiang Xujia and Zhang Ke were appointed as the Directors of the third session of the Board in June 2015.

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

1. The first meeting for 2015 of the second session of the Board convened on 20 March 2015 considered and approved twelve resolutions in relation to the annual report for 2014 and its summary; results announcement for 2014, Directors' report for 2014; financial report for 2014; proposed profit distribution plan for 2014; capital expenditure plans for 2015; engagement of auditors to review interim financial report and audit annual report for 2015; special report for deposit and actual application of the proceeds from the A share issuance by the Company for 2014; remunerations of the Directors of the second session of the Board and the Supervisors Committee of the Company for 2015; assessment report regarding internal control for 2014; social responsibility report for 2014; operational results performance evaluation of senior management for 2015; and coal futures hedging plan for 2015. The report in regard to the work progress of capital expenditure plans for 2014 was also reported at the meetings.

2. The second meeting for 2015 of the second session of the Board convened on 24 April 2015 considered and approved six resolutions in relation to the first quarterly report for 2015; adjustment to depreciable life of certain fixed assets; participation in the equity interest of Ezhou Power Generation Company; election of the executive Directors and non-executive Directors of the third session of the Board of the Company; election of the independent non-executive Directors of the third session of the Board of the Company; convening of 2014 Annual General Meeting of Shareholders of the Company. Six reports regarding to water transmission engineering project in Tuke Industrial Area; project of 2 × 660MW second power plant located in the north of Wucai Bay, Zhundong, Xinjiang; work progress in 2014 and the work arrangement for 2015 regarding the auditing work; work progress in 2014 and the work arrangement for 2015 regarding safety, health and environmental protection of the Company; centralized sales plan of coal chemical products; filing of futures managers committee were also reported at the meetings.

3. The third meeting for 2015 of the second session of the Board convened by telecom on 25 May 2015 considered and approved the proposal on provision of guarantee for bank borrowings of Yan'an Hecaogou Coal Company Limited by China Coal Shaanxi Yulin Energy & Chemical Company Limited in accordance with shareholding ratio.

4. The first meeting for 2015 of the third session of the Board convened on 16 June 2015 considered and approved six resolutions in relation to the election of chairman of the Board of the Company, election of vice chairman of the Board of the Company, members of the Board committees under the Board, appointment of senior management including president of the Company, appointment of vice president of the Company, remuneration of the Directors of the third session of the Board and the supervisors of the Supervisory Committee for 2015.

5. The second meeting for 2015 of the third session of the Board convened on 21 August 2015 considered and approved five resolutions in relation to the interim report for 2015, the special report for deposit and actual application of the proceeds from the A share issuance by the Company, provision of guarantee for bank borrowings of Coal Deep Processing Demonstration Project of Zhongtian Synergetic Company in accordance with shareholding ratio, amendment to the Articles of Association, convening first extraordinary general meeting of the Company for 2015. The reports in regard to the work progress of capital expenditure for January to June 2015 and the work arrangement for the second half of 2015 were also reported at the meetings.

6. The third meeting for 2015 of the third session of the Board convened on 27 October 2015 considered and approved four resolutions in relation to the third quarterly report for 2015, provision of entrusted loan to Coal Deep Processing Demonstration Project of Zhongtian Synergetic Company, election of chairman of the Board of the Company, the proposal for the payment of remuneration to senior management for 2014.

7. The fourth meeting for 2015 of the third session of the Board convened on 6 December 2015 considered and approved four resolutions in relation to the transfer of 75% equity interest in Jiangsu Datun Aluminum Co., Ltd. by Shanghai Datun Energy Resources Company Limited to Datun Coal and Electricity (Group) Company Limited, the transfer of 100% equity interest in Shanxi Chinacoal Pingshuo Xinyuan Co., Ltd. by China Coal Pingshuo Group Company Limited to Pingshuo Coal Industry Company, the transfer of 100% equity interest in Shanxi Chinacoal Pingshuo Zhengjia Rubber Co., Ltd. by China Coal Pingshuo Group Company Limited to Pingshuo Coal Industry Company, the transfer of 100% equity interest in Shanxi Chinacoal Pingshuo New Building Materials Co., Ltd. by China Coal Pingshuo Group Company Limited to Pingshuo Coal Industry Company.

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

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

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

Names	Position in the Company	Attendance in person	Attendance rate (%)
Wang An*	Chairman, Executive Director	1	100
Li Yanjiang	Chairman, Executive Director	2	100
Peng Yi	Non-Executive Director	1	50
Yang Lieke*	Executive Director, President	1	100
Li Yanmeng*	Non-Executive Director	1	100
Zhang Jiaren*	Independent Non-Executive Director	1	100
Zhao Pei	Independent Non-Executive Director	2	100
Ngai Wai Fung	Independent Non-Executive Director	2	100
Liu Zhiyong*	Non-Executive Director	1	100
Gao Jianjun*	Executive Director, President	1	100
Xiang Xujia*	Non-Executive Director	1	100
Zhang Ke*	Independent Non-Executive Director	1	100

Notes: * Wang An, resigned as the Chairman and executive Director of the Company in September 2015. Li Yanjiang was appointed as the Chairman of the Company in October, 2015. Yang Lieke, Li Yanmeng and Zhang Jiaren retired as the Directors of the Company upon change of the term of office of the Board in June 2015. Li Yanjiang, Gao Jianjun, Liu Zhiyong, Xiang Xujia and Zhang Ke were appointed as the Directors of the third session of the Board in June 2015.

(1) continued to engage PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as its auditors for the year 2015 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 2015 amounted to RMB11.50 million;

(2) distributed cash dividends of RMB319,787,400 to Shareholders, representing 30% of the distributable profits of RMB1,065,958,000 for the year of 2014, which was 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).

(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; to 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 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 2015 and authorised the disclosure of the same on the HKSE website and the Company website; and formulated, reviewed and supervised Shareholders 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 three 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. Li Yanjiang and its president is Mr. Gao Jianjun. 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, Senior Management and Employees" 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 2015, the remuneration committee held three meetings which mainly considered the resolutions in relation to the annual report of the Company for 2014 and its summary, results announcement for 2014, Directors' report for 2014, remuneration of the Directors of the second session of the Board and the Supervisors of the Supervisory Committee for 2015, operational results performance evaluation of senior management for 2015, remuneration of the Directors of the third session of the Board and the Supervisors of the Supervisory Committee for 2015, and the proposal for the payment of remuneration to senior management for 2014.

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 third session of the Board consists of three members, with independent non-executive Director Ngai Wai Fung as committee chairman, and non-executive Director Peng Yi, independent non-executive Directors Zhang Ke as committee members.

Attendance details of the meeting of remuneration committee in 2015 (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*	1	0	100
Zhang Jiaren*	1	0	100
Peng Yi*	1	0	50
Zhang Ke*	2	0	100

Notes: * Li Yanjiang and Zhang Jiaren retired as the members of the remuneration committee upon change of the term of office of the Board in June 2015. Peng Yi and Zhang Ke were appointed as the members of the remuneration committee under the third session of the Board in June 2015.

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 Directors and senior management of the Company, review the candidates for the 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 third session of the Board of the Company currently consists of independent non-executive Directors Mr. Zhao Pei as committee chairman and Mr. Li Yanjiang and Mr. Zhang Ke as committee members.

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.

In 2015, the nomination committee held 2 meetings which mainly considered the resolutions in relation to the election of the executive directors and the non-executive directors of the third session of the Board, the election of the independent non-executive directors of the third session of the Board, the appointment of senior management including president of the Company and the appointment of vice president of the Company.

Attendance details of the meeting of nomination committee in 2015 (including attendance by written proxy) are as follows:

Member of the Committee	Attendance in person	Attendance by proxy	Attendance rate (%)
Wang An*	1	0	100
Li Yanjiang*	1	0	100
Zhang Jiaren*	1	0	100
Zhao Pei (Chairman of the nomination committee)	2	0	100
Zhang Ke*	1	0	100

Notes: * Wang An and Zhang Jiaren retired as the members of the remuneration committee upon change of the term of office of the Board in June 2015. Li Yanjiang and Zhang Ke were appointed as the members of the nomination committee under the third session of the Board in June 2015.

10. AUDIT COMMITTEE

The audit committee under the Board of the Company currently comprises three independent non-executive Directors and two non-executive Directors. 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 Hong Kong Listing Rules. The audit committee is accountable to the Board.

In 2015, the audit committee held seven meetings which mainly considered the resolutions in relation to annual report for 2014 and its summary, results announcement for 2014, Directors' report for 2014, financial report for 2014, proposed profit distribution plan for 2014, financial plans for 2015, engagement of auditors to review the interim financial report and audit the annual financial report for 2015, the special report for deposit and actual application of the proceeds from the A share issuance for 2014, assessment report regarding internal control for 2014, coal futures hedging plan for 2015, first quarterly report for 2015, interim report for 2015 adjustment to depreciable life of certain fixed assets and third quarterly report for 2015.

In addition, the reports on the preliminary opinion on audit of 2014 financial report of the Company reported by PricewaterhouseCoopers Zhong Tian, the audit status of 2014 financial report of the Company reported by PricewaterhouseCoopers Zhong Tian, the audit plan of 2015 financial report of the Company reported by PricewaterhouseCoopers, the work progress in 2014 and the work arrangement for 2015 regarding the auditing work 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 third session of the Board consists of five members, among which the committee chairman is independent non-executive Director Zhang Ke, and the committee members are non-executive Directors Peng Yi and Xiang Xujia and independent non-executive Directors Zhao Pei and Ngai Wai Fung.

Attendance details of the meetings of audit committee in 2015 (including attendance by written proxy) are as follows:

Member of the Committee	Attendance in person	Attendance by proxy	Attendance rate (%)
Zhang Ke* (Chairman of the audit committee)	4	0	100
Ngai Wai Fung	7	0	100
Peng Yi	5	0	71
Zhao Pei	6	0	86
Xiang Xujia*	4	0	100

Notes: * Xiang Xujia and Zhang Ke were appointed as the members of the audit committee under the third session of the Board in June 2016.

11. STRATEGIC PLANNING COMMITTEE

The strategic planning committee under the Board of the Company comprises four Directors, one of which is an independent non-executive Director. 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 Hong Kong Listing Rules. The strategic planning committee is accountable to the Board.

In 2015, the strategic planning committee held two meetings which mainly considered the resolution in relation to annual report for 2014 and its summary, results announcement for 2014, Directors' report for 2014, 2015 capital expenditure plan, participation in the equity interest of Ezhou Power Generation Company. In addition, the reports on the completion status of 2014 capital expenditure plan, the water transmission engineering project in Tuke Industrial Area, and the project of 2 × 660MW second power plant located in the north of Wucai Bay, Zhundong, Xinjiang were heard at the meetings.

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 third session of the Board comprises four members, including Li Yanjiang, Chairman of the Company, as committee chairman, executive Director and President Gao Jianjun, non-executive Director Xiang Xujia, and independent non-executive Director Zhao Pei as committee members.

Attendance details of the meeting of strategic planning committee in 2015 (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)*	2	0	100
Li Yanjiang (Chairman of the strategic planning committee)*	–	–	–
Li Yanmeng*	1	0	50
Yang Lieke*	2	0	100
Zhang Jiaren*	2	0	100
Zhao Pei	1	0	50
Gao Jianjun*	–	–	–
Xiang Xujia*	–	–	–

Notes: * Wang An resigned as the member and chairman of the strategic planning committee upon change of the term of office of the Board in June 2015. Zhang Jiaren, Li Yanmeng and Yang Lieke retired as the members of the strategic planning committee upon change of the term of office of the Board in June 2015. Li Yanjiang was appointed as the member and the chairman of the strategic planning committee under the third session of the Board in June and October 2015, respectively. Gao Jianjun and Xiang Xujia were appointed as the members of the strategic planning committee under the third session of the Board in June 2015.

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 2015, the safety, health and environmental protection committee held two meetings, at which the resolutions in relation to annual report for 2014 and its summary, results announcement for 2014, Directors' report for 2014 and social responsibility report of the Company for 2014 were considered. In addition, reports in relation to work progress in 2014 and the work arrangement for 2015 regarding safety, health and environmental protection were heard at the meetings.

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 third session of the Board consists of three members, among which the committee chairman is the executive director and President Gao Jianjun, and the committee members are non-executive Director Liu Zhiyong and independent non-executive Director Ngai Wai Fung.

Attendance details of the meeting of safety, health and environmental protection committee in 2015 (including attendance by written proxy) are as follows:

Member of the Committee	Attendance in person	Attendance by proxy	Attendance rate (%)
Li Yanjiang*	2	0	100
Yang Lieke*	2	0	100
Gao Jianjun* (Chairman of the safety, health and environmental protection committee)	–	–	–
Zhao Pei	1	0	50
Liu Zhiyong	–	–	–
Ngai Wai Fung*	–	–	–

Notes: * Li Yanjiang retired as the member and chairman of the strategic planning committee upon change of the term of office of the Board in June 2015. Yang Lieke retired as the member of the strategic planning committee upon change of the term of office of the Board in June 2015. Gao Jianjun was appointed as the member and chairman of the strategic planning committee under the third session of the Board in June 2015. Liu Zhiyong, Ngai Wai Fung was appointed as the member of the strategic planning committee under the third session of the Board in June 2015.

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 2015, 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, and 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 2015, the Company convened a total of seven meetings of independent Directors, at which the resolutions in relation to the following issues were considered: annual report for 2014 and its summary, results announcement for 2014, Directors' report for 2014, financial report for 2014, proposed profit distribution plan for 2014, financial plans for 2015, engagement of auditors to review the interim financial report and audit the annual financial report for 2015, the special report for deposit and actual application of the proceeds from the A share issuance for 2014, assessment report regarding internal control for 2014, coal futures hedging plan for 2015, first quarterly report for 2015, interim report for 2015, third quarterly report for 2015, the adjustment to depreciable life of certain fixed assets, transfer of 75% equity interest in Jiangsu Datun Aluminum Company Ltd by Shanghai Datun Energy Resources Company Limited to Datun Coal and Electricity (Group) Company Limited, the resolution of the transfer of 100% equity interest in Shanxi Chinacoal Pingshuo Xinyuan Company Limited by China Coal Pingshuo Group Company Limited to Pingshuo Coal Industry Company, resolution of transfer of 100% equity interest in Shanxi China Coal Pingshuo Zhengjia Rubber Company Limited by China Coal Pingshuo Group Company to Pingshuo Coal Industry Company, and the resolution of transfer of 100% equity interest in Shanxi Chinacoal Pingshuo New Building Materials Company Limited by China Coal Pingshuo Group Company to Pingshuo Coal Industry Company.

The independent non-executive Directors also listened to the reports in relation to the preliminary opinion on audit of financial report of the Company for 2014, the audit status of the 2014 financial report of the Company reported by PricewaterhouseCoopers Zhong Tian, the audit plan of the 2015 financial report of the Company reported by PricewaterhouseCoopers, the work progress in 2014 and the work arrangement for 2015 regarding the auditing work of the Company.

Attendance details of the meetings of independent Directors in 2015 (including attendance by written proxy) are as follows:

Member of the Committee	**Attendance in person**	**Attendance by proxy**	**Attendance rate (%)**
Zhang Ke*	4	0	100
Zhao Pei	6	0	86
Ngai Wai Fung	7	0	100
Zhang Jiaren*	3	0	100

Notes: * Zhang Jiaren retired as the independent Director upon change of the term of office of the Board in June 2015. Zhang Ke was appointed as the independent Director of the third session of the Board in June 2015.

14. REMUNERATION OF AUDITORS

In 2015, 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 2015 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 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 2014 annual general meeting and one extraordinary general meeting.

(I) At the 2014 annual general meeting, ten resolutions on Directors' report for 2014, Supervisory Committee's Report for 2014, financial report for 2014, proposed profit distribution plan for 2014, capital expenditure plans for 2015, engaging auditors to review interim financial report and audit annual report of the Company for 2015, remuneration of the Directors of the second session of the Board and the Supervisors of the Supervisory Committee for 2015, election of the executive Directors and non-executive Directors of the third session of the Board of the Company, election of the independent non-executive Directors of the third session of the Board of the Company, and election of supervisors representing shareholders for the third session of the Supervisory Committee of the Company were considered.

(II) At the first extraordinary general meeting for 2015, the resolutions on the amendment to the Articles of Association, provision of guarantee for bank borrowings of Coal Deep Processing Demonstration Project of Zhongtian Synergetic Company in accordance with shareholding ratio, provision of guarantee for bank borrowings of Yan'an Hecaogou Coal Company Limited by China Coal Shaanxi Yulin Energy & Chemical Company Limited in accordance with shareholding ratio, and remuneration of the Directors of the third session of the Board and the Supervisors of the Supervisory Committee for 2015 were 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.

During the year, the Company completed the change in members of the Supervisory Committee, and elected the third session of the Supervisory Committee, with Mr. Zhou Litao and Mr. Zhao Rongzhe as the shareholder representative supervisors and Mr. Zhang Shaoping as the employee representative supervisor. Mr. Wang Xi retired as the chairman of the Supervisory Committee and the shareholder representative supervisor.

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.

The Supervisory Committee held five meetings during the reporting period, of which 2 were the second session of the Supervisory Committee and 3 were the third session of the Supervisory Committee.

Attendance details of the meeting of the Supervisory Committee are as follows:

	Supervisor	Attendance in person	Attendance by proxy	Attendance rate (%)
Second Session of the Supervisory Committee	Wang Xi	2/2	0	100
	Zhou Litao	2/2	0	100
	Zhang Shaoping	2/2	0	100
Third Session of the Supervisory Committee	Zhou Litao	3/3	0	100
	Zhao Rongzhe	3/3	0	100
	Zhang Shaoping	3/3	0	100

17. ESTABLISHMENT AND IMPLEMENTATION OF ANCILLARY MECHANISMS

(I) Management of Connected Transactions

The Company strictly adheres to the provisions of the listing rules of 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 2015, 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 2015, 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 the 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 and referring to the current risk management and internal control standards recognized internationally and domestically, COSO Internal Control Framework, "Comprehensive Risk Management Guideline for Central Enterprises" issued by SASAC of the State Council, thereby formulating a corporate governance and control structure featuring proper assumption of responsibilities and duties as well as the checks and balances. 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.

In 2015, to address the major aspects of business operations and management activities of an enterprise, the Company focused on the major business units, critical workflows and crucial 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 systems, the Company formulated and optimized the workflows, constantly enhanced the internal control standard of the Company, continuously improved the construction of the Company's internal control system. In 2015, the Company formulated "Appraisal Measures for the Coal Quality Management Tasks (amendment)", "Monthly Appraisal Measures for the Quality of Commercial Coal (amendment)", "Exit Control for Employees", "Administrative Measures on Business Expenses for Performing Duties" and "Administrative Measures on Business Expenses for Performing Duties of Senior Management" and other rules and regulations. By enhancing its systems and optimizing its workflows, the Company continuously improved the standardization, centralisation, specialisation, refinement and informatisation of corporate management based on institutional building, 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. In 2015, the Company revised the duties allocation handbook, sorted out and renewed the workflows, strengthened the design of institutional building and workflows of decision-making management regarding to major decisions, appointment and removal of key personnel, major project arrangements and operation of large-amount funds. The Company conducted risk assessments of significant events to eliminate major potential problems that may occur, and effectively prevented and controlled the likelihood of various risks happening.

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 set out on pages 111 to 214, which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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Independent Auditor's Report

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 financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance 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, 22 March 2016

Consolidated Balance Sheet

As at 31 December 2015
(All amounts in RMB unless otherwise stated)

		As at 31 December	
		2015	2014
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*6*	**128,805,171**	126,367,333
Investment properties		**50,836**	51,154
Land use rights	*7*	**4,889,260**	4,691,349
Mining rights and exploration rights	*8*	**32,843,807**	33,167,714
Intangible assets	*9*	**1,363,034**	264,294
Investments in associates	*10(b)*	**11,221,621**	10,135,191
Investments in joint ventures	*10(c)*	**1,878,577**	670,812
Available-for-sale financial assets	*12*	**5,566,926**	4,340,765
Deferred income tax assets	*23*	**2,425,963**	1,155,655
Long-term receivables	*13*	**245,524**	207,675
Other non-current assets	*14*	**6,716,696**	7,179,299
		196,007,415	188,231,241
Current assets			
Inventories	*15*	**6,825,048**	8,622,473
Trade and notes receivables	*16*	**13,268,942**	13,459,490
Prepayments and other receivables	*17*	**9,726,628**	7,217,133
Restricted bank deposits	*18*	**2,586,039**	2,534,610
Term deposits with initial terms of over three months	*18*	**18,416,259**	5,815,521
Cash and cash equivalents	*18*	**11,195,663**	18,131,712
		62,018,579	55,780,939
TOTAL ASSETS		**258,025,994**	244,012,180
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital	*19*	**13,258,663**	13,258,663
Reserves	*20*	**42,775,332**	43,069,928
Retained earnings	*20*	**27,673,574**	30,575,152
		83,707,569	86,903,743
Non-controlling interests		**16,574,854**	16,025,405
Total equity		**100,282,423**	102,929,148

Consolidated Balance Sheet

As at 31 December 2015
(All amounts in RMB unless otherwise stated)

	Note	As at 31 December **2015** *RMB'000*	2014 *RMB'000*
LIABILITIES			
Non-current liabilities			
Long-term borrowings	*21*	**54,479,691**	51,015,961
Long-term bonds	*22*	**25,896,299**	30,855,018
Deferred income tax liabilities	*23*	**6,821,961**	7,505,602
Deferred revenue		**784,397**	617,942
Provision for employee benefits		**41,283**	56,777
Provision for close down, restoration and environmental costs	*27*	**1,308,799**	1,224,927
Other long-term liabilities	*28*	**764,390**	877,996
		90,096,820	92,154,223
Current liabilities			
Trade and notes payables	*24*	**20,665,655**	23,421,126
Accruals, advances and other payables	*25*	**13,289,854**	11,245,890
Short-term bonds	*26*	**2,000,000**	500,000
Current portion of long-term bonds	*22*	**14,972,791**	–
Taxes payable		**1,017,466**	904,557
Short-term borrowings	*21*	**5,657,929**	6,005,048
Current portion of long-term borrowings	*21*	**10,019,483**	6,831,879
Current portion of provision for close down, restoration and environmental costs	*27*	**23,573**	20,309
		67,646,751	48,928,809
Total liabilities		**157,743,571**	141,083,032
TOTAL EQUITY AND LIABILITIES		**258,025,994**	244,012,180

The accompanying notes on page 118 to page 214 are an integral part of these consolidated financial statements.

These financial statements on pages 111 to 117 were approved by the Board of Directors on 22 March 2016 and were signed on its behalf.

Li Yanjiang	**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 2015
(All amounts in RMB unless otherwise stated)

	Note	Year ended 31 December **2015** *RMB'000*	2014 *RMB'000*
Revenue	*5*	**59,270,865**	70,663,840
Cost of sales			
Materials used and goods traded		**(24,199,733)**	(31,555,126)
Staff costs		**(4,229,628)**	(4,335,055)
Depreciation and amortisation		**(6,393,236)**	(4,934,651)
Repairs and maintenance		**(824,533)**	(834,501)
Transportation costs and port expenses		**(11,735,216)**	(11,834,022)
Sales taxes and surcharges		**(1,492,708)**	(1,078,112)
Others		**(6,292,032)**	(8,896,464)
Cost of sales	*29*	**(55,167,086)**	(63,467,931)
Gross profit		**4,103,779**	7,195,909
Selling, general and administrative expenses	*29*	**(4,400,328)**	(4,903,538)
Other income		**56,297**	16,298
Other gains, net		**283,472**	187,999
Profit from operations		**43,220**	2,496,668
Finance income	*30*	**965,660**	763,133
Finance costs	*30*	**(4,946,870)**	(2,715,006)
Share of profits of associates and joint ventures		**362,312**	134,485
(Loss)/profit before income tax		**(3,575,678)**	679,280
Income tax credit/(expense)	*32*	**748,178**	(191,768)
(Loss)/profit for the year		**(2,827,500)**	487,512
(Loss)/profit attributable to:			
Equity holders of the Company		**(3,266,791)**	141,097
Non-controlling interests		**439,291**	346,415
		(2,827,500)	487,512
Basic and diluted (loss)/earnings per share for the (loss)/profit attributable to the equity holders of the Company (RMB)	*33*	**(0.25)**	0.01

The accompanying notes on page 118 to page 214 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015
(All amounts in RMB unless otherwise stated)

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
(Loss)/profit for the year	**(2,827,500)**	487,512
Other comprehensive (loss)/income:		
Items that may be reclassified to profit or loss		
Fair value changes on available-for-sale financial assets, net of tax	**(872)**	7,167
Currency translation differences	**(8,396)**	(20,084)
Total items that may be reclassified to profit or loss	**(9,268)**	(12,917)
Other comprehensive loss for the year, net of tax	**(9,268)**	(12,917)
Total comprehensive (loss)/income for the year	**(2,836,768)**	474,595
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	**(3,276,059)**	128,180
Non-controlling interests	**439,291**	346,415
	(2,836,768)	474,595

The accompanying notes on page 118 to page 214 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes In Equity

For the year ended 31 December 2015
(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 2014	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 20)*	–	(678,602)	678,602	–	–	–
Acquisition of non-controlling interests	–	(1,234)	–	(1,234)	(49,046)	(50,280)
Share of changes in reserves 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 34)*	–	–	(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
Comprehensive income						
(Loss)/profit for the year	**–**	**–**	**(3,266,791)**	**(3,266,791)**	**439,291**	**(2,827,500)**
Other comprehensive loss						
Available-for-sale financial assets	**–**	**(872)**	**–**	**(872)**	**–**	**(872)**
Currency translation differences	**–**	**(8,396)**	**–**	**(8,396)**	**–**	**(8,396)**
Total other comprehensive loss, net of tax	**–**	**(9,268)**	**–**	**(9,268)**	**–**	**(9,268)**
Total comprehensive (loss)/income	**–**	**(9,268)**	**(3,266,791)**	**(3,276,059)**	**439,291**	**(2,836,768)**
Appropriations *(Note 20)*	**–**	**(665,837)**	**665,837**	**–**	**–**	**–**
Share of changes in reserves of associates and joint venture	**–**	**4,998**	**(8,342)**	**(3,344)**	**–**	**(3,344)**
Contributions	**–**	**405,846**	**–**	**405,846**	**226,150**	**631,996**
Dividends *(Note 34)*	**–**	**–**	**(319,649)**	**(319,649)**	**(21,853)**	**(341,502)**
Disposals of subsidiaries	**–**	**–**	**–**	**–**	**(93,150)**	**(93,150)**
Loss of significant influence over associates	**–**	**(30,335)**	**27,367**	**(2,968)**	**(989)**	**(3,957)**
Total transactions with owners, recognised directly in equity	**–**	**(285,328)**	**365,213**	**79,885**	**110,158**	**190,043**
Balance at 31 December 2015	**13,258,663**	**42,775,332**	**27,673,574**	**83,707,569**	**16,574,854**	**100,282,423**

The accompanying notes on page 118 to page 214 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2015
(All amounts in RMB unless otherwise stated)

		Year ended 31 December	
		2015	2014
	Note	***RMB'000***	*RMB'000*
Cash flows from operating activities			
Cash generated from operations	*36(a)*	**8,122,004**	6,297,689
Income tax paid		**(837,362)**	(1,214,164)
Net cash generated from operating activities		**7,284,642**	5,083,525
Cash flows from investing activities			
Purchases of property, plant and equipment		**(11,364,473)**	(18,804,013)
Proceeds from disposals of property, plant and equipment	*36(b)*	**69,225**	113,513
Purchases of land use rights, mining rights and intangible assets		**(76,474)**	(891,172)
Proceeds from disposals of land use rights, mining right and intangible assets		**–**	58,820
Purchases of available-for-sale financial assets		**(400,000)**	(1,136,143)
Proceeds from disposals of available-for-sale financial assets		**1,858**	366
Increase in prepayments for investments		**(224,354)**	(752,981)
Payment for acquisition of subsidiaries, net of cash acquired		**(38,000)**	(173,144)
Decrease in prepayment for investments		**20,000**	2,730,000
Disposal of an associate		**–**	17,315
Disposal of subsidiaries		**430,860**	–
Cash injections in associates and joint ventures		**(1,747,620)**	(1,899,954)
Dividends received		**206,309**	191,353
Loan repayment received from a joint venture		**650,000**	102,000
Loan repayment received from a third party		**–**	1,200,000
Loan repayment received from a fellow subsidiary		**320,000**	–
Government grants received		**103,156**	–
Loans granted to a joint venture and an associate		**(1,550,000)**	(102,000)
Loans granted to fellow subsidiaries		**(617,000)**	(300,000)
Loans granted to a third party		**–**	(1,200,000)
Interest income on loans to joint ventures and an associate received		**135,866**	7,725
Interest income on loans to fellow subsidiaries received		**24,972**	6,983
Interest income on loans to a third party received		**–**	141,118
Interest income on term deposits received		**334,209**	534,615
(Increase)/decrease in placement of term deposits with initial terms of over three months		**(12,600,738)**	2,389,076
Net cash used in investing activities		**(26,322,204)**	(17,766,523)

Consolidated Cash Flow Statement

For the year ended 31 December 2015
(All amounts in RMB unless otherwise stated)

		Year ended 31 December	
		2015	2014
	Note	***RMB'000***	*RMB'000*
Cash flows from financing activities			
Proceeds from borrowings		**23,690,923**	36,686,807
Repayments of borrowings		**(17,359,038)**	(12,927,581)
Government grants received		**6,200**	368,820
Contributions from the Company's shareholders		**470,474**	2,197
Contributions from non-controlling interests		**43,642**	312,399
Dividends paid to the Company's shareholders		**(319,649)**	(1,077,536)
Dividends paid to non-controlling interests		**(33,720)**	(111,388)
Purchase of non-controlling interest of a subsidiary		**–**	(50,280)
Interest paid		**(5,797,304)**	(5,049,882)
Net proceeds from issuance of long-term bonds		**9,976,000**	1,483,000
Net proceeds from issuance of short-term bonds		**1,994,500**	–
Repayment of short-term bond		**(500,000)**	–
Bonds issuance costs		**(72,600)**	(52,050)
Net cash generated from financing activities		**12,099,428**	19,584,506
Net (decrease)/increase in cash and cash equivalents		**(6,938,134)**	6,901,508
Cash and cash equivalents, at beginning of the year		**18,131,712**	11,232,575
Net foreign exchange gains/(losses)		**2,085**	(2,371)
Cash and cash equivalents at end of the year		**11,195,663**	18,131,712

The accompanying notes on page 118 to page 214 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015
(All amounts in RMB unless otherwise stated)

1. GENERAL INFORMATION

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 it's 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 all applicable 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 which are carried at fair value.

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 21.

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 amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2015.

- Amendment to IAS 19 on 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.

- Amendments from annual improvements to IFRSs – 2010-2012 Cycle, on IFRS 8, 'Operating segments', IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' and IAS 24, 'Related party disclosures'.

- Amendments from annual improvements to IFRSs – 2011-2013 Cycle, on IFRS 3, 'Business combinations', IFRS 13, 'Fair value measurement' and IAS 40, 'Investment property'.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2015 are not material to the Group.

(b) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures (continued)

(c) New and amended relevant standards have been issued but are not effective for the financial year beginning 1 January 2015 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 IFRS 11 on accounting for acquisitions of interests in joint operations. 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.

- Amendments to IAS 16 and IAS 38, "Clarification of acceptable methods of depreciation and amortisation". The amendments clarify when a method of depreciation or amortisation based on revenue may be appropriate. The amendment to IAS 16 clarifies that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures (continued)

(c) New and amended relevant standards have been issued but are not effective for the financial year beginning 1 January 2015 and have not been early adopted (continued)

The amendment to IAS 38 establishes a rebuttable presumption that amortisation of an intangible asset based on revenue generated by using the asset is inappropriate. The presumption may only be rebutted in certain limited circumstances:

- where the intangible asset is expressed as a measure of revenue; or
- where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

The amendments are effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

- 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 amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

- Amendments from annual improvements to IFRSs – 2012-2014 Cycle, on IFRS 5, 'Non-current assets held for sale and discontinued operations', IFRS 7, 'Financial instruments: Disclosures' and IAS 19, 'Employee benefits' and IAS 34, 'Interim financial reporting'. The amendments are effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

- Amendment to IAS 27, "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.

- Amendments to IAS 1, "Disclosure initiative". The amendments clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures (continued)

(c) New and amended relevant standards have been issued but are not effective for the financial year beginning 1 January 2015 and have not been early adopted (continued)

Although the amendments do not require specific changes, they clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances and the needs of users.

The key areas addressed by the changes are as follows:

- Materiality: an entity should not aggregate or disaggregate information in a manner that obscures useful information. An entity need not provide disclosures if the information is not material;

- Disaggregation and subtotals: the amendments clarify what additional subtotals are acceptable and how they should be presented;

- Notes: an entity is not required to present the notes to the financial statements in a particular order, and management should tailor the structure of their notes to their circumstances and the needs of their users;

- Accounting policies: how to identify a significant accounting policy that should be disclosed;

- Other comprehensive income from equity accounted investments: other comprehensive income of associates and joint ventures should be separated into the share of items that will subsequently be reclassified to profit or loss and those that will not.

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

- Amendments to IAS 12, 'Income taxes'. The IASB has issued amendments to IAS 12,'Income taxes'. These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments are effective for annual periods beginning on or after 1 January 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures (continued)

(c) New and amended relevant standards have been issued but are not effective for the financial year beginning 1 January 2015 and have not been early adopted (continued)

- Amendments to IAS 7, 'Statement of cash flows'. The IASB has issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved. The amendments are effective for annual periods beginning on or after 1 January 2017.

- 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 January 2018, 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)

(c) New and amended relevant standards have been issued but are not effective for the financial year beginning 1 January 2015 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.

- IFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 'Leases', and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted subject to the entity adopting IFRS 15 'Revenue from contracts with customers' at the same time.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) Business combinations (continued)

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

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

(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 includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend 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.

Gains or losses on dilution of equity interest in associates are recognised in the income statement.

2.4 Joint arrangements

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Joint arrangements (continued)

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.

(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'.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency translation (continued)

(b) Transactions and balances (continued)

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.

2.7 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.11 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Intangible assets

(a) Computer software

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.

(b) Technical know-how

Technical know-how is capitalised on the basis of the costs incurred to acquire and bring to use the technical know-how. These costs are amortised overestimated useful life of 20 years.

2.14 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. 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.

2.15 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", "other non-current assets" and "long-term receivables" in the balance sheet.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial assets (continued)

2.15.1 Classification (continued)

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

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.

2.15.3 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial assets (continued)

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.

(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.20 Trade and other payables

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

Trade and other 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

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 end of reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Current and deferred income tax (continued)

(b) Deferred income tax (continued)

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.

2.24 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Employee benefits (continued)

(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.

2.26 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Provisions for close down, restoration and environmental costs (continued)

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

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

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.

(b) Sales of services

Revenue from sales of service is generally recognised in the accounting period in which the services are rendered.

(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.32 Dividend distributions

Dividend distribution to the Company's shareholders is recognised as a liability in the Group'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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.33 Financial guarantee contracts (continued)

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's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group's operations (such as export sales, imports of machinery and equipment), foreign currency deposits (Note 18(d)), trade and notes receivables (Note 16(c)) 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 loss attributable to the equity holders of the Company would have decreased/increased approximately by RMB 14,748,000 in 2015 (The Group's net profit attributable to the equity holders of the Company would have increased/decreased approximately by RMB16,134,000 in 2014), with all other variables held constant.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term interest bearing borrowings including long-term borrowings and long-term bonds. 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 determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. 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 50 basis point higher/lower with all other variables held constant, post-tax loss for 2015 would have been lower/higher approximately RMB197,356,000 (Post-tax profit for 2014 would have been approximately RMB182,687,000 lower/higher).

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk mainly arises from cash and cash equivalents, trade and notes receivable, prepayments and other receivables, long-term receivables, loan to the related party under other non-current assets and the financial guarantees provided to the companies out of the Group etc.

The Group expects that there is no significant credit risk associated with cash at bank since they are deposited at state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

In addition, the Group has policies to limit the credit exposure on trade and notes receivable, prepayments and other receivables, long-term receivables and loan to the related party under other non-current assets. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

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.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(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 21(f)). 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, short-term and 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 21(f)) and cash and cash equivalents (Note 18)) 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.

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	
At 31 December 2015					
Bank borrowings	**17,743,938**	**19,023,535**	**24,998,006**	**22,157,727**	**83,923,206**
Bonds	**19,254,300**	**1,406,800**	**19,887,600**	**11,038,000**	**51,586,700**
Trade and other payables	**31,764,068**	**–**	**–**	**–**	**31,764,068**
Other long-term liabilities	**–**	**256,461**	**322,958**	**84,772**	**664,191**
Total	**68,762,306**	**20,686,796**	**45,208,564**	**33,280,499**	**167,938,165**
At 31 December 2014					
Bank borrowings	16,315,075	15,551,282	28,446,610	17,327,086	77,640,053
Bonds	2,280,300	16,735,300	3,395,400	15,823,000	38,234,000
Trade and other payables	32,335,843	–	–	–	32,335,843
Other long-term liabilities	–	103,248	340,613	210,300	654,161
Total	50,931,218	32,389,830	32,182,623	33,360,386	148,864,057

For information relating to the Group's financial guarantee contracts, please refer to Note 38.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

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" as shown in the consolidated balance sheet under China Accounting Standards for Business Enterprises plus net debt.

The gearing ratios at 31 December 2015 and 2014 were as follows:

	2015 ***RMB'000***	2014 *RMB'000*
Total borrowings and bonds	**113,026,193**	94,707,906
Less: cash and cash equivalents	**(11,195,663)**	(18,131,712)
Net debt	**101,830,530**	76,576,194
Total equity	**100,017,203**	102,704,964
Total capital	**201,847,733**	179,281,158
Gearing ratio	**50%**	43%

The increase in the gearing ratio during 2015 resulted primarily from the increase in borrowings and issuance of bonds in 2015.

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).

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

As at 31 December 2015, the Group has the following assets which we defined as level 1.

	As at 31 December 2015	As at 31 December 2014
	RMB'000	*RMB'000*
Available-for-sale financial assets		
– Equity securities (level 1)	**20,790**	21,953

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) Impairment 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.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

(b) Useful lives of property, plant and equipment

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

(c) 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.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

(e) Income taxes

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

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

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

(g) Deferred stripping costs

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

(h) Change in accounting estimate

In January 2015, the Group has reassessed and adjusted the useful lives of certain machinery and equipment in the coal segment. The effect of this change in accounting estimate was recognised prospectively from 1 January 2015. As a result of this change, depreciation expense for the year ended 31 December 2015 and the net carrying value of property, plant and equipment as at 31 December 2015 is decreased and increased by RMB344 million, respectively. Annual depreciation expense for the year ending 31 December 2016 is expected to be decreased by RMB208 million.

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.

5.2 Information about reportable segment (loss)/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.

5. SEGMENT INFORMATION (CONTINUED)

5.2 Information about reportable segment (loss)/profit, assets and liabilities (continued)

(b) Reportable segments' (loss)/profit, assets and liabilities

	For the year ended and as at 31 December 2015						
	Coal *RMB'000*	Coal-chemical *RMB'000*	Mining Machinery *RMB'000*	Others *(note)* *RMB'000*	Non operating segment *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Revenue							
Total revenue	42,106,071	11,931,918	4,979,978	3,166,845	–	(2,913,947)	59,270,865
Inter-segment revenue	(1,640,153)	(16,948)	(480,869)	(775,977)	–	2,913,947	–
Revenue from external customers	40,465,918	11,914,970	4,499,109	2,390,868	–	–	59,270,865
Profit/(loss) from operations	(2,184,752)	2,457,443	121,227	(35,003)	(323,319)	7,624	43,220
Profit/(loss) before income tax	(3,538,685)	1,289,578	29,521	387,198	(1,736,300)	(6,990)	(3,575,678)
Interest income	88,546	141,183	5,899	8,445	1,859,000	(1,137,413)	965,660
Interest expense	(1,545,508)	(1,295,730)	(88,221)	(31,748)	(3,564,091)	1,568,987	(4,956,311)
Depreciation and amortisation	(4,452,458)	(1,659,339)	(374,156)	(513,396)	(36,480)	–	(7,035,829)
Share of profit/(losses) of associates and joint ventures	88,053	(13,767)	(4,535)	–	292,561	–	362,312
Income tax (expense)/credit	1,269,658	(365,729)	(11,135)	(164,067)	(723)	20,174	748,178
Other material non-cash items							
Provision for impairment of property, plant and equipment	–	–	–	(34,793)	–	–	(34,793)
Provision for impairment of other assets	(130,788)	(11,495)	(31,443)	(115,393)	–	–	(289,119)
Segment assets and liabilities							
Total assets	129,674,801	55,647,125	17,858,773	23,812,187	33,599,379	(2,566,271)	258,025,994
Include: investment in associates and joint ventures	2,315,068	480,211	96,917	–	10,208,002	–	13,100,198
Addition to non-current assets	8,585,074	4,722,113	610,991	646,698	5,657	–	14,570,533
Total liabilities	47,479,100	25,194,720	6,036,283	8,239,937	73,361,220	(2,567,689)	157,743,571

5. SEGMENT INFORMATION (CONTINUED)

5.2 Information about reportable segment (loss)/profit, assets and liabilities (continued)

(b) Reportable segments' (loss)/profit, assets and liabilities (continued)

	For the year ended and as at 31 December 2014						
	Coal	Coal-chemical	Mining 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 profit/(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

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	
	2015	2014
	RMB'000	*RMB'000*
Domestic markets	**57,903,697**	70,278,983
Overseas markets	**1,367,168**	384,857
	59,270,865	70,663,840

Note:

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

Analysis of non-current assets

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
PRC	**187,768,539**	182,526,495
Australia	**463**	651
	187,769,002	182,527,146

Note:

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

6. PROPERTY, PLANT AND EQUIPMENT

	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 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 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 29)*	(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
Year ended 31 December 2015							
Opening net book amount	**22,829,321**	**13,583,211**	**33,291,127**	**2,685,192**	**1,412,138**	**52,566,344**	**126,367,333**
Disposal of subsidiaries	**(455,822)**	**–**	**(426,066)**	**–**	**(2,706)**	**(1,376,599)**	**(2,261,193)**
Additions	**112,234**	**1,366,896**	**399,470**	**4,083**	**202,892**	**10,862,156**	**12,947,731**
Transfers upon completion of construction	**8,413,095**	**230,683**	**11,339,661**	**434,942**	**58,983**	**(20,477,364)**	**–**
Transfer to land use rights and intangible assets	**–**	**–**	**–**	**–**	**–**	**(1,413,228)**	**(1,413,228)**
Transfer to investment property	**(538)**	**–**	**–**	**–**	**–**	**–**	**(538)**
Reclassification	**–**	**–**	**–**	**(75,337)**	**–**	**–**	**(75,337)**
Disposals	**(23,006)**	**(6,355)**	**(43,333)**	**–**	**(36,970)**	**–**	**(109,664)**
Depreciation charge *(Note 29)*	**(1,282,767)**	**(824,470)**	**(4,069,471)**	**(91,938)**	**(346,494)**	**–**	**(6,615,140)**
Provision for impairment	**(11,439)**	**–**	**(23,354)**	**–**	**–**	**–**	**(34,793)**
Closing net book amount	**29,581,078**	**14,349,965**	**40,468,034**	**2,956,942**	**1,287,843**	**40,161,309**	**128,805,171**
At 31 December 2015							
Cost	**35,159,665**	**20,789,043**	**63,436,330**	**3,448,918**	**2,981,503**	**40,161,309**	**165,976,768**
Accumulated depreciation	**(5,533,291)**	**(6,437,908)**	**(22,882,068)**	**(491,976)**	**(1,623,692)**	**–**	**(36,968,935)**
Impairment provision	**(45,296)**	**(1,170)**	**(86,228)**	**–**	**(69,968)**	**–**	**(202,662)**
Net book amount	**29,581,078**	**14,349,965**	**40,468,034**	**2,956,942**	**1,287,843**	**40,161,309**	**128,805,171**

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During the year ended 31 December 2015, the depreciation charges of the Group were recorded in cost of sales with an amount of RMB5,974,694,000 (2014: RMB4,549,040,000), selling, general and administrative expenses with an amount of RMB526,779,000 (2014: RMB446,838,000), construction in progress with an amount of RMB91,656,000 (2014: RMB229,183,000), and cost of inventories which remained unsold as at year end with an amount of RMB22,011,000 (2014: RMB47,736,000) respectively.

Bank borrowings are secured on buildings and plant, machinery and equipment with carrying amount of RMB13, 605,626,000(2014:RMB12,063,016,000) (Note22). Bank borrowings are secured on construction in progress with carrying amount of RMB 68,624,000 (2014: RMB1,381,550,000) (Note 21).

As at 31 December 2015, the Group were in process of applying the ownership certificates of certain buildings with net book value of RMB4,790,282,000 (31 December 2014: RMB5,770,994,000).

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7. LAND USE RIGHTS

	RMB'000
At 1 January 2014	
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
Year ended 31 December 2015	
Opening net book amount	**4,691,349**
Additions	**20,810**
Transferred from property, plant and equipment	**240,447**
Reclassification	**77,213**
Disposal of subsidiaries	**(35,188)**
Amortisation charge	**(105,371)**
Closing net book amount	**4,889,260**
At 31 December 2015	
Cost	**5,566,883**
Accumulated amortisation	**(676,426)**
Impairment provision	**(1,197)**
Net book amount	**4,889,260**

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.

7. LAND USE RIGHTS (CONTINUED)

The amortisation charges were recorded in cost of sales with an amount of RMB52,706,000 (2014: RMB43,687,000), selling, general and administrative expenses with an amount of RMB41,850,000 (2014: RMB46,122,000) and construction in progress with an amount of RMB10,815,000 (2014: RMB5,845,000) and cost of inventories which remained unsold as at year end with an amount of RMB nil (2014: RMB671,000).

8. MINING RIGHTS AND EXPLORATION RIGHTS

	Mining rights *RMB'000*	Exploration Rights *RMB'000*	Total *RMB'000*
At 1 January 2014			
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
Additions	–	157,205	157,205
Transferred from property, plant and equipment	16,278	–	16,278
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
Year ended 31 December 2015			
Opening net book amount	**13,357,604**	**19,810,110**	**33,167,714**
Additions	**10,000**	**384**	**10,384**
Transferred from property, plant and equipent	**23,855**	**–**	**23,855**
Amortisation charge	**(358,146)**	**–**	**(358,146)**
Closing net book amount	**13,033,313**	**19,810,494**	**32,843,807**
At 31 December 2015			
Cost	**16,442,084**	**19,810,494**	**36,252,578**
Accumulated amortisation	**(3,408,771)**	**–**	**(3,408,771)**
Net book amount	**13,033,313**	**19,810,494**	**32,843,807**

The amortisation charge was mainly recorded in cost of sales for the years ended 31 December 2015 and 2014.

9. INTANGIBLE ASSETS

	Technical know-how *RMB'000*	Others *RMB'000*	Total *RMB'000*
At 1 January 2014			
Cost	–	232,443	232,443
Accumulated amortisation	–	(73,339)	(73,339)
Net book amount	–	159,104	159,104
Year ended 31 December 2014			
Opening net book amount	–	159,104	159,104
Additions	–	126,099	126,099
Disposals	–	(100)	(100)
Amortisation charge	–	(20,809)	(20,809)
Closing net book amount	–	264,294	264,294
At 31 December 2014			
Cost	–	358,442	358,442
Accumulated amortisation	–	(94,148)	(94,148)
Net book amount	–	264,294	264,294
Year ended 31 December 2015			
Opening net book amount	**–**	**264,294**	**264,294**
Transferred from construction in progress	**901,117**	**247,808**	**1,148,925**
Additions	**–**	**32,528**	**32,528**
Disposals of a subsidiary	**–**	**(9,030)**	**(9,030)**
Amortisation charge	**(45,056)**	**(28,627)**	**(73,683)**
Closing net book amount	**856,061**	**506,973**	**1,363,034**
At 31 December 2015			
Cost	**901,117**	**629,748**	**1,530,865**
Accumulated amortisation	**(45,056)**	**(122,775)**	**(167,831)**
Net book amount	**856,061**	**506,973**	**1,363,034**

The amortisation charge was mainly recorded in cost of sales and selling, general and administrative expenses for the years ended 31 December 2015 and 2014.

10(a) SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 December 2015:

(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 ("Pingshuo") (中煤平朔集團有限公司)	Shuozhou, the PRC 25 August 2008	RMB20,845,658,000	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 (山西中煤華晋能源有限責任公司)	Taiyuan, the PRC 8 September 2011	RMB3,806,684,315	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	RMB3,977,140,000	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

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For the year ended 31 December 2015
(All amounts in RMB unless otherwise stated)

10(a) SUBSIDIARIES (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
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	RMB400,776,800	55%	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	RMB2,474,873,500	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	RMB614,766,400	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
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	RMB3,198,601,000	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

10(a) SUBSIDIARIES (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
China Coal Shaanxi Yulin Energy & Chemical Company Limited ("Shaanxi Yulin") (中煤陝西榆林能源化工有限公司)	Yulin, the PRC 21 April 2010	RMB9,369,060,000	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	RMB94,493,800	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	RMB3,197,361,498	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 Co., LTD. (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.

10(a) SUBSIDIARIES (CONTINUED)

(b) Material non-controlling interests

The total non-controlling interest for the year is RMB 16,574,854,000 (2014: RMB 16,025,405,000). The material non-controlling interests are set out below.

Subsidiaries with material non-controlling interest	**31 December 2015** *RMB'000*	31 December 2014 *RMB'000*
Shanghai Datun Energy Resources Co., Limited ("Shanghai Datun")	**3,241,555**	3,264,882
Shanxi China Coal Huajin Energy Company Limited ("China Coal Huajin")	**3,579,612**	2,533,784
Wushenqi Mengda Mining Resources Company ("Mengda Mining")	**1,219,847**	1,223,605
Ordos Yihua Mining Resources Company Limited ("Yihua Mining")	**1,818,673**	1,822,006
	9,859,687	8,844,277

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

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**		**Mengda Mining**		**Yihua Mining**	
	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*	**31 December 2015** *RMB'000*	31 December 2014 *RMB'000*	**31 December 2015** *RMB'000*	31 December 2014 *RMB'000*	**31 December 2015** *RMB'000*	31 December 2014 *RMB'000*
Current assets	**2,190,129**	2,215,540	**2,675,952**	2,440,035	**768,601**	223,546	**538,182**	424,790
Non-current assets	**12,433,764**	12,859,460	**13,131,849**	11,275,106	**9,756,387**	9,200,656	**8,961,525**	8,291,762
	14,623,893	15,075,000	**15,807,801**	13,715,141	**10,524,988**	9,424,202	**9,499,707**	8,716,552
Current liabilities	**3,620,255**	3,696,666	**3,550,399**	3,621,685	**3,536,404**	790,071	**3,197,832**	414,557
Non-current liabilities	**1,834,575**	2,058,782	**4,297,549**	4,428,844	**3,400,798**	5,039,661	**2,590,297**	4,583,615
	5,454,830	5,755,448	**7,847,948**	8,050,529	**6,937,202**	5,829,732	**5,788,129**	4,998,172
Net assets	**9,169,063**	9,319,552	**7,959,853**	5,664,612	**3,587,786**	3,594,470	**3,711,578**	3,718,380

10(a) SUBSIDIARIES (CONTINUED)

(b) Material non-controlling interests (continued)

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

Summarised income statement and statement of comprehensive income

	Shanghai Datun		China Coal Huajin		Mengda Mining		Yihua Mining	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue	**4,960,393**	6,351,647	**3,674,664**	3,450,036	**24,425**	17,947	**1,316**	13,318
(Loss)/profit before income tax	**(33,493)**	(102,994)	**1,036,358**	1,035,961	**(5,957)**	(4,370)	**(5,102)**	(4,236)
Income tax credit/(expense)	**67,371**	(23,329)	**287,412**	267,919	**727**	–	**1,701**	–
(Loss)/profit for the year	**(100,864)**	(79,665)	**748,946**	768,042	**(6,684)**	(4,370)	**(6,803)**	(4,236)
Total comprehensive (loss)/income for the year	**(100,864)**	(79,665)	**748,946**	768,042	**(6,684)**	(4,370)	**(6,803)**	(4,236)
Total comprehensive (loss)/income allocated to non-controlling interests	**(58,026)**	(17,658)	**179,618**	409,503	**(2,273)**	(1,486)	**(3,333)**	(2,076)
Dividends paid to non-controlling interests	**–**	–	**–**	–	**–**	–	**–**	–

10(a) 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		Mengda Mining		Yihua Mining	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Cash flows from operating activities								
Cash generated/(used) from operations	**695,266**	852,617	**1,337,432**	1,349,705	**(498,509)**	(4,347)	**(114,479)**	249,430
Income tax paid	**(37,432)**	(64,730)	**(271,875)**	(353,048)	**(727)**	–	**–**	–
Net cash generated/(used) from operating activities	**657,834**	787,887	**1,065,557**	996,657	**(499,236)**	(4,347)	**(114,479)**	249,430
Net cash used in investing activities	**(849,665)**	(1,189,493)	**(912,360)**	(1,237,827)	**(313,727)**	(832,633)	**(435,194)**	(830,394)
Net cash generated/(used) from financing activities	**195,605**	255,827	**(474,287)**	206,886	**812,587**	836,304	**550,333**	580,278
Net increase/(decrease) in cash and cash equivalents	**3,774**	(145,779)	**(321,090)**	(34,284)	**(376)**	(676)	**660**	(686)
Cash and cash equivalents, at beginning of the year	**145,961**	291,740	**498,085**	532,369	**2,241**	2,917	**3,011**	3,697
Cash and cash equivalents at end of the year	**149,735**	145,961	**176,995**	498,085	**1,865**	2,241	**3,671**	3,011

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

10(b) INVESTMENTS IN ASSOCIATES

	2015	2014
	RMB'000	*RMB'000*
Beginning of the year	**10,135,191**	9,560,189
Additions	**1,739,620**	1,784,954
Disposals	**–**	(21,793)
Transfer to available-for-sale financial assets *(note)*	**(829,328)**	(1,174,963)
Share of profits	**381,697**	87,695
Share of change in reserves	**–**	53,570
Dividends	**(205,559)**	(154,461)
End of the year	**11,221,621**	10,135,191

Note:

The Group entered into agreements with the respective controlling shareholders of three associates of the Group, pursuant to which the Group consigned its voting rights of the directors nominated by the Group to the directors nominated by the controlling shareholders in respect of resolutions and decisions on all significant financing and operating matters for the period from 1 January 2015 to 31 December 2017. As the Group was not able to participate nor influence any decision related to financing and operating matters, the influences over these three associates were ceased. As a result, the investments in these three entities were accounted for by the Group as available-for-sale investments which took effect on 1 January 2015.

Set out below are the associates of the Group as at 31 December 2015, 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 2015 and 2014

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(b) 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 2015	31 December 2014	**31 December 2015**	31 December 2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Current assets	**10,167,976**	6,833,027	**2,755,468**	2,911,505
Non-current assets	**37,708,521**	15,986,813	**26,638,747**	22,409,180
Total current net assets	**47,876,497**	22,819,840	**29,394,215**	25,320,685
Current liabilities	**(16,535,884)**	(7,537,878)	**(7,839,949)**	(4,376,526)
Non-current liabilities	**(15,406,662)**	(2,348,011)	**(14,385,966)**	(13,950,000)
Total non-current net assets	**(31,942,546)**	(9,885,889)	**(22,225,915)**	(18,326,526)
Net assets	**15,933,951**	12,933,951	**7,168,300**	6,994,159

Summarised income statement and statement of comprehensive income

	Zhongtian Synergetic		**Shaanxi Yanchang**	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Revenue	**–**	–	**3,920,854**	9,323
Profit before income tax from continuing operations	**–**	–	**185,269**	535
Profit for the year from continuing operations	**–**	–	**174,141**	535
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income for the year	**–**	–	**174,141**	535

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(b) 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	**2015**	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Opening net assets at 1 January	**12,933,951**	9,791,401	**6,994,159**	6,993,624
Profit for the year	**–**	–	**174,141**	535
Contributions	**3,000,000**	3,000,000	**–**	–
Others	**–**	142,550	**–**	–
Closing net assets attributable to equity holder of the associate at 31 December	**15,933,951**	12,933,951	**7,168,300**	6,994,159
Interest in associates (38.75%, 30%)	**6,174,406**	5,011,906	**2,150,489**	2,098,247
Carrying value	**6,174,406**	5,011,906	**2,150,489**	2,098,247

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

	2015	2014
	RMB'000	*RMB'000*
Beginning of the year	**3,025,038**	3,667,934
Additions	**577,120**	622,454
Disposals	**–**	(21,793)
Transferred to available-for-sale financial assets	**(829,328)**	(1,174,963)
Share of profit	**329,455**	87,535
Share of change in reserves	**–**	(1,668)
Dividends	**(205,559)**	(154,461)
End of the year	**2,896,726**	3,025,038

10(c) INVESTMENTS IN JOINT VENTURES

	2015	2014
	RMB'000	*RMB'000*
Beginning of the year	**670,812**	526,300
Additions	**1,232,407**	115,000
Share of change in reserves	**(3,344)**	–
Share of (loss)/profit	**(19,385)**	46,790
Dividends	**(1,913)**	(17,278)
End of the year	**1,878,577**	670,812

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.

Nature of investment in joint ventures:

Name of entity	**Place of business/country of incorporation**	**% of ownership interest**	**Measurement method**
Yan'an Hecaogou Coal Company Limited ("Hecaogou Coal")	Yan'an, the PRC	50.00%	Equity

10(c) INVESTMENTS IN JOINT VENTURES (CONTINUED)

Summarised financial information for joint ventures

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

Summarised balance sheet

	Hecaogou Coal 31 December 2015 *RMB'000*
Current	
Cash and cash equivalents	102,935
Other current assets (excluding cash)	189,088
Total current assets	292,023
Financial liabilities (excluding trade payables)	(1,550,000)
Other current liabilities (including trade payables)	(325,189)
Total current liabilities	(1,875,189)
Non-current	
Assets	4,490,124
Financial liabilities	(250,000)
Other liabilities	(299,801)
Total non-current liabilities	(549,801)
Net assets	2,357,157

Summarised income statement and statement of comprehensive income

	Hecaogou Coal 31 December 2015 *RMB'000*
Revenue	728,055
Depreciation and amortisation	(141,185)
Interest income	3,623
Interest expense	(119,678)
Profit or loss from continuing operations	(36,255)
Income tax expense	101
Post-tax loss from continuing operations	(36,154)
Other comprehensive income	–
Total comprehensive loss for the year	(36,154)

10(c) INVESTMENTS IN JOINT VENTURES (CONTINUED)

Summarised financial information for joint ventures (continued)

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

Reconciliation of summarised financial information

Summarised financial information	Hecaogou Coal 31 December 2015 *RMB'000*
Opening net assets at 1 January	–
Loss for the year	(36,154)
Contributions	2,400,000
Others	(6,688)
Closing net assets attributable to equity holder of the joint venture at 31 December	2,357,158
Interest in the joint venture (50%)	1,178,579
Carrying value	1,178,579

11. FINANCIAL INSTRUMENTS

	31 December 2015		
	Loans and receivables *RMB'000*	**Available-for-sale financial assets** *RMB'000*	**Total** *RMB'000*
Assets as per balance sheet			
Available-for-sale financial assets	**–**	**5,566,926**	**5,566,926**
Trade and other receivables excluding prepayments	**19,900,173**	**–**	**19,900,173**
Long-term receivables	**245,524**	**–**	**245,524**
Restricted bank deposits and term deposits	**21,002,298**	**–**	**21,002,298**
Cash and cash equivalents	**11,195,663**	**–**	**11,195,663**
Total	**52,343,658**	**5,566,926**	**57,910,584**

11. FINANCIAL INSTRUMENTS (CONTINUED)

	Other financial liabilities at amortised cost
	RMB'000
Liabilities as per balance sheet	
Borrowings	**70,157,103**
Trade and notes payable, accruals, advances and other payables excluding non-financial liabilities	**31,764,068**
Other long-term liabilities	**683,092**
Bonds	**42,869,090**
Total	**145,473,353**

		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 notes payable, accruals, advances and other payables excluding non-financial liabilities	32,335,843
Other long-term liabilities	579,628
Bonds	31,355,018
Total	128,123,377

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015	2014
	RMB'000	*RMB'000*
Beginning of the year	**4,340,765**	2,020,603
Additions	**400,000**	1,136,143
Transferred from investments in associates *(Note 10(b))*	**829,328**	1,174,963
Disposal	**(2,004)**	(500)
(Decrease)/Increase in fair value (charged)/credited to other comprehensive income	**(1,163)**	9,556
End of the year	**5,566,926**	4,340,765

Available-for-sale financial assets include the following:

	31 December 2015	31 December 2014
	RMB'000	*RMB'000*
Listed securities, at fair value		
– equity securities, listed in the PRC	**20,790**	21,953
Unlisted securities		
– equity securities, at cost *(Note)*	**5,546,136**	4,318,812
	5,566,926	4,340,765

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.

13. LONG-TERM RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Entrusted loan to a joint venture	**102,000**	102,000
Others	**143,524**	105,675
Total	**245,524**	207,675

Long-term receivables of the Group mainly include an entrusted loan of RMB102,000,000 (2014: 102,000,000) to a joint venture via Bank of Communications. This loan bears an interest rate of 7.47% per annum during the year ended 31 December 2015 (2014: 7.47%) and is due within 2 years.

The long-term receivables are neither past due nor impaired as at 31 December 2015 and 2014. The carrying amounts of long-term receivables approximate their fair values.

14. OTHER NON-CURRENT ASSETS

	2015 *RMB'000*	2014 *RMB'000*
Prepayments for long-term investments *(Note (a))*	**2,408,844**	3,484,655
Prepayments for mining and exploration rights *(Note (b))*	**2,382,715**	1,882,715
Prepayments for constructions in progress and equipment *(Note (c))*	**136,451**	227,266
Deductible value added tax	**580,180**	821,612
Loan to a fellow subsidiary *(Note (d))*	**316,800**	–
Prepaid income tax	**339,372**	–
Others	**552,334**	763,051
Total	**6,716,696**	7,179,299

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 2015, the Group has paid RMB2,408,844,000 (31 December 2014: RMB 3,484,655,000) 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 2015, the Group has paid RMB2,382,715,000 (31 December 2014: RMB1,882,715,000) 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 2015, the amounts of prepayment to fellow subsidiaries for purchasing property, plant and equipment amounted to RMB5,239,000 (2014: RMB5,483,000), which are unsecured and interest free.

(d) The balance represents a loan to a fellow subsidiary. The loan receivable is unsecured and repayable over 12 months from the balance sheet date with an interest rate of 6.16% per annum.

15. INVENTORIES

	2015 *RMB'000*	2014 *RMB'000*
Coal	**712,240**	2,286,610
Machinery for sale	**3,135,910**	2,844,838
Coal chemical products	**439,572**	393,342
Auxiliary materials, spare parts and tools	**2,537,326**	3,097,683
	6,825,048	8,622,473

The provisions for impairment of inventories of the Group amounted to RMB260,440,000 as at 31 December 2015 (2014: RMB 176,041,000).

16. TRADE AND NOTES RECEIVABLES

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Trade receivables, net *(note (a))*	**9,679,830**	8,222,019
Notes receivables *(note (b))*	**3,589,112**	5,237,471
	13,268,942	13,459,490

Notes:

(a) Trade receivables are analysed as follows:

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Trade receivables		
– Associates	**210,548**	101,536
– Joint ventures	**48,900**	46,466
– Fellow subsidiaries	**1,157,681**	761,721
– Third parties	**8,262,701**	7,312,296
Trade receivables, net	**9,679,830**	8,222,019

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

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Within 6 months	**5,817,040**	5,352,151
6 months – 1 year	**2,053,096**	1,504,740
1 – 2 years	**1,624,152**	1,266,055
2 – 3 years	**337,070**	258,839
Over 3 years	**337,939**	289,077
Trade receivables, gross	**10,169,297**	8,670,862
Less: impairment of receivables	**(489,467)**	(448,843)
Trade receivables, net	**9,679,830**	8,222,019

16. TRADE AND NOTES RECEIVABLES (CONTINUED)

Notes: (continued)

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

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

	2015	2014
	RMB'000	*RMB'000*
Beginning of the year	**448,843**	401,506
Provision for impairment of receivables	**60,071**	76,050
Reversal of provision for impairment of receivables	**(3,215)**	(3,031)
Receivables written off during the year as uncollectible	**(934)**	(25,682)
Disposal of subsidiaries	**(15,298)**	–
At the end of the year	**489,467**	448,843

As at 31 December 2015 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 (2014: less than one year).

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

	31 December 2015	31 December 2014
	RMB'000	*RMB'000*
RMB	**13,197,009**	13,365,398
USD	**71,933**	94,092
	13,268,942	13,459,490

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

(e) As at 31 December 2015, notes receivables with amount of RMB323,162,000 (2014: RMB668,161,000) are pledged to banks for notes payables amounted to RMB323,162,000 (2014: RMB651,612,000).

17. PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Advances to suppliers *(note (a))*	**1,292,701**	1,438,188
Entrusted loans *(note (b))*	**3,000,000**	2,100,000
Interest receivable	**255,809**	131,008
Dividends receivable	**40,175**	29,490
Loan to a fellow subsidiary *(note (c))*	**277,200**	300,000
Other amounts due from related parties, gross *(note (d))*	**1,987,971**	48,283
Other amounts due from third parties, gross *(note (e))*	**3,197,385**	3,772,149
	10,051,241	7,819,118
Less: impairment of prepayment and other receivables *(note (f))*	**(324,613)**	(601,985)
Prepayments and other receivables, net *(note (g))*	**9,726,628**	7,217,133

Notes:

(a) Advances to suppliers are analysed as follows:

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Advances to suppliers		
– Associates	**898**	7,712
– Fellow subsidiaries	**218,259**	52,232
– Third parties	**1,073,544**	1,378,244
	1,292,701	1,438,188

As at 31 December 2015 and 2014, advanced to related parties are unsecured and interest free.

(b) Entrusted loans are analysed as follows:

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Entrusted loans		
– A joint venture *(note i)*	**1,450,000**	–
– An associate *(note ii)*	**1,550,000**	–
– A third party	**–**	2,100,000
	3,000,000	2,100,000

i. The balance represents an entrusted loan to a joint venture via China Construction Bank. The loan receivable is unsecured and due in 2016 with interest rate of 6.60% per annum.

ii. The balance represents an entrusted loan to an associate via China Coal Finance. The loan receivable is unsecured and due in 2016 with interest rate of 4.35% per annum.

17. PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

(c) 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 from 4.35% to 6.16% per annum.

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

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Amount due from related parties, gross		
– Associates	**31,403**	38,348
– Fellow subsidiaries	**1,956,568**	9,935
	1,987,971	48,283
Less: impairment of receivables	**(7,860)**	(8,952)
Amount due from related parties, net	**1,980,111**	39,331

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

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

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Within 1 year	**2,495,654**	2,503,512
1 – 2 years	**122,753**	816,668
2 – 3 years	**219,476**	165,231
Over 3 years	**359,502**	286,738
Other amounts due from third parties, gross	**3,197,385**	3,772,149
Less: impairment of receivables	**(283,073)**	(564,069)
Other amounts due from third parties, net	**2,914,312**	3,208,080

(f) The provision for impairment mainly relates to amounts due from third parties and related parties.

Movement of the provision for impairment of prepayment and other receivables are as follows:

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Beginning of the year	**601,985**	290,982
Provision for impairment of receivables	**22,114**	337,255
Reversal of provision for impairment of receivables	**(7,855)**	(7,183)
Receivables written off during the year as uncollectible	**–**	(19,069)
Receivables disposed to the Parent Company *(Note 40(a))*	**(275,568)**	–
Disposal of a subsidiary	**(16,063)**	–
End of the year	**324,613**	601,985

17. PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

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

(h) There are no collaterals for other receivables.

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

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
RMB	**8,467,579**	5,807,909
AUD	**28**	–
	8,467,607	5,807,909

18. CASH AND BANK DEPOSITS

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Restricted bank deposits *(note (a))*	**2,586,039**	2,534,610
Term deposits with initial terms of over three months	**18,416,259**	5,815,521
Cash and cash equivalents		
– Cash on hand	**1,581**	1,715
– Deposits with banks and other financial institutions	**11,194,082**	18,129,997
	32,197,961	26,481,843

Notes:

(a) Restricted bank deposits mainly include the deposits set aside for the environmental restoration fund and the transformation fund as required by the regulations, the deposits set aside for land rehabilitation, L/C Guarantee deposits, bank acceptance bill deposits, L/G deposits and the mandatory reserve deposits in the People's Bank of China.

(b) For the year ended 31 December 2015, the weighted average effective interest rates on deposits ranged from 0.30% to 3.70% (2014: 0.35% to 4.62%) per annum.

(c) As at 31 December 2015, deposits amounted to RMB 91,474,000(2014: RMB194,620,000) are secured to banks for notes payables amounted to RMB 247,078,000(2014: RMB621,777,000).

18. CASH AND BANK DEPOSITS (CONTINUED)

Notes: (continued)

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

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
RMB	**32,069,020**	26,349,318
USD	**125,834**	122,064
Other currencies	**3,107**	10,461
	32,197,961	26,481,843

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.

19. SHARE CAPITAL

	2015	
	Number of shares *(thousands)*	**Share capital** *RMB'000*
At 1 January 2014 and 31 December 2014 and 2015:		
Domestic shares ("A shares") of RMB1.00 each		
– held by China Coal Group	**7,605,208**	7,605,208
– held by other shareholders	**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
– held by other shareholders	**3,974,312**	3,974,312
	13,258,663	13,258,663

There is no movement in the Company's issued share capital during the year ended 31 December 2014 and 2015.

Notes:

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

(b) As at 31 December 2015, 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.

20. RESERVES

	Capital reserve	Statutory reserve funds	General reserve	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*	*RMB'000*
Balance at 1 January 2014	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 interest	–	–	–	–	–	–	–	(1,234)	–	(1,234)
Share of change in reserves of associates	–	–	–	–	–	–	–	123,485	(69,915)	53,570
Contributions	2,197	–	–	–	–	–	–	–	–	2,197
Dividends *(Note 34)*	–	–	–	–	–	–	–	–	(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
Loss for the year	–	–	–	–	–	–	–	–	(3,266,791)	(3,266,791)
Other comprehensive losses	–	–	–	–	–	–	(8,396)	(872)	–	(9,268)
Appropriations	–	–	123,919	(7,477)	22,595	(804,874)	–	–	665,837	–
Share of changes in reserve of associates and joint venture.	–	–	–	–	–	–	–	4,998	(8,342)	(3,344)
Contributions *(Note (d))*	405,846	–	–	–	–	–	–	–	–	405,846
Dividends *(Note 34)*	–	–	–	–	–	–	–	–	(319,649)	(319,649)
Loss of significant influence over associates	–	–	–	–	–	–	–	(30,335)	27,367	(2,968)
Balance at 31 December 2015	**31,056,891**	**3,992,822**	**123,919**	**48,550**	**36,507**	**1,313,446**	**(75,724)**	**6,278,921**	**27,673,574**	**70,448,906**

Notes:

(a) Statutory reserve funds

In accordance with the PRC Company Law and the Company's articles of association, the Company is required to set aside 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 (2014: 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.

20. RESERVES (CONTINUED)

Notes: (continued)

(c) Safety fund

Pursuant to certain regulations issued by the Ministry of Finance (財政部) and the State Administration of Work Safety (安全監管總局) 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) Contributions

The principal contributions for the year ended 31 December 2015 include:

(i) Compensation for receivables

In 2015, pursuant to an agreement entered into between China Coal Group and the Group, China Coal Group compensated the Group in cash for certain other receivables of the Group amounted to RMB467,430,000, which were acquired from China Coal Group in an acquisition of a subsidiary in prior year and subsequently became doubtful. Prior to the disposal, the Group has made provisions of RMB275,568,000 for the impairment on these receivables and the net book amount of such receivables were RMB191,862,000. The compensation received in excess of the net book amount of the receivables, net of tax effect, amounted to RMB206,676,000 and has been recognised in capital reserve as a contribution by the Parent Company.

(ii) Reversal of a deferred tax liability

Deferred income tax liability amounted to RMB384,560,000, which resulted from the fair value adjustments during the reorganisation of the Company (Note 23), has been reversed in the year ended 31 December 2015 due to change of related tax basis resulting to an addition of RMB196,126,000 in capital reserve and an addition of RMB188,434,000 in non-controlling interests.

As such deferred tax liability was resulted from the fair value adjustment during the reorganisation of the company, the reversed has been adjusted to the capital reserve accordingly.

(e) 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 are not required to be set aside since August 1, 2013.

(ii) Sustainable development fund

Pursuant to a regulation issued by Jiangsu Province Xuzhou municipal government on 20 October 2010, the Company's subsidiary in Xuzhou is required to set aside an amount to a sustainable development fund at RMB10 (2014: 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 since 1 January 2014 according to related requirement of the local government.

21. BORROWINGS AND BANKING FACILITIES

	31 December 2015 RMB'000	31 December 2014 RMB'000
Long-term borrowings		
Bank loans and loans from other financial institutions		
– Secured *(note (e))*	**7,551,502**	5,314,761
– Guaranteed *(note (d))*	**2,578,576**	2,819,185
– Unsecured	**54,369,096**	49,713,894
	64,499,174	57,847,840
Less: amount due within one year under current liabilities	**(10,019,483)**	(6,831,879)
	54,479,691	51,015,961
Short-term borrowings		
Bank loans and loans from other financial institutions		
– Secured *(note (e))*	**278,782**	250,000
– Guaranteed	**50,000**	–
– Unsecured	**5,329,147**	5,754,448
	5,657,929	6,004,448
Other unsecured loans from		
– Non-controlling shareholders of certain subsidiaries	**–**	600
	5,657,929	6,005,048
Total borrowings	**70,157,103**	63,852,888

Note:

(a) At 31 December 2015, the Group's long-term borrowings were repayable as follows:

	2015 RMB'000	2014 RMB'000
Bank loans and loans from other financial institutions		
– Within one year	**10,019,483**	6,831,879
– Between one and two years	**16,703,446**	12,670,732
– Between two and five years	**21,620,502**	23,607,251
– Over five years	**16,155,743**	14,737,978
	64,499,174	57,847,840

21. BORROWINGS AND BANKING FACILITIES (CONTINUED)

Notes: (continued)

(b) The carrying amounts and fair value of the non-current borrowings are as follows:

	Carrying amount		**Fair value**	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Borrowings	**54,479,691**	51,015,961	**55,249,293**	51,288,821

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 2015 (2014: 6.15% to 6.55% per annum).

The carrying amounts of short-term borrowings and current portion of long-term borrowings approximate their fair value.

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

	31 December 2015	31 December 2014
Bank loans and loans from other financial institutions		
– RMB loan	**3.47%-11.40%**	4.67%-11.40%

(d) The guaranteed borrowings are as follows:

	31 December 2015	31 December 2014
	RMB'000	*RMB'000*
Guaranteed by:		
– Guizhou Panjiang Investment Holdings Group Co., Ltd.	**40,000**	80,000
– Jizhong Energy Group Co., Ltd.	**204,926**	195,535
– the Company and Shanxi Coking Coal	**2,333,650**	2,543,650
	2,578,576	2,819,185

(e) The secured borrowings are as follows:

	31 December 2015	31 December 2014
	RMB'000	*RMB'000*
Secured by:		
– Property, plant and equipment	**7,630,284**	5,314,761
– Notes receivables	**–**	250,000
– Trade receivables	**200,000**	–
Total	**7,830,284**	5,564,761

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

21. BORROWINGS AND BANKING FACILITIES (CONTINUED)

Notes: (continued)

(f) As at 31 December 2015, the Group has the following undrawn borrowing facilities:

	2015	2014
	RMB'000	*RMB'000*
Floating rates		
– Expiring within one year	**166,077,000**	164,587,000
– Expiring over one year	**34,003,000**	25,390,000
	200,080,000	189,977,000

22. LONG-TERM BONDS

	31 December 2015	31 December 2014
	RMB'000	*RMB'000*
Bonds payable	**40,653,090**	30,723,018
Commission payable – non-current	**216,000**	132,000
Less: current portion	**(14,972,791)**	–
	25,896,299	30,855,018

Notes:

(a) On 17 August 2011, the Company issued 150,000,000 corporate bonds with a par value of RMB100 each and received total proceeds of RMB15,000,000,000. The bonds are fully repayable on 18 August 2016 when they become due. These bonds carry a coupon rate of 5.65% per annum and the interest charge will be paid on 18 August annually in each of the following five years. The effective interest rate is 5.97% per annum.

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

(b) On 18 September 2012, the Company issued 50,000,000 corporate bonds with a par value of RMB100 each and received a total proceeds of RMB5,000,000,000. The bonds are fully repayable on 19 September 2019 when they become due. These bonds carry a coupon rate of 5.12% per annum and the interest charge will be paid on 19 September annually in each of the following seven years. The effective interest rate is 5.38% per annum.

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

(c) On 23 July 2013, the Company issued 50,000,000 corporate bonds with a par value of RMB100 each and received a total proceeds of RMB5,000,000,000. The bonds are fully repayable on 25 July 2020 when they become due. These bonds carry a coupon rate of 5.26% per annum and the interest charge will be paid on 25 July annually in each of the following seven years. The effective interest rate is 5.51% per annum.

In addition, the Company is obliged to pay RMB84,000,000 to the underwriter as the underwriting commission, which is payable in seven instalments of RMB12,000,000 annually. First instalment of RMB12,000,000 was paid on 25 July 2013 when the transaction was completed and the same amount is payable on 25 July in each of the following six years.

22. LONG-TERM BONDS (CONTINUED)

Notes: (continued)

(d) On 16 September 2013, the Company issued 50,000,000 corporate bonds with a par value of RMB100 each and received a total proceeds of RMB5,000,000,000. The bonds are fully repayable on 18 September 2020 when they become due. These bonds carry a coupon rate of 5.60% per annum and the interest charge will be paid on 18 September annually in each of the following seven years. The effective interest rate is 5.85% per annum.

In addition, the Company is obliged to pay RMB84,000,000 to the underwriter as the underwriting commission, which is payable in seven instalments of RMB12,000,000 annually. As agreed with the underwriter, first instalment of RMB12,000,000 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 RMB 100 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.

(f) On 17 June 2015, the Company issued 100,000,000 corporate bonds with a par value of RMB100 each and received a total proceeds of RMB10,000,000,000. The bonds are fully repayable on 18 June 2022 when they become due. These bonds carry a coupon rate of 4.95% per annum and the interest charge will be paid on 18 June annually in each of the following seven years. The effective interest rate is 5.20% per annum.

In addition, the Company is obliged to pay RMB168,000,000 to the underwriter as the underwriting commission, which is payable in seven instalments of RMB24,000,000 annually. As agreed with the underwriter, first instalment of RMB24,000,000 was paid on 18 June 2015 when the transaction was completed and the same amount is payable on 18 June in each of the following six years.

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

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Bonds interest payable	**852,887**	591,179
Commission payable – current	**109,350**	121,950
	962,237	713,129

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

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Long-term bonds	**26,720,622**	31,268,770

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

23. 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:

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Deferred income tax assets:		
Deferred income tax assets to be recovered after more than 12 months	**2,133,831**	844,476
Deferred income tax assets to be recovered within 12 months	**292,132**	311,179
	2,425,963	1,155,655
Deferred income tax liabilities:		
Deferred income tax liabilities to be settled after more than 12 months	**(6,709,661)**	(7,393,632)
Deferred income tax liabilities to be settled within 12 months	**(112,300)**	(111,970)
	(6,821,961)	(7,505,602)
Deferred income tax liabilities, net	**(4,395,998)**	(6,349,947)

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

	2015 *RMB'000*	2014 *RMB'000*
Beginning of the year	**(6,349,947)**	(7,290,007)
Disposals of subsidiaries	**(17,635)**	–
Acquisition of a subsidiary	**–**	(157,559)
Transferred to current income tax payable	**–**	515,578
Credit to income statement	**1,655,625**	584,430
Credited directly to equity	**315,668**	–
Credited/(debited) to other comprehensive income *(Note 32)*	**291**	(2,389)
End of the year	**(4,395,998)**	(6,349,947)

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 551,157,000 (2014: RMB518,095,000), in respect of certain subsidiaries' accumulated tax losses of RMB2,204,629,000 (2014: RMB2,072,378,000) as at 31 December 2015, that can be carried forward against future taxable income and will expire between 2016 and 2020. 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.

23. DEFERRED INCOME TAX (CONTINUED)

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

	2015	2014
	RMB'000	*RMB'000*
2015	**–**	597,434
2016	**342,488**	342,488
2017	**641,676**	641,676
2018	**217,989**	271,332
2019	**85,952**	219,448
2020	**916,524**	–
	2,204,629	2,072,378

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:

	Trial production	**Unrealised 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 2014	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
(Charged)/credited to income statement	**(16,846)**	**(5,408)**	**1,442,269**	**(15,251)**	**16,773**	**3,764**	**(79,091)**	**1,346,210**
Credited to equity	**–**	**–**	**–**	**–**	**(68,892)**	**–**	**–**	**(68,892)**
Disposal of subsidiaries *(Note 41)*	**–**	**–**	**(17,586)**	**–**	**(49)**	**–**	**–**	**(17,635)**
At 31 December 2015	**163,319**	**104,837**	**1,734,930**	**108,506**	**165,879**	**111,761**	**117,964**	**2,507,196**

23. DEFERRED INCOME TAX (CONTINUED)

Deferred tax liabilities:

	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 2014	(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)
Credited to the income statement	**9,559**	**259,676**	**40,180**	**–**	**–**	**–**	**309,415**
Credited to other comprehensive income	**–**	**–**	**–**	**291**	**–**	**–**	**291**
Credited directly to equity *(Note 20(d))*	**–**	**–**	**384,560**	**–**	**–**	**–**	**384,560**
At 31 December 2015	**(28,721)**	**(818,788)**	**(6,051,324)**	**(4,299)**	**–**	**(62)**	**(6,903,194)**

Note:

(a) Pursuant to certain regulations of the PRC government, the Group is required to set aside amounts for the future development funds (Note 20 (b)), safety fund (Note 20 (c)), transformation environmental restoration fund (Note 20 (e)) and sustainable development fund (Note 210(e)), 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.

24. TRADE AND NOTES PAYABLES

	31 December 2015	31 December 2014
	RMB'000	*RMB'000*
Trade payables *(note (a))*	**19,039,397**	20,641,683
Notes payable	**1,626,258**	2,779,443
	20,665,655	23,421,126

24. TRADE AND NOTES PAYABLES (CONTINUED)

Notes:

(a) Trade payables are analysed as follows:

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Trade payables		
– Fellow subsidiaries	**2,975,002**	3,067,076
– A joint venture	**3,491**	–
– Associates	**41,910**	40,183
– Third parties	**16,018,994**	17,534,424
	19,039,397	20,641,683

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:

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Less than 1 year	**14,955,209**	16,707,059
1 – 2 years	**2,620,806**	2,951,493
2 – 3 years	**711,828**	559,899
Over 3 years	**751,554**	423,232
	19,039,397	20,641,683

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

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
RMB	**20,664,527**	23,419,663
USD	**1,126**	1,038
AUD	**2**	425
	20,665,655	23,421,126

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

(d) As at 31 December 2015, deposits amounted to RMB91,474,000 (2014: RMB194,620,000) are pledged to banks for notes payables amounted to RMB247,078,000 (2014: RMB621,777,000) (Note 18(c)).

As at 31 December 2015, notes receivables with amount of RMB323,162,000 (2014: RMB668,161,000) are pledged to banks for notes payables amounted to RMB323,162,000 (2014: RMB651,612,000) (Note 16(e)).

25. ACCRUALS, ADVANCES AND OTHER PAYABLES

	31 December 2015	31 December 2014
	RMB'000	*RMB'000*
Customer deposits and receipts in advance *(note (a))*	**1,379,498**	1,416,512
Payables for acquisition of subsidiaries	**869,864**	907,864
Payable for compensation for local mining companies	**257,536**	286,994
Dividends payable	**304,404**	316,271
Payables for site restoration	**263,088**	234,704
Mineral and water resource compensation payable	**40,334**	130,026
Salaries and staff welfare payable	**771,609**	784,636
Interest payable	**1,112,479**	691,841
Payables for mining rights	**391,690**	212,676
Advance from a non-controlling interest of a subsidiary	**11,801**	325,147
Contractor deposits	**733,664**	1,045,139
Deposits from fellow subsidiaries *(note (b))*	**5,015,336**	2,138,685
Other amounts due to related parties *(note (c))*	**340,395**	221,858
Other amounts due to third parties	**1,798,156**	2,533,537
	13,289,854	11,245,890

Notes:

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

	31 December 2015	31 December 2014
	RMB'000	*RMB'000*
Customer deposits and receipts in advances		
– Fellow subsidiaries	**8,825**	2,854
– Associates	**77,902**	95,458
– Third parties	**1,292,771**	1,318,200
	1,379,498	1,416,512

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) The balance represents deposits received from fellow subsidiaries by 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 3.25% per annum.

25. ACCRUALS, ADVANCES AND OTHER PAYABLES (CONTINUED)

Notes: (continued)

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

	31 December 2015 RMB'000	31 December 2014 RMB'000
Amounts due to related parties, gross		
– Parent Company	**6,121**	1,982
– Fellow subsidiaries	**334,185**	219,872
– An associate	**86**	4
– A joint venture	**3**	–
	340,395	221,858

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

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

(e) As at 31 December 2014 and 2015, the carrying amounts of accruals and other payables are all denominated in RMB.

26. SHORT-TERM BONDS

	31 December 2015 RMB'000	31 December 2014 RMB'000
Short-term bonds	**2,000,000**	500,000

On 16 July 2015 Shanghai Datun issued RMB500,000,000 one-year short-term bonds with a par value of RMB 100 each, and received a total proceeds of RMB498,000,000, deducting the underwriting commission of RMB2,000,000. These bonds carry a fixed coupon rate of 4.14% per annum and the interest charge will be paid when the bonds become due.

On 20 October 2015, Shanghai Datun issued RMB500,000,000 one-year short-term bonds with a par value of RMB100 each,and received a total proceeds of RMB498,000,000,deducting the underwriting commission of RMB2,000,000. These bonds carry a fixed coupon rate of 3.85% per annum and the interest charge will be paid when the bonds become due.

On 6 August 2015, Pingshuo issued 1,000,000,000 one-year short-term bonds with a par value of RMB100 each and received a total proceeds of RMB998,500,000, deducting the underwriting commission of RMB1,500,000. These bonds carry a fixed coupon rate of 3.87% per annum and the interest charge will be paid when the bonds become due.

27. PROVISION FOR CLOSE DOWN, RESTORATION AND ENVIRONMENTAL COST

	2015	2014
	RMB'000	*RMB'000*
Beginning of the year	**1,245,236**	1,173,793
Interest charge on unwinding of discounts	**42,442**	39,911
Provision	**68,370**	48,961
Payments	**(23,676)**	(17,429)
End of the year	**1,332,372**	1,245,236
Less: current portion	**(23,573)**	(20,309)
	1,308,799	1,224,927

Mining activities may result in land subsidence, which could lead to losses to the residents of the mining areas. Pursuant to the relevant PRC regulations, the Group is required to make compensation payments to the residents for their losses resulting from land subsidence, or to restore the mining areas back to certain acceptable conditions.

Under existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or results of operations of the Group. The PRC government, however, has moved and may move further towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include: (i) the exact nature and extent of the contamination at various sites including, but not limited to, coal mines and land development areas, whether operating, closed or sold, (ii) the extent of required cleanup efforts, (iii) varying costs of alternative remediation strategies, (iv) changes in environmental remediation requirements, and (v) the identification of new remediation sites.

The provision for close down, restoration and environmental clean up costs has been determined by management based on their past experience and best estimate of future expenditure by discounting the expected expenditures to their net present value. However, in so far as the effect on the land and the environment from current mining activities becomes apparent in future periods, the estimate of the associated costs may be subject to revision in the future. The amounts provided in relation to close down, restoration and environmental clean up costs are reviewed at least annually based upon the facts and circumstances available at the time and the provisions are updated accordingly.

28. OTHER LONG-TERM LIABILITIES

	2015	2014
	RMB'000	*RMB'000*
Payables for mining rights	**895,402**	785,653
Others	**260,678**	305,019
Less: current portion *(Note 25)*	**(391,690)**	(212,676)
Total	**764,390**	877,996

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 25).

29. EXPENSES BY NATURE

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

	2015	2014
	RMB'000	*RMB'000*
Depreciation *(note (a))*	**6,503,536**	4,997,618
Amortisation *(note (b))*	**532,293**	455,645
Materials used and goods traded	**24,199,733**	31,555,126
Transportation costs and port expenses	**11,735,216**	11,834,022
Sales tax and surcharges	**1,492,708**	1,078,112
Auditors' remuneration	**13,380**	12,190
– Audit service	**12,900**	12,150
– Non-audit service	**480**	40
Losses on disposal of property, plant and equipment, land use rights and intangible assets	**40,439**	63,807
Repairs and maintenance	**839,478**	872,271
Operating lease rentals	**92,014**	192,525
Provision for impairment of receivables	**74,115**	403,091
Provision for impairment of inventories	**215,004**	92,952
Provision for impairment of property, plant and equipment	**34,793**	11,309
Employee benefit expense (including directors' emoluments) *(note (c), Note 31)*	**6,331,348**	6,654,208
Mineral and water resource compensation fees *(note (d))*	**75,749**	531,876
Sustainable development charges *(note (e))*	**–**	1,409,739
Other expenses	**7,387,608**	8,206,978
Total cost of sales, selling, general and administrative expenses	**59,567,414**	68,371,469

29. EXPENSES BY NATURE (CONTINUED)

Notes:

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

	2015	2014
	RMB'000	*RMB'000*
Depreciation for the year	**6,617,203**	5,274,537
– Property, plant and equipment *(Note 6)*	**6,615,140**	5,272,797
– Investment properties	**2,063**	1,740
Less: Allocated to inventories which remained unsold as at year end	**(22,011)**	(47,736)
Allocated to construction in progress	**(91,656)**	(229,183)
Amount charged to income statement	**6,503,536**	4,997,618

Charged to:

	2015	2014
	RMB'000	*RMB'000*
Expenses		
– Cost of sales	**5,976,757**	4,550,780
– Selling, general and administrative expenses	**526,779**	446,838
	6,503,536	4,997,618

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

	2015	2014
	RMB'000	*RMB'000*
Land use rights *(Note 7)*	**94,556**	89,809
Mining rights *(Note 8)*	**349,855**	337,819
Intangible assets	**73,032**	18,577
Long-term deferred expenses	**14,850**	9,440
	532,293	455,645

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

	2015	2014
	RMB'000	*RMB'000*
Charged to:		
Cost of sales	**4,229,628**	4,335,055
Selling, general and administrative expenses	**2,101,720**	2,319,153
	6,331,348	6,654,208

29. 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.

30. FINANCE INCOME AND COSTS

	2015	2014
	RMB'000	*RMB'000*
Interest expense:		
– Bank borrowings	**4,307,791**	3,437,144
– Long-term and short-term bonds	**2,013,723**	1,745,251
– Provisions: unwinding of discount	**85,583**	88,111
Other incidental bank charges	**10,467**	2,945
Net foreign exchange gains	**(19,908)**	(20,680)
Finance costs	**6,397,656**	5,252,771
Less: amounts capitalised on qualifying assets	**(1,450,786)**	(2,537,765)
Total finance expenses	**4,946,870**	2,715,006
Finance income:		
– interest income on bank deposits	**804,822**	607,307
– interest income on loans receivable	**160,838**	155,826
Total finance income	**965,660**	763,133
Finance costs, net	**3,981,210**	1,951,873

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:

	2015	2014
Capitalisation rate used to determine the amount of finance costs eligible for capitalisation	**5.00%-6.29%**	5.42%-7.15%

31. EMPLOYEE BENEFIT EXPENSE

	2015	2014
	RMB'000	*RMB'000*
Wages, salaries and allowances	**4,045,004**	4,396,721
Housing subsidies *(note (a))*	**454,030**	423,597
Contributions to pension plans *(note (b))*	**920,116**	844,761
Welfare and other expenses	**912,198**	989,129
	6,331,348	6,654,208

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.

Five highest paid individuals

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

	2015	2014
Director	**1**	–
Non-director individuals	**4**	5
	5	5

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

	2015	2014
	RMB'000	*RMB'000*
Basic salaries, housing allowances, other allowances and benefits-in-kind	**839**	1,246
Contributions to pension schemes	**256**	295
Discretionary bonuses	**2,299**	3,480
	3,394	5,021

During the year ended 31 December 2015, the emoluments paid to each of the highest paid non-director individuals are in the range of HK$994,644 and HK$1,069,476 (2014: HK$1,185,829 and HK$1,360,689).

(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.

32. INCOME TAX (CREDIT)/EXPENSE

	2015 *RMB'000*	2014 *RMB'000*
Current income tax		
– PRC enterprise income tax *(note (a))*	**907,447**	776,198
Deferred income tax *(Note 23)*	**(1,655,625)**	(584,430)
	(748,178)	191,768

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 2015 and 2014 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:

	2015 *RMB'000*	2014 *RMB'000*
(Loss)/profit before income tax	**(3,575,678)**	679,280
Tax calculated at applicable tax rates	**(893,920)**	169,820
Preferential tax rates on the income of certain subsidiaries	**(6,167)**	(17,214)
Income not subject to taxation	**(92,956)**	(55,595)
Expenses not deductible for taxation purposes	**102,930**	55,492
Utilisation of previously unrecognised tax losses	**(25,701)**	(2,525)
Tax losses for which no deferred income tax asset has been recognised	**229,131**	54,862
Additional expenses allowable for tax deduction	**(61,495)**	(13,072)
Income tax (credit)/expense	**(748,178)**	191,768

The weighted average applicable tax rate was 21% (2014: 28%).

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

	2015			2014		
	Before tax *RMB'000*	**Tax credit** *RMB'000*	**After tax** *RMB'000*	Before tax *RMB'000*	Tax charge *RMB'000*	After tax *RMB'000*
Available-for-sale financial assets	**1,163**	**(291)**	**872**	(9,556)	2,389	(7,167)
Currency translation differences	**8,396**	**–**	**8,396**	20,084	–	20,084
Other comprehensive income	**9,559**	**(291)**	**9,268**	10,528	2,389	12,917
Current tax		**–**			–	
Deferred tax		**(291)**			2,389	
		(291)			2,389	

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

	2015 *RMB'000*	2014 *RMB'000*
Deferred tax:	**(291)**	2,389

33. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share are calculated by dividing the (loss)/profit attributable to equity holders of the Company by the number of 13,258,663,000 ordinary shares in issue during the year.

	2015	2014
(Loss)/profit attributable to equity holders of the Company *(RMB'000)*	**(3,266,791)**	141,097
Number of ordinary shares in issue *(thousands)*	**13,258,663**	13,258,663
Basic (loss)/earnings per share *(RMB per share)*	**(0.25)**	0.01

As the Company had no dilutive instruments for the years ended 31 December 2015 and 2014, diluted (loss)/earnings per share are presented equals to basic (loss)/earnings per share.

34. DIVIDENDS

	2015	2014
	RMB'000	*RMB'000*
Dividends recorded:		
– final dividend for 2013, paid *(note (a))*	**–**	1,073,952
– final dividend for 2014, paid *(note (b))*	**319,649**	–
Dividends proposed after the balance sheet date:		
– final dividend for 2014 *(note (b))*	**–**	319,787

Notes:

(a) On 13 May 2014, after approval from the annual general meeting of shareholders, the Company declared 2013 final dividend of RMB0.081 Yuan per share, and the Company made dividend payment of approximately RMB1,073,952,000 during 2014.

(b) On 16 June 2015, after approval from the annual general meeting of shareholders, the Company declared 2014 final dividend of RMB0.024 Yuan per share, and the Company made dividend payment of approximately RMB319,649,000 in July 2015.

35. BENEFITS AND INTERESTS OF DIRECTORS

(a) The emoluments of directors and supervisors for the year ended 31 December 2015 are set out below:

	2015						
	Emoluments paid or receivable in respect of a person's service as a director, whether of the company or its subsidiary undertaking						
Name	Fees	Salary	Bonus	Housing allowance	Social benefits	Employer's contribution to benefits scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman, executive director							
Mr. LI Yanjiang[1]	–	–	–	–	–	–	–
Mr. WANG An[2]	–	–	–	–	–	–	–
Executive director							
Mr. GAO Jianjun[3]	–	172	583	26	27	59	867
Mr. YANG Lieke[4]	–	70	70	13	13	32	198
Non-executive director							
Mr. PENG Yi	–	–	–	–	–	–	–
Mr. LIU Zhiyong[5]	–	–	–	–	–	–	–
Mr. XIANG Xujia[5]	–	–	–	–	–	–	–
Mr. LI Yanmeng[6]	14	–	–	–	–	–	14
	14	242	653	39	40	91	1,079
Independent non-executive directors							
Mr. ZHANG Ke[7]	–	150	–	–	–	–	150
Mr. ZHAO Pei	–	300	–	–	–	–	300
Mr. WEI Weifeng	–	300	–	–	–	–	300
Mr. ZHANG Jiaren[8]	–	150	–	–	–	–	150
	–	900	–	–	–	–	900
Supervisors:							
Mr. ZHOU Litao	–	–	–	–	–	–	–
Mr. ZHAO Rongzhe	–	–	–	–	–	–	–
Mr. ZHANG Shaoping	–	115	299	26	27	58	525
Mr. WANG Xi	–	–	–	–	–	–	–
	–	115	299	26	27	58	525
	14	1,257	952	65	67	149	2,504

35. BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) The emoluments of directors and supervisors for the year ended 31 December 2015 are set out below: (continued)

1. Mr. Li Yanjiang resigned from the Company as vice chairman and non-executive director and was appointed as chairman and executive director on 27 October 2015.

2. Mr. WANG An resigned from the Company as chairman and executive director on 23 September 2015.

3. Mr. GAO Jianjun was appointed as executive director on 16 June 2015.

4. Mr. YANG Lieke resigned from the Company as executive director on 16 June 2015.

5. Mr. LIU Zhiyong and Mr.XIANG Xujia were appointed as non-executive directors on 16 June 2015.

6. Mr. LI Yanmeng resigned from non-executive director on 16 June 2015.

7. Mr. ZHANG Ke was appointed as independent non-executive director on 16 June 2015.

8. Mr. ZHANG Jiaren resigned as independent non-executive director on 16 June 2015.

(b) For the year ended 31 December 2014 (Restated):

Certain of the comparative information of directors' emoluments for the year ended 31 December 2014 previously disclosed in accordance with the predecessor Companies Ordinance have been restated in order to comply with the new scope and requirements by the Hong Kong Companies Ordinance (Cap. 622).

35. BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(b) For the year ended 31 December 2014 (Restated): (continued)

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

	2014						
	Emoluments paid or receivable in respect of a person's service as a director, whether of the company or its subsidiary undertaking						
Name	Fees	Salary	Bonus	Housing allowance	Social benefits	Employer's contribution to benefits scheme	Total
	RMB'000	*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	24	24	68	674
Non-executive director							
Mr. PENG Yi	–	–	–	–	–	–	–
Mr. LI Yanmeng	25	–	–	–	–	–	25
	25	224	334	24	24	68	699
Independent non-executive directors							
Mr. ZHOU Qinye	–	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	24	24	55	615
	–	135	377	24	24	55	615
	25	1,509	711	48	48	123	2,464

35. BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(b) For the year ended 31 December 2014 (Restated): (continued)

Mr. Li Yanjiang, Mr. Wang An, Mr. Peng Yi, Mr. Liu Zhiyong, Mr. Zhou Litao, Mr. Zhao Rongzhe and Mr. Wang Xi received emoluments from China Coal Group, part of which 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 2015, the emoluments paid to each of the directors did not exceed HK$1,000,000 (equivalent to RMB830,780).

(c) Directors' and supervisors' retirement benefits

The retirement benefits paid to all directors and supervisors during the year ended 31 December 2015 by a defined benefit pension plan operated by the Company in respect of their services as directors and supervisors of the Company and its subsidiaries is HK$179,448 (2014: 153,700).

No other retirement benefits were paid to them in respect of other services in connection with the management of the affairs of the Company or its subsidiary undertaking (2014: nil).

(d) Directors' and supervisors' termination benefits

During the year ended 31 December 2014 and 2015, no payment to the directors and supervisors as compensation for the early termination of the appointment was made by the Company.

(e) During the year ended 31 December 2015, there is no consideration that was provided to third parties for making available directors' and supervisors' services.

No payment to the former employers for making available the services as directors and supervisors of the Company was made (2014: nil).

(f) During the years ended 31 December 2014 and 2015, and as at 31 December 2014 and 2015, there were no loans, quasi-loans and other dealings entered into by the Company or subsidiary undertaking of the company, in favour of directors and supervisors.

(g) No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director or a supervisor of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

During the years ended 31 December 2014 and 2015, no directors or supervisors of the Company waived any emoluments.

36. CASH GENERATED FROM OPERATIONS

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

	2015	2014
	RMB'000	*RMB'000*
(Loss)/profit before income tax	**(3,575,678)**	679,280
Adjustments for:		
Depreciation charge	**6,503,536**	4,997,618
Amortisation charge	**532,293**	455,645
Net losses on disposals of property, plant and equipment, land use rights and intangible assets	**40,439**	63,807
Provision for impairment of property, plant and equipment	**34,793**	11,309
Provision for impairment of receivables	**74,115**	403,091
Provision for impairment of inventories	**215,004**	92,952
Share of profits of associates and joint ventures	**(362,312)**	(134,485)
Net foreign exchange gains	**(19,908)**	(20,680)
Net gain on disposal of subsidiaries	**(46,366)**	–
Net gains/(losses) on disposal of investments	**(3,811)**	4,612
Interest income on term deposits with initial terms of over three months and loans receivable	**(619,848)**	(573,769)
Interest expense	**4,956,311**	2,732,741
Dividend income	**(9,522)**	(20,910)
Changes in working capital:		
Inventories	**1,515,004**	(1,859,463)
Trade and notes receivables	**(2,283,247)**	(736,363)
Prepayments and other receivables	**(390,840)**	236,170
Trade and notes payables	**(1,158,336)**	570,784
Accruals, advances and other payables	**2,721,388**	383,703
Restricted bank deposits	**(51,429)**	(950,775)
Provision for employee benefits	**(17,952)**	(41,778)
Provision for close down, restoration, and environmental costs	**68,370**	4,200
Cash generated from operations	**8,122,004**	6,297,689

36. CASH GENERATED FROM OPERATIONS (CONTINUED)

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

	2015	2014
Net book amount	**109,664**	236,140
Loss on disposal of property, plant and equipment, land use rights and intangible assets	**(40,439)**	(63,807)
Proceeds from disposal of property, plant and equipment, land use rights and intangible assets	**69,225**	172,333

(c) Non-cash transactions

The principal non-cash transaction for the year ended 31 December 2015 is the endorsement of bank acceptance notes amounted to RMB2,212,694,000 to settle the payables for purchase of property, plant and equitment.

37. 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.

38. 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:

	Year of maturity	**31 December 2015 Face value** ***RMB'000***	31 December 2014 Face value *RMB'000*
Bank loans of:			
– Related parties	2008-2025	**4,720,291**	5,170,690
– Third parties	2008-2027	**1,124,258**	605,523
		5,844,549	5,776,213

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

39. COMMITMENTS

(a) Capital commitments

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

	2015	2014
	RMB'000	*RMB'000*
Property, plant and equipment	**2,174,303**	6,727,896
Land use rights	**1,160,643**	1,251,629
	3,334,946	7,979,525

(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:

	2015	2014
	RMB'000	*RMB'000*
Land and buildings:		
– Within 1 year	**105,397**	67,193
– From 1 year to 5 years	**274,557**	242,664
– Over 5 years	**616,931**	744,210
	996,885	1,054,067

(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 2015 the Company has invested RMB1,413 million in Mengxi-Huazhong and is committed to further invest RMB5,284 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 2015 the Company has paid RMB178 million to Haizi Jiaohua as part of the consideration to acquire 51% interests in Jinchang and committed to pay the remaining consideration of RMB301 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 2015 the Company has paid RMB293 million to Haizi Jiaohua as part of the consideration to acquire 63% interests in Yushuo and committed to pay the remaining consideration of RMB446 million in the future when certain condition is fulfilled.

39. COMMITMENTS (CONTINUED)

(c) Investment commitments (continued)

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 2015 the Company has invested RMB6,174 million in Zhongtian Synergetic and is committed to further invest RMB26 million by instalments in the future.

According to the agreement entered into on 28 May 2008, Mengji Railway Company Limited ("Mengji Railway") was incorporated by the Company, Hohhot Railway Bureau and other 7 companies. As a 5% shareholder, as at 31 December 2015 the Company has invested RMB1,400 million in Mengji Railway and is committed to further invest RMB100 million by instalments in the future.

According to the agreement entered into on 23 December 2011, Huzhun'e Railway Company Limited ("Huzhun'e Railway") was incorporated by the Company, Hohhot Railway Bureau and other 7 companies. As a 10% shareholder, as at 31 December 2015 the Company has invested RMB266 million in Huzhun'e Railway and is committed to further invest RMB819 million by instalments in the future.

(d) Entrusted loan and guarantee commitments

Please refer to Note 40(b).

40. 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 2015 and 2014.

40. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related party transactions

	2015 *RMB'000*	2014 *RMB'000*
Transactions with the Parent Company and fellow subsidiaries		
Coal Export and Sales (i)		
Charges paid for agency services of coal export	**5,991**	2,022
Integrated Materials and Services Mutual Provision (ii)		
Purchase of production material, machinery and equipment	**2,629,752**	3,136,815
Charges for social and support services	**36,707**	91,148
Sales of production material, machinery and equipment	**494,811**	634,779
Revenue of coal export-related services	**8,828**	10,567
Mine Construction, Design and General Contracting Service (iii)		
Charges for mine construction and design services	**2,808,399**	3,704,268
Property Leasing (iv)		
Rental fees	**90,821**	93,590
Land Use Right Leasing (v)		
Rental fees	**57,994**	61,620
Coal Supplies (vi)		
Coal purchase	**1,251,301**	2,159,012
Financial Services (vii)		
Loans provided	**620,000**	300,000
Loan repayment received	**320,000**	–
Deposits received	**3,036,531**	2,138,685
Interest paid	**33,043**	10,072
Interest received	**24,972**	6,983
Charges for providing entrusted loans	**1,500**	–
Fee paid for use of trademark (viii)	**RMB1**	RMB1

40. 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.

40. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related party transactions (continued)

(iv) The Company and China Coal Group entered into a Property Lease Framework Agreement on 5 September 2006, pursuant to which the Company leases from China Coal Group certain buildings and properties in the PRC for general business and ancillary purposes. The annual lease payment is subject to review and adjustment every three year based on market price. The Company and China Coal Group renewed the Property Leasing Framework Agreement in 2014, which is effective till December 2024, agreeing a cap of annual lease payment of RMB105,000,000 for 2015 to 2017.

(v) The Company and China Coal Group entered into a Land Use Rights Lease Framework Agreement on 5 September 2006, pursuant to which the Company leases certain land use rights in the PRC from China Coal Group for general business and ancillary purposes. The annual lease payment is subject to review and adjustment every three year based on market price. This agreement is effective for 20 years. The cap of annual lease payment for 2015 to 2017 is RMB 61,000,000.

(vi) The Company and China Coal Group entered into a Coal Supplies Framework Agreement on 31 December 2008, under which China Coal Group will produce that all coal products produced from the retained mines be supplies 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 authorised to use partial registered trademarks of companies without use at the cost of RMB1. This agreement is valid for 10 years, taking effect from 22 August 2006.

40. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related party transactions (continued)

	2015 *RMB'000*	2014 *RMB'000*
Transactions with joint ventures:		
Sales and services provided:		
Revenue from sales of coal	**140,958**	164,759
Revenue from sales of machinery and equipment	**1,616**	–
Revenue from providing public services	**1,873**	–
Purchases of goods and services:		
Purchases of coal	**949**	30,214
Purchase of machinery and equipment	**940**	–
Financial services:		
A loan provided to a joint venture	**–**	102,000
Loans repayment received	**650,000**	–
Interest income on loan to joint ventures	**126,689**	7,725
Transactions with associates:		
Sales and services provided:		
Sales of machinery and equipment	**110,986**	3,971
Sales of materials and spare parts	**29,594**	4,170
Railway rental income	**135,652**	154,169
Income from providing labor services	**74,059**	14,242
Sales of coal	**853,770**	913,320
Purchases of goods and services:		
Purchases of coal	**72,229**	17,058
Purchases of materials and spare parts	**22,991**	–
Transportation services	**421,223**	466,419
Rental Charges	**59**	–
Financial services:		
A loan provided to an associate	**1,550,000**	–
Interest income on loan to an associate	**9,525**	–
Transactions with primary shareholder of a significant subsidiary:		
Sales and services provided (ix)		
Sales of coal	**386,953**	247,213
Purchases of goods and services (ix)		
Purchases of coal	**71,723**	61,092
Infrastructural Project and Procurement of Coal Mining Facilities Services (ix)		
Charges paid for infrastructural project and procurement of coal mining facilities services	**145,563**	211,884

40. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related party transactions (continued)

(ix) The Company and Shanxi Coking Coal Group Co., Limited ("Shanxi Coking Coal Group") entered into the Coal and Coal Related Products and Services Supply Agreement on 23 October 2014, under which the Company purchases the coal and coal related products and accepts services from Shanxi Coking Coal Group and Shanxi Coking Coal Group purchases the coal and coal related products and accepts services from the Company. The agreement will be valid until 31 December 2017, taking effect from 23 October 2014.

Pursuant to the Coal and Coal Related Products and Services Supply Agreement, the prices will be based on the following pricing policy and order:

- as for the infrastructural project and procurement of coal mining facilities, the price shall be arrived by bidding process; and
- as for the supply of coal, the price shall be in accordance with the relevant market price.

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:

	2015	2014
	RMB'000	*RMB'000*
Salary, allowances and other benefits		
– Directors and supervisors	**2,355**	2,341
– Other key management	**2,735**	4,589
	5,090	6,930
Pension costs-defined contribution plans		
– Directors and supervisors	**149**	123
– Other key management	**330**	381
	479	504
	5,569	7,434

40. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related party transactions (continued)

Disposal of receivables

In 2015, pursuant to an agreement entered into between China Coal Group and the Group, China Coal Group compensated the Group in cash for two other receivables of the Group amounted to RMB 467,430,000, which were acquired from China Coal Group in an acquisition of a subsidiary and subsequently became doubtful. These receivables were consequently disposed to China Coal Group. Prior to the disposal, the Group has made provisions of RMB275,568,000 for the impairment on these receivables and the corresponding net book amount of the receivables were RMB191,862,000. The compensation received in excess of the net book amount of the receivables, net of tax effect, amounted to RMB206,676,000 and has been recognised in capital reserve as a contribution by the Parent Company.

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 2014 and 2015, 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.

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.

40. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Commitments to related parties

	2015	2014
	RMB'000	*RMB'000*
With the Parent Company and fellow subsidiaries		
– Purchases of goods	**15,455**	–
– Purchases of services	**917,844**	873,744
– Leasing payments	**987,498**	1,047,540
Total	**1,920,797**	1,921,284

Pursuant to an agreement entered into on 27 October 2015 between the Company, China Coal Finance and Zhongtian Synergetic, China Coal Finance is entrusted by the Company to extend to Zhongtian Synergetic a entrusted loan of RMB3,100 million by two installments, each of which being RMB1,550 million. As at 31 December 2015, the first installment of RMB1,550 million has been drawn down by Zhongtian Synergetic.

A resolution of a guarantee for the principal of RMB17.05 billion, together with the accrued interests and other expenses, etc. to be provided by the Company to Zhongtian Synergetic in respect of a syndicated loan facility on a proportional basis has been passed in the EGM held on 27 October 2015. As at 31 December 2015, the Company has not started to implement the guarantee.

A resolution of a guarantee for a joint liability guarantee amounting to no more than RMB0.9 billion to be provided by Shaanxi Yulin to Hecaogou Coal on a proportional basis has been passed in the EGM held on 27 October 2015. As at 31 December 2015, Shaanxi Yulin has provided guarantee for RMB175 million.

(c) Loan guarantees to related parties

	2015	2014
	RMB'000	*RMB'000*
Loan guarantees to related parties		
– Associates	**4,545,291**	5,114,440
– A joint venture	**175,000**	56,250
Total	**4,720,291**	5,170,690

41. COMPANY BALANCE SHEET AND STATEMENT OF CHANGES IN EQUITY

Company balance sheet

	Note	As at 31 December 2015 RMB'000	As at 31 December 2014 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**676,911**	703,675
Intangible assets		**79,502**	83,815
Investments in subsidiaries		**77,168,890**	72,147,867
Investments in associates		**9,620,347**	9,111,866
Investments in joint ventures		**213,433**	213,433
Available-for-sale financial assets		**4,473,072**	3,376,932
Deferred income tax assets		**865,767**	327,483
Loans to subsidiaries		**11,293,573**	20,592,493
Other non-current assets		**1,173,994**	1,173,994
		105,565,489	107,731,558
Current assets			
Inventories		**487,492**	1,699,177
Trade and notes receivables		**4,152,272**	3,105,100
Prepayments and other receivables		**17,129,028**	8,719,931
Term deposits with initial terms of over three months		**14,558,463**	5,404,987
Cash and cash equivalents		**7,367,866**	9,999,485
		43,695,121	28,928,680
TOTAL ASSETS		**149,260,610**	136,660,238
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		**13,258,663**	13,258,663
Reserves	*(a)*	**42,666,486**	42,665,476
Retained earnings	*(a)*	**18,133,206**	18,969,852
Total equity		**74,058,355**	74,893,991

41. COMPANY BALANCE SHEET AND STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Company balance sheet (continued)

	Note	**As at 31 December 2015** *RMB'000*	As at 31 December 2014 *RMB'000*
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**20,290,000**	17,936,000
Long-term bonds		**24,908,075**	29,869,504
		45,198,075	47,805,504
Current liabilities			
Trade and notes payable		**2,898,203**	3,400,911
Accruals advances and other payables		**8,501,290**	6,603,715
Taxes payable		**131,896**	56,117
Short-term borrowings		**–**	1,700,000
Current portion of long-term borrowings		**3,500,000**	2,200,000
Current portion of short-term bonds		**14,972,791**	–
		30,004,180	13,960,743
Total liabilities		**75,202,255**	61,766,247
TOTAL EQUITY AND LIABILITIES		**149,260,610**	136,660,238

The Company balance sheet was approved by the Board of Directors on 22 March 2016 and signed on its behalf.

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

41. COMPANY BALANCE SHEET AND STATEMENT OF CHANGES IN EQUITY (CONTINUED)

(a) Company statement of changes in equity

	Capital reserve	Statutory reserve funds	Other reserves	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2014	38,718,090	3,943,257	4,129	20,683,614	63,349,090
Loss for the year	–	–	–	(639,810)	(639,810)
Dividends *(Note 34)*	–	–	–	(1,073,952)	(1,073,952)
At 31 December 2014	38,718,090	3,943,257	4,129	18,969,852	61,635,328
Loss for the year	–	–	–	(516,997)	(516,997)
Contributions	1,010	–	–	–	1,010
Dividends *(Note 34)*	–	–	–	(319,649)	(319,649)
At 31 December 2015	38,719,100	3,943,257	4,129	18,133,206	60,799,692

42. 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

	2011 Annual Report	2012 Annual Report	2013 Annual Report (Restated)	2014 Annual Report	**2015 Annual Report**
Revenue and Profit					
Revenue	87,773,054	87,291,670	82,316,482	70,663,840	**59,270,865**
(Loss)/Profit before income tax	14,041,860	12,789,087	6,401,221	679,280	**-3,575,678**
Income tax gain/(expense)	3,382,822	3,214,363	1,781,197	191,768	**-748,178**
(Loss)/Profit for the year	10,659,038	9,574,724	4,620,114	487,512	**-2,827,500**
Attributed to:					
Equity holders of the Company	9,801,542	8,842,210	3,805,128	141,097	**-3,266,791**
Non-controlling interests	857,496	732,514	814,986	346,415	**439,291**
Dividends	2,072,693	2,851,145	2,784,319	319,787	**–**
Basic (loss)/earning per share attributable to the equity holders of the Company (RMB/Share)	1.00	0.67	0.29	0.01	**-0.25**
Assets and Liabilities					
Non-current assets	103,821,748	13,306,348	168,792,285	188,231,241	**196,007,415**
Current assets	56,111,496	49,383,353	47,727,822	55,780,939	**62,018,579**
Current liabilities	28,779,185	34,126,108	43,497,865	48,928,809	**67,646,751**
Net current assets/(liabilities)	27,332,311	15,255,245	4,229,957	6,852,130	**-5,628,172**
Total assets less current liabilities	131,154,059	151,561,593	173,022,242	195,083,371	**190,379,243**
Non-current liabilities	35,189,270	50,141,175	69,929,102	92,154,223	**90,096,820**
Net assets	95,964,789	101,420,418	103,093,140	102,929,148	**100,282,423**
Equity attributable to the equity holders	81,745,042	86,726,393	87,811,024	86,903,743	**83,707,569**
Non-controlling interests	14,219,747	14,694,025	15,282,116	16,025,405	**16,574,854**

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	LI Yanjiang

INFORMATION ABOUT SECRETARY TO THE BOARD OF THE COMPANY

Name of Secretary to the Board	Zhou Dongzhou
Contact Address of Secretary to the Board	Securities Affairs Department of 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 AOUBT 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	Shanghai Securities News, Securities Times
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	http://www.hkexnews.hk
Location for Inspection of Annual Reports of the Company	Securities Affairs Department 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

Company Profile

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

SPONSOR PERFORMING CONTINUOUS SUPERVISION DUTIES DURING THE REPORTING PERIOD

Name	China International Capital Corporation Limited	China Galaxy Securities Co., Ltd.
Office address	28th Floor, China World Office 2, 1 Jianguomenwai Avenue Beijing, PRC	2nd – 6th Floor Tower C, Corporate Square, 35 Financial Street, Xicheng District Beijing, PRC
Signing sponsor representatives	Yao Xudong, Shi Fang	Wangfei, Zhang Yue

The continuous supervision period is last until the proceeds raised from A Share issuance been used up.

LEGAL ADVISORS OF THE COMPANY

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

SHARE REGISTRARS FOR DOMESTIC AND OVERSEAS LISTED SHARES

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

Definitions

In this 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
Yaping Mine	the coal mine affiliated to Shanxi China Coal Huajin Energy Company Limited
Yulin Olefin (Project)	the Yulin Acetic Acid Deep Processing & Comprehensive Utilisation Project
Tuke Fertiliser (Project)	the fertilizer project at Tuke Industrial Park in Ordos
Mengda Methanol (Project)	Mengda Coal-based Methanol Project
Mengda Engineering Plastics Project (Project)	Mengda New Energy & Chemical Industry Company Limited
Pingshuo Inferior Coal Comprehensive Unitilisation (Project)	Pingshuo Inferior Coal Comprehensive Utilisation Demonstration Project
Yilan No.3 Coal Mine	an underground coal mine in Heilongjiang Province operated by China Coal Heilongjiang Coal Chemical Company Limited
Pingshuo Company	China Coal Pingshuo Group Company Limited
Shanxi Coking Coal Group	Shanxi Coking Coal Group Co., Ltd.
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)

Definitions

Funde Sino Life	Funde Sino Life Insurance Co., Ltd.
Heilongjiang Coal Chemical Group	China Coal Heilongjiang Coal Chemical Engineering (Group) 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
Ordos Energy Chemical Company	China Coal Ordos Energy Chemical Company Limited
Hecaogou Company	Yan'an Hecaogou Coal Mine Company Limited
Ezhou Power Generation Company	Hubei Energy Group Ezhou Power Generation Company Limited
Taiyuan Coal Gasification Company	Taiyuan Coal Gasification Longquan Energy Development Company Limited
China Coal Yuanxing Company	Inner Mongolia China Coal Yuanxing Energy Chemical Company Limited
Boyuan Joint Chemical Company	Inner Mongolia Boyuan Joint Chemical Company Limited
Sulige Natural Gas Chemical Company	Inner Mongolia Sulige Natural Gas Chemical Company Limited
Ministry of Finance	the Ministry of Finance of the People's Republic of China
SAWS	the State Administration of Work Safety 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
SSE Website	www.sse.com.cn

Definitions

Company Website	www.chinacoalenergy.com
Articles of Association	the articles of association passed at the inaugural meeting of the Company on 18 August 2006 and approved by the relevant state authorities, as amended and supplemented from time to time
A Share(s)	the ordinary share(s) issued to domestic investors in China with approval from CSRC, which are listed on the SSE and traded in RMB
H Share(s)	the overseas listed foreign share(s) of RMB1.00 each in the share capital of the Company, which are listed on the HKSE for subscription in Hong Kong dollars
PricewaterhouseCoopers Zhong Tian	PricewaterhouseCoopers Zhong Tian LLP
PricewaterhouseCoopers	PricewaterhouseCoopers
Share(s)	the ordinary shares of the Company, including A Share(s) and H Share(s)
Shareholder(s)	the shareholder(s) of the Company, including holder(s) of A Shares and holder(s) of H Shares
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
SSE Listing Rules	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
RMB	RMB yuan

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

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