

# Convergence & Differentiation

What is  
success in  
a connected  
world?\*

Interview transcripts of Jing Tianliang,  
Chairman of the Board and Executive Director,  
China Coal Energy Company Ltd,  
China



### Jing Tianliang is Chairman of the Board and Executive Director of China Coal Energy Company Ltd

**PwC:** Do you agree that the global economy is connected? How do you value the impact of sub-prime crisis?

**JING:** As the market becomes more and more open after China joined the WTO, China's economy is closely connected with the global economy. The sub-prime crisis greatly affects the international finance and capital market, and it begins to affect China's economy as well, which shall evoke sufficient attention...

The sub-prime crisis affects financial sector primarily. As a company focusing on the production and trade of coal, China Coal Energy has not been severely impacted. However, it did affect the pricing of China Coal Energy's IPO on Shanghai Stock Exchange, when the international capital market was hit most severely by the sub-prime crisis, and the stock price of China Coal Energy on Hong Kong Stock Exchange dropped to HK\$ 17 from HK\$22. In the long term, the US economy is facing the risk of recession, as sub-prime crisis grows, and the US government may adopt a loosening monetary policy and weak dollar exchange policy under the sluggish economic situation. Currently, Chinese government will continue to adopt the tightening monetary policy, as Federal Reserve lowered the interest rate successively, the interest margin between US and China had been changed oppositely, and the expanded interest margin pushed hot money into China with the effect that RMB faces appreciation and excessive currency liquidity becomes more apparent. The appreciation of RMB will affect domestic export, the tightening monetary policy will make corporate loan difficult to issue. As the coal export accounts for small portion in the trade of China Coal Energy, the sustaining increase of energy price is enough to offset the influence of exchange rate fluctuation, and the variation of exchange rate in the short term will have little impact on the holistic business of China Coal Energy.

China Coal Energy steps into a peak period of construction in the next few years and demands large capital investment. A tight monetary policy will somehow affect our business expansion. To solve this problem, on one hand, we will adopt a variety of financing methods in the domestic and international capital markets, and on the other hand, we will introduce partners into large construction projects, especially for coal chemical projects, to reduce the risk and pressure of financing.

As the second largest coal enterprise of China, we have every confidence in the future. China Coal Energy has been aiming at the development of a competitive large-scale modern energy company focusing on coal and charcoal production, coal chemical production and coal machinery production with sound industry chain. The company has been further strengthened with the fund raised from Hong Kong Stock Exchange and Shanghai Stock Exchange. China Coal Energy will improve the investment on coal and charcoal production, further develop business scope, enhance core competitiveness and consolidate our leading position in coal industry.

**PwC:** How do you value China Coal Energy's brand?

**JING:** China Coal Energy is committed to increase its core competence and influence. With rich marketing experience, stable coal supply, sound transportation facilities and good client relationship, China Coal Energy greatly improved its brand recognition and client satisfaction. China Coal Energy has entered into long-term contracts with several major customers and established good reputation in the coal market by its rich product portfolio and stable supply, and thus continuously enhanced its client bases.

Besides, China Coal Energy leverages all communication channels to increase its publicity, including road show and economic forums. Our responsible perspectives and stable business growth gained long-term trust from our investors and clients, and helped improve our brand.

# Emerging Markets Perspectives – CEO Insights

Jing Tianliang,  
Chairman of the Board  
and Executive Director,  
China Coal Energy  
Company,

Continued

**PwC:** Talent competition becomes the focus of many companies. What is China Coal Energy's people strategy? How do you attract and retain talents?

**JING:** People are the foundation of business development. China Coal Energy is devoted to the strategy of "People Company" and the development of our people. First of all, we adopt a categorized evaluation methodology and promote an "Achievements and Return, Incentives and Obligation" policy. We have special incentives for outstanding staff, such as paid study leave and extra bonus leave, to attract and retain talents and create a better environment for their development. Second, we use emotional incentives to increase staff morale. Model individuals and model teams are elected and awarded as examples for all our staff to follow. Our corporate culture praises patriotism to the nation, devotion to the work as well as diligent and practical working approaches. These common values fostered unity among our people. Third, we help our technical staff improve their professional knowledge and technical skills, and encourage them to sit for the national qualification exams. Under this policy, our technical team grows strongly in headcount and competence in both headquarter and branch companies across all service lines.

**PwC:** Is corporate culture an important part in China Coal Energy's development?

**JING:** Corporate culture is the soul of business development. China Coal Energy invests in its culture building. We focus on our achievement, value and responsibility and conduct a series of training around them, including training of Code of Conduct. We inspire the enthusiasm, initiatives and innovations from all aspects and leverage them in the business development. Corporate culture increases unity internally and influences externally. It lays the foundation of establishing a 'centennial company'.

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