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CHINA COAL ENERGY COMPANY LIMITED*

中國中煤能源股份有限公司

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

(Stock code: 01898)

CONTINUING CONNECTED TRANSACTION

REVISION OF THE ANNUAL CAPS FOR THE TRANSACTIONS UNDER THE 2021 COAL AND COAL RELATED PRODUCTS AND SERVICES SUPPLY AGREEMENT

Reference is made to the announcement of the Company dated 28 April 2020, in relation to, among others, the 2021 Coal and Coal Related Products and Services Supply Agreement and the annual caps for the three years ending 31 December 2023 for the transactions thereunder.

On 22 April 2021, with the changes of the coal market and the production and operation needs in 2021, the Group further expanded the coal sales to Shanxi Coking Coal Group, and the Directors expect that the existing annual caps in respect of the provision of coal and coal related products and services by the Group to Shanxi Coking Coal Group under the 2021 Coal and Coal Related Products and Services Supply Agreement will not sufficiently meet the actual operation needs of the Group, and therefore resolved to revise the annual caps for the three years ending 31 December 2023 for such transactions.

Shanxi Coking Coal is a substantial shareholder of Chinacoal Huajin (a significant subsidiary of the Company). Therefore, the Shanxi Coking Coal Group are connected persons of the Company under the Hong Kong Listing Rules. Accordingly, the transactions contemplated between the Group and Shanxi Coking Coal Group constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14A.06 of the Hong Kong Listing Rules) in respect of the revised annual caps for the supply of coal and coal related products and services by the Group to Shanxi Coking Coal Group under the 2021 Coal and Coal Related Products and Services Supply Framework Agreement are above 1% but less than 5%, they are subject to the announcement, reporting and annual review requirements but is exempt from the independent shareholders' approval requirements under Rule 14A.76(2) of Hong Kong Listing Rules.

I. INTRODUCTION

Reference is made to the announcement of the Company dated 28 April 2020, in relation to, among others, the 2021 Coal and Coal Related Products and Services Supply Agreement and the annual caps for the three years ending 31 December 2023 for the transactions thereunder.

On 22 April 2021, with the changes of the coal market and the production and operation needs in 2021, the Group further expanded the coal sales to Shanxi Coking Coal Group, the Directors expect that the existing annual caps in respect of the provision of coal and coal related products and services by the Group to Shanxi Coking Coal Group under the 2021 Coal and Coal Related Products and Services Supply Agreement will not sufficiently meet the actual operation needs of the Group, and therefore resolved to revise the annual caps for the three years ending 31 December 2023 for such transactions. The existing annual caps in respect of the provision of coal and coal related products and services by Shanxi Coking Coal Group to the Group under the 2021 Coal and Coal Related Products and Services Supply Agreement remain unchanged.

II. REVISION OF THE ANNUAL CAPS FOR THE TRANSACTIONS UNDER THE 2021 COAL AND COAL RELATED PRODUCTS AND SERVICES SUPPLY AGREEMENT

Date: 28 April 2020

Parties: (i) the Company
(ii) Shanxi Coking Coal

Continuing transactions Pursuant to the 2021 Coal and Coal Related Products and Services Supply Agreement, the Group has agreed to provide the coal and coal related products and services to Shanxi Coking Coal Group and Shanxi Coking Coal Group has agreed to provide the coal and coal related products and services to the Group. The 2021 Coal and Coal Related Products and Services Supply Agreement does not prevent the Group and Shanxi Coking Coal Group from freely selecting counterparty to the transaction and trading with any third party.

Term and termination The 2021 Coal and Coal Related Products and Services Supply Agreement is for a term of three years commenced on 1 January 2021 and ending on 31 December 2023.

Price determination Under the 2021 Coal and Coal Related Products and Services Supply Agreement, the prices will be based on the following pricing policy and order:

- (i) the price of the infrastructural project and procurement of coal mining facilities shall be arrived by bidding process; and
- (ii) the price of coal products shall be in accordance with the relevant market price.

Under the 2021 Coal and Coal Related Products and Services Supply Agreement, the price of coal mining infrastructural project services provided by Shanxi Coking Coal Group to the Group shall be determined through a bidding process and in compliance with applicable laws, regulations and rules. The Group shall stringently follow the steps and/or

measurements as stipulated by The Invitation And Submission of Bids Law of the PRC (《中華人民共和國招標投標法》). The Group has stipulated the internal manual regarding the management of coal mining infrastructural project bidding process.

The bid invitation documents made by the Group include all substantial requirements and all key terms for the conclusion of contracts, including: the project's and equipment's technical requirements, the criteria for examination of the contractors and suppliers, the requirements for the bid price and the standard of evaluation of the bid and so on. The Group's bid evaluation committee is responsible for (i) adhering the process is in accordance with The Invitation and Submission of Bids Law of the PRC (《中華人民共和國招標投標法》); (ii) reviewing, evaluating and monitoring documents from external suppliers based on the technical, commercial and pricing criteria and payment terms in respect of the price of infrastructural project, which will ensure the terms obtained by the Group from Shanxi Coking Coal Group is no less favourable than those available from independent third parties; and (iii) grading the external suppliers and writing recommendation advice. The Group's bid office is responsible for deciding which coal mining infrastructural project supplier will be awarded the Coal and Coal Related Products and Services Supply Agreement.

Under the 2021 Coal and Coal Related Products and Services Supply Agreement, the price of coal mining facilities provided by the Group to Shanxi Coking Coal Group shall be determined through a bidding process. The Group shall strictly comply with The Invitation And Submission of Bids Law of the PRC (《中華人民共和國招標投標法》) and all the essential requirements set out in the bid invitation of Shanxi Coking Coal Group. In preparing for the submission of a tender, tender review meeting of the relevant subsidiary of the Group will be held to perform a thorough analysis of the project management guidelines, the collection of cost and other essential data. In pricing a tender, the relevant department of the Group will also make references to recent project quotations and related market information. The procedures above can ensure that the tender price to be offered by the Group are fair and reasonable and no more favourable than the price and terms offered by the Group to the independent third parties.

Under the 2021 Coal and Coal Related Products and Services Supply Agreement, the price of coal shall be determined in accordance with the relevant market price. The sales of coal products between the Group and Shanxi Coking Coal Group shall be paid by installments or at sight pursuant to the documents of settlement. As for the coal mine facilities provided by the Group to Shanxi Coking Coal Group, the payment shall be made by Shanxi Coking Coal Group by installments in accordance with the time nodes or other methods agreed by the parties. As for the coal mine construction services provided by Shanxi Coking Coal Group to the Group, the payment shall be made by installments in accordance with the progress of the projects or other methods agreed by the parties.

The purchase prices under the 2021 Coal and Coal Related Products Framework Agreement shall be paid in cash, notes or other methods agreed by the parties. The payment method of purchase prices and service fees under the 2021 Coal and Coal Related Products and Services Supply Agreement shall follow the separate implementation agreements entered into between the parties for each of the specific transactions contemplated under the 2021 Coal and Coal Related Products and Services Supply Agreement during the term thereof.

Existing Annual Caps

The existing annual caps in respect of the provision of coal and coal related products and services by the Group to Shanxi Coking Coal Group under the 2021 Coal and Coal Related Products and Services Supply Agreement for the three years ending 31 December 2023 are set out below:

Transactions	Year ending	Year ending	Yearending
	31 December	31 December	31 December
	2021	2022	2023
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
Provision of coal and coal related products and services by the Group to Shanxi Coking Coal Group (fees payable by Shanxi Coking Coal Group to the Group)	770,000,000	750,000,000	760,000,000

The Directors have been monitoring the transaction amount contemplated under the 2021 Coal and Coal Related Products and Services Supply Agreement. As at the date of this announcement, the actual amount of the transactions under the 2021 Coal and Coal Related Products and Services Supply Agreement have not been exceeded the annual cap for the year ending 31 December 2021.

Revised Annual Caps

The revised annual caps for the transactions contemplated under the 2021 Coal and Coal Related Products and Services Supply Agreement for the three years ending 31 December 2023 are set out below:

Transactions	Year ending	Year ending	Yearending
	31 December	31 December	31 December
	2021	2022	2023
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>

Provision of coal and related products and services by the Group to Shanxi Coking Coal Group (fees payable by Shanxi Coking Coal Group to the Group)	2,800,000,000	2,800,000,000	2,800,000,000
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In arriving at the above revised annual caps in relation to the provision of coal and coal related products and services to Shanxi Coking Coal Group by the Group (fees payable by Shanxi Coking Coal Group to the Group), the Directors have taken into account the following factors:

- (i) The actual transaction value of the provision of coal and coal related products and services to Shanxi Coking Coal Group by the Group under 2021 Coal and Coal Related Products and Services Supply Agreement for the three months ended 31 March 2021 amounts to approximately RMB202 million, accounting for 26.2% of the 2021 annual cap, which exceeded the original budget;
- (ii) Since 2021, with the changes of the coal market and the production and operation needs in 2021, the Group further expanded the sales to Shanxi Coking Coal Group, and it's expected that for the next three years the amount of the coal to be provided to Shanxi Coking Coal Group by the Group will increase by approximately 1.88 million tonnes each year over the original budget, leading to an increase of approximately RMB1.877 billion in the connected transaction value in relation to the provision of coal products and services to Shanxi Coking Coal Group by the Group; and
- (iii) A buffer has been reserved for the annual caps for the next three years to cope with the potential increase in the demand of Shanxi Coking Coal Group for the coal products and services provided by the Group.

Implementation Agreements

Members of the Group and members of Shanxi Coking Coal Group will enter into, from time to time and as necessary, separate implementation agreements for each of the specific transactions contemplated under the 2021 Coal and Coal Related Products and Services Supply Agreement during the term thereof. Each implementation agreement will set out the relevant coal products supplied, and the specifications, quantities, prices and other relevant terms thereof.

As the implementation agreements provide for the supply of coal products as contemplated under the 2021 Coal and Coal Related Products and Services Supply Agreement, as such, they do not constitute new categories of connected transactions. Any such implementation agreements will be within the ambit of the 2021 Coal and Coal Related Products and Services Supply Agreement and the relevant annual caps, and if exceed, the Company will comply with the relevant Hong Kong Listing Rules accordingly.

Reasons for Entering into the 2021 Coal and Coal Related Products and Services Supply Agreement

The Company is of the view that the 2021 Coal and Coal Related Products and Services Supply Agreement enables (i) the Group to secure a stable supply of the coal products, coal mine construction and related services by Shanxi Coking Coal Group in its ordinary course of business at market prices; and (ii) Shanxi Coking Coal Group to secure a stable supply of the coal products, coal mining facilities and related services by the Group in its ordinary course of business at market prices.

Internal Control Measures

- (a) In determining the price of coal mining infrastructural project services provided by Shanxi Coking Coal Group to the Group under the 2021 Coal and Coal Related Products and Services Supply Framework Agreement, the relevant members of the Group is responsible for composing the bid invitation documents, including the technical requirements of projects and equipment, the criteria for examination of the contractors and suppliers, the requirements for the bid price and the standard of evaluation of the bid and so on, which is subject to the review of the department of infrastructure management of the Group and the review of the bid evaluation committee of the Group to ensure the terms of the bid invitation documents are compliant with applicable laws, regulations and rules, which will be subject to the final approval of the bid determination committee of the Group; The department of infrastructure management of the Group is responsible for monitoring, collecting and evaluating the prices of coal mining infrastructure project services in relevant regions on a regular basis to ensure that the price is fair and reasonable, on normal commercial terms, as well as no less favourable to the Group than terms available to or from independent third parties;
- (b) In determining the prices of the coal mine equipment to be procured by Shanxi Coking Coal Group from the Group under the 2021 Coal and Coal Related Products and Services Supply Framework Agreement, relevant laws, regulations, rules and the necessary requirements of the bid invitation document of Shanxi Coking Coal Group shall be strictly complied with, subject to approval by the manager level of the relevant members of the Group; The relevant members of the Group are responsible for monitoring, collecting and evaluating the prices of similar coal mine equipment on a regular basis to ensure that the price is fair and reasonable, on normal commercial terms, as well as no less favourable to the Group than terms available to or from independent third parties;
- (c) In determining the prices of coal to be provided by the Group to Shanxi Coking Coal Group under the 2021 Coal and Coal Related Products and Services Supply Framework Agreement, the sales centre of the Company, with reference to the market price as well as the quality of the coal and different types of delivery, will be responsible for proposing the price, subject to the final review of the pricing committee of the Company. The Group will then draft the procurement contracts based on the standard contract template composed by the department of legal affairs to ensure that the price is fair and reasonable, on normal commercial terms, as well as no less favourable to the Group than terms available to or from independent third parties; The sales centre of the Company is responsible for monitoring, collecting and evaluating the market data, and, in accordance with the market sales prices of coal, the category and quality of the coal under the transaction and the logistics expenses to be increased or decreased as per the delivery methods thereof, adjusting the contract prices and putting forward the proposal of price adjustment in respect of contracts, which is subject to the final approval by the pricing committee of the Company to ensure that the price is fair and reasonable, on normal commercial terms, as well as no less favourable to the Group than terms available to or from independent third parties;
- (d) The financial department and the securities affairs department of the Company is responsible for monitoring, collecting and evaluating the detailed information of the continuing connected transactions of the Group, including but not limited to the pricing terms, payment arrangements and actual transaction amount under each of the specific implementation agreements on a monthly basis to ensure no applicable caps are exceeded;
- (e) The Group will implement, amend and improve the relevant monitoring mechanism and the requirements pursuant to its connected transaction management rules and relevant internal monitoring measures to ensure the Group's compliance with the pricing policies in respect of the continuing connected transactions contemplated under the 2021 Coal and Coal Related Products and Services Supply Framework Agreement. Specifically, the connected transactions management departments of the Company such as the securities affairs department, the financial department and the legal department will put forward suggestions to revise and/or improve the relevant monitoring mechanisms and regulations in accordance with the domestic and foreign regulatory

rules and relevant regulations on the management of connected transactions and by reference to the problems arisen in monitoring the connected transactions. Such suggestions will be examined and approved by the management of the Company and then submitted to the Board and the special committees thereunder for final consideration and approval before implementation;

- (f) The independent non-executive Directors will review the continuing connected transactions contemplated under the 2021 Coal and Coal Related Products and Services Supply Framework Agreement to ensure that such transactions are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and the terms of the related agreements are fair and reasonable, and in the interest of the Group and the Shareholders as a whole; and
- (g) The auditors of the Company will also conduct an annual review on the pricing and annual caps of such continuing connected transactions.

Taking into account of: (i) the above methods and procedures comprise necessary components of an internal control system with designated department and responsible officer, clear approval process and monitoring system and detailed and explicit assessment criteria; and (ii) the above-mentioned review procedures and approval process against the detailed and explicit assessment criteria can ensure that the transactions will be executed in compliance with the pricing principles stipulated in the 2021 Coal and Coal Related Products and Services Supply Agreement, the Directors (including the independent non-executive Directors) are of the view that such methods and procedures can ensure that the transactions contemplated under the 2021 Coal and Coal Related Products and Services Supply Agreement will be conducted on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

III. HONG KONG LISTING RULES IMPLICATIONS

Shanxi Coking Coal is a substantial shareholder of Chinacoal Huajin (a significant subsidiary of the Company). Therefore, Shanxi Coking Coal Group are connected persons of the Company under the Hong Kong Listing Rules. Accordingly, the transactions contemplated between the Group and Shanxi Coking Coal Group constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14A.06 of the Hong Kong Listing Rules) in respect of the revised annual caps for the supply of coal and coal related products and services by the Group to Shanxi Coking Coal Group under the 2021 Coal and Coal Related Products and Services Supply Framework Agreement are above 1% but less than 5%, they are subject to the announcement, reporting and annual review requirements but is exempt from the independent shareholders' approval requirements under Rule 14A.76(2) of Hong Kong Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that the terms of the 2021 Coal and Coal Related Products and Services Supply Framework Agreement (i) have been negotiated on an arm's length basis; (ii) will be conducted on normal commercial terms, or on terms no less favourable than those available to or from independent third parties under prevailing local market conditions; (iii) are entered into in the ordinary and usual course of business of the Group; (iv) are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (v) that the revised annual caps for the transactions thereunder for the three years ending 31 December 2023 are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

None of the Directors has a material interest in the transactions contemplated under the 2021 Coal and Coal Related Products and Services Supply Framework Agreement.

IV. GENERAL INFORMATION OF THE PARTIES OF THE TRANSACTIONS

The Company

The Company is principally engaged in coal production, sales and trading, coal chemical business, coal mining equipment manufacturing and other related operations in China.

Shanxi Coking Coal

Shanxi Coking Coal Group Co., Ltd. is a limited liability company incorporated in the PRC. It is mainly engaged in coal, power generation, coke, logistic and trade, and also building and construction and mechanical and electrical repairs and manufacturing. Two of its subsidiaries, Shanxi Xishan Coal Electricity Limited Liability Company and Shanxi Coking Co., Ltd. are listed in Shenzhen Stock Exchange and Shanghai Stock Exchange, respectively. The ultimate controller of Shanxi Coking Coal is Shanxi SASAC. Shanxi SASAC is an ad-hoc organization directly subordinated to the Shanxi Governmental Province, and is mainly responsible for supervising and managing the state-owned assets of enterprises under the supervision of the Shanxi Government (excluding financial enterprises).

V. DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules and the SSE Listing Rules
“Board”	the board of Directors
“Chinacoal Huajin”	China Coal Huajin Energy Group Limited* (山西中煤華晉有限責任公司), which is a 51%-owned subsidiary of the Company
“Company”	China Coal Energy Company Limited* (中國中煤能源股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Hong Kong Stock Exchange under the stock code of 01898 and the A Shares of which are listed on the Shanghai Stock Exchange under the stock code of 601898
"connected person"	has the meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, which for the purposes of this announcement only (unless otherwise indicated) excludes Hong Kong, the Macau Special Administrative Region of the PRC and

	Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“Shanxi Coking Coal”	Shanxi Coking Coal Group Co., Ltd.* (山西焦煤集團有限責任公司), a limited liability company incorporated in the PRC and a substantial shareholder of Chinacoal Huajin as the date of this announcement
“Shanxi Coking Coal Group”	Shanxi Coking Coal and its associates
“Shanxi SASAC”	State-owned Assets Supervision and Administration Commission of Shan Xi Provincial Government
“SSE Listing Rules”	The Rules Governing the Listing of Stocks on Shanghai Stock Exchange (《上海證券交易所股票上市規則》)
“subsidiary”	has the meaning ascribed to it under the Hong Kong Listing Rules and the meaning of “controlled subsidiary” under the SSE Listing Rules
“substantial shareholders”	has the meaning ascribed to it under the Hong Kong Listing Rules
“2021 Coal and Coal Related Products and Services Supply Framework Agreement”	a coal and coal related products and services supply framework agreement dated 28 April 2020 and entered into between the Company and Shanxi Coking Coal

By Order of the Board
China Coal Energy Company Limited
Peng Yi
Vice Chairman and Executive Director

Beijing, the PRC
22 April 2021

As at the date of this announcement, the executive director of the Company is Peng Yi; the non-executive directors of the Company are Du Ji'an, Zhao Rongzhe and Xu Qian ; and the independent non-executive directors of the Company are Zhang Ke, Zhang Chengjie, and Leung Chong Shun.

** For identification purpose only*