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**CHINA COAL ENERGY COMPANY LIMITED\***

**中國中煤能源股份有限公司**

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

**(Stock Code: 01898)**

**CONTINUING CONNECTED TRANSACTION  
REVISION OF THE ANNUAL CAPS FOR RELEVANT TRANSACTIONS  
UNDER THE 2021 INTEGRATED MATERIALS AND  
SERVICES MUTUAL PROVISION FRAMEWORK AGREEMENT FOR  
THE THREE YEARS ENDING 31 DECEMBER 2023**

**I. INTRODUCTION**

Reference is made to the announcement of the Company dated 28 April 2020 and the circular of the Company dated 29 April 2020, in relation to, among others, the continuing connected transactions under the 2021 Integrated Materials and Services Mutual Provision Framework Agreement entered into between the Company and the Parent and the annual caps thereof.

On 27 October 2021, the Board resolved to revise the annual caps for the provision of the materials and ancillary services and of the exclusive coal export-related services to the Parent Group by the Group under the 2021 Integrated Materials and Services Mutual Provision Framework Agreement for the three years ending 31 December 2023. The annual caps for the provision of the materials and ancillary services and of the social and support services to the Group by the Parent Group under the 2021 Integrated Materials and Services Mutual Provision Framework Agreement for the three years ending 31 December 2023 remain unchanged.

**II. PROPOSED REVISION OF THE ANNUAL CAPS FOR RELEVANT TRANSACTIONS  
UNDER THE 2021 INTEGRATED MATERIALS AND SERVICES MUTUAL  
PROVISION FRAMEWORK AGREEMENT FOR THE THREE YEARS ENDING 31  
DECEMBER 2023**

**(1) Terms of the 2021 Integrated Materials and Services Mutual Provision Framework  
Agreement and Internal Control Measures**

The 2021 Integrated Materials and Services Mutual Provision Framework Agreement was entered into by the Company and the Parent on 28 April 2020 for a term of three years from 1 January 2021 to 31 December 2023, pursuant to which the Group shall supply the Parent Group production materials and ancillary services and coal export related services; and the Parent Group shall supply the Group production materials and ancillary services and social and support services. The prices of such transactions shall be determined based on the following pricing policy and order: (i) for the bulk equipment and raw materials, the price will be arrived by bidding process in principle; (ii) where no bidding process is involved, the price shall be consistent with the relevant market price; and (iii) where comparable market price is unavailable, the price shall be determined with reference to a reasonable cost and a reasonable profit margin.

Members of the Group and members of the Parent Group will enter into, from time to time and as necessary, separate implementation agreements for each of the specific transactions contemplated under the 2021 Integrated Materials and Services Mutual Provision Framework Agreement within the terms and annual caps of the relevant transactions thereof. If exceeded, the Company will comply with the relevant Hong Kong Listing Rules accordingly.

The Company has developed an adequate internal control system with designated department and responsible personnel in terms of implementation, monitoring and review of the 2021 Integrated Materials and Services Mutual Provision Framework Agreement. The Company's independent non-executive directors and auditors will conduct an annual review of the transactions contemplated under the 2021 Integrated Materials and Services Mutual Provision Framework Agreement to ensure such transactions to be implemented on normal commercial terms and to comply with the terms of the 2021 Integrated Materials and Services Mutual Provision Framework Agreement and in the interests of the Company and its shareholders as a whole.

The terms of the 2021 Integrated Materials and Services Mutual Provision Framework Agreement and the relevant internal control measures remain unchanged. Please refer to the announcement of the Company dated 28 April 2020 and the circular of the Company dated 29 April 2020 for details.

## **(2) Details of the Revision of the Annual Caps**

### ***Original Annual Caps for the Three Years Ending 31 December 2023***

The original annual caps for the provision of the materials and ancillary services and of the exclusive coal export-related services to the Parent Group by the Group under the 2021 Integrated Materials and Services Mutual Provision Framework Agreement for the three years ending 31 December 2023 are set out below:

<b>Transactions</b>	<b>Year ending 31 December 2021 (RMB)</b>	<b>Year ending 31 December 2022 (RMB)</b>	<b>Year ending 31 December 2023 (RMB)</b>
Provision of the materials and ancillary services and of the exclusive coal export-related services to the Parent Group by the Group	3,100,000,000	3,300,000,000	3,400,000,000

***Actual Transaction Value for the 9 Months Ended 30 September 2021***

The actual transaction value of the provision of the materials and ancillary services and of the exclusive coal export-related services to the Parent Group by the Group under the 2021 Integrated Materials and Services Mutual Provision Framework Agreement for the nine months ended 30 September 2021 is set out below:

<b>Historical Transaction Value</b>	<b>Nine Months ended 30 September 2021 (RMB)</b>
Provision of the materials and ancillary services and of the exclusive coal export-related services to the Parent Group by the Group	1,971,030,000

The Directors have been monitoring the transaction amount contemplated under the 2021 Integrated Materials and Services Mutual Provision Framework Agreement. For the nine months ended 30 September 2021 and as at the date of this announcement, the annual caps for the continuing connected transactions contemplated under the 2021 Integrated Materials and Services Mutual Provision Framework Agreement for the year ending 31 December 2021 have not been exceeded.

***Revision of the Annual Caps for the Three Years Ending 31 December 2023***

The revised annual caps for the provision of the materials and ancillary services and of the exclusive coal export-related services to the Parent Group by the Group under the 2021 Integrated Materials and Services Mutual Provision Framework Agreement for the three years ending 31 December 2023 are set out as below:

<b>Transactions</b>	<b>Year ending 31 December 2021 (RMB)</b>	<b>Year ending 31 December 2022 (RMB)</b>	<b>Year ending 31 December 2023 (RMB)</b>
Provision of the materials and ancillary services and of the exclusive coal export-related services to the Parent Group by the Group	3,800,000,000	4,500,000,000	4,500,000,000

### **(3) Reasons for the Revision of the Annual Caps**

In arriving at the above-mentioned revised annual caps in respect of the provision of the materials and ancillary services and of the exclusive coal export-related services to the Parent Group by the Group under the 2021 Integrated Materials and Services Mutual Provision Framework Agreement, the Directors have taken into account the following factors:

- (i) the historical figures of the actual transaction value of the provision of materials and ancillary services and of the social and support services to the Parent Group by the Group contemplated under the 2021 Integrated Materials and Services Mutual Provision Framework Agreement for the nine months ended 30 September 2021;
- (ii) the expansion of the equipment and coal sales business of the Company's subsidiaries, the significant increase in coal prices and material prices will lead to an increase in the amount of connected transactions for the three years ending 31 December 2023 in relation to the provision of the materials and ancillary services to the Parent Group by the Group; and
- (iii) a buffer is provided to the revised annual cap for the possible increase in materials and ancillary services and in the coal export-related service provided to the Parent Group by the Group.

### **III. HONG KONG LISTING RULES IMPLICATIONS**

The Parent, which directly and indirectly holds approximately 58.36% of the issued share capital of the Company as at the date of this announcement, is the controlling shareholder of the Company and therefore a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the transactions in relation to provision of the materials and ancillary services and of the exclusive coal export-related services to the Parent Group by the Group under the 2021 Integrated Materials and Services Mutual Provision Framework Agreement 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 14.07 of the Hong Kong Listing Rules) in respect of the revised annual caps regarding the Provision of the materials and ancillary services and of the exclusive coal export-related services to the Parent Group by the Group under the 2021 Integrated Materials and Services Mutual Provision Framework Agreement for the three years ending 31 December 2023 exceed 0.1% but less than 5%, they are subject to the reporting, annual review, announcement requirements, but exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

#### **IV. DIRECTORS' CONFIRMATION**

The Directors (including the independent non-executive Directors) are of the view that the terms of the 2021 Integrated Materials and Services Mutual Provision 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 favorable to the Group than those available to or from independent third parties; (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 Company and the Shareholders as a whole; and (v) that the relevant revision of annual caps is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Directors, Mr. Wang Shudong, Mr. Peng Yi and Mr. Zhao Rongzhe, who are also directors or senior management of the Parent, are deemed to have material interests in the relevant revision of annual caps, have abstained from voting from the relevant resolutions of the Board. Other than those Directors mentioned above, none of the other Directors has a material interest in the relevant revision of annual caps.

#### **V. GENERAL INFORMATION OF THE PARTIES OF THE TRANSACTIONS**

##### **The Company**

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

##### **The Parent**

The Parent is a state-owned enterprise established under the laws of the PRC and the controlling shareholder of the Company, holding, directly and indirectly, approximately 58.36% of the issued share capital of the Company as at the date of this announcement. The Parent is principally engaged in the production and trading of coal, coal chemical business, pithead power generation, construction of coal mines, manufacturing of coal mining equipment and the provision of related engineering technologies and services. The ultimate controller of the Parent is SASAC. SASAC is an ad-hoc ministerial-level organization directly subordinated to the State Council and is mainly responsible for supervising and managing the state-owned assets of enterprises under the supervision of the Central Government (excluding financial enterprises), supervising the reservation and increment of the value of the state-owned assets of the supervised enterprises and other issues.

#### **VI. DEFINITIONS**

“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules and the SSE Listing Rules
“Board”	means the board of directors of the Company
“Company”	means China Coal Energy Company Limited* (中國中煤能源股份有限公司), a joint stock company established under the laws of 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

“Director(s)”	means the director(s) of the Company
“Group”	means the Company and its subsidiaries
“Hong Kong Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time
“Hong Kong Stock Exchange”	means the Stock Exchange of Hong Kong Limited
“Parent”	means China National Coal Group Corporation, a state-owned enterprise established under the laws of the PRC and the controlling shareholder of the Company
“Parent Group”	means the Parent and its associates (excluding the Group)
“RMB”	means Renminbi, the lawful currency of the PRC
“SASAC”	means the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
“SSE Listing Rules”	means The Rules Governing the Listing of Stocks on Shanghai Stock Exchange (《上海證券交易所股票上市規則》) as amended from time to time
“subsidiary”	has the meaning ascribed to it under the Hong Kong Listing Rules and the meaning of “controlled subsidiary” under the SSE Listing Rules
“%”	means percent

By Order of the Board  
**China Coal Energy Company Limited**  
**Wang Shudong**  
*Chairman of the Board, Executive Director*

Beijing, the PRC  
27 October 2021

*As at the date of this announcement, the Company’s executive directors are Wang Shudong and Peng Yi; the non-executive directors are Zhao Rongzhe and Xu Qian; and the independent non-executive directors are Zhang Ke, Zhang Chengjie and Leung Chong Shun.*

\* *For identification purpose only*