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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)

CONNECTED TRANSACTION
ESTABLISHMENT OF A JOINT VENTURE

The Board is pleased to announce that on 28 August 2020 Pingshuo Group (a subsidiary of the Company) entered into the Joint Venture Agreement with China Coal Electricity (a subsidiary of China Coal Group). According to the Joint Venture Agreement, the parties agreed to establish Antaibao Thermal Power Company for the construction and operation of the Antaibao Thermal Power Project. Antaibao Thermal Power Company with a registered capital of RMB960,000,000 is held as to 51% and 49% by Pingshuo Group and China Coal Power respectively and is a subsidiary of the Company.

As at the date of this announcement, China Coal Group holds 58.36% of equity interest in the Company and is the controlling shareholder and a connected person of the Company; China Coal Electricity is a wholly-owned subsidiary of China Coal Group and is therefore an associate of China Coal Group and a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the transaction of establishing a joint venture under the Joint Venture Agreement constitutes a connected transaction 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 relation to the transaction of establishing a joint venture under the Joint Venture Agreement exceed 0.1% but below 5%, such transaction is subject to the reporting and announcement requirements but is exempted from shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

I. INTRODUCTION

The Board is pleased to announce that on 28 August 2020 Pingshuo Group (a subsidiary of the Company) entered into the Joint Venture Agreement with China Coal Electricity (a subsidiary of China Coal Group). According to the Joint Venture Agreement, the parties agreed to establish Antaibao Thermal Power Company for the construction and operation of the Antaibao Thermal Power Project. Antaibao Thermal Power Company with a registered capital of RMB960,000,000 is held as to 51% and 49% by Pingshuo Group and China Coal Power respectively and is a subsidiary of the Company.

II. MAJOR TERMS OF THE JOINT VENTURE AGREEMENT

Date:	28 August 2020
Parties:	(1) Pingshuo Group; and (2) China Coal Electricity
Name of the joint venture:	China Coal Pingshuo Antaibao Thermal Power Company Limited* (中煤平朔安太堡熱電有限公司) (subject to approval of the business registration department)
Registered Capital and Contribution:	<p>The registered capital of Antaibao Thermal Power Company is RMB 960,000,000, of which Pingshuo Group contributes RMB489,600,000 and represents 51% of the registered capital while China Coal Electricity contributes RMB470,400,000 and represents 49% of the registered capital.</p> <p>The registered capital is paid in installments. The first phase of the registered capital is RMB 500,000,000, of which Pingshuo Group contributes RMB255,000,000 and China Coal Electricity contributes RMB 245,000,000, which will be paid in cash (RMB) within one month after the execution of the Joint Venture Agreement. The subsequent registered capital will be injected in installments according to the project construction progress, and will be settled by Pingshuo Group with its completed investment to the Antaibao Thermal Power Project based on the market appraised value with the outstanding part made up in cash if applicable, and settled by China Coal Electricity in cash.</p>
Scope of Business of the Joint Venture:	Thermal power generation, power supply; sales of mechanical and electrical equipment; thermal power production and sales; comprehensive utilization of ash and slag; sales of steam, ash and demineralized water; distribution and sales of electricity; trading of coal and diesel; power technology training; renewable energy and other energy project investment business and consulting business, etc. (projects that are subject to approval in accordance with the law can be operated only after being approved by relevant departments).
Scale of Business:	Construction and operation of Antaibao Thermal Power Project; investment in the expansion of Antaibao Power Plant or building a new supporting project with the main business of the power plant in the administrative area of Shuozhou City according to the company's situation and market needs, and

carrying out the business of purchasing and selling electricity according to the company's business needs at the same time.

III. REASONS FOR AND BENEFITS OF ESTABLISHING A JOINT VENTURE

To promote the consumption and utilization of low-quality coal and coal gangue in the mining area of Pingshuo, Pingshuo Group and China Coal Electricity established Antaibao Thermal Power Company for the construction of Antaibao Thermal Power Project. This will help exploit the respective advantages of Pingshuo Group and China Coal Power, promote professional management of the power industry and achieve coordinated development, which is in line with the interest of the Company and its shareholders as a whole.

IV. GENERAL INFORMATION

China Coal Group

China Coal Group is a state-owned enterprise established under the laws of the PRC and is the controlling shareholder of the Company. It directly and indirectly holds approximately 58.36% of the issued share capital of the company as at the date of this announcement. The major businesses of China Coal Group include the production and trade of coal, coal chemical business, pithead power generation, coal mining equipment manufacturing and related engineering technical services. The ultimate controller of China Coal Group is the SASAC.

China Coal Electricity

China Coal Electricity is a limited liability company incorporated in the PRC and a wholly-owned subsidiary of China Coal Group. China Coal Electricity is principally engaged in wind power generation; engineering design; technology development, technical consultation and technology promotion; research and development of energy recovery system; engineering management services; energy management contract services; power supply.

Pingshuo Group

Pingshuo Group is a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company. Pingshuo Group is principally engaged in mining and sales of coal, power production, production and sales of coal chemical products, etc.

V. HONG KONG LISTING RULES IMPLICATIONS

As at the date of this announcement, China Coal Group holds 58.36% of equity interest in the Company and is the controlling shareholder and a connected person of the Company; China Coal Electricity is a wholly-owned subsidiary of China Coal Group and is therefore an associate of China Coal Group and a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the transaction of establishing a joint venture under the Joint Venture Agreement constitutes a connected transaction 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 relation to the transaction of establishing a joint venture under the Joint Venture Agreement exceed 0.1% but below 5%, such transaction is subject to the reporting and announcement requirements but is exempted from shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

VI. DIRECTOR'S CONFIRMATION

As Mr. Li Yanjiang, Mr. Peng Yi, Mr. Du Ji'an and Mr. Zhao Rongzhe are also Directors or senior management of China Coal Group, they are deemed to be materially interested in the transaction under the Joint Venture Agreement and have therefore abstained from voting on the resolutions in respect to the Joint Venture Agreement at the Board meeting. Save for the above, none of the other Directors has a material interest in the transaction under the Joint Venture Agreement .

The Directors (including the independent non-executive Directors) are of the view that the Joint Venture Agreement is entered into on normal commercial terms, and the transaction thereunder is a normal business practice, the terms and conditions therein are fair and reasonable and in the interests of the Company and its shareholders as a whole.

VI. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Antaibao Thermal Power Company”	China Coal Pingshuo Antaibao Thermal Power Company Limited* (中煤平朔安太堡熱電有限公司)
“Antaibao Thermal Power Project”	2×350MW low calorific value coal thermal power project of Antaibao located in Antaibao Open Pit Mine Square, Pingshuo, Pinglu District, Shuozhou City, Shanxi Province with proposed establishment of a 2×350MW supercritical direct air-cooled extraction condensing steam turbine generating unit
“connected person”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Board”	the board of Directors of the Company
“China Coal Electricity”	China Coal Electricity Company Limited* (中煤電力有限公司), a joint stock company incorporated in the PRC with limited liability and a wholly-owned subsidiary of China Coal Group
“Company”	China Coal Energy Company Limited, a joint stock company incorporated in the PRC with

	limited liability, the H shares of which are listed on the 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(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and other 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
“Joint Venture Agreement”	the Joint Venture Agreement for China Coal Pingshuo Antaibao Thermal Power Company Limited dated 28 August 2020 and entered into between Pingshuo Group and China Coal Electricity, pursuant to which the parties agreed to establish Antaibao Thermal Power Company in Pinglu Economic and Technological Development Zone, Shuozhou City, Shanxi Province
“China Coal Group”	China National Coal Group Corporation, a state-owned enterprise incorporated in the PRC and the controlling shareholder of the Company
“Pingshuo Group”	China Coal Pingshuo Group Company Limited, a joint stock company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council, a special organization directly subordinated to the State Council, and is mainly responsible for supervising the state-owned assets of enterprises under the supervision of the Central Government (excluding financial enterprises) and the reservation and increment of the value of the assets and other issues

By Order of the Board
China Coal Energy Company Limited
Li Yanjiang
Chairman and Executive Director

Beijing, the PRC
28 August 2020

As at the date of this announcement, the executive directors of the Company are Li Yanjiang and 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*