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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)

THIRD QUARTERLY REPORT 2018

Pursuant to the regulations and rules of China Securities Regulatory Commission and Shanghai Stock Exchange (the “SSE”), China Coal Energy Company Limited (the “**Company**” or “**China Coal Energy**”, together with its subsidiaries, collectively the “**Group**”) is required to publish reports on a quarterly basis.

This announcement is made pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

This announcement is a summary of the 2018 third quarterly financial report of the Company prepared in accordance with the Chinese Accounting Standards for Business Enterprise for the nine months ended 30 September 2018. The full text of the quarterly financial report will be available on the website of The Stock Exchange of Hong Kong Limited (the “HKSE”) on 23 October 2018. The full text of the quarterly financial report is in Chinese only.

I. IMPORTANT NOTICE

- 1.1 The board of directors and the supervisory committee of the Company together with the directors, supervisors and the senior management thereof guarantee that the content of this quarterly report is true, accurate and complete and does not contain any false representations, misleading statements or material omissions, and severally and jointly accept legal responsibility for the content of this report.
- 1.2 All members of the board of directors of the Company attended the meeting of the board of directors for the review and approval of this quarterly report.
- 1.3 Li Yanjiang (the person-in-charge of the Company), Chai Qiaolin (the person-in-charge of accounting affairs) and Chai Qiaolin (the person responsible for the accounting department, i.e. head of the accounting department) guarantee that the financial statements set out in this quarterly report are true, accurate and complete.
- 1.4 The third quarterly report of the Company is unaudited.

II. BASIC INFORMATION OF THE COMPANY

2.1 Major financial data

Unit: RMB'000

	As at the end of the reporting period	As at the end of the previous year (restated)	Increase/decrease at the end of the reporting period as compared to the end of the previous year (%)
Total assets	261,722,487	251,351,543	4.1
Net assets attributable to the equity holders of the listed company	92,294,792	89,010,191	3.7
	From the beginning of the year to the end of the reporting period (January to September)	From the beginning of the previous year to the end of the corresponding period of the previous year (January to September) (restated)	Increase/decrease compared to the corresponding period of the previous year (%)
Net cash flows generated from operating activities	16,819,927	10,691,403	57.3
	From the beginning of the year to the end of the reporting period (January to September)	From the beginning of the previous year to the end of the corresponding period of the previous year (January to September) (restated)	Increase/decrease compared to the corresponding period of the previous year (%)
Operating revenue	77,137,407	59,977,227	28.6
Net profit attributable to the equity holders of the listed company	4,124,682	2,332,026	76.9
Net profit attributable to the equity holders of the listed company net of non-recurring gains or losses	4,121,774	2,253,407	82.9
Weighted average return on net assets (%)	4.55	2.79	Increased by 1.76 percentage points
Basic earnings per share (RMB per share)	0.31	0.18	72.2
Diluted earnings per share (RMB per share)	N/A	N/A	-

Non-recurring gains or losses and relevant amounts

√ Applicable □ Not applicable

Unit: RMB'000

Item	Amount for the reporting period (July to September)	Amount for the period from the beginning of the year to the end of the reporting period (January to September)	Explanations
Gains or losses from disposal of non-current assets	-10,371	-33,332	-
Government grants included in profit or loss for the reporting period, excluding those closely related to the Company's ordinary business and granted on an on-going basis in fixed amount or volume according to certain principles under national policies	25,259	94,183	-
Net profit and loss of subsidiaries resulting from the business combination involving entities under common control from the beginning of the reporting period to the date of combination	4,010	-73,610	-
Reversal of impairment provisions for receivables subject to individual impairment test	0	1,000	-
Gains or losses from external entrusted loans	638	6,120	-
Other non-operating income and expenses apart from the foregoing	-37,366	-38,081	-
Impact on minority shareholders' interests (after tax)	10,802	51,514	-
Effect of income tax	7,747	-4,886	-
Total	719	2,908	-

2.2 Major production and operational data

Item	Unit	January to September, 2018	January to September, 2017 (restated)	Percentage change %
I. Coal operations				
1. Production volume of commercial coal	10,000 tonnes	5,587	5,796	-3.6
Of which: Thermal coal	10,000 tonnes	4,924	5,098	-3.4
Coking coal	10,000 tonnes	663	698	-5.0
2. Sales volume of commercial coal	10,000 tonnes	11,438	9,530	20.0
Of which: Sales volume of self-produced coal	10,000 tonnes	5,377	5,612	-4.2
II. Coal chemical operations				
(I) Polyolefin				
1. Polyethylene production	10,000 tonnes	54.7	30.8	77.6
Sales volume	10,000 tonnes	54.5	30.9	76.4
2. Polypropylene production	10,000 tonnes	54.2	30.2	79.5
Sales volume	10,000 tonnes	54.8	30.8	77.9
(II) Urea				
1. Production	10,000 tonnes	130.3	149.3	-12.7
2. Sales volume	10,000 tonnes	154.7	162.3	-4.7
(III) Methanol				
1. Production	10,000 tonnes	43.8	48.7	-10.1
2. Sales volume	10,000 tonnes	5.1	9.8	-48.0
III. Coal mining equipment operations				
1. Output value of coal mining equipment	RMB100 million	51.7	37.8	36.8

Note: The sales volume of methanol in 2018 excludes the Company's internal self-consumption.

2.3 Major differences arising from the adoption of different accounting standards in preparing the financial statements

Unit: RMB'000

	Net profit attributable to the equity holders of the listed company		Net assets attributable to the equity holders of the listed company	
	January to September, 2018	January to September, 2017 (restated)	As at 30 September 2018	As at 31 December 2017 (restated)
According to PRC GAAP	4,124,682	2,332,026	92,294,792	89,010,191
Items and amounts adjusted according to IAS:				
(a) Adjustment to special funds and deferred tax of the coal industry	1,000,956	714,953	98,107	188,187
(b) Adjustment to floating of non-tradable shares under equity split	–	–	-155,259	-155,259
(c) Adjustment to government grants	2,783	2,783	-30,607	-33,390
According to IAS	5,128,421	3,049,762	92,207,033	89,009,729

Explanations on major reconciliations are as follows:

- (a) Adjustment to special reserves and relevant deferred tax: special reserves comprise maintenance fee, safety fund, coal mine transformation fund, mining environmental restoration security deposit and sustainable development reserve. Under PRC GAAP, the Group should make provisions for the special reserves which will be accounted as the production cost and contributions made to the special reserves of equity attributable to shareholders. Non-capital expenditure incurred should be directly offset against special reserves upon occurrence, while capital expenditure incurred should be recorded as fixed assets upon completion, and offset against special reserves based on the cost of the fixed assets with accumulated depreciation fully recognised. After that, no subsequent provisions for depreciation would be made to the relevant fixed assets. Under IFRS, provisions made for the special reserves should be recorded as retained earnings provision while the relevant expenditures are recognised upon occurrence and the special reserves are accordingly transferred to retained earnings.
- (b) Under PRC GAAP, the consideration paid by holders of non-tradable shares to holders of tradable shares in accordance with the reform proposal of equity split should be recorded as long-term equity investments in the balance sheet. Under IFRS, such consideration shall be recorded as interests of minority shareholders directly deducted from the equity attributable to shareholders.
- (c) Under PRC GAAP, subsidies considered as capital investment by the government should be recorded in “capital reserve”. Under IFRS, the subsidies mentioned above shall be treated as government grants.

2.4 Total number of shareholders, top 10 shareholders and top 10 shareholders holding tradable shares (or shareholders not subject to trading moratorium) as at the end of the reporting period

Unit: Share

Total number of shareholders	167,558					
Particulars of top 10 shareholders						
Name of shareholders (full name)	Number of shares held as at the end of the reporting period	Shareholding percentage (%)	Number of shares subject to trading moratorium	Shares pledged or frozen		Nature of shareholders
				Status	Number	
China National Coal Group Corporation (中國中煤能源集團有限公司)	7,605,207,608	57.36	-	Nil	0	State-owned legal person
HKSCC NOMINEES LIMITED	3,952,355,413	29.81	-	Unknown	-	Foreign legal person
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	346,112,355	2.61	-	Nil	0	State-owned legal person
China Coal Hong Kong Limited (中煤能源香港有限公司)	132,351,000	1.00	-	Nil	0	Foreign legal person
Central Huijin Asset Management Company Limited (中央匯金資產管理有限責任公司)	83,035,400	0.63	-	Nil	0	State-owned legal person
Xu Kaidong (徐開東)	29,000,000	0.22	-	Nil	0	Domestic natural person
China Construction Bank Corporation – New China Zeng Yi Debt Securities Investment Fund (中國建設銀行股份有限公司 – 新華增怡債券型證券投資基金)	17,848,357	0.13	-	Nil	0	Others
Hong Kong Securities Clearing Company Ltd.	17,059,493	0.13	-	Nil	0	Foreign legal person
Shanxi Xinxiong Trading Co., Ltd. (山西信雄貿易有限公司)	7,412,728	0.06	-	Nil	0	Domestic non-state owned legal person
Kashgar Peak Fire Equity Investment Co., Ltd. (喀什峰火股權投資有限公司)	6,651,801	0.05	-	Nil	0	Domestic non-state owned legal person

Particulars of top 10 shareholders not subject to trading moratorium			
Name of shareholders	Number of listed shares not subject to trading moratorium	Type and number of shares	
		Type	Number
China National Coal Group Corporation (中國中煤能源集團有限公司)	7,605,207,608	Ordinary shares denominated in RMB	7,605,207,608
HKSCC NOMINEES LIMITED	3,952,355,413	Overseas listed foreign shares	3,952,355,413
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	346,112,355	Ordinary shares denominated in RMB	346,112,355
China Coal Hong Kong Limited (中煤能源香港有限公司)	132,351,000	Overseas listed foreign shares	132,351,000
Central Huijin Asset Management Company Limited (中央匯金資產管理有限責任公司)	83,035,400	Ordinary shares denominated in RMB	83,035,400
Xu Kaidong (徐開東)	29,000,000	Ordinary shares denominated in RMB	29,000,000
China Construction Bank Corporation – New China Zeng Yi Debt Securities Investment Fund (中國建設銀行股份有限公司 – 新華增怡債券型證券投資基金)	17,848,357	Ordinary shares denominated in RMB	17,848,357
Hong Kong Securities Clearing Company Ltd.	17,059,493	Ordinary shares denominated in RMB	17,059,493
Shanxi Xinxiong Trading Co., Ltd. (山西信雄貿易有限公司)	7,412,728	Ordinary shares denominated in RMB	7,412,728
Kashgar Peak Fire Equity Investment Co., Ltd. (喀什烽火股權投資有限公司)	6,651,801	Ordinary shares denominated in RMB	6,651,801
Explanations on affiliated relationship or parties acting in concert among the abovementioned shareholders	China Coal Hong Kong Limited (中煤能源香港有限公司) is a wholly owned subsidiary of China Coal Group, the controlling shareholder of the Company. It is not certain if any of the other shareholders are affiliated or acting in concert with each other.		
Explanations on preference shareholders with voting rights restored and the number of shares held	The Company has not issued any preference shares and has no preference shareholders with voting rights restored.		

Note: The above tables of particulars of top 10 shareholders and particulars of top 10 shareholders not subject to trading moratorium are based on the followings:

1. The above information was prepared in accordance with the register of shareholders of the Company as at 30 September 2018 provided by the China Securities Depository and Clearing Corporation Limited Shanghai Branch and Computershare Hong Kong Investor Services Limited.
2. The H shares held by HKSCC Nominees Limited are held on behalf of various customers.

According to the disclosure of interests published on the website of HKSE, as at 30 September 2018, Funde Sino Life Insurance Co., Ltd. had long positions in 2,012,858,147 H shares of the Company.

2.5 Total number of holders of preference shares, top 10 holders of preference shares and top 10 holders of preference shares (not subject to trading moratorium) as at the end of the reporting period

Applicable Not applicable

III. SIGNIFICANT EVENTS

3.1 Significant changes of the major accounting projects and financial indicators and the reasons thereof

Applicable Not applicable

3.1.1 Analysis on reasons for the major changes in items on the balance sheet

Unit: RMB'000

Items	Balance as at the end of the reporting period	Balance as at the beginning of the year (Restated)	Increase/decrease (%)	Major reasons for the changes
Cash at bank and on hand	25,813,192	18,759,954	37.6	Mainly due to significant increase in the net cash flows from operating activities as a result of significant improvement of operating performance of the Company during the reporting period.
Contractual assets	506,463	0	-	The Company recognized the right to receive consideration for transfer of goods in respect of which conditions to receive payment have not been satisfied as contractual assets under the Accounting Standards for Business Enterprises No. 14-Revenue during the reporting period.
Taxes payable	1,544,144	2,291,190	-32.6	Mainly due to payment of various types of taxes by the Company during the reporting period
Long-term payables	1,000,083	586,541	70.5	Mainly due to increase in considerations payable in respect of resources as a result of acquisition of coal resources by the Company's affiliated enterprises during the reporting period.
Special reserve	3,332,239	2,339,518	42.4	Mainly due to increase in special reserve balances as a result of decrease in the expensed expenditures of special funds provided by affiliated enterprises as required during the reporting period.

3.1.2 Analysis on reasons for the major changes in items on the income statement

Unit: RMB'000

Items	January to September, 2018	January to September, 2017 (Restated)	Increase/decrease (%)	Major reasons for the changes
Operating revenue	77,137,407	59,977,227	28.6	Mainly due to increase in sales scale of coal operations and coal chemical operations, year-on-year increase in sales price, and year-on-year increase in sales volume of products of coal mining equipment operations by leveraging market recovery opportunities.
Operating cost	54,342,203	39,567,328	37.3	Mainly due to increase in sales scale of coal for proprietary trading to expand the Company's market share, year-on-year increase in production and sales volume of polyolefin of coal chemical operations and increase in purchase price of raw materials.
Loss on impairment of assets	36,042	1,406,206	-97.4	Mainly due to provision on impairment of assets made by the Company in respect of delayed projects according to strategic arrangements and assets whose economic benefits are deteriorating under accounting standards during the same period of the previous year.
Investment gain	1,323,297	788,713	67.8	Mainly due to year-on-year increase in investment gains recognized by the Company in proportion to shareholding as a result of better economic benefits of equity investment companies.
Operating profit	8,746,218	5,671,070	54.2	Mainly due to the combined effect of significant increase in revenue, effective control of costs and expenses, significant improvement of asset quality and year-on-year increase in investment gains.
Total profit	8,687,193	5,657,892	53.5	Mainly due to significant year-on-year increase in operating profit of the Company during the reporting period.

Items	January to September, 2018	January to September, 2017 (Restated)	Increase/decrease (%)	Major reasons for the changes
Income tax expenses	2,308,932	1,676,385	37.7	Mainly due to significant improvement of operating performance of the Company resulting in corresponding increase in income tax expenses during the reporting period.
Net profit	6,378,261	3,981,507	60.2	Mainly due to significant year-on-year increase in total profit of the Company during the reporting period.
Net profit attributable to the equity holders of the Company	4,124,682	2,332,026	76.9	Mainly due to significant year-on-year increase in net profit of the Company during the reporting period.
Minority shareholders' interests	2,253,579	1,649,481	36.6	Mainly due to year-on-year increase in operating performance of non-wholly-owned subsidiaries resulting in corresponding increase in net profit recognized in proportion to minority shareholders' shareholding during the reporting period.
Total comprehensive income	6,255,541	3,989,564	56.8	Mainly due to significant year-on-year increase in net profit of the Company during the reporting period.

3.1.3 Analysis on reasons for major changes in items on the cash flow statement

Unit: RMB'000

Items	January to September, 2018	January to September, 2017 (Restated)	Major reasons for the changes
Net cash flows generated from operating activities	16,819,927	10,691,403	Mainly due to significant improvement of operating performance of the Company and further refinement of capital management resulting in significant year-on-year increase in net cash from operating activities during the reporting period.
Net cash flows generated from investment activities	-13,734,300	-5,259,554	Mainly due to the combined effect of increase in cash paid in respect of capital expense and term deposits with an initial term of more than three months during the reporting period as well as receipt of consideration for asset transfer during the same period of the previous year.
Net cash flows generated from financing activities	-1,471,544	-3,615,941	Mainly due to the combined effect of strict control of the scale of liabilities by the Company in recent years resulting in year-on-year decrease in debt facility payable during the reporting period as well as year-on-year decrease in new debt facility during the reporting period.

3.1.4 Sales revenue, cost and gross profit of coal operations

For the period from January to September 2018, as a result of the combined effect of increase in sales scale of coal for proprietary trading to expand the Company's market share and year-on-year increase in sales price, the Company's revenue from coal operations increased from RMB48.094 billion for the same period of 2017 to RMB59.486 billion, representing an increase of RMB11.392 billion; the cost of sales of coal operations increased from RMB30.311 billion for the same period of 2017 to RMB40.685 billion, representing an increase of RMB10.374 billion; and the gross profit of coal operations increased from RMB17.783 billion for the same period of 2017 to RMB18.801 billion, representing an increase of RMB1.018 billion.

3.1.5 Changes in sales volume and price of coal

Currency: RMB

		January to September 2018		January to September 2017 (Restated)		Increase/decrease in amount		Increase/decrease in percentage	
		Sales volume (10,000 tonnes)	Sales price (RMB/tonne)	Sales volume (10,000 tonnes)	Sales price (RMB/tonne)	Sales volume (10,000 tonnes)	Sales price (RMB/tonne)	Sales volume (%)	Sales price (%)
I. Self-produced commercial coal	Total	5,377	526	5,612	495	-235	31	-4.2	6.3
	(I) Thermal coal	4,714	459	4,930	442	-216	17	-4.4	3.8
	1. Domestic sale	4,714	459	4,921	442	-207	17	-4.2	3.8
	2. Export	-	-	9	577	-9	-	-100.0	-
	(II) Coking coal	663	997	682	877	-19	120	-2.8	13.7
	1. Domestic sale	663	997	682	877	-19	120	-2.8	13.7
II. Proprietary coal trading	Total	5,558	516	3,617	502	1,941	14	53.7	2.8
	(I) Domestic resale	5,529	513	3,430	502	2,099	11	61.2	2.2
	(II) Self-operated exports*	19	1,333	19	1,149	0	184	0.0	16.0
	(III) Import trading	10	478	164	450	-154	28	-93.9	6.2
	(IV) Transshipment trading	-	-	4	626	-4	-	-100.0	-
III. Import and export and domestic agency★	Total	503	6	301	8	202	-2	67.1	-25.0
	(I) Import agency	74	2	39	6	35	-4	89.7	-66.7
	(II) Export agency	183	8	197	7	-14	1	-7.1	14.3
	(III) Domestic agency	246	6	65	10	181	-4	278.5	-40.0

* : Briquette export.

★: Sales price is the agency service fee.

3.1.6 Changes in unit cost of sales of self-produced commercial coal

Unit: RMB/tonne

Item	January to September 2018	January to September 2017	Year-on-year	
			Increase/decrease in amount	Increase/decrease (%)
Material costs	48.10	52.85	-4.75	-9.0
Labour costs	36.25	28.11	8.14	29.0
Depreciation and amortisation	47.40	44.12	3.28	7.4
Repair expenses	10.41	12.14	-1.73	-14.3
Outsourcing mining engineering fee	21.42	16.77	4.65	27.7
Other costs	44.45	47.01	-2.56	-5.4
Unit cost of sales of self-produced commercial coal	208.03	201.00	7.03	3.5

For the period from January to September 2018, the Company's unit cost of sales of self-produced commercial coal was RMB208.03/tonne, representing an increase of RMB7.03/tonne or 3.5% as compared to RMB201.00/tonne for the same period of 2017 with changes in major cost components as follows:

The year-on-year decrease in unit material costs of RMB4.75/tonne was mainly attributable to reduced consumption of materials of the Company by strengthening cost control.

The year-on-year increase in unit labour costs of RMB8.14/tonne, which was mainly attributable to improvement of economic benefits of the Company's coal operations resulting in corresponding increase in the level of staff's salaries.

The year-on-year increase in unit depreciation and amortisation costs of RMB3.28/tonne was mainly attributable to a year-on-year decrease in the production volume of self-produced commercial coal as a result of implementation of the "cut over-capacity" policy during the reporting period.

The year-on-year increase in unit outsourcing mining engineering fee of RMB4.65/tonne was mainly attributable to the increase in the outsourcing mining engineering volume of coal producing enterprises of the Company as a result of their active promotion of production to carry on related engineering projects.

The year-on-year decrease in unit other costs of RMB2.56/tonne was mainly attributable to a year-on-year decrease in related engineering expenses and production auxiliary costs coal as a result of the suspension of production of mines in respect of which the Company implemented the "cut over-capacity" policy.

3.1.7 Changes in sales volume and price of major chemical products

	January to September 2018		January to September 2017		Increase/decrease in amount		Increase/decrease in percentage	
	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) Polyolefin	109.4	8,059	61.7	7,564	47.7	495	77.3	6.5
1. Polyethylene	54.5	8,234	30.9	8,038	23.6	196	76.4	2.4
2. Polypropylene	54.8	7,885	30.8	7,088	24.0	797	77.9	11.2
(II) Urea	154.7	1,786	162.3	1,371	-7.6	415	-4.7	30.3
(III) Methanol◆	5.1	2,351	9.8	2,139	-4.7	212	-48.0	9.9

◆: Setting-off of internal use of 473,400 tonne from January to September 2018, representing a revenue of RMB990 million; 481,120 tonne from January to September 2017, representing a revenue of RMB866 million.

3.1.8 Unit cost of sales of major chemical products

Currency: RMB

	Unit cost of sales (RMB/tonne)		
	January to September 2018	January to September 2017	Increase/decrease in amount
(I) Polyolefin	6,166	5,376	790
1. Polyethylene	6,156	5,377	779
2. Polypropylene	6,176	5,375	801
(II) Urea	1,103	944	159
(III) Methanol	1,596	2,137	-541

3.2 Analysis and explanation on the progress of significant events and their impacts and solutions

Applicable Not applicable

1. Matters in relation to issuance of the corporate bonds

On 6 July 2018, the Company completed the public issuance of the 2018 third tranche of corporate bonds comprising Type 1 corporate bonds in a principal amount of RMB2.2 billion with a term of 5 (3+2) years at a rate of 4.69% per annum and Type 2 corporate bonds in a principal amount of RMB0.8 billion with a term of 7 (5+2) years at a rate of 4.89% per annum.

On 27 July 2018, the Company completed the public issuance of the 2018 fourth tranche of corporate bonds in a principal amount of RMB0.8 billion with a term of 5 (3+2) years at a rate of 4.40% per annum.

For details, please refer to the announcements of the Company published on the websites of SSE, HKSE and the Company on 9 July 2018 and 27 July 2018, respectively.

2. Matters in relation to settlement of the short-term financing bonds

On 24 July 2018, the Company settled the 2017 first tranche of the short-term financing bonds in an amount of RMB3 billion upon maturity.

For details, please refer to the announcements of the Company published on the websites of SSE, HKSE and the Company on 16 July 2018.

3. Matters in relation to capital increase to a joint venture

On 21 August 2018, at the 2018 third meeting of the third session of the board of directors of the Company, the Resolution on Additional Capital Contribution to Huajin Coking Coal Co., Ltd. (《關於向華晉焦煤有限責任公司增資的議案》) was approved to make additional capital contribution of RMB0.98 billion to Huajin Coking Coal Co., Ltd., a 49% owned subsidiary of the Company, in proportion to the Company's shareholding in it.

For details, please refer to the announcements of the Company published on the websites of SSE, HKSE and the Company on 21 August 2018.

4. *Matters in relation to the acquisition of the equity interest in China Coal Electric Company Limited*

On 21 August 2018, the Resolution on the Acquisition of the Equity Interest in China Coal Electric Company Limited by Equipment Company (《關於裝備公司收購中煤電氣公司股權的議案》) was approved at the 2018 third meeting of the third session of the board of directors of the Company, pursuant to which it was agreed that China National Coal Mining Equipment Company Limited* (中國煤礦機械裝備有限責任公司), a wholly-owned subsidiary of the Company, would acquire the 100% equity interest in China Coal Electric Company Limited held by China Coal Assets Management Group Co., Ltd.* (中國煤炭資產管理集團有限公司), a wholly-owned subsidiary of China National Coal Group Corporation* (中國中煤能源集團有限公司), at a total consideration of RMB257.4657 million.

For details, please refer to the announcements of the Company published on the websites of SSE, HKSE and the Company on 21 August 2018.

5. *Matters in relation to the nomination of the candidates for the executive directors, candidates for the non-executive directors and the candidates for the independent non-executive directors of the Company*

On 21 August 2018, the Resolution on the Election of the Executive Directors and Non-Executive Directors of the Fourth Session of the Board of Directors of the Company (《關於選舉公司第四屆董事會執行董事和非執行董事的議案》) and the Resolution on the Election of the Independent Non-Executive Directors of the Fourth Session of the Board of Directors of the Company (《關於選舉公司第四屆董事會獨立非執行董事的議案》) was approved at the 2018 third meeting of the third session of the board of directors of the Company, pursuant to which it was agreed to nominate Mr. Li Yanjiang, Mr. Peng Yi and Mr. Niu Jianhua as the candidates for the executive directors of the fourth session of the board of directors of the Company, to nominate Mr. Du Ji'an, Mr. Zhao Rongzhe and Mr. Xu Qian as the candidates for the non-executive directors of the fourth session of the board of directors of the Company, and to nominate Mr. Zhang Ke, Mr. Zhang Chengjie and Mr. Leung Chong Shun as the independent non-executive directors of the fourth session of the board of directors of the Company. The above candidates for directorship are subject to the approval at the 2018 first extraordinary general meeting of the Company.

For details, please refer to the announcements of the Company published on the websites of SSE, HKSE and the Company on 21 August 2018.

6. Matters in relation to the nomination of the candidates for the shareholder representative supervisors of the Company

On 21 August 2018, the Resolution on the Election of the Shareholder Representative Supervisors of the Fourth Session of the Supervisory Committee of the Company (《關於選舉公司第四屆監事會股東代表監事的議案》) was approved at the 2018 third meeting of the third session of the Supervisory Committee of the Company, pursuant to which it was agreed to nominate Mr. Zhou Litao and Mr. Wang Wenzhang as the candidates for the shareholder representative supervisors of the fourth session of the Supervisory Committee of the Company. The above candidates for shareholder representative supervisors are subject to the approval at the 2018 first extraordinary general meeting of the Company.

For details, please refer to the announcements of the Company published on the websites of SSE, HKSE and the Company on 21 August 2018.

3.3 Undertakings not yet fully performed during the reporting period

Applicable Not applicable

3.4 Warning in respect of possible loss or any significant changes in aggregate net profit from beginning of the year until the end of the next reporting period as compared with that of the corresponding period of 2017 and the reasons thereof

Applicable Not applicable

In 2018, China's economy continued its stable and favorable growth trend while maintaining general stability. With the implementation of supply-side structural reform being the major policy direction, centering on promoting quality and benefit as well as core competitiveness, the Company seized opportunities to expand market share, continued its reform and innovation to tap potentials, reduced leverage to strengthen cost control, and scientifically arranged and orderly organized production and sales. As a result, the asset operational efficiency and quality have been improved significantly. The net profit for the year in 2018 is expected to increase significantly as compared with that during the previous year.

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

Beijing, the PRC, 23 October 2018

As at the date of this announcement, the executive directors of the Company are Li Yanjiang, Peng Yi and Niu Jianhua; 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.

This English language version is provided for reference purpose only. In the event of any inconsistency between the English and the Chinese version, the Chinese version shall prevail.

* For identification purpose only