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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)

DISCLOSEABLE TRANSACTION

INVESTMENT IN HUBEI ENERGY GROUP EZHOU POWER GENERATION COMPANY LIMITED THROUGH CAPITAL INJECTION

On 24 April 2015, China Coal Sales and Transportation (the wholly-owned subsidiary of the Company), entered into the Capital Injection Agreement with Hubei Energy and Huainan Mining in relation to the investment in the Original Ezhou Generation through capital injection. Pursuant to the Capital Injection Agreement, the amount regarding the Capital Injection paid by China Coal Sales and Transportation is approximately RMB535 million. Upon the Completion, the New Ezhou Generation will be established and will become the principal implementation body of the Phase I Project, Phase II Project and Phase III Project.

Pursuant to the Capital Injection Agreement, the Parties have agreed to jointly inject an aggregate amount of RMB1.5 billion in cash into the capital of the Original Ezhou Generation, of which RMB1 billion and RMB0.5 billion will be recognized as the registered capital and capital reserve of the New Ezhou Generation, respectively. As at the date of the execution of the Capital Injection Agreement, the total registered capital of the Original Ezhou Generation amounts to approximately RMB2 billion. Upon the Completion, the registered capital of the New Ezhou Generation will be increased to approximately RMB3 billion, and the New Ezhou Generation will be owned as to 60% by Hubei Energy, as to 30% by Huainan Mining and as to 10% by China Coal Sales and Transportation, respectively.

The Directors confirm that to the best of their knowledge, information and belief, having made all reasonable enquiries, Hubei Energy and Huainan Mining and their ultimate beneficial owner(s) are third parties independent of the Company and its connected persons. As the one or more applicable percentage ratios (as defined in Rule 14.07 of the Hong Kong Listing Rules) in respect of the Capital Injection exceeds 5% but is less than 25%, the Capital Injection constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirement but is exempt from shareholders' approval requirement under Chapter 14 of the Hong Kong Listing Rules.

BACKGROUND

In 2014, Ezhou Generation, the principal implementation body of the Phase I Project entered into the Merger Agreement with Gedian Generation, the principal implementation body of the Phase II Project, pursuant to which Gedian Generation will be merged by absorption by Ezhou Generation. The Original Ezhou Generation will be the surviving entity, and will become the principal implementation body of the Phase I Project and Phase II Project.

On 24 April 2015, China Coal Sales and Transportation (the wholly-owned subsidiary of the Company), entered into the Capital Injection Agreement with Hubei Energy and Huainan Mining in relation to the investment of RMB1.5 billion in the Original Ezhou Generation through capital injection. Upon the Completion, the New Ezhou Generation will be established and will become the principal implementation body of the Phase I Project, Phase II Project and Phase III Project.

THE CAPITAL INJECTION AGREEMENT

Date:	24 April 2015
Parties:	(i) Hubei Energy (ii) Huainan Mining (iii) China Coal Sales and Transportation

I. Capital Injection

Pursuant to the Capital Injection Agreement, the Parties have agreed to jointly inject an aggregate amount of RMB1.5 billion in cash into the capital of the Original Ezhou Generation, of which RMB1 billion and RMB0.5 billion will be recognized as the registered capital and capital reserve of the New Ezhou Generation, respectively.

As at the date of the execution of the Capital Injection Agreement, the total registered capital of the Original Ezhou Generation amounts to approximately RMB2 billion and the Original Ezhou Generation is owned as to 72.89% by Hubei Energy and as to 27.11% by Huainan Mining.

Upon the Completion, the registered capital of the New Ezhou Generation will be increased to approximately RMB3 billion, and the New Ezhou Generation will be owned as to 60% by Hubei Energy, as to 30% by Huainan Mining and as to 10% by China Coal Sales and Transportation, respectively.

The total amount of the Capital Injection, being RMB1.5 billion was determined after arm's length negotiation among the Parties with the reference to (i) pursuant to the Valuation, the appraisal value of entire equity interest in Ezhou Generation and Gedian Generation are RMB1,720,445,800 and RMB2,130,459,900, respectively, among which, the amount of valuation increment is RMB1,228,298,800; and (ii) the capital need for the construction of the Phase III Project. The primary reasons for the valuation increment are set out below:

- (a) the profits recorded a relatively high increase due to the sharp decrease in coal prices and the substantial decrease in the costs for electricity generation. Accordingly, based on the historic revenue costs to make estimation for the coming years, it leads to the sound profit status of the enterprises and thus contributes to the valuation increment based on the income-based approach; and

- (b) the valuation of the Phase I Project has taken into account the revenue arising from the external supply of heat. The Valuation has included the increase in the revenue arising from supply of heat since 2015 and the electric energy production will also increase due to the external supply of heat.

Pursuant to the Capital Injection Agreement, the amount regarding the Capital Injection paid by China Coal Sales and Transportation is approximately RMB535 million, which shall be paid by China Coal Sales and Transportation in full in a lump sum within 15 business days since the effective date of the Capital Injection Agreement. Such amount consists of two portions: (i) the acquisition consideration of approximately RMB385 million, being 10% of the approximately RMB3.85 billion of the appraisal value of the Phase I Project and Phase II Project; and (ii) the original shareholder contribution of approximately RMB150 million, being 10% of RMB1.5 billion the capital amount for the construction of the Phase III Project. The details of the capital invested by the Parties are set out below:

Unit: RMB'000

Parties	Existing Equity Value after Valuation	Injection in Cash for the Transaction	Accumulated Equity Value after Capital Injection	Percentage of Shares
Hubei Energy	2,806,980.3	403,563.1	3,210,543.4	60%
Huainan Mining	1,043,925.4	561,346.3	1,605,271.7	30%
China Coal Sales and Transportation	-	535,090.6	535,090.6	10%
Total	3,850,905.7	1,500,000	5,350,905.7	100%

II. Composition of the board of directors and supervisory committee of the New Ezhou Generation

Upon the Completion, the board of directors of the New Ezhou Generation shall consist of seven directors, four of whom will be recommended by Hubei Energy, two of whom will be recommended by Huainan Mining and one of whom will be recommended by China Coal Sales and Transportation. The chairman of the board of the New Ezhou Generation will be recommended by Hubei Energy and elected by the board of directors of the New Ezhou Generation.

Upon the Completion, the supervisory committee of the New Ezhou Generation shall consist of five directors, one of whom will be recommended by Hubei Energy, one of whom will be recommended by Huainan Mining and one of whom will be recommended by China Coal Sales and Transportation. There will be two employee representative supervisors of the New Ezhou Generation whom will be elected by the meeting of the employee representatives of the New Ezhou Generation. The chairman of the supervisory committee of the New Ezhou Generation will be recommended by Huainan Mining and elected by the supervisory committee of the New Ezhou Generation.

III. Conditions Precedent

The Capital Injection Agreement shall become effective upon the satisfaction of the following conditions:

- (i) the Capital Injection Agreement shall be signed by the legal representatives or the authorised representatives of the Parties and officially sealed by the Parties;
- (ii) the relevant affairs of the Capital Injection have obtained the approvals from the state-owned assets supervision and administration institutions and have been reviewed and approved by internal authorised decision-making bodies; and
- (iii) the Capital Injection Agreement and the Merger Agreement are inter-conditional.

VALUATION

According to the Valuation, the appraisal asset value of entire equity interest in Ezhou Generation and Gedian Generation carried out by China United Appraisal are RMB1,720,445,800 and RMB2,130,459,900, respectively. The Valuation has adopted the income approach, which involves the calculation of discounted cash flow method and thus, constitutes a profit forecast for the purpose of Rule 14.61 of the Hong Kong Listing Rules and Rules 14.60A and 14.62 of the Hong Kong Listing Rules are applicable. The following are the details of the principal assumptions, including commercial assumptions, upon which the Valuation were based:

I. General Assumptions

- 1. all assets to be valued are in the process of transaction. The Valuation conducts according to simulated market conditions such as the trading conditions of the assets to be appraised;
- 2. parties to the transaction in respect of the assets traded or to be traded in the market are offered equal status in terms of opportunities and time to have access to sufficient market information so that they can make rational decisions in the functions, application and transaction price, etc. of the assets; and
- 3. the Valuation is conducted when the assets to be appraised are used continuously for the current purposes and in the current ways, scopes, frequency and environment, etc., or are used on the basis of certain changes to the aforesaid aspects, so as to determine the valuation methods, parameters and basis.

II. Special Assumptions

- 1. there are no changes in the external economic environment and no material changes in the current national macro economy as at the valuation reference date of the Valuation;
- 2. there are no material changes in the social and economic environment and the policies executed in taxes, tax rates, etc.;
- 3. the future management fulfill their duties diligently, and keep the current operation and management model;
- 4. the Valuation is based on the current operation capacity as at the reference date, taking no account of the expansion of operation capacity due to the causes of the management, operation strategies, and additional investments, nor the subsequent possible changes in production and operation;

5. all kinds of assets in the Valuation are based on their actual stock as at the reference date of the Valuation and the current market prices of the relevant assets are determined according to the domestic effective prices as at the reference date of the Valuation;
6. the basic materials and financial materials provided to be valued are true, accurate and complete;
7. the scope of the Valuation is limited to the declaration forms provided by the client and the entity to be valued without considering the contingent assets or contingent liabilities that may exist beyond the list provided by the client and the entity to be valued;
8. the parameters of the Valuation are calculated without regard to the impact of currency inflation; and
9. the principal business in the future operation period and the related revenue, cost, expense, and sales strategies could process in line with predictions on the future operation and profits situations, the figures of which could be realised as predicted.

EXPERTS AND CONSENTS

The qualifications of the experts who have given their opinions and advices included in this announcement are as follows:

Name	Qualification
China United Appraisal	Independent professional valuer
WUYIGE	Certified Public Accountants

As at the date of this announcement, neither China United Appraisal nor WUYIGE has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for the securities in any member of the Group.

Each of China United Appraisal and WUYIGE has given and has not withdrawn its consent to the publication of this announcement with inclusion of its letter or report and all references to its name in the form and context in which it is included.

REASONS FOR AND BENEFIT OF ENTERING INTO THE CAPITAL INJECTION AGREEMENT

In recent years, the coal product prices fall substantially due to the impact of the continuously sluggish coal market. In face of the rigorous market situation, the Company is urgent to explore new coal market in order to comply with the increasingly competing situation in the market and to satisfy the demand of production and operation of the Group.

With the accomplishment of the construction of the Mengxi-Huazhong Railway, of which the Company participated in the equity interest, the Company can form an asset bond with power plants through share participation in the power plants which is the effective operational mode of exploring the market in the Central China and consolidating the stability of the market scale.

HONG KONG LISTING RULES IMPLICATIONS

The Directors confirm that to the best of their knowledge, information and belief, having made all reasonable enquiries, Hubei Energy and Huainan Mining and their ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

As the one or more applicable percentage ratios (as defined in Rule 14.07 of the Hong Kong Listing Rules) in respect of the Capital Injection exceeds 5% but is less than 25%, the Capital Injection constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirement but is exempt from shareholder's approval requirement under Chapter 14 of the Hong Kong Listing Rules.

GENERAL INFORMATION

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.

China Coal Sales and Transportation

China Coal Sales and Transportation is principally engaged in the process of civil use briquette, coal transfer and storage, coal station enterprises trusteeship, sales of metal materials and metal productions (excluding rare and precious metals) and other businesses.

Hubei Energy

Hubei Energy is principally engaged in investment, exploration and management of energy and other operational businesses within the scope permitted by the national policies of the PRC.

Huainan Mining

Huainan Mining is principally engaged in coal mining and sales, coal production comprehensive processing, thermal power generating, machine work, sales of machinery products, chemical products, electronic and electrical appliances, metal materials, cement, building materials, etc. and other businesses.

Original Ezhou Generation

The Original Ezhou Generation is a company incorporated in the PRC with limited liability, which is principally engaged in electric power production and operation, heating power production and provision, the comprehensive utilization of fly ash, flue gas desulfurization gypsum and the byproduct of electric power production and other businesses.

The audited total asset of the Original Ezhou Generation as at 31 December 2014 is RMB6,339,919,474.98.

The financial information on the Original Ezhou Generation (comprised of Ezhou Generation and Gedian Generation) for the financial years ended 31 December 2013 and 2014 are set out below:

	Year ended 31 December 2013	Year ended 31 December 2014
	<i>(RMB)</i>	<i>(RMB)</i>
Net profits before taxation and extraordinary items	822,047,939.90	749,589,822.62
Net profits after taxation and	785,234,579.56	561,885,072.29

extraordinary items

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expression shall have the meanings ascribed to them below:

Board	the board of the Company
Capital Injection	the capital injection of an aggregate amount of RMB1.5 billion by the Parties into the capital of the Original Ezhou Generation pursuant to the Capital Injection Agreement
Capital Injection Agreement	the agreement entered into between Hubei Energy, Huainan Mining and China Coal Sales and Transportation in relation to the capital injection to the Original Ezhou Generation
China Coal Sales and Transportation	China Coal Sales and Transportation Company Limited* (中國煤炭銷售運輸有限責任公司), a limited liability company incorporated under the laws of the PRC and a wholly-owned subsidiary of the Company
China United Appraisal	China United Assets Appraisal Group Co., Ltd.
Company	China Coal Energy Company Limited* (中國中煤能源股份有限公司), a joint stock company incorporated under the laws of the PRC with limited liability and whose H shares are listed and traded on the Hong Kong Stock Exchange and A shares are listed and traded on the Shanghai Stock Exchange
Completion	the completion of the Capital Injection
Director(s)	the director(s) of the Company
Ezhou Generation	Hubei Energy Group Ezhou Power Generation Company Limited* (湖北能源集團鄂州發電有限公司), which is the principal implementation body of the Phase I Project
Gedian Generation	Hubei Energy Group Gedian Power Generation Company Limited* (湖北能源集團葛店發電有限公司), which is the principal implementation body of the Phase II Project
Group	the Company and its subsidiaries
Huainan Mining	Huainan Mining (Group) Co., Ltd.* (淮南礦業(集團)有限公司), a limited liability company incorporated under the laws of

	the PRC
Hubei Energy	Hubei Energy Group Co., Ltd.* (湖北能源集團股份有限公司), a joint stock limited liability company incorporated in the PRC on 29 August 2006, the shares of which are listed and traded on the Shenzhen Stock Exchange (Stock Code: 000883)
Hong Kong	the Hong Kong Special Administrative Region of the PRC
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
Merger	the proposed merger by absorption of Gedian Generation by Ezhou Generation, and the Original Ezhou Generation will be the surviving entity after such merger
Merger Agreement	the agreement entered into between Ezhou Generation and Gedian Generation in 2014 in relation to the Merger
New Ezhou Generation	the surviving entity after the Capital Injection, which will be the principal implementation body of the Phase I Project, Phase II Project and Phase III Project
Original Ezhou Generation	the surviving entity after the Merger, which will be the principal implementation body of the Phase I Project and Phase II Project
Parties	Hubei Energy, Huainan Mining and China Coal Sales and Transportation
Phase I Project	the 2×330MW coal-fired generating units construction project
Phase II Project	the 2×650MW coal-fired generating units construction project
Phase III Project	the 2×1000MW ultra-supercritical coal-fired generating units construction project, which will be invested and constructed by the Parties after the Completion
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
Valuation	the valuation of entire equity interest in Gedian Generation and Ezhou Generation with the reference date of 31 August 2014 as shown in the asset valuation report dated 18 December 2014 prepared by China United Appraisal, an independent valuer, on

an income approach and on such bases and assumptions as agreed by the Parties

WUYIGE

WUYIGE Certified Public Accountants LLP

%

per cent

By Order of the Board

China Coal Energy Company Limited

Wang An

Chairman of the Board, Executive Director

Beijing, the PRC

24 April 2015

As at the date of this announcement, the executive directors of the Company are Wang An and Yang Lieke; the non-executive directors of the Company are Li Yanjiang, Li Yanmeng and Peng Yi; and the independent non-executive directors of the Company are Zhang Jiaren, Zhao Pei, and Ngai Wai Fung.

**For identification purpose only*

**APPENDIX I - LETTER FORM WUYIGE CERTIFIED PUBLIC ACCOUNTANTS LLP
IN RELATION TO THE PROFIT FORECAST**

24 April 2015

The Stock Exchange of Hong Kong Limited

11/F., One International Finance Centre,

1 Harbour View Street,

Central,

Hong Kong

**INVESTMENT IN HUBEI ENERGY GROUP EZHOU POWER
GENERATION COMPANY LIMITED
THROUGH CAPITAL INJECTION BY CHINA COAL ENERGY
COMPANY LIMITED**

Dear Sirs and Madams,

We refer to the announcement of China Coal Energy Company Limited (the "**Company**") dated 24 April 2015 (the "**Announcement**"). We have examined the accuracy of calculation methods adopted in the asset valuation report on the entire equity interests of Hubei Energy Group Gedian Power Generation Company Limited ("**Gedian Generation**") and Hubei Energy Group Ezhou Power Company Limited ("**Ezhou Generation**") as of the valuation reference date being 31 August 2014, which was prepared by China United Assets Appraisal Group Co., Ltd. (the "**Valuer**") on 18 December 2014. In determining the valuation of the entire equity interests of Gedian Generation and Ezhou Generation, the Valuer adopted the income approach. The Valuation is prepared based on the discounted future cash flows and is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

I. RESPONSIBILITIES

The board of directors of each of Gedian Generation and Ezhou Generation are responsible for the preparation of the asset valuation report and the reasonableness and effectiveness of the assumptions based on which the asset valuation report was prepared, and the Company also accept the reasonableness and effectiveness of the assumptions.

It is our responsibility to form an opinion, as required by Rule 14.62(2) of the Listing Rules, on the accuracy of calculation methods of the income approach adopted in the valuation and to report our opinion solely to you. The forecast does not involve the application of accounting policies. This letter is for the purpose of this announcement and making relevant disclosure by the Company as required by domestic and foreign laws, regulations and regulatory rules. Any consequence arising from the misuse is irrelevant to us and the certified public accountants for this engagement. The valuation basis and assumptions contain

hypothetical inference on future events and actions that may or may not occur as projected. Even if the events and actions as projected occur, the actual results would differ from the asset valuation report to a potentially material extent. We have not reviewed, considered or assumed any work regarding the reasonableness and effectiveness of, and therefore do not express any opinion on, such assumptions.

II. BASIS OF OUR OPINION

We conducted our engagement in accordance with the Standards for Other Assurance Practices of Chinese Certified Public Accountants No. 3101 - Assurance Practices Other than Auditing or Reviewing Historical Financial Information. Our work is only for assisting directors of the Company to form a judgment as to whether the asset valuation report is prepared through correct calculations.

III. OPINION

To conclude, we are of the opinion that as to the accuracy of calculation methods adopted in the forecast, the forecast has been prepared properly in all material aspects in consistent with the basis and assumptions as approved by the directors of Gedian Generation and Ezhou Generation, and accepted by the Company.

WUYIGE CERTIFIED PUBLIC ACCOUNTANTS LLP

Chinese Certified Public Accountant

APPENDIX II - LETTER FROM THE BOARD IN RELATION TO THE PROFIT FORECAST



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)

24 April 2015

The Stock Exchange of Hong Kong Limited
11/F., One International Finance Centre,
1 Harbour View Street,
Central,
Hong Kong

Dear Sirs and Madams,

**DISCLOSEABLE TRANSACTION OF CHINA COAL ENERGY
COMPANY LIMITED (THE "COMPANY")**

**INVESTMENT IN HUBEI ENERGY GROUP EZHOU POWER
GENERATION COMPANY LIMITED
THROUGH CAPITAL INJECTION**

We refer to the announcement of the Company dated 24 April 2015 (the "**Announcement**"). Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless the context otherwise requires.

We, the Board of the Company, note that WUYIGE Certified Public Accountants LLP, certified public accountants and the Company's reporting accountant ("**WUYIGE**"), has examined the arithmetical accuracy of the calculation of the discounted future cash flow forecast in the asset valuation report dated 18 December 2014 prepared by China United Assets Appraisal Group Co., Ltd. (the "**Independent Valuer**") in relation to the valuation (the "**Valuation**") of entire equity

interest in Gedian Generation and Ezhou Generation, the component entities of the Original Ezhou Generation. The Valuation is prepared based on discounted future cash flows method and it is regarded as a profit forecast under Rule 14.61 of the Hong Kong Listing Rules (the “**Underlying Forecast**”).

We have discussed with the Independent Valuer the bases and assumptions in the Valuation upon which the Underlying Forecast has been made and have reviewed the Valuation. We have also considered the report dated 24 April 2015 issued by WUYIGE to the Board that WUYIGE had examined the arithmetical accuracy of the calculations of the Valuation for assisting the Directors in evaluating whether the discounted future estimated cash flow, so far as the calculations are concerned, has been properly compiled and for no other purpose.

On the basis of the foregoing, we confirm that the Valuation, including the Underlying Forecast, has been made after due and careful enquiry.

The purpose of this letter is solely for the strict compliance with Rule 14.62 of the Hong Kong Listing Rules. We, however, express no opinion in this letter on the actual results of the Underlying Forecast as the Underlying Forecast is based on certain hypothesis on future events.

Yours faithfully,

For and on behalf of the Board

China Coal Energy Company Limited

Wang An

Chairman of the Board, Executive Director