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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 TRANSACTIONS
REVISION OF TWO CONTINUING CONNECTED TRANSACTION FRAMEWORK
AGREEMENTS AND THE ANNUAL CAPS THEREOF FOR THE YEAR ENDING 31
DECEMBER 2017**

**CONTINUING CONNECTED TRANSACTIONS AND DISCLOSEABLE TRANSACTION
RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS AND THE
ANNUAL CAPS THEREOF FOR THE THREE YEARS ENDING 31 DECEMBER 2020**

AND

CHANGE IN AUDITORS

**REVISION OF TWO CONTINUING CONNECTED TRANSACTION FRAMEWORK
AGREEMENTS AND THE ANNUAL CAPS THEREOF FOR THE YEAR ENDING 31
DECEMBER 2017**

On 27 April 2017, the Board proposed to (i) enter into the Supplemental Agreement to the 2015 Coal Supply Framework Agreement and to revise the annual cap for the transactions thereunder for the year ending 31 December 2017, and (ii) enter into the Supplemental Agreement to the 2015 Coal and Coal Related Products and Services Supply Framework Agreement and to revise the annual cap for the procurement of coal products and acceptance of services by Shanxi Coking Coal Group from the Group thereunder for the year ending 31 December 2017.

**RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS AND THE
ANNUAL CAPS THEREOF FOR THE THREE YEARS ENDING 31 DECEMBER 2020**

On 27 April 2017, the Board propose that the Company renew the Existing Continuing Connected Transactions and the annual caps thereof for the three years ending 31 December 2020.

HONG KONG LISTING RULES IMPLICATIONS

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

Company and Shanxi Coking Coal 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 annual caps for the transactions under the Land Use Rights Leasing Framework Agreement and the 2015 Property Leasing Framework Agreement for the three years ending 31 December 2020 exceed 0.1% but less than 5%, they are subject to the reporting, annual review and announcement requirements, but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios in respect of (i) the revised annual cap for the procurement of coal products and acceptance of services by Shanxi Coking Coal Group from the Group for the year ending 31 December 2017 contemplated under the 2015 Coal and Coal Related Products and Services Supply Framework Agreement, and (ii) the annual caps for the three years ending 31 December 2020 for the transactions (excluding procurement of coal and coal related products and acceptance of services by the Group from the Shanxi Coking Coal Group, all the applicable percentage ratios of which are below 1% and is fully exempt) contemplated under the 2018 Coal and Coal Related Products and Services Supply Framework Agreement are above 1% 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.

As one or more of the applicable percentage ratios in respect of (i) the revised annual cap for the transactions for the year ending 31 December 2017 under the 2015 Coal Supply Framework Agreement, and (ii) the proposed annual caps for the three years ending 31 December 2020 for the transactions under the 2018 Coal Supply Framework Agreement, the transactions under the 2018 Project Design, Construction and General Contracting Services Framework Agreement, the transactions (excluding provision of the materials and ancillary services and coal export- related services to the Parent Group by the Group, all the applicable percentage ratios of which are above 0.1% but below 5% and is merely subject to the approval of the Board) under the 2018 Integrated Materials and Services Mutual Provision Framework Agreement, the transactions (excluding the provision of other financial services by Chinacoal Finance to the Parent Group with all the applicable percentage ratios thereof below 0.1% and fully exempt, and excluding the provision of deposit services by Chinacoal Finance to the Parent Group which is fully exempt according to Rule 14A.90 of the Hong Kong Listing Rules) under the 2018 Financial Services Framework Agreement exceed 5%, they are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Meanwhile, as one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Hong Kong Listing Rules) in respect of the proposed annual caps for provision of loans and financial leasing by Chinacoal Finance to the Parent Group under the 2018 Financial Services Framework Agreement for the three years ending 31 December 2020 exceed 5% but are below 25%, such transactions also constitute discloseable transactions of the Company under Chapter 14 of the Hong Kong Listing Rules.

CHANGE IN AUDITORS

The Board proposed not to re-appoint PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP, being the current auditors of the Company, as the auditors of the Company for the financial year of 2017, and to appoint Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu Certified Public Accountants LLP as the auditors of the Company for the financial year of 2017, subject to approval of

shareholders of the Company at the AGM.

GENERAL INFORMATION

An AGM will be convened to seek the approval of the Independent Shareholders in respect of the Non-exempt Revision, the Non-exempt Continuing Connected Transactions and the proposed annual caps thereof. The Parent and its associates will abstain from voting in respect of the relevant resolution at the AGM.

An Independent Board Committee has been formed to advise the Independent Shareholders on the Non-exempt Revision, the Non-exempt Continuing Connected Transactions and the proposed annual caps thereof, and the Independent Board Committee has approved the appointment of Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders on the same in accordance with the Hong Kong Listing Rules.

A circular containing, among other things, further details of the Non-exempt Revision, the Non-exempt Continuing Connected Transactions and the proposed annual caps thereof and the Proposed Change in Auditors, the letter from the Independent Board Committee and the recommendation from the Independent Financial Adviser on the terms of the Non-exempt Revision and the Non-exempt Continuing Connected Transactions as well as the proposed annual caps thereof, together with a notice convening the AGM, will be despatched to the Shareholders no more than 15 business days after the publication of this announcement in accordance with the Hong Kong Listing Rules.

INTRODUCTION

Reference is made to (i) the announcement of the Company dated 23 October 2014 and the circular of the Company dated 13 November 2014 in relation to, among others, the Existing Continuing Connected Transactions and the annual caps thereof; (ii) the announcement of the Company dated 22 March 2016 in relation to, among others, revision of the annual caps for the transactions under the 2015 Coal and Coal Related Products and Services Supply Framework Agreement and the 2015 Financial Services Framework Agreement for the two years ending 31 December 2017; and (iii) the circular of the Company dated 29 April 2016 in relation to, among others, the revision of the annual caps for the transactions under the 2015 Financial Services Framework Agreement for the two years ending 31 December 2017.

On 27 April 2017, the Board proposed (i) to enter into the Supplemental Agreement to the 2015 Coal Supply Framework Agreement and to revise the annual cap for the transactions contemplated thereunder for the year ending 31 December 2017, and (ii) to enter into the Supplemental Agreement to the 2015 Coal and Coal Related Products and Services Supply Framework Agreement and to revise the annual cap for the transactions contemplated thereunder in respect of the procurement of coal products and acceptance of services by Shanxi Coking Coal Group from the Group for the year ending 31 December 2017.

On 27 April 2017, the Board also resolved to renew the Existing Continuing Connected Transactions and the annual caps thereof for the three years ending 31 December 2020.

I REVISION OF TWO CONTINUING CONNECTED TRANSACTION FRAMEWORK AGREEMENTS AND THE ANNUAL CAPS THEREOF FOR THE YEAR ENDING 31 DECEMBER 2017

(1) Proposed Revision of the 2015 Coal Supply Framework Agreement and the Annual Cap for the Transactions thereunder for the Year Ending 31 December 2017

On 27 April 2017, the Company and the Parent entered into the Supplemental Agreement to the 2015 Coal Supply Framework Agreement to make revisions to the pricing policy thereunder, which is "The price shall be determined in accordance with the relevant market price, with reference to the Bohai Bay Thermal Coal Price Index, and taking into account of the quality of the coal and different types of delivery". The terms (including details of the pricing policy) and internal control measure, among others, of the revised 2015 Coal Supply Framework Agreement are the same as the 2018 Coal Supply Framework Agreement. For details, please refer to the section of III. (1) 2018 Coal Supply Framework Agreement of this announcement.

Reasons for Entering into the Supplemental Agreement to the 2015 Coal Supply Framework Agreement

In light of the constant changes in the coal market, the Company and the Parent are of the view that the factors, including the price index, to which reference is to be made when determining coal prices under the 2015 Coal Supply Framework Agreement currently and will increase or decrease in the future from time to time, or the pricing mechanism of coal may be adjusted from time to time. Therefore, both parties agreed to revise the 2015 Coal Supply Framework Agreement accordingly.

Revision of the Annual Cap for the Year Ending 31 December 2017

Original Annual Caps for the Three Years Ending 31 December 2017

The original annual caps for the continuing connected transactions contemplated under the 2015 Coal Supply Framework Agreement for the three years ending 31 December 2017 are set out below:

	Year ending 31 December 2015 (RMB)	Year ending 31 December 2016 (RMB)	Year ending 31 December 2017 (RMB)
Original Annual Caps			
Procurement of coal products (fees payable to the Parent Group by the Group)	3,900,000,000	4,040,000,000	4,040,000,000

Actual Transaction Values for the Two Years Ended 31 December 2016 and the Three Months Ended 31 March 2017

The actual transaction value of the continuing connected transactions contemplated under the 2015 Coal Supply Framework Agreement for the two years ended 31 December 2016 and the three months ended 31 March 2017 is set out below:

Historical Transaction Values	Year ending 31 December 2015	Year ending 31 December 2016	Three months ended 31
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	(RMB)	(RMB)	March 2017 (RMB)
Procurement of coal products (fees payable to the Parent Group by the Group)	1,251,300,000	3,666,740,000	645,460,000

The Directors have been monitoring the transaction amount contemplated under the 2015 Coal Supply Framework Agreement. For the two years ended 31 December 2016, and as at the date of this announcement, the annual caps for the continuing connected transactions contemplated under the 2015 Coal Supply Framework Agreement for the three years ending 31 December 2017 have not been exceeded.

Revision of the Annual Caps for the Year Ending 31 December 2017

The revised annual caps for the continuing connected transactions contemplated under the 2015 Coal Supply Framework Agreement for the year ending 31 December 2017 are set out below:

Revised Annual Cap	Year ending 31 December 2017 (RMB)
Procurement of coal products (fees payable to the Parent Group by the Group)	6,600,000,000

Reasons for the Revision of the Annual Cap for the Year Ending 31 December 2017

In arriving at the above-mentioned revised annual caps under the 2015 Coal Supply Framework Agreement, the Directors have taken into account the following factors:

- (i) The year of 2015 was a rather tough year for the coal industry in China. The world economic situation was complicated, with the international energy prices fell drastically and the domestic economic growth continued to decelerate. The coal market suffered from weak demand, serious imbalance of supply and demand, high social inventory, fierce market competition and difficulty in sales. The coal prices fell unilaterally. During the year of 2015, the national coal output fell by 3.3% on a year-on-year basis, and the Bohai Bay Thermal Coal Price Index decreased by RMB150 per tonne to RMB372 per tonne as compared with RMB520 per tonne at the beginning of the year of 2015. Confronted with the tough operation situation, the Parent Group and the Group timely adjusted their operation approach and took the initiatives to cut and restrict production. The coal supplied by the Parent Group to the Group reduced correspondingly. Therefore, the historical transaction value under the 2015 Coal Supply Framework Agreement is lower than the existing annual caps thereof;
- (ii) In 2016, under the influence of the Chinese government's policy including deepening the supply-side structural reform and the accelerating the dissolving over-capacity regarding coal, the domestic coal market ascended after suppression, with the supply and demand situation improved significantly and coal prices stabilized and rebounded. Bohai Bay Thermal Coal Price Index rose to RMB593 per tonne during the year of 2016 and remained at around RMB600 per tonne in the first quarter of 2017. Owing to factors including the improvement of coal supply and demand situation from the second half of 2016 to 2017 and the continuous consolidation of other coal resources, the coal production of

the Parent Group has rebounded. At the same time, in order to further reduce horizontal competition, improve the structure of coal products and consolidate the coal market position of the Group, the Group has intensified the unified purchase and sale of the Parent Group's coal products so as to make up for the shortage of self-produced coal production;

Based on the above, the transaction value of coal products to be procured by the Group from the Parent Group during the year of 2017 is expected to increase by approximately 80% as compared with the year ended 31 December 2016. It is expected that the average prices of coal products to be procured from the Parent Group are likely to maintain relatively stable at the current level during the year ending 31 December 2017.

(2) Revision of 2015 Coal and Coal Related Products and Services Supply Framework Agreement and Annual Cap for the Procurement of Coal Products and Acceptance of Services by Shanxi Coking Coal Group from the Group for the Year Ending 31 December 2017 thereunder

On 27 April 2017, the Company and Shanxi Coking Coal entered into the Supplemental Agreement to the 2015 Coal and Coal Related Products and Services Supply Framework Agreement to make revisions to the pricing policy thereunder, which is "The price of coal shall be determined in accordance with the relevant market price, with reference to the Bohai Bay Thermal Coal Price Index, and taking into account of the quality of the coal and different types of delivery". The terms (including details of the pricing policy) and internal control measure, among others, of the revised 2015 Coal and Coal Related Products and Services Supply Framework Agreement are the same as the 2018 Coal and Coal Related Products and Services Supply Framework Agreement. For details, please refer to the section of II. (3) 2018 Coal and Coal Related Products and Services Supply Framework Agreement.

Reasons for Entering into the Supplemental Agreement to the 2015 Coal and Coal Related Products and Services Supply Framework Agreement

In light of the constant changes in the coal market, the Company and Shanxi Coking Coal are of the view that the factors, including the price index, to which reference is to be made when determining coal prices under the 2015 Coal and Coal Related Products and Services Supply Framework Agreement currently and will increase or decrease at in the future from time to time, or the pricing mechanism of coal w be adjusted from time to time. Therefore, both parties agreed to revise the 2015 Coal and Coal Related Products and Services Supply Framework Agreement accordingly.

Revision of the Annual Cap for the Year Ending 31 December 2017

Original Annual Caps for the Three Years Ending 31 December 2017

The original annual caps for the continuing connected transactions contemplated under the 2015 Coal and Coal Related Products and Services Supply Framework Agreement in respect of the procurement of coal products and acceptance of services by Shanxi Coking Coal Group from the Group for the three years ending 31 December 2017, with the annual caps for the two years ending 31 December 2017 revised on 22 March 2016 by the Board, are set out below:

Original Annual Caps	Year ending 31 December 2015	Year ending 31 December 2016	Year ending 31 December 2017
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>

Procurement of coal products and acceptance of services (fees payable to the Group by Shanxi Coking Coal Group)	410,000,000	610,000,000	610,000,000
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Actual Transaction Value for the Two Years Ended 31 December 2016 and the Three Months Ended 31 March 2017

The actual transaction value of the continuing connected transactions contemplated under the 2015 Coal and Coal Related Products and Services Supply Framework Agreement in respect of the procurement of coal products and acceptance of services by Shanxi Coking Coal Group from the Group for the two years ended 31 December 2016 and the three months ended 31 March 2017 is set out below:

Historical Transaction Values	Year ending 31 December 2015 <i>(RMB)</i>	Year ending 31 December 2016 <i>(RMB)</i>	Three months ended 31 March 2017 <i>(RMB)</i>
Procurement of coal products and acceptance of services (fees payable to the Group by Shanxi Coking Coal Group)	386,950,000	448,810,000	103,000,000

The Directors have been monitoring the transaction amount contemplated under the 2015 Coal and Coal Related Products and Services Supply Framework Agreement in respect of the procurement of coal products and acceptance of services by Shanxi Coking Coal Group. For the two years ended 31 December 2016, and as at the date of this announcement, the annual caps for the continuing connected transactions contemplated under the 2015 Coal and Coal Related Products and Services Supply Framework Agreement in respect of the procurement of coal products and acceptance of services by Shanxi Coking Coal Group from the Group for the three year ending 31 December 2017 have not been exceeded.

Revision of the Annual Cap for the Year Ending 31 December 2017

The revised annual cap for the continuing connected transactions contemplated under the 2015 Coal and Coal Related Products and Services Supply Framework Agreement in respect of the procurement of coal products and acceptance of services by Shanxi Coking Coal Group from the Group for the year ending 31 December 2017 is set out below:

Revised Annual Caps	Year ending 31 December 2017 <i>(RMB)</i>
Procurement of coal products and acceptance of services (fees payable to the Group by Shanxi Coking Coal Group)	1,150,000,000

Reasons for the Revision of the Annual Cap for the Year Ending 31 December 2017

In arriving at the above-mentioned revised annual cap in respect of the procurement of coal products and acceptance of services by Shanxi Coking Coal Group from the Group under the 2015 Coal and Coal Related Products and Services Supply Framework Agreement, the Directors have taken into account the following factors:

In 2016, under the influence of the Chinese government's policy including deepening the supply-side structural reforms and the accelerating the dissolving over-capacity regarding coal and steel, the supply and demand situation in the domestic coal and coke market was improved significantly with the prices thereof stabilized and rebounded. The amount of coking coal to be procured by Shanxi Coking Coal Group from the Group is expected to increase by approximately 0.23 million tonnes during the year of 2017 as compared with the year of 2016 with the purchase prices increase by approximately RMB478 per tonne on a year-on-year basis, which is to lead to an increase of approximately RMB0.6 billion in the connected transaction value of the coal products procured and services accepted by Shanxi Coking Coal Group from the Group.

The annual caps for the continuing connected transactions contemplated under the 2015 Coal and Coal Related Products and Services Supply Framework Agreement in respect of the procurement of coal products and acceptance of services by the Group from Shanxi Coking Coal Group for the year ending 31 December 2017 will remain unchanged.

II RENEWAL OF CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT UNDER THE HONG KONG LISTING RULES AND THE ANNUAL CAPS THEREOF FOR THE THREE YEARS ENDING 31 DECEMBER 2020

(1) 2015 Property Leasing Framework Agreement

Date: 23 October 2014

Parties: (i) the Company
(ii) the Parent

Continuing transactions Pursuant to the 2015 Property Leasing Framework Agreement, the Parent Group has agreed to lease certain properties in the PRC to the Group for the general operation and ancillary purpose, most of which are for production and operation usage.

Term and termination 2015 Property Leasing Framework Agreement is for a term of 10 years starting from 1 January 2015 and is subject to renewal and review every three years.

Either party may, at any time before the 2015 Property Leasing Framework Agreement expires, by giving not less than 6 months' notice to terminate any lease comprised under the 2015 Property Leasing Framework Agreement.

Price determination Under the 2015 Property Leasing Framework Agreement, the rentals

shall be determined and paid as follows:

- (i) The rentals are subject to review and adjustments every three years during the term of the 2015 Property Leasing Framework Agreement by reference to the prevailing market rates. The adjusted rentals shall not exceed the applicable market rates as confirmed by an independent property valuer;
- (ii) Any downward adjustment in rentals for such properties leased to the Group may be made at any time during the term of the 2015 Property Leasing Framework Agreement notwithstanding the normal three-year rental adjustment mechanism provided for thereunder as described above; and
- (iii) The rentals will be paid by cash annually and funded by the Group's internal resources.

Further, members of the Group as a lessee shall also be responsible for all utility charges and other miscellaneous expenses (property tax excluded) incurred in using the relevant property during the term thereof.

Pre-emptive Right

If the Parent Group intends to sell any property leased to the Group under the 2015 Property Leasing Framework Agreement, the Group shall have the pre-emptive right to purchase such property under the same terms and conditions.

Annual Caps

Actual Transaction Values

The actual transaction values of the transactions contemplated under the 2015 Property Leasing Framework Agreement for the two years ended 31 December 2016 and for the three months ended 31 March 2017 are set out below:

	Year ended	Year ended	Three months ended
	31 December	31 December	31 March
Transactions	2015	2016	2017
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
Property Lease (Rental payable by the Group to the Parent Group)	90,820,000	86,490,000	20,720,000

Historical Annual Caps

The annual caps for the transactions contemplated under the 2015 Property Leasing Framework Agreement for the three years ending 31 December 2017, are set out below:

	Year ended	Year ended	Yearending
	31 December	31 December	31 December
Transactions	2015	2016	2017
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
Property Lease (Rental payable by the Group to the Parent Group)	105,000,000	105,000,000	105,000,000

The Directors have been monitoring the transaction amount contemplated under the 2015 Property Leasing Framework Agreement. For the two years ended 31 December 2016, and as at the date of this announcement, the annual caps for the continuing connected transactions contemplated under the 2015 Property Leasing Framework Agreement for the three years ending 31 December 2017 have not been exceeded.

Proposed Annual Caps

The proposed annual caps for the transactions contemplated under the 2015 Property Leasing Framework Agreement for the three years ending 31 December 2020, are set below:

	Year ended	Year ended	Yearending
	31 December	31 December	31 December
Transactions	2018	2019	2020
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
Property Lease (Rental payable by the Group to the Parent Group)	120,000,000	120,000,000	120,000,000

In arriving at the above proposed annual caps, the Directors have taken into account the following factors:

- (i) the historical figures of the actual transaction value of the transactions under the 2015 Property Leasing Framework Agreement for the two years ended 31 December 2016 and for the three months ended 31 March 2017;
- (ii) the estimated growth of the demand for the properties of production and operation use during the three years ending 31 December 2020, according to the demand for the production and operation of the Group; and
- (iii) the estimated growth of the rental of the leased properties in the surrounding areas.

Implementation Agreements

Members of the Group and members of the Parent Group will enter into, from time to time and as necessary, separate implementation agreements to set out the specific terms and conditions in respect of the relevant properties leased thereunder.

As the implementation agreements provide for the lease of the relevant properties as contemplated under the 2015 Property Leasing Framework Agreement, as such, they do not constitute new categories of connected transactions. Any such implementation agreements will be within the ambit of the 2015 Property Leasing Framework 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 2015 Property Leasing Framework Agreement

The Company is of the view that the 2015 Property Leasing Framework Agreement enables the Company to secure a stable use of the relevant properties, thereby avoiding unnecessary disruption to the Company's operations and relocation cost.

Internal Control Measures

- a) In determining the rental under the 2015 Property Leasing Framework Agreement, the administrative management department of the Group is responsible for proposing the price, which will be reviewed by chief officer of the administrative management department of the Group 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, and is subject to the final approval by the management level of the Group;
- b) The administrative management department of the Group is responsible for collecting information in relation to the rental of property with similar location, specification and scale on a regular basis to ensure that the terms provided by the Parent Group is no less favourable than those provided by independent third parties in the market;
- c) The financial department and the office of the Board 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;
- d) The Group will implement, amend and improve the relevant monitoring mechanism and the requirements pursuant to its connected transaction management rules and the relevant internal monitoring measures to ensure the Group's compliance with the pricing policies in respect of the continuing connected transactions contemplated under the 2015 Property Leasing Framework Agreement;
- e) The independent non-executive Directors will review the continuing connected transactions contemplated under the 2015 Property Leasing 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
- f) 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 2015 Property Leasing Framework 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 2015 Property Leasing Framework Agreement will be conducted on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

(2) Land Use Rights Leasing Framework Agreement

Date: 5 September 2006

Parties: (i) the Company
(ii) the Parent

Continuing transactions Pursuant to the Land Use Rights Leasing Framework Agreement, the Parent Group has agreed to lease certain land use rights to the Group for general business and ancillary purposes.

Term and termination The Land Use Rights Leasing Framework Agreement is of a term of 20 years commencing on 22 August 2006, being the date of incorporation of the Company, and is subject to renewal and review every three years.

The Group may, at any time before the Land Use Rights Leasing Framework Agreement expires, by giving not less than 3 months' notice to terminate any lease comprised under the Land Use Rights Leasing Framework Agreement.

Price determination Under the Land Use Rights Leasing Framework Agreement, the rentals shall be determined and paid as follows:

- (i) The rentals are subject to review and adjustments every three years during the term of the Land Use Rights Leasing Framework Agreement by reference to the prevailing market rates. The adjusted rentals shall not exceed the applicable market rates as confirmed by an independent valuer;
- (ii) Any downward adjustment in rentals for such land use rights leased to the Group may be made at any time during the term of the Land Use Rights Leasing Framework Agreement notwithstanding the normal three-year rental adjustment mechanism provided for thereunder as described above; and
- (iii) The rentals will be paid by cash annually and funded by the Group's internal resources.

Pre-emptive Right If the Parent Group intends to sell any land use rights leased to the Group under the Land Use Rights Leasing Framework Agreement, the Group shall have the pre-emptive right to purchase such land use rights under the same terms and conditions offered to third parties.

Annual Caps

Actual Transaction Values

The actual transaction values of the transactions contemplated under the Land Use Rights Leasing Framework Agreement for the two years ended 31 December 2016 and for the three months ended 31 March 2017, are set out below:

Transactions	Year ended 31 December 2015	Year ended 31 December 2016	Threemonths ended 31 March 2017
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
Land Use Rights (Rental payable by the Group to the Parent Group)	57,990,000	56,080,000	12,470,000

Historical Annual Caps

The annual caps for the transactions contemplated under the Land Use Rights Leasing Framework Agreement for the three years ending 31 December 2017 are set out below:

Transactions	Year ended 31 December 2015	Year ended 31 December 2016	Year ending 31 December 2017
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
Land Use Rights (Rental payable by the Group to the Parent Group)	61,000,000	61,000,000	61,000,000

The Directors have been monitoring the transaction amount contemplated under the Land Use Rights Leasing Framework Agreement. For the two years ended 31 December 2016, and as at the date of this announcement, the annual caps for the continuing connected transactions contemplated under the Land Use Rights Leasing Framework Agreement for the three years ending 31 December 2017 have not been exceeded.

Proposed Annual Caps

The proposed annual caps for the transactions contemplated under the Land Use Rights Leasing Framework Agreement for the three years ending 31 December 2020, are set below:

Transactions	Year ending	Year ending	Year ending
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	31 December	31 December	31 December
	2018	2019	2020
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
Land Use Rights (Rental payable by the Group to the Parent Group)	57,000,000	57,000,000	57,000,000

In arriving at the above proposed annual caps in respect of provision of leasing services to the Group by the Parent Group, the Directors have taken into account, among other matters, the following factors:

- (i) The historical figures of the actual transaction value of the transactions under the Land Use Rights Leasing Framework Agreement for the two years ended 31 December 2016 and for the three months ended 31 March 2017;
- (ii) According to the actual demand of the Group for production and operation use, the Group plans to cease the lease of unnecessary land use rights during the three years ending 31 December 2020, which in turn result in the decrease in the rental payable by the Group to the Parent Group during such periods as compared with the annual caps of the three years ended 31 December 2017.

Implementation Agreements

Members of the Group and members of the Parent Group will enter into, from time to time and as necessary, separate implementation agreements to set out the specific terms and conditions in respect of the relevant land use rights leased thereunder.

As the implementation agreements provide for the lease of the relevant land use rights as contemplated under the Land Use Rights Leasing Framework Agreement, as such, they do not constitute new categories of connected transactions. Any such implementation agreements will be within the ambit of the Land Use Rights Leasing Framework 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 Land Use Rights Leasing Framework Agreement

The Company is of the view that the Land Use Rights Leasing Framework Agreement enables the Company to secure a stable source of the relevant land use rights, thereby avoiding unnecessary disruption to the Company's operations and relocation cost.

Internal Control Measures

- a) In determining the prices of the land use rights (rental payable by the Group to the Parent Group) under the Land Use Rights Leasing Framework Agreement, the administrative management department of the Group is responsible for proposing the price, which will be reviewed by chief officer of the administrative management department of the Group 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, and is subject to the final approval by the management level of the Group;

- b) The property management department of the Group is responsible for collecting information in relation to the rental of use rights of land with similar location, specification and scale 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) The financial department and the office of the Board 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;
- d) The Group will implement, amend and improve the relevant monitoring mechanism and the requirements pursuant to its connected transaction management rules and the relevant internal monitoring measures to ensure the Group's compliance with the pricing policies in respect of the continuing connected transactions contemplated under the Land Use Rights Leasing Framework Agreement;
- e) The independent non-executive Directors will review the continuing connected transactions contemplated under the Land Use Rights Leasing 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
- f) 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 Land Use Rights Leasing Framework 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 Land Use Rights Leasing Framework Agreement will be conducted on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

(3) 2018 Coal and Coal Related Products and Services Supply Framework Agreement

Date: 27 April 2017

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

Continuing transactions Pursuant to the 2018 Coal and Coal Related Products and Services Supply Framework Agreement, the Group has agreed to purchase the coal and coal related products and accept services from Shanxi Coking Coal Group and Shanxi Coking Coal Group has agreed to purchase the coal and coal related products and accept services from the Group. The 2018 Coal and Coal Related Products and Services Supply Framework 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 2018 Coal and Coal Related Products and Services Supply Framework Agreement is for a term of three years commenced on 1 January 2018 and ending on 31 December 2020. Upon expiry, the 2018 Coal and Coal Related Products and Services Supply Framework Agreement will, subject to compliance with the relevant requirements under the Hong Kong Listing Rules and agreement of the parties, be renewed for a further term of three years.

Price determination

Under the 2018 Coal and Coal Related Products and Services Supply Framework Agreement, the prices will be based on the following pricing policy and order:

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

Under the 2018 Coal and Coal Related Products and Services Supply Framework 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 2018 Coal and Coal Related Products and Services Supply Framework Agreement.

Under the 2018 Coal and Coal Related Products and Services Supply

Framework 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 2018 Coal and Coal Related Products and Services Supply Framework 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 instalments 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 instalments 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 instalments in accordance with the progress of the projects or other methods agreed by the parties. The purchase prices under the 2018 Coal and Coal Related Products and Services Supply 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 2018 Coal and Coal Related Products and Services Supply Framework Agreement shall follow the separate implementation agreements entered into between the parties for each of the specific transactions contemplated under the 2018 Coal and Coal Related Products and Services Supply Framework Agreement during the term thereof.

Annual Caps

Actual Transactions Values

For the actual transaction values of procurement of coal products and acceptance of services by Shanxi Coking Coal Group from the Group, please refer to the section headed “Revision Of the Annual Cap for the Procurement of Coal Products and Acceptance of Services by Shanxi Coking Coal Group from the Group for the Year Ending 31 December 2017 under the 2015 Coal and Coal Related Products and Services Supply Framework Agreement” in this announcement.

Historical Annual Caps

For the annual caps in respect of the procurement of coal products and acceptance of services by Shanxi Coking Coal Group from the Group under the 2015 Coal and Coal Related Products and Services Supply Framework Agreement for the three years ending 31 December 2017, please refer to the section headed "Revision Of the Annual Cap for the Procurement of Coal Products and Acceptance of Services by Shanxi Coking Coal Group from the Group for the Year Ending 31 December 2017 under the 2015 Coal and Coal Related Products and Services Supply Framework Agreement" in this announcement.

The Directors have been monitoring the transaction amount contemplated under the 2015 Coal and Coal Related Products and Services Supply Framework Agreement. For the two years ended 31 December 2016, and as at the date of this announcement, the annual caps for the continuing connected transactions contemplated under the 2015 Coal and Coal Related Products and Services Supply Framework Agreement for the three years ending 31 December 2017 have not been exceeded.

Proposed Annual Caps

The proposed annual caps for the procurement of coal products and acceptance of services by Shanxi Coking Coal Group from the Group contemplated under the 2018 Coal and Coal Related Products and Services Supply Framework Agreement for the three years ending 31 December 2020 are set out below:

Transactions	Year ending	Year ending	Year ending
	31 December	31 December	31 December
	2018	2019	2020
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
Procurement of coal products and acceptance of services (fees payable to the Group by Shanxi Coking Coal Group)	1,100,000,000	1,100,000,000	1,100,000,000

In arriving at the above proposed annual caps, the Directors have taken into account the following factors:

- (i) The historical figures of the actual transaction value of the transactions under the 2015 Coal and Coal Related Products and Services Supply Framework Agreement for the two years ended 31 December 2016 and the three months ended 31 March 2017;
- (ii) The factors taken into consideration when determining the revised annual cap as stated in the section headed "Revision of the Annual Cap for the Procurement of Coal Products and Acceptance of Services by Shanxi Coking Coal Group from the Group for the Year Ending 31 December 2017 under the 2015 Coal and Coal Related Products and Services Supply Framework Agreement" of this announcement. In order to maintain the coal sales channels of the Group, there expects to be a high possibility that the volume and prices of the coking coal to be sold by the Group to Shanxi Coking Coal during the years from 2018 to 2020 will remain at the same level as in the year of 2017.

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 2018 Coal and Coal Related Products and Services Supply Framework 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 2018 Coal and Coal Related Products and Services Supply Framework Agreement, as such, they do not constitute new categories of connected transactions. Any such implementation agreements will be within the ambit of the 2018 Coal and Coal Related Products and Services Supply Framework 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 2018 Coal and Coal Related Products and Services Supply Framework Agreement

The Company is of the view that the 2018 Coal and Coal Related Products and Services Supply Framework Agreement enables (i) the Group to secure a stable source of the coal products, coal mine construction and related services from Shanxi Coking Coal Group in its ordinary course of business at market prices; and (ii) Shanxi Coking Coal Group to secure a stable source of the coal products, coal mining facilities and related services from 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 2018 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 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 2018 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 2018 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 office of the Board 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 internal monitoring measures to ensure the Group's compliance with the pricing policies in respect of the continuing connected transactions contemplated under the 2018 Coal and Coal Related Products and Services Supply Framework Agreement;
- f) The independent non-executive Directors will review the continuing connected transactions contemplated under the 2018 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 2018 Coal and Coal Related Products and Services Supply Framework 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 2018 Coal and Coal Related Products and Services Supply Framework Agreement will be conducted on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

III RENEWAL OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS SUBJECT TO INDEPENDENT SHAREHOLDERS' APPROVAL UNDER THE HONG KONG LISTING RULES AND THE ANNUAL CAPS THEREOF FOR THE THREE YEARS ENDING 31 DECEMBER 2020

(1) 2018 Coal Supply Framework Agreement

Date: 27 April 2017

Parties: (i) the Company

(ii) the Parent

Continuing transactions Pursuant to the 2018 Coal Supply Framework Agreement, the Parent Group has agreed to supply the coal products produced from the mines owned by the Parent Group to the Group. The Group is entitled to purchase coal products produced by third parties once the quantity or quality of coal products provided by the Parent Group cannot satisfy the requirements of the Group.

Term and termination The 2018 Coal Supply Framework Agreement is for a term of three years commencing on 1 January 2018 and ending on 31 December 2020. Upon expiry, the 2018 Coal Supply Framework Agreement will, subject to compliance with the relevant requirements under the Hong Kong Listing Rules and agreement of the parties, be renewed for a further term of three years.

Price determination Under the 2018 Coal Supply Framework Agreement, the coal prices of long term contracts shall be determined in accordance with the Bohai Bay Thermal Coal Price and the China Coal Price Index of China Coal Transport and Distribution Association, subject to adjustments on a monthly basis in accordance with the changes in the indexes. The spot sales prices of coal shall be determined and promptly adjusted in accordance with market prices.

The Bohai Bay Thermal Coal Price Index is authorized and guided by National Development and Reform Committee of the PRC, based on data collected and periodically published by Qinhuangdao Seaborne Coal Market Co., Ltd.. It is an index system which reflects the offshore Free on Board (FOB) market price and price volatility of Bohai Bay thermal coal. The China Coal Price Index of China Coal Transport and Distribution Association is published on China Coal Market Network and reflects the level of spot FOB delivery price of mainstream thermal coal products of Qinhuangdao Port and surrounding ports on a weekly basis.

The market prices to which reference shall be made when determining the coal prices under the 2018 Coal Supply Framework Agreement shall be determined referring to public price information including the China Coal Price Index of China Coal Transport and Distribution Association and China Coal Resources Network as well as information in respect of the actual transaction prices collected by prompt market researches.

As for the coal supplied by the Parent Group to the Group, the

account shall be settled by several batches collectively on monthly basis in cash or other methods agreed by the parties. The payment method of purchase prices under the 2018 Coal Supply Framework Agreement shall follow the separate implementation agreements entered into between the parties for each of the specific transactions contemplated under the 2018 Coal Supply Framework Agreement.

Annual Caps

Actual Transactions Values

For the actual transaction values of the transactions under the 2015 Coal Supply Framework Agreement for the two years ended 31 December 2016 and for the three months ended 31 March 2017, please refer to the section headed "Proposed Revision Of the Annual Cap for the Transactions under the 2015 Coal Supply Framework Agreement For The Year Ending 31 December 2017" in this announcement.

Historical Annual Caps

For the annual caps for the transactions under the 2015 Coal Supply Framework Agreement for the three years ending 31 December 2017, please refer to the section headed "Proposed Revision Of the Annual Cap for the Transactions under the 2015 Coal Supply Framework Agreement For The Year Ending 31 December 2017" in this announcement.

The Directors have been monitoring the transaction amount contemplated under the 2015 Coal Supply Framework Agreement. For the two years ended 31 December 2016, and as at the date of this announcement, the annual caps for the continuing connected transactions contemplated under the 2015 Coal Supply Framework Agreement for the three years ending 31 December 2017 have not been exceeded.

Proposed Annual Caps

The proposed annual caps for the transactions contemplated under the 2018 Coal Supply Framework Agreement for the three years ending 31 December 2020 are set out below:

	Year ending	Year ending	Year ending
Transactions	31 December	31 December	31 December
	2018	2019	2020
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
Procurement of coal products (fees payable to the Parent Group by the Group)	8,600,000,000	9,000,000,000	9,000,000,000

In arriving at the above proposed annual caps, the Directors have taken into account the following factors:

- (i) The factors taking into consideration when determining the revised annual cap as mentioned in the section headed "Proposed Revision of the Annual Cap for the Transactions under the 2015 Coal Supply Framework Agreement For The Year Ending 31 December 2017" of the announcement;

- (ii) The expected increase in the volume of coal products to be procured by the Group from the Parent Group during the three years ending 31 December 2020 mainly due to: (1) under the influence of factors including the recovery of the supply and demand situation regarding coal and the continuous consolidation of other coal assets by the Parent Group, the coal output of the Parent Group is expected to rebound in the future; (2) the Group enhanced its unified purchase and sales of the coal products of the Parent Group so as to further decrease horizontal competition, improve the structure of coal products, consolidate the position of the Group in coal market and make up for the insufficiency of self-produced coal. The Group expects that the coal products to be procured from the Parent Group during the three years ending 31 December 2020 will increase by approximately 9.6 million tonnes per year on average;
- (iii) At the end of 2016, Bohai Bay Thermal Coal Price Index rose to RMB593 per and remained at around RMB600 per tonne in the first quarter of 2017. The Company expects that there is a high possibility that the coal price in the coming three years will remain relatively stable at the current level;
- (iv) Under the new normal, the Chinese economy will keep the fundamentals of constantly robust development unchanged, and will be expected to maintain a medium-to-high-rate growth. In respect of the coal industry, with the supply-side structural reform thoroughly promoted, the measures taken by the Chinese government such as capacity reserve, reduction replacement and quota transaction, medium-and-long-term contracts, lowest and highest inventories, and a long-lasting mechanism for curbing exceptionally volatile coal price will effectively facilitate the coal industry to gradually achieve long-term healthy development. Coal will remain as the most important fundamental energy in the long run.

Implementation Agreements

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 2018 Coal Supply Framework 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 2018 Coal Supply Framework Agreement, as such, they do not constitute new categories of connected transactions. Any such implementation agreements will be within the ambit of the 2018 Coal Supply Framework 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 2018 Coal Supply Framework Agreement

The Company is of the view that the 2018 Coal Supply Framework Agreement enables the Group to secure a stable source of the coal products from the Parent Group in its ordinary course of business at market prices.

Internal Control Measures

- a) In determining the prices of the coal products to be procured by the Group from the Parent Group under the 2018 Coal Supply Framework Agreement, the sales centre of the Company is responsible for proposing the price according to relevant coal price index with the quality of the coal and

different types of delivery taken into consideration, which will be reviewed by pricing committee of the Company. The sales centre of the Company 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;

- b) The sales centre of the Company is responsible for monitoring, collecting and evaluating the market data in accordance with situation of the coal market including relevant coal price index on a weekly basis, which is subject to the investigation by the sales centre of the Company and the final review by the pricing committee of the Company. Under the circumstances such as the relevant coal price index changes, the sales centre of the Company will, in accordance with the market prices, 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, put forward the proposal of adjustment in contract price, 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;
- c) The financial department and the office of the Board 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;
- d) The Group will implement, amend and improve the relevant monitoring mechanism and the requirements pursuant to its connected transaction management rules and internal monitoring measures to ensure the Group's compliance with the pricing policies in respect of the continuing connected transactions contemplated under the 2018 Coal Supply Framework Agreement;
- e) The independent non-executive Directors will review the continuing connected transactions contemplated under the 2018 Coal 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
- f) 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 2018 Coal Supply Framework 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 2018 Coal Supply Framework Agreement will be conducted on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

(2) 2018 Integrated Materials and Services Mutual Provision Framework Agreement

Date:	27 April 2017
Parties:	(i) the Company (ii) the Parent
Continuing transactions	Pursuant to the 2018 Integrated Materials and Services Mutual Provision Framework Agreement, (i) the Parent Group shall supply the Group (1) production materials and ancillary services, including raw materials, auxiliary materials, transportation, loading and unloading services, electricity and heat supplies, equipment maintenance and leasing, labour contracting and others; and (2) social and support services including staff training, medical services and emergence rescues, communication, property management services and others; and (ii) the Group shall supply the Parent Group (1) production materials and ancillary services, among others, including coal, coal mining facilities, raw materials, auxiliary materials, electricity and heat supplies, transportation, loading and unloading services, equipment maintenance and leasing, labour contracting and others; and (2) exclusive coal export-related services including organizing product supplies, performing coal blending, coordinating logistics and transportation, provision of port related services, arranging inspection and quality verification and providing services relating to product delivery.
Term and termination	The 2018 Integrated Materials and Services Mutual Provision Framework Agreement is for a term of three years commencing on 1 January 2018 and ending on 31 December 2020. Upon expiry, the 2018 Integrated Materials and Services Mutual Provision Framework Agreement will, subject to compliance with the relevant requirements under the Hong Kong Listing Rules and agreement of the parties, be renewed for a further term of three years.
Price determination	Under the 2018 Integrated Materials and Services Mutual Provision Framework Agreement, the prices will be based on the following pricing policy and order: (i) as 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 in accordance with the relevant market price; and (iii) where comparable market price rate is unavailable, agreed price shall be adopted. Agreed price is determined with reference to reasonable costs plus a reasonable profit margin. Under the 2018 Integrated Materials and Services Mutual Provision Framework Agreement, the price of bulk equipment and raw materials shall be determined through a bidding process in principle and in compliance with applicable laws,

regulations and rules.

As for the bulk equipment and raw materials provided by the Parent Group to the Group, the Group shall stringently following 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》) during the bidding process. The Group has stipulated the internal manual regarding the management of relevant bulk equipment and raw materials 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 technical and quality requirements of bulk equipment and raw materials, the criteria for examination of the 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 raw materials, infrastructural projects and coal mining facilities, which will ensure the terms obtained by the Group from the Parent 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 bulk equipment and raw materials suppliers will be awarded the 2018 Integrated Materials and Services Mutual Provision Framework Agreement.

As for the bulk equipment and raw materials provided by the Group to the Parent Group, 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 the Parent Group during the bidding process. 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, 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 2018 Integrated Materials and Services Mutual Provision Framework Agreement, the price of coal shall be determined in accordance with the relevant market price, and taking into account of the quality of the coal and different types of delivery.

Where comparable market price rate is unavailable, the prices shall be determined after arm's length negotiation by both parties of the contract based on the principle of cost plus a fair and reasonable profit rate. The cost includes the price of the raw materials, labour cost, manufacturing expense and so on. The expected range of profit of the products and services provided by the Parent Group to the Group is from 1% to 10% which is in line with the

industry and not higher than the profit rate charged to independent third parties; and the expected range of profit of the products and services provided by the Group to the Parent Group is from 1% to 10%, which is line with the industry and not lower than the profit rate charged to independent third parties.

As for the mutual provision of raw materials and ancillary materials between the Parent Group and the Group, the payment shall be implemented by instalments according to the time nodes or other methods agreed by the parties. As for the social and support services provided by the Parent Group to the Group, the account shall be settled with and paid to the Parent Group according to the actual usage of each month. As for the coal mine facilities provided by the Group to the Parent Group, the payment shall be made by the Parent Group by instalments according to the time nodes or other methods agreed by the parties. The purchase prices under the 2018 Integrated Materials and Services Mutual Provision Framework Agreement shall be paid cash or other methods agreed by the parties. The purchase prices and service fees under the 2018 Integrated Materials and Services Mutual Provision Framework Agreement are payable in accordance with the agreed payment terms stipulated in the specific implementation agreements.

Annual Caps

Actual Transactions Values

The actual transaction values of the transactions under the 2015 Integrated Materials and Services Mutual Provision Framework Agreement for the two years ended 31 December 2016 and for the three months ended 31 March 2017, are set out below:

Transactions	Year ended	Year ended	Three months ended
	31 December	31 December	31 March
	2015	2016	2017
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
Provision of the materials and ancillary services and of the social and support services to the Group by the Parent Group	2,666,460,000	2,704,980,000	584,210,000
Provision of the materials and ancillary services and coal export- related services to the Parent Group by the Group	503,640,000	706,360,000	86,410,000

Historical Annual Caps

The annual caps for the transactions contemplated under the 2015 Integrated Materials and Services Mutual Provision Framework Agreement for the three years ending 31 December 2017 are set out below:

Transactions	Year ended	Year ended	Year ended
	31 December	31 December	31 December
	2015	2016	2017
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
Provision of materials and ancillary services and of the social and support services to the Group by the Parent Group	4,225,000,000	4,206,000,000	4,256,000,000
Provision of materials and ancillary services and coal export-related services to the Parent Group by the Group	690,000,000	710,000,000	740,000,000

The Directors have been monitoring the transaction amount contemplated under the 2015 Integrated Materials and Services Mutual Provision Framework Agreement. For the two years ended 31 December 2016, and as at the date of this announcement, the annual caps for the continuing connected transactions contemplated under the 2015 Integrated Materials and Services Mutual Provision Framework Agreement for the three years ending 31 December 2017 have not been exceeded.

Proposed Annual Caps

The proposed annual caps for the transactions contemplated under the 2018 Integrated Materials and Services Mutual Provision Framework Agreement for the three years ending 31 December 2020 are set out below:

Transactions	Year ending	Year ending	Year ending
	31 December	31 December	31 December
	2018	2019	2020
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
Provision of materials and ancillary services and of the social and support services to the Group by the Parent Group	4,200,000,000	4,200,000,000	4,450,000,000
Provision of materials and ancillary services and coal export-related services to the Parent Group by the Group	1,250,000,000	1,260,000,000	1,270,000,000

In arriving at the above proposed annual caps, the Directors have taken into account the following factors:

- (i) The historical figures of the actual transaction value of the transactions contemplated under the 2015 Integrated Materials and Services Mutual Provision Framework Agreement for the two years ended 31 December 2016 and for the three months ended 31 March 2017. Considering the tough situation in coal industry during the years of 2015 and 2016 as well as the national requirements for downsizing production, the Company took the initiative to cut or restrict its production. The decrease in output result in the decrease in the demand for materials, which in turn led to the historical actual transaction value in relation to provision of materials an ancillary services and of the social and support services by the Parent Group to the Group under the 2015 Integrated Materials and Services Mutual Provision Framework Agreement being less than the existing annual caps thereof;
- (ii) Under the influence of improvement of supply and demand situation in coal industry, the stabilizing and rebounding coal prices, adjustments in national policy and the new coal mines which will gradually be put into operation, the Company's output in the future is expected to rebound; meanwhile, the Company contemplates to intensify the maintenance of the equipment of the coal enterprises subordinated to it so as to enhance production efficiency and to ensure safe production; in addition, the Company contemplates to further dispose a part of its assets in respect of production-supporting and logistics to the Parent Group so as to focus on its principal business of coal production and to enhance its core competitiveness. Influenced by the aforesaid factors, it is expected that the Group's demand for materials and ancillary services from the Parent Group will increase during the years from 2018 to 2020;
- (iii) According to the National Bureau of Statistics of the PRC, as of 28 February 2017, the CPI and PPI of China has been increasing on a year-on-year basis. With the gradual recovery of the economic situation in China, the Company estimates there is a high possibility that the prices of materials and services will be on uptrend while maintaining stable in the future;
- (iv) The Company contemplates to carry out unified purchase and sales of the urea products produced by Lingshi Chinacoal Chemical Co., Ltd., which was disposed by the Group to the Parent Group during the year of 2016 so as to implement the arrangements avoiding horizontal competition. It is expected that the procurement of urea products by the Group from the Parent Group in accordance with market prices during the years from 2018 to 2020 will increase by 0.3 million tonnes per year on average;
- (v) Under the new normal, the Chinese economy will keep the fundamentals of constantly robust development unchanged, and will be expected to maintain a medium-to-high-rate growth. In respect of the coal industry, with the supply-side structural reform thoroughly promoted, the measures taken by the Chinese government such as capacity reserve, reduction replacement and quota transaction, medium-and-long-term contracts, lowest and highest inventories, and a long-lasting mechanism for curbing exceptionally volatile coal price will effectively facilitate the coal industry to gradually achieve long-term healthy development. Coal will remain as the most important fundamental energy in the long run.

Implementation Agreements

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 2018 Integrated Materials and Services Mutual Provision Framework Agreement during the term thereof. Each implementation agreement will set out the relevant materials and services supplied, and the specifications, quantities, prices and other relevant terms thereof.

As the implementation agreements provide for the mutual supply of materials and services as contemplated under the 2018 Integrated Materials and Services Mutual Provision Framework Agreement, as such, they do not constitute new categories of connected transactions. Any such implementation agreements will be within the ambit of the 2018 Integrated Materials and Services Mutual Provision Framework 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 2018 Integrated Materials and Services Mutual Provision Framework Agreement

The Company is of the view that the 2018 Integrated Materials and Services Mutual Provision Framework Agreement enables (i) the Group to secure a stable source of the materials and services from the Parent Group in its ordinary course of business at market prices; and (ii) the Group to have a stable customer of the relevant materials and services of the Group in its ordinary course of business at market prices.

Internal Control Measures

- a) In determining the prices of the bulk equipment and raw materials to be procured by the Group from the Parent Group under the 2018 Integrated Materials and Services Mutual Provision Framework Agreement, the relevant members of the Company is responsible for composing bid invitation documents encompassing all substantial requirements and all key terms for the conclusion of contracts, including the technical and quality requirements of bulk equipment and raw materials, the criteria for examination of the suppliers, requirements for the bid price and the standard of evaluation of the bid and so on, subject to the examination of the purchase centre of the Company and will be reviewed by 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, and is subject to the final approval by the bid determination committee of the Company;

The purchase centre of the Company is responsible for monitoring, collecting and evaluating the market prices of relevant equipment and raw materials with the same specifications and similar functions, including but not limited to the prevailing and then market prices of the comparable prices of relevant industries, on a regular basis. Under the circumstances such as the prices of the relevant equipment and raw materials fluctuate, the purchase centre of the Company will put forward the proposal of price adjustment, which is subject to the final approval of the bid determination committee 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 bulk equipment and raw materials to be procured by the Parent Group from the Group under the 2018 Integrated Materials and Services Mutual Provision Framework Agreement, the Group will strictly comply with relevant laws, regulations, rules and the necessary requirements stated in the bid invitation documents of the Parent Group during bidding process. The Group will hold tender review meetings, which will determine the tender price with reference to, among others, recent project quotations and related market information 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, and is subject to the final approval by the meeting of president of the Company; and is subject to the final approval by the management level of the Group;

The relevant department of the Group is responsible for monitoring, collecting and evaluating the market prices of relevant equipment and raw materials with the same specifications and similar functions, including but not limited to the prevailing and then market prices of the comparable prices of relevant industries, on a regular basis. Under the circumstances such as the prices of the relevant equipment and raw materials fluctuate, the relevant department of the Group will put forward the proposal of price adjustment 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, subject to the approval of the management level of the Group;

- c) The financial department and the office of the Board 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;
- d) The Group will implement, amend and improve the relevant monitoring mechanism and the requirements pursuant to its connected transaction management rules and internal monitoring measures to ensure the Group's compliance with the pricing policies in respect of the continuing connected transactions contemplated under the 2018 Integrated Materials and Services Mutual Provision Framework Agreement;
- e) The independent non-executive Directors will review the continuing connected transactions contemplated under the 2018 Integrated Materials and Services Mutual Provision 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
- f) 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 2018 Integrated Materials and Services Mutual Provision Framework 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 2018 Integrated Materials and Services Mutual Provision Framework Agreement will be conducted on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

(3) 2018 Project Design, Construction and General Contracting Services Framework Agreement

Date: 27 April 2017

Parties: (i) the Company
(ii) the Parent

Continuing Pursuant to the 2018 Project Design, Construction and General Contracting Services Framework Agreement, the Parent Group has agreed to provide

transactions	project design, construction and general contracting services to the Group, and to undertake projects sub-contracted by the Group.
Term and termination	The 2018 Project Design, Construction and General Contracting Services Framework Agreement is for a term of three years commencing on 1 January 2018 and ending on 31 December 2020. Upon expiry, the 2018 Project Design, Construction and General Contracting Services Framework Agreement will, subject to compliance with the relevant requirements under the Hong Kong Listing Rules and agreement of the parties, be renewed for a further term of three years.
Price determination	<p>Under the 2018 Project Design, Construction and General Contracting Services Framework Agreement, the service provider and the price of project design, construction and general contracting services shall be determined through a bidding process in principle and in compliance with applicable laws, regulations and rules. The Parent Group shall bid by stringently following 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》) and the specific requirements in bidding invitation documents made by the Group.</p> <p>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 technical requirements, the criteria for examination of the contractors, 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 outsourcing suppliers based on the technical, commercial and pricing criteria and payment terms of relevant service fees, which will ensure the terms obtained by the Group from the Parent Group is no less favorable than those available from independent third parties; and (iii) grading the service providers and writing recommendation advice. The Group's bid office is responsible for deciding which service provider will be awarded the 2018 Project Design, Construction and General Contracting Services Framework Agreement.</p> <p>As for the project design services provided by the Parent Group to the Group, the payment shall be made by the Group by installments in accordance with the time nodes or other methods agreed by the parties. As for the construction services provided by the Parent Group to the Group, the payment shall be implemented by installments in accordance with the progress of projects or other methods agreed by the parties. As for the general contracting services provided by the Parent Group to the Group, the payment shall be made by the Group by installments according to the time nodes of design, procurement and construction or other methods agreed by the parties. The purchase prices under the 2018 Project Design, Construction and General Contracting Services Framework Agreement shall be paid in cash or other methods agreed by the parties. The service fees under the 2018 Project Design, Construction and General Contracting Services Framework</p>

Agreement are payable in accordance with the agreed payment terms stipulated in the specific implementation agreements.

Annual Caps

Actual Transactions Values

The actual transaction values of the transactions under the 2015 Project Design, Construction and General Contracting Services Framework Agreement for the two years ended 31 December 2016 and for the three months ended 31 March 2017, are set out below:

Transactions	Year ended	Year ended	Three months ended
	31 December	31 December	31 March
	2015	2016	2017
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
Provision of project design, construction and general contracting services to the Group by the Parent Group	2,808,400,000	2,309,360,000	353,240,000

Historical Annual Caps

The annual caps for the transactions contemplated under the 2015 Project Design, Construction and General Contracting Services Framework Agreement for the three years ending 31 December 2017 are set out below:

Transactions	Year ended	Year ended	Year ending
	31 December	31 December	31 December
	2015	2016	2017
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
Provision of project design, construction and general contracting services to the Group by the Parent Group	6,870,000,000	7,650,000,000	4,380,000,000

The Directors have been monitoring the transaction amount contemplated under the 2015 Project Design, Construction and General Contracting Services Framework Agreement. For the two years ended 31 December 2016, and as at the date of this announcement, the annual caps for the continuing connected transactions contemplated under the 2015 Project Design, Construction and General Contracting Services Framework Agreement for the three years ending 31 December 2017 have not been exceeded.

Proposed Annual Caps

The proposed annual caps for the transactions contemplated under the 2018 Project Design, Construction and General Contracting Services Framework Agreement for the three years ending 31 December 2020 are set out below:

Transactions	Year ending	Year ending	Year ending
	31 December	31 December	31 December
	2018	2019	2020
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
Provision of project design, construction and general contracting services to the Group by the Parent Group	6,050,000,000	3,500,000,000	1,850,000,000

In arriving at the above proposed annual caps, the Directors have taken into account the following factors:

- (i) The historical figures of the actual transaction value of the transactions contemplated under the 2015 Project Design, Construction and General Contracting Services Framework Agreement for the two years ended 31 December 2016 and for the three months ended 31 March 2017. According to the Chinese government's opinions on resolving the over-capacity problem of the coal industry to realize development and extricating the coal industry from difficulties, the relevant Chinese authorities paid closer attention to the project examination formalities. From the year of 2016 on, approval of the construction projects of new coal mines, technology reform increase production capacity-improving projects will be suspended for three years in principal; in terms of construction of coal mines which is indispensable, capacity-cut and replacement are required. In accordance with the aforesaid requirements and take into consideration the tough situation of coal market during the years of 2015 and 2016, the Company actively condensed its capital expenditures and the construction of certain infrastructure projects was delayed, which decreased the transaction value under the 2015 Project Design, Construction and General Contracting Services Framework Agreement;
- (ii) In 2016, under the influence of the Chinese government's policy including deepening the supply-side structural reform and the accelerating the dissolving over-capacity regarding coal, the domestic coal market ascended after suppression, with the supply and demand situation improved significantly and coal prices stabilized and rebounded. The operation status of the Company was improved significantly. In order to maintain the sustainable and healthy development of the Company, the Company contemplates to continue to promote the relevant infrastructure construction projects. It is estimated that the coal mine projects of the Company undertaken by the Parent Group during the years from 2015 to 2017 will be postponed and completed within the years from 2018 to 2020; and
- (iii) In accordance with the Company's "Thirteenth Five-Year Plan", the Company is devoted to transforming development, constant improvement of industrial structure. The Company endeavours to forge a coal-electricity-chemistry industrial line and will accelerate the construction of electricity power and coal mine projects. Therefore, the average annual cap of the continuing connected transactions under the 2018 Project Design, Construction and General Contracting Services Framework Agreement during the years from 2018 to 2020 decreased by approximately 40% as compared with the average annual cap for the previous three years.

Implementation Agreements

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 2018 Project Design, Construction and General Contracting Services Framework Agreement during the term thereof. Each implementation agreement will set out the relevant general contracting services supplied, and the specifications, prices and other relevant terms thereof.

As the implementation agreements provide for the supply of general contracting services as contemplated under the 2018 Project Design, Construction and General Contracting Services Framework Agreement, as such, they do not constitute new categories of connected transactions. Any such implementation agreements will be within the ambit of the 2018 Project Design, Construction and General Contracting Services Framework 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 2018 Project Design, Construction and General Contracting Services Framework Agreement

The Company is of the view that the 2018 Project Design, Construction and General Contracting Services Framework Agreement enables the Group to secure a stable source of project design, construction and general contracting services from the Parent Group for the Group's construction projects in its ordinary course of business at market prices.

Internal Control Measures

- a) In determining the prices of the project design, construction and general contracting services under the 2018 Project Design, Construction and General Contracting Services Framework Agreement the relevant members of the Group is responsible for composing bid invitation documents encompassing all substantial requirements and all key terms for the conclusion of contracts, including project technical requirements, the criteria for examination of the contractors, the requirements for the bid price and the standard of evaluation of the bid and so on, subject to the preliminary review of the department of infrastructure management of the Company, which will be reviewed by pricing committee of the Company to ensure that the terms of the relevant bid invitation documents are compliant with applicable laws, regulations and rules,, subject to the final approval by the bid determination committee of the Company;
- b) The department of infrastructure management of the Group is responsible for monitoring, collecting and evaluating the prices of coal mine infrastructure construction project services in the relevant areas 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) The financial department and the office of the Board 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;
- d) The Group will implement, amend and improve the relevant monitoring mechanism and the requirements pursuant to its connected transaction management rules and internal monitoring measures to ensure the Group's compliance with the pricing policies in respect of the continuing

connected transactions contemplated under the 2018 Project Design, Construction and General Contracting Services Framework Agreement;

- e) The independent non-executive Directors will review the continuing connected transactions contemplated under the 2018 Project Design, Construction and General Contracting Services 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
- f) 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 2018 Project Design, Construction and General Contracting Services Framework 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 2018 Project Design, Construction and General Contracting Services Framework Agreement will be conducted on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

(4) 2018 Financial Services Framework Agreement

Date: 27 April 2017

Parties: (i) Chinacoal Finance
(ii) the Parent

Continuing transactions Pursuant to the 2018 Financial Services Framework Agreement, Chinacoal Finance has agreed to provide the following financial services to the Parent Group, including:

- (i) providing financial and financing consultation, credit appraisal and relevant advice and agency services;
- (ii) providing assistance in receiving transaction proceeds to the Parent Group;
- (iii) providing insurance agency services as approved to the Parent Group;
- (iv) providing entrusted loans among the Parent Group;
- (v) providing bill acceptance and discount services to the Parent Group;
- (vi) providing internal transfer and settlement and corresponding

settlement and clearing planning services among the Parent Group;

(vii) accepting deposits from the Parent Group;

(viii) providing loans and finance leasing to the Parent Group; and

(ix) other services approved by the CBRC.

Term and termination The 2018 Financial Services Framework Agreement is for a term of three years commenced on 1 January 2018 and ending on 31 December 2020. Upon expiry, the 2018 Financial Services Framework Agreement shall be automatically renewed for a further term of three years, subject to the compliance with the relevant regulatory requirements such as the listing rules where the Company is listed and the agreement of the parties.

Price determination The pricing principles of the financial services to be provided by Chinacoal Finance to the Parent Group are as follows:

- (i) The interest rates for deposits provided to the Parent Group by Chinacoal Finance shall be negotiated on arm's length and by reference to the interest rates provided by normal commercial banks in the PRC for comparable deposits. But in any case, the interest rate for deposits shall not be higher than the upper limit allowed by the PBOC for such type of deposits, or the interest rate provided by Chinacoal Finance to other clients for the same type of deposits, or the interest rate for the same type of deposits provided by normal commercial banks in the PRC to the Parent Group, whichever is lower.
- (ii) The interest rates for loans charged by Chinacoal Finance to the Parent Group shall be negotiated on arm's length and by reference to the interest rates charged by normal commercial banks in the PRC for comparable loans. But in any case, the interest rate for loans shall not be lower than the lowest rates prescribed by the PBOC for such type of loans, or the interest rate charged by Chinacoal Finance to other clients for the same type of loans, or the interest rate for the same type of loans charged by normal commercial banks in the PRC to the Parent Group, whichever is higher.
- (iii) The fee standard for other financial services (excluding the deposits and loans as mentioned above) shall be determined by Chinacoal Finance according to the corresponding service fees fixed by the PBOC or the CBRC. If such fixed fee rates are not available, the services fees are negotiated on arm's length and by reference to the fees charged by normal commercial banks in the PRC for comparable financial services. But in any case, the fee standard shall not be lower than the fee standard adopted by

normal commercial banks in the PRC for comparable services.

- Other Principal Terms**
- (i) Chinacoal Finance shall provide deposits services to the Parent Group on normal commercial terms (or better to Chinacoal Finance) where no security over assets of the Group shall be granted in respect of the deposits.
 - (ii) Maximum daily balance of the loans provided by Chinacoal Finance to the Parent Group shall not be higher than the maximum daily balance of the deposits placed by the Parent Group with Chinacoal Finance.

Annual Caps

Actual Transaction Values

The actual transaction values of provision of loans and financial leasing by Chinacoal Finance to the Parent Group under the 2015 Financial Services Framework Agreement for the two years ended 31 December 2016 and the three months ended 31 March 2017 are set out below:

	Year ended	Year ended	Three months ended
	31 December	31 December	31 March
Transactions	2015	2016	2017
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
the maximum daily balance of loans and financial leasing (including accrued interests) granted by Chinacoal Finance to the Parent Group	600,837,167	2,023,400,000	1,523,890,000

Historical Annual Caps

The annual caps for provision of loans and financial leasing by Chinacoal Finance to the Parent Group contemplated under the 2015 Financial Services Framework Agreement for the three years ending 31 December 2017, with the annual caps for the two years ending 31 December 2017 proposed by the Board to be revised on 22 March 2016 and approved by the independent Shareholders on 21 June 2016, are set out below:

	Year ended	Year ended	Year ending
	31 December	31 December	31 December
Transactions	2015	2016	2017
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
the maximum daily balance of loans and financial leasing	800,000,000	4,000,000,000	4,500,000,000

(including accrued interests)
granted by Chinacoal Finance
to the Parent Group

The Directors have been monitoring the transaction amount contemplated under the 2015 Financial Services Framework Agreement. For the two years ended 31 December 2016, and as at the date of this announcement, the annual caps for the continuing connected transactions contemplated under the 2015 Financial Services Framework Agreement for the three years ending 31 December 2017 have not been exceeded.

Proposed Annual Caps

The proposed annual caps for provision of loans and financial leasing by Chinacoal Finance to the Parent Group under the 2018 Financial Services Framework Agreement for the three years ending 31 December 2020 are set out below:

Transactions	Year ending	Year ending	Year ending
	31 December	31 December	31 December
	2018	2019	2020
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
the maximum daily balance of loans and financial leasing (including accrued interests) granted by Chinacoal Finance to the Parent Group	4,500,000,000	5,000,000,000	5,000,000,000

In arriving at the above proposed annual caps, the Directors have taken into account the following factors:

- (i) The historical figures of the actual transaction value of the transactions under the 2015 Financial Services Framework Agreement for the two years ended 31 December 2016 and the three months ended 31 March 2017. During the years of 2015 and 2016, the situation of coal market was tough. Proactively adapting to the market situation, the Parent Group took the initiatives to cut and restrict its production. Meanwhile, the Chinese government strictly restrict the approval of new coal mine projects. The Parent Group postponed or ceased the construction of a certain of infrastructure construction projects and compressed its capital expenses, with its capital needs decreased;
- (ii) In 2016, under the influence of the Chinese government's policy including deepening the supply-side structural reform and the accelerating the dissolving over-capacity regarding coal, the domestic coal market ascended after suppression, with the supply and demand situation improved significantly and coal prices stabilized and rebounded. The Parent Group, with its operating status constantly improved and its coal output increased, continuously consolidated other coal assets and continued to promote the construction of relevant infrastructure construction. Based on the aforesaid facts, it is expected that the potential capital demand of the Parent Group during the years from 2018 to 2020 will increase;

- (iii) According to the “Thirteenth Five-Year Development Plan” of the Parent, the Parent is committed to become a clean energy supplier and a comprehensive energy service provider with strong international competitiveness. During the period from 2018 to 2020, the Parent will be devoted to expand its development in non-coal field, actively implement the “one belt, one road” strategy, and exploit the overseas markets. The aforesaid the continuing business and project construction in the future requires large amount of working capital while the capital requirement of the Parent will be primarily satisfied by commercial banks, and loans from Chinacoal Finance are expected to be acquired as a supplement;
- (iv) As at 31 December 2016, the carrying amount of Chinacoal Finance was RMB14.437 billion, and the balance of interbank fixed deposit and demand deposit of Chinacoal Finance were RMB3.4 billion and RMB3.233 billion, respectively. Pursuant to the business scope of Chinacoal Finance, loans could only be provided by Chinacoal Finance to the Group and the Parent Group. In the year of 2016, PBOC updated its loan management mechanism to a macro and discreet assessment system, which will facilitate the gradual increase in the volume of loans issuable by Chinacoal Finance year by year, enlarge its business scale, enhance its capital efficiency and realize the overall financial synergetic effects of the Group;
- (v) As a central enterprise administered by the SASAC and to which capital contribution was made by the SASAC, the Parent Group (including the Group) is widely recognized within commercial banks and other financial institutions. Taking into account the creditworthiness of the Parent and clean repayment history, Chinacoal Finance considers that providing loans to the Parent is a comprehensive, low risk fund investment option and will generate a higher return for the Group than deposits which would have been the only other fund investment option for the Chinacoal Finance given the investment limitation pursuant to its business scope. Chinacoal Finance will conduct annual review on the credit worthiness and loan facility of the Parent Group, keep alert of the corporate affairs and control credit limit to strengthen operational risk management.

Implementation Agreements

Chinacoal Finance and members of the Parent Group and associates of the Parent will enter into, from time to time and as necessary, separate implementation agreements for each of the specific transactions contemplated under the 2018 Financial Services Framework Agreement during the term thereof. Each implementation agreement will set out the services supplied, payment terms, interests rates, fees and other relevant terms thereof.

As the implementation agreements provide for the supply of the relevant services as contemplated under the 2018 Financial Services Framework Agreement, they do not constitute new categories of connected transactions. Any such implementation agreements will be within the ambit of the 2018 Financial Services Framework 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 2018 Financial Services Framework Agreement

The Company is of the view that entering into the 2018 Financial Services Framework Agreement will do benefit to strengthen the capital management of the Company, improve the risk management and control capabilities, reduce capital operating costs, improve capital utilization efficiency and expand financing channels, and is in line with the needs of the Company’s operations and

development. Therefore, the 2018 Financial Services Framework Agreement is in the interests of the Company and its Shareholders as a whole.

Internal Control Environment and Risk Management Function of Chinacoal Finance

The interest rates for loans charged by Chinacoal Finance to the Parent Group shall be negotiated on arm's length and by reference to the interest rates charged by normal commercial banks in the PRC for comparable loans. But in any case, the interest rate for loans shall not be lower than the lowest rates prescribed by the PBOC for such type of loans, or the interest rate charged by Chinacoal Finance to other clients for the same type of loans, or the interest rate for the same type of loans charged by normal commercial banks in the PRC to the Parent Group, whichever is higher.

Chinacoal Finance has established stringent internal control measures to ensure effective risk management and compliance with relevant laws and regulations including corporate governance structure, internal rules and policies and standard operation procedures. The following internal controls are in place:

- a) Different departments and committee, including but not limited to credit management department, risk management department and credit examining committee, have been set up by Chinacoal Finance for maintaining the risk management function and internal control environment. Credit management department conducts pre-loan investigations on loan applications; risk management department examines the risks relevant to the loans; credit examining committee offers examination opinions, and the general manager and the chairman of the board of directors review and approve such applications;
- b) Pre-loan investigations will be conducted on loan applications by credit management department, which will assess the customers' creditworthiness and the purpose of the loans according to the relevant credit rules of CBRC and PBOC, examine, among others, the amount and term of loans as well as the caps of connected (or related party) transactions, determine the interest rate of each loan based on the lowest rates prescribed by the PBOC to ensure the price determination aforementioned is strictly followed. In case of loans to subsidiaries not wholly-owned by the Group or the Parent Group, a higher interest rate may apply;
- c) The loan applications will be reviewed by the risk management department, which conducts risk examinations on application and information of loans, with emphasis laid on examinations on credit risks and compliance with Hong Kong Listing Rules including requirements regarding amount, term, interest rate and caps of connected (party) transactions;
- d) The loan applications will then be submitted to the credit examining committee, which consists of five members. The credit examining committee conducts independent, objective and professional analysis on application and information of loans and group deliberation, as well as offers examination opinions;
- e) The examination opinions on loans from the credit examining committee will be submitted to the general manager and the chairman of the board of directors of Chinacoal Finance for overall review and approval;

- f) Annual review on the credit worthiness and loan facility of the Parent Group and its associates will be conducted by the credit management department to strengthen operational risk management; and
- g) Regular internal audit procedures relevant to loans will be conducted by internal audit department to review and inspect the implementation of internal policies and procedures and compliance with internal rules and regulations.

Meanwhile, CBRC performs regular inspections on Chinacoal Finance to check the implementation of their internal control and risk management systems. Since the establishment of Chinacoal Finance, there was no major issue on Chinacoal Finance raised by CBRC.

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 2018 Financial Services Framework 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 2018 Financial Services Framework Agreement will be conducted on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

IV HONG KONG LISTING RULES IMPLICATIONS

The Parent is the controlling shareholder of the Company and Shanxi Coking Coal is a substantial shareholder of Chinacoal Huajin (a significant subsidiary of the Company). Therefore, the Parent Group and Shanxi Coking Coal Group are connected persons of the Company under the Hong Kong Listing Rules. Accordingly, the transactions contemplated between the Company and the Parent and between the Company and Shanxi Coking Coal 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 annual caps for the transactions under the Land Use Rights Leasing Framework Agreement and the 2015 Property Leasing Framework Agreement for the three years ending 31 December 2020 exceed 0.1% but less than 5%, they are subject to the reporting, annual review and announcement requirements, but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios in respect of (i) the revised annual cap for the procurement of coal products and acceptance of services by Shanxi Coking Coal Group from the Group for the year ending 31 December 2017 contemplated under the 2015 Coal and Coal Related Products and Services Supply Framework Agreement, and (ii) the annual caps for the three years ending 31 December 2020 for the transactions (excluding procurement of coal and coal related products and acceptance of services by the Group from the Shanxi Coking Coal Group, all the applicable percentage ratios of which are below 1% and is fully exempt) contemplated under the 2018 Coal and Coal Related Products and Services Supply Framework Agreement are above 1% 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.

As one or more of the applicable percentage ratios in respect of (i) the revised annual cap for the transactions for the year ending 31 December 2017 under the 2015 Coal Supply Framework Agreement,

and (ii) the proposed annual caps for the three years ending 31 December 2020 for the transactions under the 2018 Coal Supply Framework Agreement, the transactions under the 2018 Project Design, Construction and General Contracting Services Framework Agreement, the transactions (excluding provision of the materials and ancillary services and coal export- related services to the Parent Group by the Group, all the applicable percentage ratios of which are above 0.1% but below 5% and is merely subject to the approval of the Board) under the 2018 Integrated Materials and Services Mutual Provision Framework Agreement, the transactions (excluding the provision of other financial services by Chinacoal Finance to the Parent Group with all the applicable percentage ratios thereof below 0.1% and fully exempt, and excluding the provision of deposit services by Chinacoal Finance to the Parent Group which is fully exempt according to Rule 14A.90 of the Hong Kong Listing Rules) under the 2018 Financial Services Framework Agreement exceed 5%, they are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Meanwhile, as one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Hong Kong Listing Rules) in respect of the proposed annual caps for provision of loans and financial leasing by Chinacoal Finance to the Parent Group under the 2018 Financial Services Framework Agreement for the three years ending 31 December 2020 exceed 5% but are below 25%, such transactions also constitute discloseable transactions of the Company under Chapter 14 of the Hong Kong Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that the terms of the 2015 Coal and Coal Related Products and Services Supply Framework Agreement and the supplemental agreement to it, the Land Use Rights Leasing Framework Agreement, the 2015 Property Leasing Framework Agreement and the 2018 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 cap for the procurement of coal products and acceptance of services by Shanxi Coking Coal Group from the Group for the year ending 31 December 2017 under the 2015 Coal and Coal Related Products and Services Supply Framework Agreement, the annual caps for the transactions under the Land Use Rights Leasing Framework Agreement, the 2015 Property Leasing Framework Agreement and the 2018 Coal and Coal Related Products and Services Supply Framework Agreement for the three years ending 31 December 2020 are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Directors (excluding the independent non-executive Directors who will express their views after receiving advice from the Independent Financial Adviser) are of the view that the terms of the 2015 Coal Supply Framework Agreement and the supplemental agreement to it, the 2018 Coal Supply Framework Agreement, the 2018 Project Design, Construction and General Contracting Services Framework Agreement, the 2018 Integrated Materials and Services Mutual Provision Framework Agreement and the 2018 Financial Services 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 Company and the Shareholders as a whole; and (v) that the revised annual cap for the transactions for the year ending 31 December 2017 under the 2015 Coal Supply Framework Agreement, and the proposed annual caps for the transactions under the 2018 Coal Supply Framework Agreement, the 2018 Project Design, Construction and General Contracting Services Framework Agreement, the 2018 Integrated Materials and Services Mutual Provision Framework Agreement and the

2018 Financial Services Framework Agreement for the three years ending 31 December 2020 are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Mr. Li Yanjiang, Mr. Peng Yi and Mr. Liu Zhiyong are also directors or senior management of the Parent, are deemed to have material interests in the transactions contemplated under the 2015 Coal Supply Framework Agreement and the supplemental agreement to it, the Land Use Rights Leasing Framework Agreement, the 2015 Property Leasing Framework Agreement, the 2018 Coal Supply Framework Agreement, the 2018 Integrated Materials and Services Mutual Provision Framework Agreement, the 2018 Project Design, Construction and General Contracting Services Framework Agreement and the 2018 Financial Services Framework Agreement and have abstained from voting from the relevant Board resolutions. Other than those Directors mentioned above, none of the other Directors has a material interest in the aforesaid continuing connected transactions.

None of the Directors has a material interest in the transactions contemplated under the 2015 Coal and Coal Related Products and Services Supply Framework Agreement, the supplemental agreement to it or the 2018 Coal and Coal Related Products and Services Supply Framework Agreement.

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, 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 coal export, coal bed methane exploitation, coal mine construction and other relevant engineering and technical services.

Chinacoal Finance

As at the date of this announcement, Chinacoal Finance is a subsidiary of the Company and is owned as to 91% by the Company and 9% by the Parent.

Chinacoal Finance is principally engaged in providing financial and financing consultation, credit appraisal and relevant advice and agency services to members; assisting members in receiving transaction proceeds; insurance agency services as approved; providing entrusted loans among members; providing bill acceptance and discount services to the members; providing internal transfer and settlement and corresponding settlement and clearing planning services among members; accepting deposits from members; providing loans and financial leasing to the members; and other services in RMB or foreign currency as approved by the CBRC.

Shanxi Coking Coal

Shanxi Coking Coal 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.

VI CHANGE IN AUDITORS

On 27 April 2017, the Board resolved to propose the appointments of Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu Certified Public Accountants LLP as the international auditor and the domestic auditor of the Company, respectively (the “**Proposed Change in Auditors**”). The Proposed Change in Auditors is subject to the approval of Shareholders at the AGM. The term of service of each of Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu Certified Public Accountants LLP is proposed to commence from the date of Shareholders’ approval at the AGM up to the date of next annual general meeting of the Company.

PricewaterhouseCoopers, the current international auditor of the Company, and PricewaterhouseCoopers Zhong Tian LLP, the current domestic auditor of the Company, have been providing audit services to the Company for years and their term of service will expire at the AGM. The Company is regulated by the Ministry of Finance and the State-owned Assets Supervision and Administration Commission of the State Council of the PRC, and pursuant to the relevant requirements regarding the rotation of auditors issued by the Ministry of Finance and the State-owned Assets Supervision and Administration Commission of the State Council of the PRC, the Company decided to change its auditors as the service term of PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP have reached the prescribed limit. In this connection, according to the above-mentioned requirements and the procurement management requirements of the Company, the Company determined Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu Certified Public Accountants LLP as the candidates of service providers through the bidding process.

PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP have confirmed that there were no circumstances connected with the Proposed Change in Auditors that they consider should be brought to the attention of the Shareholders. The Board is not aware of any matter regarding the Proposed Change in Auditors that should be brought to the attention of the Shareholders. The Board and the audit and risk management committee of the Company confirmed that there were no disagreements or unresolved matters between the Company and PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP regarding the Proposed Change in Auditors.

The Board would like to take this opportunity to express its sincere gratitude to PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP for their professional services provided to the Company for the past years.

VII GENERAL INFORMATION

The AGM will be convened to seek the approval of the Independent Shareholders in respect of the Non-exempt Revision, the Non-exempt Continuing Connected Transactions and the proposed annual caps thereof. The Parent and its associates will abstain from voting in respect of the relevant resolutions at the AGM.

An Independent Board Committee has been formed to advise the Independent Shareholders on the Non-exempt Revision, the Non-exempt Continuing Connected Transactions and the proposed annual caps thereof, and the Independent Board Committee has approved the appointment of the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same in accordance with the Hong Kong Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, none of the members of the Independent Board Committee has any material interest in the Non-exempt Revision, the Non-exempt Continuing Connected Transactions or the proposed annual caps thereof.

A circular containing, among other things, further details of the Non-exempt Revision, the Non-exempt Continuing Connected Transactions and the proposed annual caps thereof and the Proposed Change in Auditors, the letter from the Independent Board Committee and the recommendation from the Independent Financial Adviser on the Non-exempt Revision, the terms of the Non-exempt Continuing Connected Transactions and the proposed annual caps thereof, together with a notice convening the AGM, will be despatched to the Shareholders no more than 15 business days after the publication of this announcement in accordance with the Hong Kong Listing Rules.

As at the date of this announcement, the Parent and its associates, who directly and indirectly, hold 7,737,558,608 shares, (represent approximately 58.36% of the issued share capital of the Company), control or are entitled to control over the voting right in respect of their shares in the Company. Therefore, the Parent and its associates will abstain from voting on the resolutions in relation to the Non-exempt Revision, the Non-exempt Continuing Connected Transactions and the proposed annual caps thereof to be proposed at the AGM.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, other than the Parent and its associates, no connected person of the Company, Shareholder or their respective associates with a material interest in the Non-exempt Revision, the Non-exempt Continuing Connected Transactions or the proposed annual caps thereof is required to abstain from voting at the AGM.

VIII DEFINITIONS

AGM	the annual general meeting of the Company to be convened for approving, among others, the Non-exempt Revision, the Non-exempt Continuing Connected Transactions as well as the proposed annual caps thereof, and the Proposed Change in Auditor
associate	has the meaning ascribed to it under the Hong Kong Listing Rules and SSE Listing Rules
Board	the board of Directors
CBRC	China Banking Regulatory Commission (中國銀行業監督管理委員會)
Chinacoal Finance	Chinacoal Finance Co., Ltd.* (中煤財務有限責任公司), a limited liability company incorporated under the laws of the PRC and a subsidiary of the Company
Chinacoal Huajin	Shanxi China Coal Huajin Energy Company Limited.* (山西中煤華晉能源有限責任公司), 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 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

controlling shareholder	has the meaning ascribed to it under the Hong Kong Listing Rules
Director(s)	the director(s) of the Company
Exempt Continuing Connected Transactions	the transactions under the the Land Use Rights Leasing Framework Agreement, the 2015 Property Leasing Framework Agreement and 2018 Coal and Coal Related Products and Services Supply Framework Agreement
Exempt Revision	revision of the 2015 Coal and Coal Related Products and Services Supply Framework Agreement and the annual cap for the procurement of coal products and acceptance of services by Shanxi Coking Coal Group from the Group thereunder for the year ending 31 December 2017
Existing Continuing Connected Transactions	the transactions under the Land Use Rights Leasing Framework Agreement, the 2015 Property Leasing Framework Agreement, the 2015 Coal Supply Framework Agreement, the 2015 Integrated Materials and Services Mutual Provision Framework Agreement, the 2015 Project Design, Construction and General Contracting Services Framework Agreement, the 2015 Financial Services Framework Agreement and the 2015 Coal and Coal Related Products and Services Supply Framework Agreement
Group	the Company and its subsidiaries
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
Independent Board Committee	an independent board committee of the Board comprising all of the independent non-executive Directors, who have no material interest in the Non-exempt Revision or the Non-exempt Continuing Connected Transactions, namely Zhang Ke, Zhao Pei, and Ngai Wai Fung, which was established to advise the Independent Shareholders in relation to Non-exempt Revision, the Non-exempt Continuing Connected Transactions as well as the proposed annual caps thereof
Independent Financial Advisor	Huatai Financial Holdings (Hong Kong) Limited, a corporation licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in future contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance

(Chapter 571 of the Laws of Hong Kong), the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Non-exempt Revision, the Non-exempt Continuing Connected Transactions and the proposed annual caps thereof

Independent Shareholders	shareholders of the Company who are not required to abstain from voting on the resolutions to be proposed at the AGM under the Hong Kong Listing Rules
Land Use Rights Leasing Framework Agreement	a land use rights leasing framework agreement dated 5 September 2009 and entered into between the Company and the Parent
Non-exempt Continuing Connected Transactions	the transactions under the 2018 Financial Services Framework Agreement, the 2018 Coal Supply Framework Agreement, the 2018 Integrated Materials and Services Mutual Provision Framework Agreement and the 2018 Project Design, Construction and General Contracting Services Framework Agreement
Non-exempt Revision	revision of the 2015 Coal Supply Framework Agreement and the annual cap thereof for the year ending 31 December 2017
Parent	China National Coal Group Corporation* (中國中煤能源集團有限公司), a state-owned enterprise established under the laws of the PRC and the controlling shareholder of the Company
Parent Group	the Parent and its associates (excluding the Group)
PBOC	the People's Bank of China, the central bank of the PRC
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
SASAC	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)
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
Shanxi Coking Coal Group	Shanxi Coking Coal and its associates under the Hong Kong Listing Rules

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 SSE Listing Rules
substantial shareholders	has the meaning ascribed to it under the Hong Kong Listing Rules
2015 Coal and Coal Related Products and Services Supply Framework Agreement	a coal and coal related products and services supply framework agreement dated 23 October 2014 and entered into between the Company and Shanxi Coking Coal
2015 Coal Supply Framework Agreement	a coal supply framework agreement dated 23 October 2014 and entered into between the Company and the Parent
2015 Financial Services Framework Agreement	a financial services framework agreement dated 23 October 2014 and entered into between Chinacoal Finance and the Parent
2015 Integrated Materials and Services Mutual Provision Framework Agreement	an integrated materials and services mutual provision framework agreement dated 23 October 2014 and entered into between the Company and the Parent
2015 Project Design, Construction and General Contracting Services Framework Agreement	a project design, construction and general contracting services framework agreement dated 23 October 2014 and entered into between the Company and the Parent
2015 Property Leasing Framework Agreement	a property leasing framework agreement dated 23 October 2014 and entered into between the Company and the Parent
2018 Coal and Coal Related Products and Services Supply Framework Agreement	a coal and coal related products and services supply framework agreement dated 27 April 2017 and entered into between the Company and Shanxi Coking Coal
2018 Coal Supply Framework Agreement	a coal supply framework agreement dated 27 April 2017 and entered into between the Company and the Parent
2018 Financial Services Framework Agreement	a financial services framework agreement dated 27 April 2017 and entered into between Chinacoal Finance and the Parent
2018 Integrated Materials and Services Mutual Provision Framework Agreement	an integrated materials and services mutual provision framework agreement dated 27 April 2017 and entered into between the Company and the Parent
2018 Project Design, Construction and General Contracting Services Framework Agreement	a project design, construction and general contracting services framework agreement dated 27 April 2017 and entered into between the Company and the Parent

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

Beijing, the PRC
27 April 2017

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 Liu Zhiyong and Xiang Xujia; and the independent non-executive directors of the Company are Zhang Ke, Zhao Pei, and Ngai Wai Fung.

** For identification purpose only*