This summary aims to give you an overview of the information contained in this Prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read this Prospectus in its entirety before you decide to invest in the Hong Kong Public Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the H Shares are set out in "Risk Factors". You should read that section carefully before you decide to invest in the H Shares.

OVERVIEW

We are the second largest coal enterprise in China based on our 2005 revenue. According to *BP Statistical Review 2006*, China is the world's largest producer and consumer of coal, one of the most important energy resources in the world and the most important source of primary energy in China. We sold 92.2 million tonnes and 43.5 million tonnes of coal in 2005 and the six months ended 30 June 2006, respectively. Our total revenue from coal operations in the years ended 31 December 2003, 2004 and 2005 and the six months ended 30 June 2005 and 2006 was RMB11,656.7 million, RMB17,733.0 million, RMB25,147.7 million, RMB12,600.1 million and RMB11,761.0 million, respectively.

According to the SRK Report, we had total marketable coal reserves of 3,003 million tonnes as of 30 June 2006. We sell high-quality thermal coal and coking coal produced from nine operating coal mines and thirteen coal processing plants that we wholly or partially own and/or operate. Located in eastern, northern and northwestern China, our five mining areas consist of nine underground mines and three open pit mines, two of which, the Antaibao Open Pit Mine and the Anjialing Open Pit Mine, are among the largest open pit mines in China. Each of our mines and coal processing plants is situated in close proximity to our customers or with convenient access to transportation networks and facilities. Our raw coal output grew from 33.2 million tonnes in 2003 to 50.1 million tonnes in 2005, representing a CAGR of 22.8%.

We are also one of China's largest coal suppliers, with extensive market experience, well-established brand names and solid customer relationships. Our parent company, ChinaCoal Group, is the largest coal exporter in China. Our extensive sales and marketing network and established supply and distribution channels have contributed to our success in conducting our proprietary coal trading operations and providing coal import agency and export-related services.

As an integrated coal enterprise with coal production, sales and trading as our core business, we further supplement our coal operations with a diversified portfolio of other related operations. We operate one of China's largest coking operations not affiliated with a steelmaker. Our coking operations include the production and sale of coke and coal-based chemicals. We also own China's largest coal mining equipment manufacturing operations in terms of revenue. In addition, we operate ancillary businesses, including coal mine design and transportation services. We believe these operations represent a natural extension of our coal production, sales and trading capabilities while effectively expanding the scope of our product and service offerings and enhancing our core competitiveness.

In the year ended 31 December 2005 and the six months ended 30 June 2006, we had total revenue of RMB30,061.3 million and RMB14,679.7 million, respectively, and net profit of RMB3,343.5 million and RMB1,334.4 million, respectively.

OUR COMPETITIVE STRENGTHS

- We are the second largest coal enterprise in the PRC and have the potential to attain sustainable growth.
- We offer high-quality coal products to our customers by leveraging our abundant, high-quality and diversified coal reserves as well as our advanced coal processing and blending capabilities.
- With our extensive market experience, well-recognized brand names, stable coal supply, comprehensive transportation facilities and solid customer relationships, we have one of the strongest coal sales and marketing networks in China.
- Our coal mines and coal production facilities are situated with convenient access to transportation networks, thereby ensuring the timely, cost-effective and efficient delivery of our coal products.
- We own two of the largest open pit mines in China and rely on advanced mining and recycling technologies to achieve optimal resource utilization and improve environmental protection.
- Our extensive expertise in coal mine design and our position as the largest coal mining equipment manufacturer in China has made us the most integrated enterprise in the domestic coal industry, enabled us to increase our revenue and contributed to the continuing development of our core business.
- Our management team has extensive industry and management experience to effectively manage our operations and maximize shareholder value.

OUR BUSINESS STRATEGIES

- Seek rapid and sustainable growth through organic growth supplemented by external development strategies.
- Maximize our profitability and maintain our competitiveness by improving operating efficiency and controlling costs.
- Expand our sources of income by focusing on the development of high value-added coal-based chemicals products.
- Strengthen our sales and marketing networks, optimize operations, enhance marketing capabilities and increase our market share.
- Increase our research and development efforts to lower production costs and increase the value of our products.
- Improve production safety and environmental protection to ensure our continuing development.
- Optimize internal control by strengthening our financial management and investment decision-making.

RISK FACTORS

There are certain risks involved in our operations and many of these risks are beyond our control. These risks can be characterized as: (i) risks relating to China's coal industry and our businesses; (ii) risks relating to the People's Republic of China; and (iii) risks relating to the Global Offering.

Risks Relating to China's Coal Industry And Our Businesses

- Our business and results of operations are susceptible to the cyclical nature of coal markets and are vulnerable to fluctuations in coal prices.
- Our business operations are extensively impacted by the policies and regulations of the PRC Government. Any policy or regulatory changes may cause us to incur significant compliance costs.
- Our continuing success depends on our ability to continue acquiring and developing coal resources and obtaining the relevant mining rights and land use rights.
- Our business requires significant and continuous capital investment. Our capital investment projects are subject to governmental approval, may exceed our original budgets, may not generate the expected benefits or may not be completed.
- We may experience a shortage of reliable and adequate transportation capacity for our coal products and any increase in transportation costs could have a material adverse effect on our business and results of operations.
- The coal reserve data in this Prospectus are estimates and may be inaccurate, and hence our projected future production volumes, revenue and capital expenditures, which are based on these estimates, may differ materially from actual figures.
- Accidents at our mines or other neighboring coal mines could materially and adversely affect our business and the safety of our coal operations.
- We may not have sufficient insurance coverage against potential operational risks.
- There may be significant reductions in purchases by our major customers and/or terminations of our long-term sales contracts.
- We may be unable to compete effectively against other coal producers and sellers.
- Our indebtedness may materially and adversely affect our financial performance and results of operations.
- Our dividend distributions to our existing shareholders made prior to the completion of the Global Offering should not be treated as indicative of our Company's future dividend policy. These dividend distributions before the Global Offering may adversely impact the total value of our assets and your investment.
- Our profitability and ability to operate our business effectively are dependent on the fulfillment by ChinaCoal Group of its obligations under certain agreements entered into in connection with our Restructuring.
- We will be controlled by ChinaCoal Group, whose interests may differ from those of our other shareholders.
- Any material dispute between our Company and a joint venture partner may adversely affect the results of operations of the relevant joint venture company and our Company.
- Our Company has a limited operating history as an independent entity, which may affect the efficiency of our operations and your ability to evaluate our business and growth potential.

- Our coal mining equipment manufacturing business may be materially and adversely affected by an economic downturn in the domestic coal industry or a decrease in domestic coal consumption, and our coal mining equipment may subject us to product liability claims.
- Our coking operations are dependent on the domestic and international supply of and demand for coke and may be affected by macro-economic regulations and controls.
- We have not obtained the land use rights and building ownership rights to some of our mining sites and facilities.
- There is no assurance that our Company, our subsidiaries or our jointly controlled entities will continue to benefit from preferential tax treatment.
- Exports of certain of our products are subject to new export tax policies, which may adversely affect our business and financial position.
- Any changes in the political and economic conditions in the Asia-Pacific region may adversely affect our business and operations.

Risks Relating to the People's Republic of China

- Adverse changes in China's economic, political and social conditions as well as governmental policies could have a material adverse effect on China's overall economic growth, which could in turn adversely affect our financial condition and results of operations.
- Changes in foreign exchange regulations and future movements in the exchange rate of Renminbi may adversely affect the financial condition and results of operations of our Company and our ability to pay dividends.
- The PRC legal system is continuously evolving and has inherent uncertainties, and the legal protections available to our shareholders may be limited.
- It may be difficult to enforce any judgments obtained from non-PRC courts against our Company or our Directors, Supervisors or senior executive officers residing in China.
- The exemption from withholding tax on dividends and income available to holders of H Shares may not continue in the future.
- Concerns over China's high growth and measures taken by the PRC Government may lead to an increase in interest rates and a slowdown in economic growth.
- There may be an occurrence of a widespread public health problem, such as SARS.

Risks Relating to the Global Offering

- There has been no prior public market for the H Shares. The liquidity and market price of the H Shares following the Global Offering may be volatile.
- Because the Offer Price is higher than the net tangible book value per share of our Company, the holders of the H Shares will incur immediate dilution.
- Disposal of the H Shares by NSSF or transfer of Shares held on our domestic share register into H Shares following the listing of the H Shares may result in an increase in the number of H Shares available on the market and may affect the price of the H Shares.

- Shareholders' interests may be diluted as a result of additional equity fund-raising.
- Forward-looking information included in this Prospectus may prove inaccurate.
- We cannot guarantee the accuracy of facts, forecasts and other statistics with respect to China, the Chinese economy and China's coal and coal-related industries contained in this Prospectus.
- We strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering.

FINANCIAL INFORMATION

Summary Historical Combined Financial Information

The following tables present our summary historical combined financial information for the periods indicated. The summary combined income statement information, cash flow information and other financial information for the years ended 31 December 2003, 2004, 2005 and the six months ended 30 June 2005 and 2006, and the summary combined balance sheet information as of 31 December 2003, 2004, 2005 and 30 June 2005 and 2006 are derived from, and should be read in conjunction with, the combined financial information set forth in the Accountants' Report in Appendix I to this Prospectus.

Prior to the Restructuring, our business operations were conducted by the companies wholly owned or controlled by ChinaCoal Group (the "Predecessor Operations"). Since ChinaCoal Group controlled the business operations and the related assets that were transferred to us pursuant to the Restructuring, and continues to control us after the Restructuring, our historical combined financial information have been prepared as a combination of businesses under common control in a manner similar to a pooling-of-interests. Accordingly, the assets and liabilities transferred to us have been stated at historical carrying amounts. In addition, the historical combined financial data presented below for each of the years in the three-year period ended 31 December 2005 and the six months ended 30 June 2005 and 2006 also reflect the financial position and results of operations of certain of the businesses and assets historically associated with the Predecessor Operations retained by ChinaCoal Group as part of the Restructuring. Businesses retained by ChinaCoal Group include: (i) equity interests in certain coal gas, coke and coking coal operations and in certain coal-based chemicals manufacturing and sales operations; (ii) operations of the Mines under Restructuring; (iii) coal mine and civil engineering construction operations; (iv) coal bed methane development operations; (v) provision of coal export agency services and a small amount of coal trading and agency services businesses of certain overseas trading companies; (vi) community functions such as schools and hospitals; (vii) a small amount of investment in equity and some non-operational assets; and (viii) other non-core operations including real estate and hotel development and management. Although certain of such businesses and assets retained by ChinaCoal Group were not transferred to us, they have been included in the historical combined financial information up to the effective date of the Restructuring, 22 August 2006, because they were an integral part of, or historically associated with, the assets, liabilities and interests of the Predecessor Operations (the "Transferred Businesses"). Accordingly, the financial information included in this section may not necessarily reflect what our results of operations, financial position and cash flows would have been had we been a separate and stand-alone entity during the periods presented below. For selected historical financial information relating to businesses and assets retained by ChinaCoal Group historically associated with the Predecessor Operations, see Note 2 in the Accountants' Report in Appendix I to this Prospectus.

The selected historical combined financial data should be read in conjunction with our combined financial information as included in the Accountants' Report in Appendix I to this Prospectus.

	Year ended 31 December			Six months ended 30 June	
	2003	2004	2005	2005	2006
	(audited)	(audited)	(audited)	(unaudited)	(audited)
			(RMB millions)		
Summary combined income statement information(1)					
IFRS					
Revenue					
Coal operations (from external sales)	11,656.7	17,733.0	25,147.7	12,600.1	11,761.0
Coking operations (from external sales)	1,064.9	2,039.2	1,591.3	938.6	1,012.4
Coal mining equipment operations (from external sales)	1,057.9	1,479.4	1,891.2	889.1	971.9
Other operations (from external sales)	701.2	912.2	1,431.1	584.1	934.4
Total revenue	14,480.8	22,163.8	30,061.3	15,011.9	14,679.7
Cost of sales	(12,762.7)	(17,544.0)	(24,437.8)	(11,418.9)	(11,635.9)
Gross profit	1,718.1	4,619.8	5,623.5	3,593.0	3,043.8
Profit before income tax	332.0	3,165.8	4,310.2	2,979.0	2,110.3
Income tax expense	(93.3)	(730.2)	(758.8)	(586.9)	(627.9)
Profit for the year/period	238.6	2,435.5	3,551.4	2,392.0	1,482.4
Attributable to:					
Equity owner of our Company	141.0	2,248.2	3,343.5	2,179.0	1,334.4
Minority interests	97.7	187.3	208.0	213.0	148.0
	238.6	2,435.5	3,551.4	2,392.0	1,482.4
Dividends	404.0	798.9	1,161.4	178.3	160.6

	As of 31 December			As of 30 June
	2003	2004	2005	2006
	(audited)	(audited)	(audited)	(audited)
		(RMB millions)		
Summary combined balance sheet information(2)				
IFRS				
ASSETS				
Non-current assets	10,433.2	12,414.8	14,489.6	16,000.2
Current assets	8,352.8	10,350.0	12,272.5	12,386.2
Total assets	18,786.0	22,764.8	26,762.1	28,386.4
EQUITY AND LIABILITIES				
Total equity	2,044.7	2,935.6	4,593.9	5,955.2
Non-current liabilities	6,902.0	8,490.4	9,372.7	9,886.6
Current liabilities	9,839.2	11,338.8	12,795.5	12,544.6
Total equity and liabilities	18,786.0	22,764.8	26,762.1	28,386.4

(1) The summary combined income statement information for each of the years in the three-year period ended 31 December 2005 and the six months ended 30 June 2005 and 2006 include the results of certain businesses and assets retained by ChinaCoal Group after the Restructuring.

(2) The summary combined balance sheet information as of 31 December 2003, 2004, 2005 and 30 June 2006 include certain businesses and assets retained by ChinaCoal Group after the Restructuring.

	Year ended 31 December			Six months ended 30 June	
	2003	2004	2005	2005	2006
	(audited)	(audited)	(audited)	(unaudited)	(audited)
			(RMB millions)		
Summary combined cash flow information					
Net cash from operating activities	985.1	3,490.7	2,765.4	1,705.2	1,143.0
Net cash used in investing activities	(2,095.1)	(2,525.7)	(2,717.7)	(1,135.9)	(1,963.4)
Net cash from/(used in) financing activities	1,211.8	(694.8)	(153.9)	287.1	(25.9)

Other Summary Financial Information

The following table sets forth a full quantitative reconciliation of EBITDA to its most directly comparable IFRS equivalent, profit for the year, and the calculation of EBITDA margin.

	Year ended 31 December			Six months ended 30 June	
	2003	2004	2005	2005	2006
			(RMB millions)		
Profit for the year	238.6	2,435.5	3,551.4	2,392.0	1,482.4
Income tax expense	(93.3)	(730.2)	(758.8)	(586.9)	(627.9)
Share of profits/(losses) of associates	0.7	(1.9)	(6.1)	3.1	(1.2)
Finance costs	(675.4)	(527.8)	(112.3)	(23.7)	(291.5)
Depreciation and amortization	(632.5)	(871.3)	(1,005.5)	(436.4)	(561.4)
EBITDA[(1)] (unaudited)	1,639.1	4,566.7	5,434.1	3,435.9	2,964.4
Revenue	14,480.8	22,163.8	30,061.3	15,011.9	14,679.7
EBITDA Margin[(1)] (unaudited)	11.3%	20.6%	18.1%	22.9%	20.2%

(1) EBITDA, which is used to measure our operating performance, is defined as profit for the year plus finance costs, share of profits/(losses) of associates, income tax expense and depreciation and amortization. EBITDA margin is calculated by dividing EBITDA by total operating revenue. We present our EBITDA and EBITDA margin here to provide additional information regarding our operating performance and because our management believes EBITDA is useful to investors as a measure commonly used by securities analysts, investors and other interested parties in the evaluation of the performance of companies in the mining industry. EBITDA is not a standard measure under IFRS. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA does not account for taxes, interest expense or other non-operating cash expenses. In evaluating EBITDA, we believe that investors should consider, among other things, the components of EBITDA such as turnover and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges.

SUMMARY HISTORICAL OPERATING DATA

The following tables set forth summary operating data of each of our segments after elimination of inter-segment sales for the periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2003		2004		2005		2005		2006	
	Sales volume	Sales	Sales volume	Sales	Sales volume	Sales	Sales volume	Sales	Sales volume	Sales
	(tonnes)	(RMB)	(tonnes)	(RMB)	(tonnes)	(RMB)	(tonnes)	(RMB)	(tonnes)	(RMB)
					(in millions)					
Coal operations segment										
Coal production and sales . . .										
Thermal coal										
Domestic sales	21.6	3,528.0	29.7	7,198.4	37.1	10,687.1	15.7	4,503.2	20.3	6,105.8
Overseas sales	13.7	3,335.1	14.9	5,078.6	11.3	5,246.3	6.4	2,896.5	4.3	1,739.3
Sub-total	35.3	6,863.1	44.6	12,276.9	48.4	15,933.4	22.1	7,399.7	24.6	7,845.2
Coking coal										
Domestic sales	1.6	531.3	2.0	954.0	2.4	1,482.1	1.2	778.9	1.4	832.9
Overseas sales	0.4	114.4	0.2	144.2	0.2	181.3	0.1	75.9	0.1	123.9
Sub-total	2.0	645.6	2.2	1,098.2	2.6	1,663.4	1.3	854.8	1.6	956.7
Total coal production and sales	37.3	7,508.7	46.9	13,375.1	51.0	17,596.8	23.4	8,254.5	26.2	8,801.9
Coal trading										
Proprietary coal trading	16.2	4,025.5	10.0	4,159.2	21.1	7,263.4	10.5	4,231.5	7.3	2,856.5
Import/export-related services	25.8	122.4	23.3	198.7	20.1	287.5	9.8	114.2	10.1	102.6
Total coal trading	42.0	4,148.0	33.3	4,357.9	41.2	7,550.9	20.3	4,345.6	17.4	2,959.1
Total coal operations	79.2	11,656.7	80.1	17,733.0	92.2	25,147.7	43.6	12,600.1	43.5	11,761.0

	Year ended 31 December						Six months ended 30 June			
	2003		2004		2005		2005		2006	
	Sales volume	Sales	Sales volume	Sales	Sales volume	Sales	Sales volume	Sales	Sales volume	Sales
	(tonnes)	(RMB)	(tonnes)	(RMB)	(tonnes)	(RMB)	(tonnes)	(RMB)	(tonnes)	(RMB)
					(in millions)					
Coking operations segment										
Coke production and sales	0.1	83.3	0.2	241.7	0.7	624.8	0.2	215.1	0.6	573.9
Coke trading and services	0.9	981.7	0.8	1,797.5	0.6	966.5	0.4	723.5	0.4	438.5
Total coking operations	1.0	1,064.9	1.0	2,039.2	1.3	1,591.3	0.6	938.6	1.0	1,012.4

	Year ended 31 December			Six months ended 30 June	
	2003	2004	2005	2005	2006
	(RMB million)				
Coal mining equipment manufacturing operations segment					
Domestic sales	1,024.4	1,458.0	1,880.0	886.2	879.0
Overseas sales	33.5	21.4	11.1	2.9	92.9
Total coal mining equipment manufacturing operations	1,057.9	1,479.4	1,891.2	889.1	971.9

PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2006

The following sets forth certain preliminary unaudited profit forecast data in the year ending 31 December 2006. See "Appendix III — Profit Forecast".

Forecast consolidated profit attributable to equity holders of our Company for the year ending 31 December 2006 [(1)]	not less than RMB3,147.1 million
Forecast earnings per Share	not less than
(a) pro forma fully diluted[(2)]	RMB0.280 (HK$0.278)
(b) weighted average[(3)]	RMB0.388 (HK$0.384)

(1) The bases and assumptions on which the above profit forecast has been prepared are summarized in Appendix III.

(2) The calculation of the forecast earnings per Share on a pro forma diluted basis is based on the forecast consolidated profit attributable to equity holders for the year ending 31 December 2006 assuming that the Global Offering was completed on 1 January 2006 and a total of 11,246,374,000 Shares were in issue during the entire year. This calculation assumes that (i) the Over-allotment Option is not exercised and (ii) 3,246,374,000 Offer Shares were issued by our Company on 1 January 2006.

(3) The calculation of the forecast earnings per Share on a weighted average basis is based on the forecast consolidated profit attributable to equity holders for the year ending 31 December 2006 and a weighted average number of 8,115,624,279 Shares issued and outstanding during the year. This calculation assumes that (i) the Over-allotment Option is not exercised and (ii) 3,246,374,000 Offer Shares will be issued by our Company pursuant to the Global Offering on 19 December 2006.

GLOBAL OFFERING

The Global Offering by us consists of:

- the offer by us of initially 162,320,000 H Shares, or Hong Kong Public Offer Shares, for subscription by the public in Hong Kong, referred to in this Prospectus as the Hong Kong Public Offering; and

- the offer by us of initially 3,084,054,000 H Shares, or International Offer Shares, referred to in this Prospectus as the International Offering, consisting of the offering of our H Shares (i) in the United States to QIBs in reliance on Rule 144A under the U.S. Securities Act, and (ii) outside the United States in reliance on Regulation S under the U.S. Securities Act. At any time from the date we sign the International Underwriting Agreement until 30 days after the last day for the lodging of applications in the Hong Kong Public Offering, the joint bookrunners, as representatives of the International Offering Underwriters, have an option to purchase up to an additional 486,956,000 H Shares from us, representing 15.0% of the initial size of the Global Offering, at the Offer Price.

The number of Hong Kong Public Offer Shares and International Offer Shares is subject to adjustment and reallocation as described in "Structure of the Global Offering."

OFFER STATISTICS

	Based on an Offer Price of HK$3.20 per H Share	Based on an Offer Price of HK$4.05 per H Share
Market capitalization of our Shares[(1)]	HK$35,988.4 million	HK$45,547.8 million
Prospective price/earnings multiple		
(a) pro forma fully diluted[(2)]	11.5 times	14.6 times
(b) weighted average[(3)]	8.3 times	10.5 times
Unaudited pro forma adjusted net tangible asset value per H Share[(4)]	HK$1.24	HK$1.47

(1) All statistics in this table are based on the assumption that the Over-allotment Option is not exercised. The calculation of market capitalization is based on 11,246,374,000 Shares expected to be issued and outstanding following the Global Offering.

(2) The calculation of the prospective price/earnings multiple on a pro forma fully diluted basis is based on the forecast earnings per Share in the year ending 31 December 2006 on a pro forma fully diluted basis.

(3) The calculation of the prospective price/earnings multiple on a weighted average basis is based on the forecast earnings per H Share in the year ending 31 December 2006 on a weighted average basis, assuming the Global Offering was completed on 19 December 2006.

(4) The unaudited pro forma adjusted net tangible assets per H Share is calculated after making the adjustments referred to in the Section headed "Unaudited pro forma adjusted net tangible assets statement" in "Appendix II — Unaudited Pro Forma Financial Information" and based on 11,246,374,000 Shares expected to be issued and outstanding following the Global Offering.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$11.3 billion, assuming that the Over-allotment Option is not exercised, after deducting the underwriting commissions and other estimated offering expenses payable by us and assuming an initial public Offer Price of HK$3.625 per H Share, being the mid-point of the indicative Offer Price range set forth on the cover page of this Prospectus. We intend to use these net proceeds for the following purposes:

- A maximum of 65.0%, or approximately RMB7.4 billion (equivalent to approximately HK$7.3 billion) is expected to be used primarily for the construction of future open pit mines and underground mines, related coal processing plants and dedicated railways planned for development in our Pingshuo Mining Area. Of this total amount, we plan to use RMB 6.3 billion for the construction of mines, RMB 0.7 billion for the construction of coal processing plants and RMB 0.4 billion for the construction of dedicated railways;

- A maximum of 25.0%, or approximately RMB2.8 billion (equivalent to approximately HK$2.8 billion), is expected to be used to repay bank loans. The relevant bank loans mainly are borrowings from four PRC commercial banks and their maturity dates range from 1 January 2007 to 20 November 2015. In addition, the annual interest rates of these bank loans range from 4.93% to 6.12%. These loans are used as working capital and for the construction of the Antaibao Mines and the Anjialing Mines; and

- the remaining balance to fund our working capital.

To the extent that the net proceeds of the Global Offering derived from unused capital are not immediately applied to the above purposes, we intend to deposit the proceeds in interest-bearing bank accounts, such as short-term savings accounts or basic short-term money market funds, with licensed commercial banks and/or authorized financial institutions in Hong Kong or China.

In the event that the Over-allotment Option is exercised in full, we estimate that we will receive net proceeds from the sale of these additional Offer Shares of approximately HK$1.7 billion, after deducting the underwriting commissions and other estimated offering expenses payable by us and assuming the same initial public Offer Price as stated above. We intend to use these net proceeds to expand and upgrade our coal mines and coal processing plants.

In the event that the Offer Price is set at the high-end of the proposed Offer Price range and the Over-allotment Option is not exercised at all, our Company will receive net proceeds of approximately HK$12.6 billion. The additional net proceeds of approximately HK$1.3 billion will be used to develop our coal production facilities and ancillary facilities. In the event that the Offer Price is set at the high end of the proposed Offer Price range and the Over-allotment Option is exercised in full, our Company will receive net proceeds of approximately HK$14.5 billion and the additional net proceeds of approximately HK$1.9 billion arising from the exercise of the Over-allotment Option will be used in the construction of our coal production facilities and related ancillary facilities.

In the event that the Offer Price is set at the low end of the proposed Offer Price range and the Over-allotment Option is not exercised at all, our Company will receive net proceeds of approximately HK$9.9 billion. Under such circumstances, the net proceeds allocated to working capital will be reduced. In the event that the Offer Price is set at the low-end of the proposed Offer Price range and the Over-allotment Option is exercised in full, our Company will receive net proceeds of approximately HK$11.4 billion. The additional net proceeds of approximately HK$1.5 billion (when compared to the net proceeds to our Company with the Offer Price being determined at the low end of the stated range and assuming the Over-allotment Option is not exercised) will be used in the construction of our coal production facilities and related ancillary facilities.

DIVIDEND POLICY

After completion of the Global Offering, our shareholders will be entitled to receive dividends declared by us. The payment and the amount of any dividends will be at the discretion of our Board and will depend on our general business condition and strategies, cash flows, financial results and capital requirements, interests of our shareholders, taxation conditions, statutory and regulatory restrictions and other factors that our Board deems relevant. Any dividend distribution shall also be subject to approval of our shareholders. Under the PRC Company Law and our Articles of Association, all of our shareholders have equal rights to dividends and distributions. For holders of our H Shares, cash dividend payments, if any, will be declared by our Board in Renminbi and paid in Hong Kong dollars.

We intend to distribute 20% to 30% of our net distributable profit for the periods subsequent to the Global Offering. See "Financial Information — Dividend policy."

PRE-ESTABLISHMENT DISTRIBUTION AND SPECIAL DIVIDENDS

In accordance with the *"Provisional Regulations Relating to Corporate Reorganization of Enterprises and Related Management of State-owned Capital and Financial Treatment"* (the *"Provisional Regulations"*) issued by the MOF, we are required to make a distribution (the "Pre-establishment Distribution") to ChinaCoal Group, our sole shareholder prior to the Global Offering, in the amount equal to the difference in our Company's net asset value as at 1 October 2005, the date immediately following our last valuation date, and as at 21 August 2006, the date immediately prior to the date on which our Company was incorporated. The Pre-establishment Distribution represents a surplus between the value of our net assets as at our incorporation date over the value of the net assets as at the last valuation date, and we are required by the Provisional Regulations to return such surplus to ChinaCoal Group.

On 23 August 2006, our shareholders' meeting resolved that ChinaCoal Group will be entitled to all of our distributable profits generated from 22 August 2006 to the date at the end of the month prior to the date of capital verification for the Global Offering, which, assuming that the Global Offering is completed on 19 December 2006, would mean up to 30 November 2006 (the "Special Dividends").

We currently estimate the total amount of the Pre-establishment Distribution and the Special Dividends to be RMB 1,210.0 million, of which (i) the Pre-establishment Distribution is based on the difference in our net asset value as stated in our management accounts as of 1 October 2005 and as of 21 August 2006 and (ii) the Special Dividends are calculated on a pro rata basis based on the number of days from 22 August 2006 to 30 November 2006, and a net profit per day calculation based on the net profits as recorded in our management accounts for the three months ended 30 September 2006.

We will determine the actual amount of the Pre-establishment Distribution and Special Dividends by reference to our accounts for the period from 1 October 2005 to 30 November 2006. We will engage PwC to perform a special audit of our accounts for the period from 1 October 2005 to 30 November 2006, which is expected to be completed by 30 April 2007. We expect to finance the Pre-establishment Distribution and the Special Dividends to ChinaCoal Group from our existing cash on hand prior to the Global Offering. Payment of the Pre-establishment Distribution and the Special Dividends will take place after the Global Offering and after the special audit of our accounts for the period from 1 October 2005 to 30 November 2006 is completed. The Pre-establishment Distribution is determined based on audited accounts prepared in accordance with PRC GAAP. The Special Dividends will be determined based on audited accounts prepared in accordance with PRC GAAP and IFRS, whichever is lower, after deducting any contribution made by the Company to the statutory and discretionary reserve funds. We will publish an announcement of the final amount of the Pre-establishment Distribution and the Special Dividends and the outcome of the special audit prior to the payment of the Pre-establishment Distribution and the Special Dividends to ChinaCoal Group.

Holders of H Shares are not entitled to share in the Pre-establishment Distribution or Special Dividends. ChinaCoal Group is the only shareholder entitled to the Pre-establishment Distribution and the Special Dividends. In addition, any distributable profits available for distribution to our shareholders after the Global Offering will exclude the Pre-establishment Distribution and the Special Dividends.

The Pre-establishment Distribution is required to be paid to ChinaCoal Group under regulations issued by the MOF. We decided to distribute the Special Dividends based on our commercial discretion. You should not rely on the Pre-establishment Distribution and Special Dividends as an indication of our future dividend distribution policy or practice.