

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

MANAGEMENT

Board of Directors

The Board of our Company consists of nine Directors, including five independent non-executive Directors. All of these Directors bear their offices upon being elected in our shareholders' meetings dated 18 August 2006, 23 August 2006 and 21 November 2006. The term of directorship is three years, which is renewable upon re-election or new appointment. The SASAC may assign nominees, and may require ChinaCoal Group to recommend these nominees to be appointed as Directors and members of the senior management team of our Company. It may also require ChinaCoal Group to terminate the offices of Directors and members of the senior management team.

Our Board is accountable to the shareholders, and the powers it may exercise includes but is not limited to the following:

- (a) convene shareholders' meetings, and report the work of our Board during such meetings;
- (b) implement the resolutions reached in the shareholders' meeting;
- (c) determine our business plans and investment proposals;
- (d) formulate our annual budget and financial report;
- (e) formulate plans for the distribution of profits and the remediation of losses for our Company;
- (f) formulate proposals on increasing or decreasing our registered share capital and issuing our debentures;
- (g) formulate plans regarding the major acquisitions and share re-purchases by our Company, as well as plans regarding any merger, division or dissolution;
- (h) reach decisions on internal management;
- (i) appoint or remove the president of our Company, appoint or remove members of the senior management team according to the suggestions of the president, and determine their remuneration, awards and disciplinary matters;
- (j) formulate our fundamental management system; and
- (k) formulate proposals for any amendments to the constitution of our Company.

Except with regard to items (f), (g) and (k) above and where our Company decides to provide a guarantee for a loan owed by third parties, an affirmative vote of at least two thirds or more of all of our Directors will be required. Resolutions of all other matters as abovementioned can be resolved by the affirmative vote of more than one-half of our Directors.

In addition to Board approval, the approval of the shareholders must be obtained regarding plans for the distribution of profits and the remediation of losses for our Company; changes in the registered share capital; issuance of debentures; amendment of the constitution of our Company; and major transactions including any acquisition, disposal, merger, division or dissolution.

Two of our Directors are currently affiliated with ChinaCoal Group or an affiliate of ChinaCoal Group.

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Supervisory Committee

The PRC Company Law provides that a supervisory committee must be set up by a joint stock company with limited liability. The supervisory committee is responsible for overseeing the financial matters of our Company and monitoring the conduct of the Board and members of the management team. The supervisory committee of our Company constitutes three members. One of the members is an employee representative elected by our employees. The remaining members are appointed by shareholders in the general meeting. One of the members serves as the chairman of the supervisory committee. Committee members cannot hold concurrent offices as a Director, the President or the Chief Financial Officer. The term of each committee member is three years, which is renewable upon re-election or new appointment.

The responsibilities and powers of the supervisory committee include:

- review and verify the financial reports and other financial information prepared by the Board and which are proposed to be presented at the shareholders' meetings;
- supervise the Directors, the president, vice-presidents and other senior officers of our Company to prevent them from abusing their powers or infringing upon the interests of our Company;
- propose to hold special general meetings; and
- exercise other powers provided by our Articles of Association.

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The following table sets out certain information regarding our Directors:

<u>Name</u>	<u>Age</u>	<u>Position</u>
JING Tianliang.....	61	Chairman of the Board and Executive Director
ZHANG Baoshan.....	53	Vice-Chairman of the Board and Non-Executive Director
YANG Lieke	48	Executive Director and President
PENG Yi.....	44	Executive Director, Executive Vice-president and Chief Financial Officer
GAO Shangquan	77	Independent Non-Executive Director
ZHANG Ke	53	Independent Non-Executive Director
PENG Ru Chuan	58	Independent Non-Executive Director
WU Rongkang	66	Independent Non-Executive Director
LI Yanmeng	62	Independent Non-Executive Director

Directors

JING Tianliang, aged 61, has served as Chairman of the Board and an Executive Director of our Company since August 2006. He is also the President of ChinaCoal Group. He held offices in the Deputy Director General of the Ministry of Coal Industry (煤炭工業部), the Ministry of Energy Resources (國家能源局) and China National Coal Corporation (中國統配煤礦總公司); the Director General of the General Office and the Department of Foreign Affairs of the State Administration of Coal Industry (國家煤炭工業局); and the Chairman of the board of directors and the President of China National Coal Industry Import and Export Corporation (中國煤炭工業進出口總公司). He is also the Vice Chairman of the China National Coal Association (中國煤炭工業協會) and the Sub-council of Coal Industry under the China Council for the Promotion of International Commerce (中國貿易促進會煤炭行業分會暨國際商會煤炭行業分會), and a

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senior adviser and adjunct professor at China University of Mining and Technology (中國礦業大學). Mr. Jing has extensive experience in enterprise operation and management, and has more than 40 years of management and operation experience in this industry. Mr. Jing is also a professorate senior engineer and a senior professional manager in the coal industry, and enjoys a special government allowance granted by the State Council. Mr. Jing graduated in November 1967 from Xi'an Mining Institute (西安礦業學院) and majored in electrical and mechanical engineering.

ZHANG Baoshan, aged 53, has served as the non-executive Director and Vice-chairman of our Company since August and November 2006, respectively. He is also the Vice President and Chief Engineer of ChinaCoal Group. He held various offices including Mine Manager, Deputy Director General and Director General of Datong Coal Mining Bureau (大同礦務局), and the President and Chairman of the board of directors of Pingshuo Coal Industry Company (平朔煤炭工業公司). Mr. Zhang is familiar with coal mining technology and has profound understanding of the coal mining industry in China. Mr. Zhang has over 30 years of operational and management experience in the industry. Mr. Zhang is a senior engineer and a senior professional manager in the coal industry and enjoys a special governmental allowance granted by the State Council. He graduated in September 1977 from Zhejiang University and majored in applied hydraulic technology.

YANG Lieke, aged 48, has served as the Executive Director and President of our Company since August 2006. He was the Managing Director of China Coal Import & Export Company (中國煤炭進出口公司), and was the Manager of the logistics department and planning department of China National Coal Industry Import & Export Corporation (中國煤炭工業進出口總公司). Mr. Yang is familiar with the process of production, operation and management of coal enterprises and the domestic and international coal mining market. He has extensive experience in enterprise production operation and management, and has more than 20 years of experience in the industry. Mr. Yang is a senior engineer and graduated in June 1982 from Xi'an Mining Institute (西安礦業學院) (now known as Xi'an Science and Technology University (西安科技大學)), with a bachelor's degree and majored in mining engineering. Mr. Yang is currently a director of Shanghai Datun Energy, a company listed on the Shanghai Stock Exchange.

PENG Yi, aged 44, has served as the Executive Director, Executive Vice President and Chief Financial Officer of our Company since August 2006. Before joining our Company, Mr. Peng was the Vice President of ChinaCoal Group. He was also the Head of the Design Department of Zhongnan Architectural Design Institute (中南建築設計院設計事務所), the Deputy Head of Zhongnan Architectural Design Institute, Shenzhen Branch (中南建築設計院深圳分院), Head of the Finance Department of Zhongnan Architectural Design Institute (中南建築設計院財務處), Deputy General Manager, Chief Economist and Chief of Finance of Wuhan Kaidi Electric Power Company Limited (武漢凱迪電力股份有限公司), the Chairman of the board of directors of Wuhan Gelin Tiandi Environmental Protection Enterprises Group Company Limited (武漢格林天地環保產業集團有限公司) and Chairman of the board of directors of Wuhan Kaida Lantian Science and Technology Company Limited (武漢凱迪藍天科技有限公司). Mr. Peng is very experienced in enterprise and financial management and capital operation. He graduated in July 1984 from Wuhan Institute of Building Materials Industry (武漢建築材料工業學院) (now known as Wuhan University of Technology (武漢理工大學)) and obtained a Master's Degree in Business Administration (MBA) from Wuhan University (武漢大學) in June 1999. He is also a senior engineer.

GAO Shangquan, aged 77, is a professor and senior researcher. He has served as the independent non-executive Director of our Company since August 2006. Before joining our Company, he was the Vice Minister of State Commission for Restructuring the Economic Systems (國家經濟體制改革委員會), the

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President of the China Society of Economic Reform (中國經濟體制改革研究會); the Chairman of China Enterprise Reform and Development Society (中國企業改革與發展研究會); the Head of China (Hainan) Reform and Development Institute (中國(海南)改革發展研究院); a member of the United Nations Development Policies Committee (聯合國發展政策委員會); an adjunct professor and the professor directing PhD students at Beijing University (北京大學), Shanghai Jiaotong University (上海交通大學) and Nankai University (南開大學); and the Dean and professor of the Management Department of Zhejiang University (浙江大學). He has been enjoying a special governmental allowance granted by the State Council since 1993. As a member of the China Society of Economic Reform (中國經濟體制改革研究會), he has been involved in the analysis of the economic systems and reforms and has led several research projects since 1982. Mr. Gao graduated in 1952 from the Department of Economics of Shanghai St. John University (上海聖約翰大學). Mr. Gao is currently an independent director of three A-share companies listed on the Shanghai Stock Exchange, which are China Minsheng Bank Ltd., China Unicom Limited and Minmetals Development Company Limited. He also served as an independent director of Baoshan Iron & Steel Co., Ltd. from February 2001 to May 2006. With his experience and expertise in the economic reforms and systems in China, our Board will benefit from the advice of Mr. Gao on strategic planning and investment plan formulation.

ZHANG Ke, aged 53, a certified public accountant of the Chinese Institute of Certified Public Accountants, has served as the independent non-executive Director of our Company since August 2006. He is also a senior certified accountant with qualification in securities dealing. Mr. Zhang was the Chairman of the board of directors and the principal partner of Shinewing Accountant (信永中和會計師事務所); Vice President of China Institute of Certified Public Accountants (中國註冊會計師協會); adjunct professor at the Department of Accounts of China People's University (中國人民大學); a committee member of the examination board of the Certified Accountants of the Ministry of Finance (財政部註冊會計師考試委員會); the Departmental Manager of China International Economics Consultants (中國國際經濟諮詢公司部門); the Deputy Executive Officer of Zhongxin Accountants Firm (中信會計師事務所); Deputy General Manager of Zhongxin Yongdao Accountants Firm (中信永道會計師事務所); a partner of Coopers & Lybrand International; General Manager of Zhongxin Yongdao Accountants Firm (中信永道會計師事務所), Vice Executive Director of Coopers & Lybrand, China. Mr. Zhang is currently an independent director of China Minsheng Bank Ltd, an A-share Company listed on the Shanghai Stock Exchange and three other H-share Companies, Air China Limited (also listed on the Shanghai Stock Exchange), HC International Inc. and Panva Gas Holdings Limited. Mr. Zhang obtained a Bachelor's degree in Economics from the Industrial Economics Department of China People's University in 1982 (中國人民大學). Mr. Zhang has more than 20 years of experience in reviewing and analyzing financial statements of listed companies. He has supervised a number of domestic and overseas listings and large scale management consultation and investment projects, and has given professional opinions in the course of work. He has extensive experience in dealing with internal and external auditors regarding the supervision of internal control and the auditing of financial statements. The Directors have evaluated Mr. Zhang's education, qualifications and experience and are satisfied that he has the necessary qualification and experience for the purpose of Rule 3.10(2) of the Hong Kong Listing Rules. With Mr. Zhang's accounting and financial management expertise, the board will benefit from the advice of Mr. Zhang in areas relating to accounting and finance as well as matters relating to corporate governance practices such as internal control and internal audit.

PENG Ru Chuan, aged 58, has served as an independent non-executive Director of our Company since August 2006. Mr. Peng currently serves as a Senior Inspector General of the Nomura International (Hong Kong) and a director of Brescia International Ltd., Brescia International (Hong Kong) Ltd. and Artemis International Group Ltd. Prior to joining our Company, he served as a Director of The Stock Exchange of Hong Kong (China), a senior supervisor of the China Development and Listing Promotion Department of the

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Hong Kong Stock Exchange, and has engaged in investment and research work in several organizations including the China National Aviation Corporation in China and the LAREI research institute in the United States. Mr. Peng has a Master's degree in arts statistics and a Master's degree in biology statistics from the University of California. The Directors are of the view that our Company can benefit from Mr. Peng's knowledge and experience on the compliance obligations applicable to companies listed on the Hong Kong Stock Exchange.

WU Rongkang, aged 66, graduated from the Mining Department of Huainan Mining Institute (淮南礦業學院) in September 1961. He has served as the independent non-executive Director of our Company since November 2006. He is a professorate senior engineer, and serves in the China National Coal Association (中國煤炭工業協會) as an adviser and in the Technology Consulting Council as a deputy director (技術諮詢委員會) since January 2006. Mr. Wu served as a technician, an engineer, the chief engineer and the deputy general manager of Liyi Coal Mine in Huainan Mining Administration (淮南礦務局李一煤礦). He was appointed deputy director-general in Anhui Coal Mining Industry Company (安徽煤炭工業公司) in April 1983, deputy director-general of Huaibei Coal Mine Bureau (淮北礦務局) in 1986, and deputy director-general of Production Coordination Department of the Ministry of Coal Industry (國家煤炭工業部生產協調司) in May 1993. Since July 1998, he was appointed director-general of Economic Operation Center of the State Administration of Coal Industry (國家煤炭局經濟運行中心), president of the China Coal Enterprises Association (中國煤炭企業協會), and executive vice president of the China National Coal Association. Mr. Wu has extensive professional knowledge in the coal industry and has work experience of over 40 years which is related to coal production and technological management.

Li Yanmeng, aged 62, is a senior engineer. He has served as the independent non-executive Director of our Company since November 2006. Mr. Li graduated from the Electric Engineering Department of Wuhan School of Water Resource and Hydropower (武漢水電學院) in September 1981 with a major in power plant and electric system. Mr. Li worked in the Shandong Xinwen Electric Equipment Factory (山東新汶綫路器材廠), and the First Engineering Department of Shandong Electric Construction Corp. (山東電力建設第一工程處). After graduation from college, he worked as a deputy director, a deputy manager and a manager in the Second Engineering Department of Shandong Electric Construction Corp. (山東電力建設第二工程處), as the general manager in Huangtai Power Plant (黃台發電廠), and as a director assistant in Shandong Electricity Power Bureau (山東電力工業局). In 1994, he was appointed deputy director-general of Construction Coordination Department of Ministry of Electric Industry (電力工業部建設協調司), deputy director-general of Key Construction Department (重點建設司), deputy director-general of Investment Department (投資司), director-general of Basic Industry Development Department (基礎產業發展司) of the State Planning Commission (國家計委), and director-general of the Office of the National Electric Reform Working Team (國家電力體制改革工作小組辦公室). In December 2002, he was appointed vice president of State Grid Corporation (國家電網公司). Mr. Li has extensive work experience for substantive periods in various power enterprises and State departments of macro-economic controls relating to basic energy management.

Supervisors

The following table sets out certain information regarding the Supervisors of our Company:

<u>Name</u>	<u>Age</u>	<u>Position</u>
DU Ji'an	45	Chairman of the Supervisory Committee
ZHOU Litao	46	Supervisor
CHEN Xiangshan	50	Employee Representative Supervisor

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DU Ji'an, aged 45, has served as the Chairman of the Supervisory Committee of our Company since August 2006. He is also the Chairman of the Labour Union of ChinaCoal Group and has extensive working experience in the Department of Construction (基建司), Department of Personnel (幹部司) and the General Office (辦公廳) of the Ministry of Coal Industry (煤炭工業部). He joined China National Coal Industry Import and Export Corporation in 1994, and has accumulated experience in enterprise management, team building, human resources development and management. Mr. Du is also the Vice Chairman of the board of directors of the China University of Mining and Technology (中國礦業大學), and a deputy chairman of the committee of China Association for Education of Coal Industry (中國煤炭教育協會). Mr. Du obtained a Bachelor's degree in Mine Construction from Shandong Mining Institute (山東礦業學院) (now known as Shandong Science and Technology University 山東科技大學) in July 1983. He is a senior engineer and enjoys a special governmental allowance granted by the State Council.

ZHOU Litao, aged 46, has served as a Supervisor of our Company since August 2006. Before taking on this office, he is the General Legal Counsel, Director of the Legal Department and senior economist of ChinaCoal Group. Mr. Zhou was the Director of the Legal Department of China National Coal Industry Import and Export Corporation (中國煤炭工業進出口總公司) since July, 1995 and has been the General Legal Counsel from July 2003. Mr. Zhou is familiar with Chinese Civil Law, Commercial Law, International Commercial Principles, and has rich experience in legal matters involving enterprises. He graduated in 1983 from Hubei Institute of Finance (湖北財經學院) (now known as Zhongnan University of Economics and Law (中南財經政法大學) with a Law Degree and is a qualified consultant on enterprise Law. He finished the management science and engineering course for Masters degree student by research in the China University of Mining and Technology (中國礦業大學) in September 2000.

CHEN Xiangshan, aged 50, has been serving as the Employee Representative Supervisor of our Company since August 2006. Prior to joining our Company, Mr. Chen is also the Vice President of China Coal and Coking Holdings Limited. Mr. Chen once held a leading position for substantive periods at Silaogou Mine of Datong Coal Mining Bureau (大同礦務局四老溝礦) as well as in Datong Coal Mining Bureau (大同礦務局). After 1995, he held a leading position at Antaibao Mine of Pingshuo Coal Industry Company and Pingshuo Coal Industry Company, and worked as General Manager of China Coal Products Group Corporation and Assistant General Manager and General Manager of China National Coal Production Technology Development Corporation. Mr. Chen has worked in the coal mining industry for an extensive period, has gained a thorough understanding of coal mining industry and has rich experience in operation and management. He obtained a Master's degree in International Politics from China Communist Party School in July 2000.

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Senior Management

The following table sets out certain information regarding the senior management of our Company:

<u>Name</u>	<u>Age</u>	<u>Position</u>
GAO Jianjun	48	Vice President
LI Fuyou	50	Vice President
QI Hegang	47	Vice President
NIU Jianhua	44	Vice President
ZHOU Dongzhou	47	Secretary to the Board and Joint Company Secretary

GAO Jianjun, aged 48, has served as the Vice President of our Company since August 2006. He has been the President Assistant, General Manager of the Department of Enterprise Development and senior engineer of ChinaCoal Group. Before joining ChinaCoal Group in December 1993, he served as an officer in the Human Resources Division and New Technology Promotion Division of the China Coal Research Institute (煤炭科學研究總院人事處) (新技術推廣處); and as a secretary in the General Office of China National Coal Corporation (中國統配煤礦總公司) and the General Office of the Ministry of Coal Industry (煤炭工業部辦公廳). After joining ChinaCoal Group, he has been the director of the human resources department and the enterprise development department of ChinaCoal Group. He became the Assistant to President in March 2005. Mr. Gao has worked in the coal mining industry for an extensive period, has gained a thorough understanding of the coal mining industry, and has developed rich management skills in respect of enterprise development strategies, restructuring and project investment. Mr. Gao obtained a Bachelor's degree in mining from Shandong Mining Institute (山東礦業學院) (now known as Shandong Science and Technology University (山東科技大學)) in 1982 and a Master's degree in engineering from Liaoning University of Engineering and Technology (遼寧工程技術大學) in 1998.

LI Fuyou, aged 50, has served as the Vice President of our Company since August 2006. Before joining our Company, he served as the President Assistant, Director of the Safety Supervisory Bureau and the Director of the Department of Production for ChinaCoal Group, and the Manager of ChinaCoal Group Heilongjiang Branch and Qinhuangdao Branch; Chairman of the Board of China National Coal Industry Qinhuangdao Imp. & Exp. Co., Ltd. (中國煤炭工業秦皇島進出口有限公司). Before he joined ChinaCoal Group in November 1995, he held leading positions at mines including the Hengshan Mine of Jixi Coal Mining Bureau and the Muleng Mine. Mr. Li has been involved in the production, operation and management of coal mining work for an extensive period, and has accumulated rich knowledge of the industry, has over 30 years of operational and management experience in the industry. He graduated in June 1991 from Harbin Normal University specialising in economics management (哈爾濱師範大學). He is a senior engineer and senior economist.

QI Hegang, aged 47, has served as the Vice President of our Company since August 2006. Before joining our Company, he served as the Vice Chief Engineer, Deputy Head, and Head for the Yaoqiao Mine of Datun Coal and Electricity (Group) Limited — Liability Company (大屯煤電(集團)有限責任公司), and the Chief Engineer of Datun Coal and Electricity (Group) Limited — Liability Company (大屯煤電(集團)有限責任公司). Mr. Qi has been involved in the production, operation and management of coal mining work for an extensive period and has developed extensive knowledge of the coal industry. He has over 30 years of operational and management experience in the industry. He graduated from Datun Coal and Electricity (Group) Limited — Liability Company Intermediate Specialized Institute

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(大屯煤電(集團)有限責任公司職工中等專科學校) in August 1986. He obtained a Master's degree in Industrial Construction from China University of Mining and Technology (中國礦業大學) in 2005. He is a senior engineer.

NIU Jianhua, aged 44, has served as the Vice President of our Company since August 2006. He was also the President Assistant of ChinaCoal Group and General Manager of the General Office of ChinaCoal Group. Before he joined ChinaCoal Group in August 1999, he served as an officer of the Department of Personnel of China Coal Research Institute of the Ministry of Coal Industry (煤炭工業部煤炭科學研究總院人事處), the Deputy Director of the Technical Personnel Division of the Department of Personnel and Secretary of the General Office of the Ministry of Coal Industry (煤炭工業部人事司技術幹部處). Mr. Niu has worked in this industry for an extensive period, has developed extensive understanding of the industry, and has rich experience in management. Mr. Niu obtained a Bachelor's Degree in Mathematics from Shandong Mining Institute (山東礦業學院) (now known as Shandong Science and Technology University 山東科技大學) in 1984. He is a senior engineer.

ZHOU Dongzhou, aged 47, has served as the Secretary to the Board and the Joint Company Secretary since August 2006. He served as the Deputy General Manager of China Coal Import & Export Company (中國煤炭進出口公司) before joining our Company. He was the foreign affairs officer of China University of Mining and Technology (中國礦業大學), Department of Science and Education of the Ministry of Coal Industry (國家煤炭工業部科技教育司) and the secretary of the General Office of the Ministry of Coal Industry (煤炭工業部辦公廳) and the General Office of State Administration of Coal Industry (國家煤炭工業局). After joining ChinaCoal Group in August 1999, he served as the Manager of the Department of Market Development, the Deputy General Manager of the Coal Trading Division, and the Deputy General Manager of China Coal Import & Export Company (中國煤炭進出口公司). Mr. Zhou obtained a Bachelor's degree in English from China University of Mining and Technology (中國礦業大學) (formerly known as China Institute of Mining and Technology) (中國礦業學院) in July 1982. He also obtained a Master's degree in Engineering from the same university in May 1997.

JOINT COMPANY SECRETARY

WANG Yuanheng, aged 45, has served as the Joint Company Secretary to our Company since August 2006. He was born in Singapore, and is a qualified lawyer in Hong Kong as well as England and Wales. He is a senior consultant in Livasiri & Co. and a senior foreign lawyer in Qiankun Law Firm in Beijing. He has developed expertise in mergers and acquisitions, listing and raising of finance, project finance, international investments and commercial law for more than 10 years. He obtained a Bachelor's degree in Laws from the University of Wales and a Postgraduate Certificate in Laws from University of Hong Kong.

REQUIREMENTS UNDER RULE 8.17 AND RULE 19A.16

Mr. Zhou Dongzhou does not possess the specified qualifications required by Rule 8.17 of the Hong Kong Listing Rules. Given the important role of the company secretary in the corporate governance of a listed issuer, particularly in assisting the listed issuer as well as its directors in complying with the Hong Kong Listing Rules and other relevant laws and regulations, we have the following arrangements:

- Our Company has engaged Mr. Wang Yuanheng, who meets the requirements under Rule 8.17 of the Hong Kong Listing Rules, as a joint company secretary to assist Mr. Zhou so as to enable him

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to acquire the relevant experience (required under 8.17(3) of the Hong Kong Listing Rules) to discharge the functions as company secretary of our Company.

- Mr. Wang will be engaged as our joint company secretary for an initial period of three years from the date of listing of the H Shares. As part of this arrangement, Mr. Wang will communicate regularly with Mr. Zhou on matters relating to corporate governance, the Hong Kong Listing Rules as well as others laws and regulations which are relevant to us and our other affairs. Mr. Wang will also assist Mr. Zhou in organizing board meetings and shareholders' meetings of our Company and other matters which are incidental to the duties of company secretary. Mr. Wang is not resident in the PRC but travels to Beijing regularly and can therefore render assistance to Mr. Zhou by regular contact and visits between them.
- Mr. Zhou had participated in a seminar presented by our Hong Kong legal advisers on the ongoing compliance obligations applicable to companies listed on the Hong Kong Stock Exchange. In order to keep Mr. Zhou abreast of his knowledge on the Hong Kong Listing Rules and other applicable laws and regulations, Mr. Zhou will endeavour to attend further relevant training courses on a regular basis, including briefings on the latest changes to the applicable Hong Kong laws and regulations and the Hong Kong Listing Rules organized by our Hong Kong legal advisers and other professional advisers on an invitation basis, as well as seminars organized by the Hong Kong Stock Exchange for PRC issuers from time to time.
- Mr. Zhou will continue to be assisted by our Joint Compliance Advisers, particularly in relation to Hong Kong corporate governance practices and compliance issues and our Hong Kong legal advisers, on matters concerning our ongoing compliance with the Hong Kong Listing Rules and the applicable laws and regulations.

We have applied to the Hong Kong Stock Exchange for, and have been granted, a waiver from strict compliance with the requirements of Rule 8.17 and Rule 19A.16 of the Hong Kong Listing Rules. Upon expiry of the initial three years period, the qualifications of Mr. Zhou will be re-evaluated to determine whether the appointment of Mr. Zhou as our company secretary will satisfy the requirements laid down in Rules 8.17 and 19A.16 of the Hong Kong Listing Rules.

QUALIFIED ACCOUNTANT

Xu Guannan, aged 29, has served as our Qualified Accountant since August 2006. Ms. Xu is employed by us on a full-time basis and is a member of our senior management as required under Rule 3.24 of the Hong Kong Listing Rules. Ms. Xu became a full member of the ACCA on 31 January 2005. Before she joined ChinaCoal Group in 2006, she was responsible for the internal finance and auditing work of Metro Cash & Carry Co., Ltd; the accounting work of the International Business Department of the Chengjian Office of China Construction Bank Beijing Branch; and was the auditor of Beijing Yongtuo Accountants' Firm (北京永拓會計師事務所). Ms. Xu graduated from Jiangxi University of Finance and Economics with a Bachelor of Economics, where she majored in international finance and international accounting.

MANAGEMENT PRESENCE IN HONG KONG: RULE 8.12 AND RULE 19A.15 REQUIREMENTS

According to Rule 8.12 and Rule 19A.15 of the Hong Kong Listing Rules, an issuer must have sufficient management presence in Hong Kong including at least two of the issuer's executive Directors as ordinary residents in Hong Kong. Since the operation of our Company is in the PRC, we do not and, for the

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foreseeable future, will not, have management presence in Hong Kong. Currently, all of our executive Directors reside in the PRC. Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 8.12 and Rule 19A.15 of the Hong Kong Listing Rules. We have made arrangements to maintain effective communication between us and the Hong Kong Stock Exchange. Both the authorized representatives of our Company, Mr. Peng Yi, Executive Director, and Mr. Zhou Dongzhou, Secretary to the Board and Joint Company Secretary, are PRC residents who will be readily contactable by the Hong Kong Stock Exchange and will be able to meet with the Hong Kong Stock Exchange to discuss any matters in relation to the Company on short notice. Mr. Wang Yuanheng, who is our Joint Company Secretary and resident in Hong Kong, also acts as a channel of communication with the Hong Kong Stock Exchange in addition to our authorized representatives. We believe that Mr. Wang Yuanheng will be in a position to represent our Company. As a Joint Company Secretary of our Company, he will have to familiarize himself with our affairs in order to comply with the obligations imposed on him under the Hong Kong Listing Rules, and he will have sufficient knowledge of our affairs in order to fulfill his responsibilities as an additional channel of communication with the Hong Kong Stock Exchange. We also have one independent non-executive Director (namely, Peng Ru Chuan) who is ordinarily resident in Hong Kong. In addition, we have agreed to retain CICC (HK) and Citigroup as our Joint Compliance Advisers which will serve as our further channel of communication with the Hong Kong Stock Exchange for the period from the Listing Date to the date when we mail our annual reports to our shareholders for the first full financial year immediately after our listing.

EMPLOYEES

Please refer to “Business — Employees”.

BOARD COMMITTEES

We have established the following four committees in our Board of Directors: an audit committee, a remuneration committee, a strategy planning committee and a safety, health and environmental committee. The committees operate in accordance with terms of reference established by our Board of Directors.

Audit Committee. We have established an audit committee in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Hong Kong Listing Rules. The primary duties of the audit committee are to review and supervise our financial reporting process. All members of the audit committee are appointed by the Board. The audit committee currently consists of four Directors, namely, Zhang Ke, Gao Shangquan, Peng Ru Chuan and Zhang Baoshan. Zhang Ke currently serves as the chairman of our audit committee.

The responsibilities of our audit committee after the completion of the Global Offering will include, among others:

- appointing and overseeing the work of our independent auditors and pre-approving all non-audit services to be provided by our independent auditors;
- reviewing our annual and interim financial statements, earnings releases, critical accounting policies and practices used to prepare financial statements, alternative treatments of financial information, the effectiveness of our disclosure controls and procedures and important trends and developments in financial reporting practices and requirements;

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- reviewing the planning and staffing of internal audits, the organization, responsibilities, plans, results, budget and staffing of our internal audit team and the quality and effectiveness of our internal controls;
- reviewing our risk assessment and management policies; and
- establishing procedures for the treatment of complaints received by us regarding accounting, internal accounting controls, auditing matters, potential violations of law and questionable accounting or auditing matters.

We believe that the composition and functioning of our audit committee following the completion of the global offering will comply with the applicable requirements of the Hong Kong Stock Exchange. We intend to comply with future requirements to the extent they become applicable to us.

Remuneration Committee. We have established a remuneration committee in compliance with the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules. The primary duties of the remuneration committee are to formulate the training and compensation policies and to determine and manage the compensation of our senior management. The remuneration committee currently consists of four Directors, namely, Peng Ru Chuan, Zhang Ke, Li Yanmeng and Peng Yi. Peng Ru Chuan currently serves as the chairman of our remuneration committee. The responsibilities of our remuneration committee include, among others:

- approving and overseeing the total compensation package for our executive officers, evaluating the performance of and determining and approving the compensation to be paid to our senior management;
- reviewing and making recommendations to our Board of Directors with respect to Director compensation, including equity-based compensation;
- administering and periodically reviewing and making recommendations to our board of directors regarding the long-term incentive compensation or equity plans made available to our Directors, employees and consultants; and
- reviewing and making recommendations to our Board of Directors regarding executive compensation philosophy, strategy and principles and preparing annual reports on the compensation of our senior management.

Strategic Planning Committee. We have established a strategic planning committee whose primary duties are to formulate our overall development plans and investment decision-making procedures. The strategic planning committee currently consists of six Directors, namely, Jing Tianliang, Gao Shangquan, Li Yanmeng, Wu Rongkang, Zhang Baoshan and Yang Lieke. Jing Tianliang currently serves as the chairman of our strategic planning committee. The responsibilities of our strategic planning committee include, among others:

- reviewing our long-term development strategies;
- reviewing major issues affecting our development; and
- reviewing significant capital expenditure, investment and financing projects that require approval of our Board.

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Safety, Health and Environmental Committee. We have established a safety, health and environmental committee, whose primary duties are to ensure that appropriate performance targets and benchmarks are in place for our health, safety and environmental obligations, as well as to monitor potential liabilities, changes in regulations, community expectations and technological changes which relate to safety, health and environmental issues. The safety, health and environment committee currently consists of three Directors, namely, Wu Rongkang, Zhang Baoshan, and Yang Lieke. Wu Rongkang currently serves as the chairman of our safety, health and environmental committee.

COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

We were incorporated on 22 August 2006. Prior to that, we did not exist as an independent legal entity and our operations were conducted by ChinaCoal Group. The compensation information set forth below for our Directors, Supervisors and various other employees, insofar as it relates to periods prior to our incorporation, is stated at historical amounts as if our current structure had been in existence throughout the relevant periods.

Our Directors, Supervisory Committee Member and senior management receive compensation in the form of salaries, bonuses, housing allowances and other benefits-in-kind, including our contribution to the pension plan on their behalf. The aggregate fees and compensation paid to our Directors, Supervisory committee and senior management in the years ended 31 December 2003, 2004 and 2005 were approximately RMB2.28 million, RMB3.15 million and RMB4.48 million, respectively. As required by PRC regulations, we participate in various defined contribution pension funds organized by provincial and municipal governments for our employees, including the employees who are also Directors, Supervisory Committee Member, and management personnel. Our Company contributed RMB0.18 million for our Directors, Supervisory Committee Members, and senior management in the year ended 31 December 2005. The aggregate amount of compensation we paid to our five highest paid individual employees during the year ended 31 December 2005 was approximately RMB2.61 million. Under the existing arrangements currently in force, the aggregate remuneration payable to and benefits-in-kind received by our Directors (including five independent non-executive Directors) and Supervisory Committee Members, in respect of the year ending 31 December 2006 are estimated to be approximately RMB2.54 million (including RMB0.48 million received by our independent non-executive Directors) and RMB1.15 million, respectively.

LONG TERM INCENTIVE PLAN

In order to incentivize and reward the management and other key employees of our Company, our Board and the shareholders intend to adopt a long-term incentive plan, which will be implemented after obtaining all applicable approvals.