

SHARE CAPITAL

As of the date of this Prospectus, the registered capital of our Company is RMB8,000,000,000 divided into 8,000,000,000 Domestic Shares of nominal value of RMB1.00 each.

Immediately upon completion of the Global Offering but without taking into account the exercise of the Over-allotment Option, our share capital will be as follows:

	Number of Shares	Percentage of share capital then in issue
<i>Issued and to be issued, fully paid or credited as fully paid:</i>		
Domestic Shares in issue (shares held by ChinaCoal Group)	7,675,363,000	68.25%
H Shares under the Global Offering	3,246,374,000	28.87%
H Shares held by NSSF	324,637,000	2.88%
	11,246,374,000	100.00%

Assuming (1) the Over-allotment Option is exercised in full; and (2) NSSF continues to hold the H Shares (converted from Domestic Shares) transferred to it by ChinaCoal Group up to the time of exercise of the Over-allotment Option, our share capital will be as follows:

	Number of Shares	Percentage of share capital then in issue
<i>Issued and to be issued, fully paid or credited as fully paid:</i>		
Domestic Shares in issue (shares held by ChinaCoal Group)	7,626,667,000	65.00%
H Shares under the Global Offering	3,733,330,000	31.82%
H Shares held by NSSF	373,333,000	3.18%
	11,733,330,000	100.00%

Our Shares

Upon completion of the Global Offering, Domestic Shares and H Shares are both ordinary shares in our share capital. However, subject to the exception stipulated by PRC law, H Shares may only be subscribed for by, and traded in Hong Kong dollars between, legal or natural persons of Hong Kong, Macau, China Taiwan or any country or region other than the PRC. Domestic Shares, on the other hand, may only be subscribed for by, and traded between, legal and natural persons or other qualified entities of the PRC (other than Hong Kong, Macau and China Taiwan) and must be subscribed for and traded in Renminbi. All cash dividends in respect of H Shares are to be paid by our Company in Hong Kong dollars whereas all dividends in respect of Domestic Shares are to be paid by our Company in Renminbi. In addition to cash, dividends may be distributed in the form of Shares. Any distribution of Shares, however, must be approved by special resolution of the shareholders. For holders of H Shares, dividends in the form of Shares will be distributed in the form of additional H Shares. For holders of Domestic Shares, dividends in the form of Shares will be distributed in the form of additional Domestic Shares.

Except as described above and in relation to the despatch of notices and financial reports to shareholders, dispute resolution, registration of shares on different parts of the register of shareholders, the method of share transfer and the appointment of dividend receiving agents, which are all provided for in the Articles of Association and summarized in “Appendix IX - Summary of Articles of Association”, the Domestic Shares and the H Shares will rank pari passu with each other in all respects and, in particular, will

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rank equally for all dividends or distributions declared, paid or made after the date of this Prospectus. However, the transfer of Domestic Shares is subject to such restrictions as PRC law may impose from time to time.

Under our articles of association, any change or abrogation of the rights of class shareholders should be approved by way of a special resolution of the general meeting of shareholders and by a separate meeting of shareholders convened by the affected class shareholders. However, as provided in our articles of association, the procedures for the approval by separate class shareholders shall not apply:

- (i) where we issue, upon approval by a special resolution of our shareholders in a general meeting, either separately or concurrently every twelve months, not more than 20% of each of the existing issued Domestic Shares and H Shares; or
- (ii) where our plan to issue A shares and H Shares on establishment is implemented within fifteen months from the date of approval by the securities regulatory authorities of the State Council; or
- (iii) upon the transfer of our Domestic Shares by the holders of our Domestic Shares to overseas investors and the listing and trading of such transferred shares on an overseas stock exchange provided that the transfer and trading of such transferred shares shall have obtained the approval of the authorized securities approval authorities of the State Council, including the CSRC.

We have not approved any share issue plan other than the Global Offering as of the date of this Prospectus.

We have given certain undertakings in respect of the issuance of the H Shares and other securities. See “Underwriting”.

TRANSFER OF OUR DOMESTIC SHARES FOR LISTING AND TRADING ON THE HONG KONG STOCK EXCHANGE

According to the stipulations by the State Council securities regulatory authority and our articles of association, the holders of our Domestic Shares may transfer our Domestic Shares to overseas investors, and such transferred shares may be listed or traded on an overseas stock exchange provided that the transfer and trading of such transferred shares shall have obtained the approval by the State Council securities regulatory authorities, including the CSRC. In addition, such transfer shall have completed any requisite internal approval process and complied with the regulations prescribed by the State Council securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant stock exchange. No approval by separate class meeting is required for the listing and trading of such transferred shares on an overseas stock exchange.

In this regard, if any holder of our Domestic Shares is to transfer its Domestic Shares to overseas investors and for listing and trading on the Hong Kong Stock Exchange, such transfer and conversion will need to obtain the approval of the relevant PRC regulatory authorities, including the CSRC. The listing of such converted shares on the Hong Kong Stock Exchange will also need to obtain the approval of the Hong Kong Stock Exchange.

Based on the procedures for the transfer and conversion of our Domestic Shares into H Shares as disclosed below, we can apply for the listing of all or any portion of our Domestic Shares on the Hong Kong Stock Exchange as H Shares in advance of any proposed transfer to ensure that the transfer process can be

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completed promptly upon notice to the Hong Kong Stock Exchange and delivery of shares for entry on the H Share register. As any listing of additional Shares after our initial listing on the Hong Kong Stock Exchange is considered by the Exchange to be a purely administrative matter, the Hong Kong Stock Exchange has advised us that it does not require such prior application for listing at the time of our initial listing in Hong Kong. The relevant procedural requirements for the transfer and conversion of our Domestic Shares to H Shares are:

- (1) The holder of Domestic Shares is to obtain the requisite approval of CSRC or the authorized securities approval authorities of the State Council for the transfer of all or part of its Domestic Shares into H Shares.
- (2) The holder of Domestic Shares is to issue to us a removal request in respect of a specified number of Shares attaching the relevant documents of title.
- (3) Subject to obtaining the approval of our board of directors, we would then issue a notice to our H Share registrar with instructions that, with effect from a specified date, our H Share registrar is to issue the relevant holders with H Share certificates for such specified number of Shares.
- (4) Such specified number of Domestic Shares to be transferred to H Shares are then re-registered on our H Share register maintained in Hong Kong on the condition that:
 - (a) our H Share registrar lodges with the Hong Kong Stock Exchange a letter confirming the proper entry of the relevant shares on the H Share register and the due dispatch of share certificate; and
 - (b) the admission of the H Shares (converted from Domestic Shares) to trade in Hong Kong will comply with the Hong Kong Listing Rules and the General Rules of CCASS and CCASS Operational Procedures in force from time to time.
- (5) Upon completion of the transfer and conversion, the shareholding of the relevant holder of Domestic Shares in our domestic share register will be reduced by such number of Domestic Shares transferred and the number of H Shares in the H Share register will correspondingly increase by the same number of Shares.
- (6) We will comply with the Hong Kong Listing Rules to inform shareholders and the public by way of an announcement of such fact not less than three days prior to the proposed effective date.

Upon completion of the Global Offering, ChinaCoal Group will be subject to the following regulatory transfer restrictions:

- Under the PRC Company Law, Shares which have been issued before we publicly issue Shares are prevented from being transferred within one year from the date of listing on a stock exchange.
- Under the Hong Kong Listing Rules, ChinaCoal Group as our controlling shareholder is prevented from, amongst others (i) disposing of or agreeing to dispose any of our Shares for a period of six months from the date of listing on the Hong Kong Stock Exchange; and (ii) during a period of six months thereafter, disposing of or agreeing to dispose of any of our Shares if, immediately after such disposition, they would respectively cease to be our controlling shareholder.

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TRANSFER OF SHARES TO NSSF

According to relevant State policy of the PRC, shareholders who hold State-owned shares are generally required to reduce their shares in an amount of 10% of the entire offering in any overseas public offering and either remit the sale proceeds of such shares to NSSF or transfer such shares to NSSF for retention. Pursuant to the approvals of the relevant PRC authorities, ChinaCoal Group is required to transfer to NSSF such number of Domestic Shares as shall be equivalent to 10% of the number of Offer Shares. These Domestic Shares will be converted into H Shares on a one-for-one basis upon the listing of the H Shares on the Hong Kong Stock Exchange and will be held by NSSF immediately thereafter. Such share transfer to NSSF was one of the conditions of obtaining the necessary PRC regulatory approvals for the Global Offering.

Upon completion of the Global Offering, NSSF will hold approximately 324,637,000 H Shares, representing approximately 2.88% of our total issued share capital, if the Over-allotment Option is not exercised, or 373,333,000 H Shares, representing 3.18% of our total issued share capital if the Over-allotment Option is exercised in full. These H Shares will not constitute any part of the Offer Shares. Neither ChinaCoal Group nor our Company will receive any proceeds from the transfer by ChinaCoal Group to NSSF of such Shares or any subsequent disposal of such H Shares by NSSF.

As advised by our PRC legal adviser, Jia Yuan Law Firm:

- the aforesaid transfer is mandated by the relevant PRC authorities in accordance with the State policy and neither ChinaCoal Group nor our Company has any influence over the decision;
- both the aforesaid transfer and conversion, and the retention of H Shares by NSSF following completion of the Global Offering, have been approved by the relevant PRC authorities and are in compliance with the relevant PRC law;
- the H Shares to be held by NSSF upon completion of the Global Offering shall not be subject to any lock-up under the PRC Company Law; and
- there is no legal restriction on NSSF to transfer or dispose of such H Shares following the listing of the H Shares.