

THE STRATEGIC AND CORPORATE PLACINGS

THE STRATEGIC PLACING

As part of the International Offering, the Joint Global Coordinators and we have entered into a strategic placing agreement with First Reserve Corporation, FR XI Offshore AIV, L.P., being a private equity fund managed by First Reserve Corporation (“First Reserve Fund” and together with First Reserve Corporation, “First Reserve”) and AMCI Capital L.P. (“AMCI”) who, by joining each other and becoming our strategic investors, will subscribe for our H Shares at the Offer Price as follows:

- (i) First Reserve Fund will subscribe for such number of H Shares that may be purchased with U.S.\$100 million; and
- (ii) AMCI will subscribe for such number of H Shares that may be purchased with U.S.\$25 million.

If either of First Reserve Fund and AMCI fails to subscribe for the relevant number of H Shares under the strategic placing agreement, the other will be required to subscribe for all the H Shares covered by the strategic placing agreement.

Assuming an Offer Price of HK\$3.625 (being the mid-point of the indicative Offer Price range set forth on the cover page of this Prospectus) and using the exchange rate of HK\$7.80 to U.S.\$1.00, the total numbers of H Shares subscribed by First Reserve Fund and AMCI would be approximately 215,172,000 and 53,793,000 H Shares, respectively, which represent approximately 1.9% and 0.5%, respectively, of our issued and outstanding share capital, or approximately 6.6% and 1.7%, respectively, of the Offer Shares outstanding upon completion of the Global Offering (assuming the Over-allotment Option is not exercised). Each of First Reserve Fund and AMCI is permitted to subscribe for the relevant number of H Shares through a wholly-owned investment vehicle.

First Reserve Corporation is a global private equity firm headquartered in the U.S. which has expertise in strategic business planning, particularly in the energy sector. Founded in 1983, First Reserve Corporation is one of the oldest and largest private equity firms which specializes in the energy industry. By utilizing its broad base of specialized industry knowledge, First Reserve Corporation actively pursues building a broadly diversified global investment portfolio of companies involved in various sectors of the energy industry. Since 1992, First Reserve Corporation has raised over U.S.\$12.7 billion for its funds. Under the strategic placing agreement, First Reserve Corporation has undertaken that it will continue to be the investment manager of First Reserve Fund so long as First Reserve Fund or its wholly-owned subsidiary holds any of our H Shares. First Reserve Fund is a limited partnership organized in the Cayman Islands for the purpose of private equity investment.

AMCI is managed by Hans Mende and Fritz Kundrun, the founders and sole shareholders of American Metals & Coal International, Inc., a global coal and resources company headquartered in the U.S. which has expertise in strategic business planning, particularly in the coal sector. Since 1986, American Metals & Coal International, Inc. has developed a significant volume of coal production, processing, transport and logistics assets in the U.S., Australia, Europe, South America, South Africa and China. It also specializes in investing in the coal, steel raw material supply and related infrastructure industries.

First Reserve and American Metals & Coal International, Inc. have jointly reviewed and invested in a number of coal-related businesses, including Alpha Natural Resources Inc., Foundation Coal Holdings Inc. and several mines in Australia’s central Queensland. Recently, First Reserve and American Metals & Coal International, Inc. have jointly bought a minority stake in a Czech coal producer, OKD AS.

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Each of First Reserve Corporation, First Reserve Fund and AMCI is an independent third party not connected with our Company.

We believe that First Reserve's and AMCI's interest in us, together with their expertise in strategic planning and coal industry related operations, will help our continuing development in the coal and energy industry. Through our strategic relationship with First Reserve and AMCI, we intend to further raise our profile in the international markets, explore potential business opportunities worldwide and enhance our ability in formulating global business strategies.

Conditions Precedent

The subscription obligations of First Reserve Fund and AMCI are conditional upon the Underwriting Agreements being entered into and having become effective and unconditional.

Areas of Cooperation

If and when opportunities present themselves in the future, First Reserve and we may explore further cooperation. First Reserve has agreed to provide strategic advice to our Company on areas including strategic planning, business development, investment opportunities, international marketing, production safety, efficiency improvement and management issues. Pursuant to a strategic advisory agreement entered into between First Reserve and our Company dated 7 November 2006, First Reserve has agreed to provide such advisory services upon our reasonable request. The strategic advisory agreement will become effective upon completion of the Global Offering (including the strategic and corporate placings) and either party may terminate such agreement by notice upon and following the earlier of: (i) the fifth anniversary of the date of such agreement; and (ii) the date on which First Reserve Fund and its wholly-owned subsidiaries cease to hold at least 50% of their aggregate shareholding in our Company as of the Listing Date. An annual fee in the amount of U.S.\$10,000 plus such additional amounts as reasonably agreed by the parties based on the advisory services rendered will be payable by our Company. In order to enable First Reserve to provide the advisory services effectively under the strategic advisory agreement, First Reserve will in some circumstances, subject to applicable law and regulatory rules, be given access to information regarding our Company's affairs.

Restrictions on Disposals by the Strategic Investors

Each of First Reserve Fund and AMCI has agreed that, without the prior written consent of us and the Joint Global Coordinators, and save as provided in the strategic placing agreement:

- it will not for a period of 18 months following the Listing Date (the "Lock-up Period") dispose of any H Shares subscribed for pursuant to the strategic placing agreement, other than transfers to any of its wholly-owned subsidiaries and on the basis that the transferee will be subject to the same restrictions on disposals as those imposed on the subscriber of such H Shares pursuant to the strategic placing agreement; and
- after the Lock-up Period, it shall first notify us before the disposal of any H Shares subscribed by it pursuant to the strategic placing agreement, and it shall use all reasonable endeavours to ensure that any such disposal will not create a disorderly or false market for the H Shares.

For the above purpose, "dispose of" means, in respect of any H Shares (and any other securities derived from the H Shares pursuant to any rights issue, capitalization issue, capital reorganization or

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otherwise), offering, pledging, charging, selling, mortgaging, lending, creating, transferring or otherwise disposing of any legal or beneficial interest (including by the creation of or an agreement to create or selling or granting or agreeing to sell or grant any option or contract to purchase or any warrant or right to purchase) in the H Shares or any securities convertible into or exercisable or exchangeable for such H Shares, or contracting to do so, whether directly or indirectly, or entering into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences or incidents of ownership of such H Shares or securities, whether any of the foregoing transactions is to be settled by delivery of H Shares or such other securities, cash or otherwise.

The Lock-up Period will early expire if ChinaCoal Group sells any of its Shares in the share capital of our Company after the Global Offering, save as pursuant to the Over-allotment Option, the issue of new Shares by our Company for public offering or as required by any relevant PRC laws and regulations.

CORPORATE INVESTORS

The Corporate Placing

On 29 November 2006, as part of the International Offering, we have entered into corporate placing agreements with a number of corporate investors (the “Corporate Investors”) who in aggregate have agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with an aggregate of U.S.\$250 million. Assuming an Offer Price of HK\$3.625 (being the mid-point of the indicative Offer Price range set forth on the cover page of this Prospectus) and using the exchange rate of HK\$7.80 to U.S.\$1.00, the total number of H Shares subscribed by the Corporate Investors would be approximately 537,930,000 H Shares, which represent approximately 4.8% of the Shares issued and outstanding upon completion of the Global Offering or 16.6% of the Offer Shares outstanding upon completion of the Global Offering (assuming the Over-allotment Option is not exercised). Each of the Corporate Investors is an independent third-party not connected with our Company. The Offer Shares to be subscribed for by the Corporate Investors will not be affected by any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in “Structure of the Global Offering — The Hong Kong Public Offering”.

Our Corporate Investors

A brief description of our Corporate Investors is as follows:

Cheung Kong (Holdings) Limited

Ideal Offer Limited has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 1,000 H Shares) as may be purchased with U.S.\$50 million at the Offer Price. Assuming an IPO Price of HK\$3.625 (being the mid-point of the indicative Offer Price range set forth on the cover page of this Prospectus) and using the exchange rate of HK\$7.80 to U.S.\$1.00, the total number of H Shares that Ideal Offer Limited will subscribe for would be approximately 107,586,000 H Shares, which represent approximately 1.0% of the Shares outstanding upon completion of the Global Offering or 3.3% of the Offer Shares outstanding upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Ideal Offer Limited is an indirect wholly-owned subsidiary of Cheung Kong (Holdings) Limited. Cheung Kong (Holdings) Limited is a company listed on the Main Board of the Hong Kong Stock Exchange,

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and its principal activities are investment holding, property development and investment, hotel and serviced suite operation, property and project management and investments in securities.

China Life Insurance (Group) Company

China Life Insurance (Group) Company has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 1,000 H Shares), which may be purchased with U.S.\$50 million at the Offer Price. Assuming an Offer Price of HK\$3.625 (being the mid-point of the indicative Offer Price range set forth on the cover page of this Prospectus) and using the exchange rate of HK\$7.80 to U.S.\$1.00, the total number of H Shares that China Life Insurance (Group) Company will subscribe for would be approximately 107,586,000 H Shares, which represent approximately 1.0% of the Shares outstanding upon completion of the Global Offering or 3.3% of the Offer Shares outstanding upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

China Life Insurance (Group) Company, headquartered in Beijing, is a large state-owned financial and insurance enterprise. The subsidiaries of China Life Insurance (Group) Company include China Life Insurance Company Limited (a company listed on the Hong Kong Stock Exchange and the New York Stock Exchange), China Life Insurance Asset Management Company Limited and China Life Insurance (Overseas) Company Limited. China Life Insurance (Group) Company and its subsidiaries constitute one of the largest commercial insurance groups in Mainland China. China Life Insurance (Group) Company has been a Global Fortune 500 company since 2003. Apart from strengthening and developing life insurance and related asset management business through its subsidiaries, China Life Insurance (Group) Company focuses on capital management and new business development.

Chow Tai Fook Nominee Limited

Chow Tai Fook Nominee Limited has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with U.S.\$50 million at the Offer Price. Assuming an Offer Price of HK\$3.625 (being the mid-point of the indicative Offer Price range set forth on the cover page of this Prospectus) and using the exchange rate of HK\$7.80 to U.S.\$1.00, the total number of H Shares that Chow Tai Fook Nominee Limited will subscribe for would be approximately 107,586,000 H Shares, which represent approximately 1.0% of the Shares outstanding upon completion of the Global Offering or 3.3% of the Offer Shares outstanding upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Chow Tai Fook Nominee Limited is a company incorporated in Hong Kong and is principally engaged in the investment holding business. It is wholly and beneficially owned by Dato Dr. Cheng Yu Tung.

CITIC Pacific Limited and Mr. Larry Yung Chi Kin

Cranwin Investments Ltd and Silver Lead Enterprises Corp. have each agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 1,000 shares) which may be purchased with U.S.\$25 million at the Offer Price. Assuming an offer price of HK\$3.625 (being the mid-point of the indicative Offer Price range set forth on the cover page of this Prospectus) and using the exchange rate of HK\$7.80 to U.S.\$1.00, the total number of H Shares that Cranwin Investments Ltd and Silver Lead Enterprises Corp. will each subscribe for would be approximately 53,793,000 H Shares, which represent approximately 0.5% of the Shares outstanding upon completion of the Global Offering or 1.7% of the

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Offer Shares outstanding upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Cranwin Investments Ltd and Silver Lead Enterprises Corp. are companies incorporated in the British Virgin Islands. Cranwin Investments Ltd is a wholly-owned subsidiary of CITIC Pacific Limited and Silver Lead Enterprises Corp. is wholly-owned by Mr. Larry Yung Chi Kin, who has entered into the corporate placing agreement as the controlling shareholder of Silver Lead Enterprises Corp.

CITIC Pacific Limited is listed on the Hong Kong Stock Exchange. The main businesses of CITIC Pacific Limited include steel manufacturing, property development and investment, power generation, aviation, tunnels, communications and distribution of motor vehicles and consumer products. Mr. Larry Yung Chi Kin is the chairman of CITIC Pacific Limited.

Shau Kee Financial Enterprises Limited

Futec Limited has agreed to subscribe for such number of H shares (rounded down to the nearest whole board lot of 1,000 shares) which may be purchased with U.S.\$50 million at the Offer Price. Assuming an Offer Price of HK\$3.625 (being the mid-point of the indicative price range set forth on the cover page of this Prospectus) and using the exchange rate of HK\$7.80 to U.S.\$1.00, the total number of H shares that Futec Limited will subscribe for would be approximately 107,586,000 H Shares, which represent approximately 1.0% of the Shares outstanding upon completion of the Global Offering or 3.3% of the Offer Shares outstanding upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Futec Limited is a private company incorporated in the British Virgin Islands and is indirectly wholly-owned by Shau Kee Financial Enterprises Limited which in turn is wholly-owned by Lee Financial (Cayman) Limited, of which Dr. Lee Shau Kee is a substantial shareholder.

Conditions Precedent

The subscription obligation of each Corporate Investor is conditional upon the Underwriting Agreements being entered into and having become effective and unconditional.

Restriction on the Corporate Investors' Investment

Each of the Corporate Investors has agreed that, without the prior written consent of the Company and the Joint Global Coordinators, it will not, whether directly or indirectly, at any time during the period of twelve months following the Listing Date, dispose of any H Shares subscribed pursuant to the corporate placing agreement (or any interest in any company or entity holding any of the H Shares), other than transfer to any of its wholly-owned subsidiaries (or for Ideal Offer Limited, the wholly-owned subsidiary of Cheung Kong (Holdings) Limited), and such transfer can only be made when the transferee agrees to be subject to the restrictions on disposal imposed on such Corporate Investor.