

The information sets out in this Appendix does not form part of the Accountants' Report prepared by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set out in Appendix I to this Prospectus, and is included herein for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this Prospectus and the Accountants' Report set out in Appendix I to this Prospectus.

A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS STATEMENT

The following is an illustrative and pro forma statement of adjusted net tangible assets of the Group which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on 30 June 2006. This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial positions of the Group had the Global Offering been completed as of 30 June 2006 or at any future dates.

	Adjusted combined net tangible assets of the Group attributable to the equity holders of the Company as of 30 June 2006 RMB'000	Estimated net proceeds from the Global Offering RMB'000	Net assets not assumed by the Group RMB'000	Unaudited pro forma adjusted net tangible assets RMB'000	Unaudited pro forma adjusted net tangible assets per Share	
	(note 1)	(note 2)	(note 3)		RMB	HK\$
Based on the Offer Price of HK\$3.20 for each Offer Share . . .	<u>5,021,163</u>	<u>10,021,236</u>	<u>(1,023,470)</u>	<u>14,018,929</u>	<u>1.25</u>	<u>1.24</u>
Based on the Offer Price of HK\$4.05 for each Offer Share . . .	<u>5,021,163</u>	<u>12,707,241</u>	<u>(1,023,470)</u>	<u>16,704,934</u>	<u>1.49</u>	<u>1.47</u>

Notes:

- (1) The adjusted combined net tangible assets of the Group attributable to the equity holders of the Company as of 30 June 2006 is extracted from the Accountants' Report set out in Appendix I to the Prospectus, which is based on the audited combined net assets of the Group attributable to the equity holders of the Company as of 30 June 2006 of RMB5,035,250,000 with an adjustment for the intangible assets as of 30 June 2006 of RMB14,087,000.
- (2) The estimated net proceeds from the Global Offering are based on an indicative Offer Price of HK\$3.20 (equivalent to RMB3.23) and HK\$4.05 (equivalent to RMB4.09) per H Share, respectively (after deducting the underwriting fees and other related expenses), and takes no account of any H Shares which may be issued pursuant to the Over-allotment Option. For the purpose of the estimated net proceeds from the Global Offering, the translation of Renminbi into HK dollars was made at the rate of RMB1.0087 to HK\$1.00, the exchange rate prevailing on 30 November 2006 set by PBOC for foreign exchange transactions.
- (3) Pursuant to the Restructuring, certain businesses and assets will be retained by China Coal Group and will be treated as a deemed distribution upon completion of the Restructuring on 22 August 2006. Consequently, the unaudited pro forma net tangible assets have been reduced accordingly after taking into account this deemed distribution, which is based on the financial information of the Retained Businesses as of 30 June 2006.
- (4) The unaudited pro forma net tangible assets per Share is arrived at by dividing the unaudited pro forma adjusted net tangible assets by 11,246,374,000 Shares, being the number of shares in issue assuming that the Global Offering has been completed on 30 June 2006 but takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option.
- (5) In accordance with the "Provisional Regulation Relating to Corporate Reorganization of Enterprises and Related Management of State-owned Capital and Financial Treatment" (the "Provisional Regulations") issued by the Ministry of Finance, which became effective from 27 August 2002, the Company is required to make a distribution to China Coal Group, in an amount equals to the difference in the Company's net asset values as at 1 October 2005 and as at 21 August 2006 (being the date immediately prior to the date on which the Company was incorporated) (the "Pre-establishment Distribution") as determined based on the audited accounts prepared in accordance with PRC GAAP.

In addition, pursuant to the resolution of a shareholders' meeting dated 23 August 2006, the shareholder of the Company has resolved to make a special distribution to China Coal Group, in an amount equals to the distributable profit of the Company for the period from 22 August 2006 to the last day of the month prior to the listing of the Company's shares (the "Special Dividends"). The amount of the Special Dividends will be determined based on the audited accounts prepared in accordance with PRC GAAP and IFRS respectively, whichever is the lower, after deducting any contribution made by the Company to the statutory and discretionary reserve funds.

The Directors have preliminarily estimated that the total aggregate amount of the Pre-establishment Distribution and the Special Dividends to be RMB1,210.0 million.

The unaudited pro forma adjusted net tangible assets and the unaudited pro forma adjusted net tangible assets per Share have not taken into account the effect of the Pre-establishment Distribution and the Special Dividends. After taking into account the aforementioned distributions, the pro forma adjusted net tangible assets of the Group and the pro forma adjusted net tangible assets value per Share would be reduced.

- (6) Details of the Group's property valuation as at 30 September 2006 are set out in Appendix V to this Prospectus. The Group will not incorporate any revaluation surplus/deficit in its financial statements for the year ending 31 December 2006. It is the Group's accounting policy to state its property, plant and equipment at cost less accumulated depreciation and any impairment losses rather than at revalued amounts. With reference to the valuation of the Group's properties as set out in Appendix V to this Prospectus, there was a revaluation deficit of the Group's properties of approximately RMB1,288.0 million. Had the properties been stated at such valuation, a reduction in depreciation and amortisation charge of approximately RMB51.0 million per annum would have been incurred.
- (7) No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading result or other transaction of the Group entered into subsequent to 30 June 2006.

B. UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE

The following unaudited pro forma forecast earnings per Share in the year ending 31 December 2006 has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on 1 January 2006. This unaudited pro forma forecast earnings per Share has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the financial results of the Group following the Global Offering.

Forecast consolidated profit attributable to equity holders of the Company in the year ending 31 December 2006 (<i>note 1</i>)	not less than RMB 3,147.1 million (approximately HK\$3,114.4 million)
Unaudited pro forma forecast earnings per Share (<i>note 2</i>)	RMB0.280 (approximately HK\$0.278)

Notes:

- (1) The forecast consolidated profit attributable to equity holders of the Company in the year ending 31 December 2006 is extracted from the subsection headed "Profit Forecast" in the section headed "Financial Information" in this Prospectus. The bases and assumptions on which the above profit forecast in the year ending 31 December 2006 has been prepared are summarised in Appendix III to this Prospectus.

The directors of the Company have prepared the forecast consolidated profit attributable to equity holders of the Company in the year ending 31 December 2006 based on the audited combined results of the Group for the six months ended 30 June 2006, the unaudited consolidated results based on management accounts of the Group for the three months ended 30 September 2006 and a forecast of the consolidated results of the Group for the remaining three months ending 31 December 2006. The forecast has been prepared on the basis consistent in all material respects with the accounting policies presently adopted by the Group as set out in Note 3 of Section II of the Accountants' Report contained in Appendix I to this Prospectus.

- (2) The calculation of the unaudited pro forma forecast earnings per Share is based on the forecast consolidated profit attributable to equity holders of the Company in 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 the Over-allotment Option will not be exercised.

C. REPORT FROM THE REPORTING ACCOUNTANTS

The following is the text of a report received from the reporting accountants, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong in connection with the unaudited pro forma financial information of the Group for the purposes of incorporation in this Prospectus.



羅兵咸永道會計師事務所

PricewaterhouseCoopers
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REPORT FROM REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION TO THE DIRECTORS OF CHINA COAL ENERGY COMPANY LIMITED

We report on the unaudited pro forma financial information of China Coal Energy Company Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) set out on pages II-1 to II-2 under the headings of “Unaudited Pro Forma Adjusted Net Tangible Assets Statement” and “Unaudited Pro Forma Forecast Earnings Per Share” (collectively the “Unaudited Pro Forma Financial Information”) in Appendix II to the Company’s Prospectus dated 6 December 2006, in connection with the proposed initial public offering of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Prospectus”). The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company (the “Directors”), for illustrative purposes only, to provide information about how the proposed initial public offering might have affected the relevant financial information of the Group. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages II-1 to II-2 of Appendix II to the Prospectus.

Respective Responsibilities of Directors of the Company and Reporting Accountants

It is the responsibility solely of the Directors to prepare the Unaudited Pro Forma Financial Information in accordance with rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

It is our responsibility to form an opinion, as required by rule 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the audited combined net assets of the Group attributable to equity holders of the Company as of 30 June 2006 and unaudited forecast consolidated

profit attributable to equity holders of the Company for the year ending 31 December 2006 with the accountants' report as set out in Appendix I to the Prospectus and profit forecast as set out in the section headed "Financial Information" in the Prospectus, respectively, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board of the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the Directors, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial positions of the Group as at 30 June 2006 or any future dates, or
- the earnings per share of the Group for the year ending 31 December 2006 or any future periods.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 6 December 2006