I. SUMMARY OF DIFFERENCES BETWEEN CONSOLIDATED FINANCIAL STATEMENT PREPARED UNDER IFRS AND THOSE UNDER PRC GAAP

The consolidated financial statements prepared under IFRS and those prepared under PRC GAAP have the following major differences:

(i) adjustment of future development fund, which is charged to income before income taxes under PRC GAAP, to shareholders' equity;

(ii) reversal of the Work Safety Cost provided but not yet utilizing for the enhancement of safety production environment and facilities (see note 39), which is charged as expenses when provided under PRC GAAP;

(iii) depreciation provided for plant and equipment acquired by utilizing Work Safety Cost, which is charged as expenses in all once provided as Work Safety Cost under PRC GAAP;

(iv) negative goodwill arising under IFRS for the acquisition of Jining III was recognized as income in the statement of income on a systematic basis over the remaining weighted average useful life of the identifiable acquired depreciable/amortizable assets prior to January 1, 2005. No negative goodwill is recognized under PRC GAAP;

(v) the installments payable to the Parent Company for the acquisition of Jining III have been stated at present value discounted using market rates under IFRS while under PRC GAAP, the installments payable are stated at gross amounts. Accordingly, deemed interest expense arises on the installments payable to the Parent Company under IFRS and no such interest expenses are recognized under PRC GAAP;

(vi) write off pre-operating expenses capitalized in a subsidiary of the Company as a long-term asset under PRC GAAP;

(vii) reversal of amortization of goodwill under PRC GAAP, which is not amortized but instead tested for impairment at least annually under IFRS from January 1, 2005 onwards;

(viii) recognition of a deferred tax asset/liability under IFRS for the tax consequence of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities; and

(ix) reversal of fair value change in available-for-sales investment, which is not taken up under PRC GAAP.

Supplemental Information *(Cont'd)*

I. SUMMARY OF DIFFERENCES BETWEEN CONSOLIDATED FINANCIAL STATEMENT PREPARED UNDER IFRS AND THOSE UNDER PRC GAAP (Continued)

The following table summarizes the differences between consolidated financial statement prepared under IFRS and those under PRC GAAP:

	Net income attributable to the equity holders of the Company for the year ended December 31,			Net assets attributable to equity holders of the Company as at December 31,	
	2006	2005	2004	**2006**	2005
	RMB'000	RMB'000	RMB'000	**RMB'000**	RMB'000
As per consolidated financial statements prepared under IFRS	**2,372,985**	2,881,461	3,154,317	**18,931,779**	17,618,577
Impact of IFRS adjustments in respect of:					
– transfer to future development fund which is charged to income before income taxes under PRC GAAP	**(390,907)**	(381,208)	(331,548)	**(447,372)**	(269,945)
– reversal of Work Safety Cost	**(209,555)**	(238,600)	(204,668)	**(652,823)**	(443,268)
– release of negative goodwill to income	**–**	–	(27,620)	**(138,101)**	(138,101)
– deemed interest expenses	**3,171**	3,858	4,550	**116,391**	113,220
– (Reversal) write-off of pre-operating expenses of subsidiaries	**(80,051)**	121,801	–	**46,860**	121,801
– reversal of goodwill amortization	**(16,007)**	(15,006)	–	**(31,013)**	(15,006)
– deferred tax effect on temporary differences not recognized under PRC GAAP	**69,021**	123,175	111,976	**226,507**	146,279
– fair value change of available-for-sales investment	**–**	–	–	**(33,961)**	–
– others	**684**	–	778	**8,754**	8,070
As per consolidated financial statements prepared under PRC GAAP	**1,749,341**	2,495,481	2,707,785	**18,027,021**	17,141,627

Note: There are also differences in other items in the consolidated financial statements due to differences in classification between IFRS and PRC GAAP.

II SUMMARY OF DIFFERENCES BETWEEN CONSOLIDATED FINANCIAL STATEMENT PREPARED UNDER IFRS AND THOSE UNDER AND US GAAP

The consolidated financial statements are prepared in accordance with IFRS, which differ in certain significant respects from consolidated financial statement prepared under US GAAP. The significant differences relate principally to the accounting for the acquisitions of Jining II, Jining III and Railway Assets, the cost bases of property, plant and equipment and land use rights and related adjustments to deferred taxation.

Under IFRS, the acquisitions of Jining II, Jining III and the Railway Assets have been accounted for using the purchase method which accounts for the assets and liabilities of Jining II, Jining III, the Railway Assets, Heze and Shanxi Group at their fair value at the date of acquisition. Any excess of the purchase consideration over the fair value of the net assets acquired is capitalized as goodwill. Prior to January 1, 2005, such goodwill was amortized over a period of ten to twenty years. Subsequent to January 1, 2005, such goodwill is tested for impairment at least annually. Prior to January 1, 2005, any excess of the fair value of the net assets acquired over the purchase consideration is recorded as negative goodwill, which was presented as a deduction from the assets of the Group in the consolidated balance sheet. Such negative goodwill was released to the statement of income on a systematic basis over the remaining weighted average useful life of the identifiable acquired depreciable/ amortizable assets. The carrying amount of negative goodwill has been de-recognized and adjusted to the opening retained earnings at January 1, 2005.

Under US GAAP, as the Group, Jining II, Jining III, the Railway Assets, Heze and Shanxi Group are entities under the common control of the Parent Company, the assets and liabilities of Jining II, Jining III, the Railway Assets, Heze and Shanxi Group are required to be included in the consolidated balance sheet of the Group at historical cost. The difference between the historical cost of the assets and liabilities of Jining II, Jining III, the Railway Assets, Heze and Shanxi Group acquired and the purchase price paid is recorded as an adjustment to shareholders' equity.

In applying the pooling of interest method, the financial statement items of the combining enterprises for the period in which the combination occurs and for any comparative periods disclosed should be included in the financial statements of the combined enterprises as if they had been combined from the beginning of the earliest period presented. The effect of accounting for the acquisition of Shanxi Group using the pooling of interest method on the net income under US GAAP for the year ended December 31, 2005 and 2004 is as follows:

	Year ended December 31,	
	2005	2004
	RMB'000	RMB'000
Net income		
As previously reported	**2,994,711**	3,263,892
Pooling of interest adjustment		
Net loss from Shanxi	**(3,592)**	–
As restated	**2,991,119**	3,263,892

Supplemental Information *(Cont'd)*

II SUMMARY OF DIFFERENCES BETWEEN CONSOLIDATED FINANCIAL STATEMENT PREPARED UNDER IFRS AND THOSE UNDER AND US GAAP (Continued)

Under IFRS, the mining rights of Jining III and Shanxi Group are stated at purchase consideration less amortization. Mining rights are amortized on a straight line basis over twenty years and twenty-seven years, respectively, being the useful lives estimated based on the total proven and probable reserves of the coal mine. Under US GAAP, as both the Group and Jining III are entities under the common control of the Parent Company, the mining rights have to be restated at nil cost and no amortization on mining rights will be recognized. However, a deferred tax asset relating to the capitalization of mining rights is required to be recognized under US GAAP as a higher tax base resulting from the capitalization is utilized for PRC tax purposes.

Under IFRS, property, plant and equipment and prepaid lease payments have been stated based on their respective fair values at the date of acquisition even for cases involving transaction between entities under common control. The fair value amount becomes the new cost bases of the assets of the Company formed from the reorganization and depreciation is based on such new bases. Under US GAAP, when accounting for a transfer of assets or exchange of shares between entities under common control, the entity that receives the net assets or equity interests shall initially recognize the assets and liabilities transferred at their carrying amounts in the accounts of the transferring entity at the date of transfer. Accordingly, property, plant and equipment and prepaid lease payments are restated at the historical cost and no additional depreciation on the fair value amounts will be recognized under US GAAP. However, a deferred tax asset relating to the difference in cost bases between the fair value at the date of acquisition and historical cost is required to be recognized under US GAAP and the tax bases of the assets are the fair value amount at the date of acquisition.

Under IFRS, the acquisition of Yanmei Shipping has been accounted for using purchase method which accounted for the assets and liabilities of Yanmei Shipping at their fair value at the date of acquisition. The excess of the purchase consideration over the value of the net assets acquired is capitalized as goodwill and was, prior to January 1, 2007, amortized over a period of ten years prior to January 1, 2005. No further difference in this treatment of goodwill are identified from January 1, 2005 onwards. Under US GAAP, goodwill is not amortized but instead tested for impairment at least annually starting from the initial recognition of goodwill in 2003, when Yanmei Shipping was acquired by the Company.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. The Group completes a two-step goodwill impairment test. The first step compares the fair value of each reporting unit to its carrying amount, including goodwill. If the fair value of each reporting unit exceeds its carrying amount, goodwill is not considered to be impaired and the second step will not be required. If the carrying amount of a reporting unit exceeds its fair value, the second step compares the implied fair value of goodwill to the carrying value of a reporting unit's goodwill. The implied fair value of goodwill is determined in a manner similar to accounting for a business combination with the allocation of the assessed fair value determined in the first step to the assets and liabilities of the reporting unit. The excess of the fair value of the reporting unit over the amounts assigned to the assets and liabilities is the implied fair value of goodwill. This allocation process is only performed for purposes of evaluating goodwill impairment and does not result in an entry to adjust the value of any assets or liabilities. An impairment loss is recognized for any excess in the carrying value of goodwill over the implied fair value of goodwill.

The cost of mining structure is depreciated using the unit of production method based on the estimated production volume for proven and probable reserves, of which the structure was designed.

II SUMMARY OF DIFFERENCES BETWEEN CONSOLIDATED FINANCIAL STATEMENT PREPARED UNDER IFRS AND THOSE UNDER AND US GAAP (Continued)

The adjustments necessary to restate net income and shareholders' equity in accordance with US GAAP are shown in the tables set out below.

	Year ended December 31,		
	2006	2005	2004
	RMB'000	RMB'000	RMB'000
Income attributable to the equity holders of the Company as reported under IFRS	**2,372,985**	2,881,461	3,154,317
US GAAP adjustments:			
Additional depreciation charged on fair value of property, plant and equipment and prepaid lease payments	**187,859**	187,885	187,418
Additional deferred tax charge due to a higher tax base resulting from the difference in cost bases of property, plant and equipment and prepaid leasepayments and capitalization of mining rights, net of minority interest	**(64,311)**	(64,188)	(64,034)
Amortization of negative goodwill on acquisition of Jining III	**–**	–	(27,620)
Amortization of mining rights of Jining III	**6,624**	6,624	6,624
Amortization of mining rights of Shanxi Group, net of minortity interest	**402**	–	–
Amortization of goodwill arising on acquisition of Jining II	**–**	–	777
Amortization of goodwill arising on acquisition of the Railway Assets	**–**	–	13,880
Amortization of goodwill arising on acquisition of Yanmei Shipping	**–**	–	1,116
Loss of Heze included in the Group using the pooling of interest method	**–**	(17,071)	(8,586)
Loss of Shanxi Group included in the Group using the pooling of interest method	**(97,806)**	(3,592)	–
Income under US GAAP	**2,405,753**	2,991,119	3,263,892
Earnings per share under US GAAP, Basic and diluted	**RMB0.49**	RMB0.61	RMB0.69
Earnings per ADS under US GAAP Basic and diluted	**RMB24.46**	RMB30.41	RMB34.40

Supplemental Information *(Cont'd)*

II SUMMARY OF DIFFERENCES BETWEEN CONSOLIDATED FINANCIAL STATEMENT PREPARED UNDER IFRS AND THOSE UNDER AND US GAAP (Continued)

	At December 31, 2006 RMB'000	2005 RMB'000
Equity attributable to the equity holders of the Company as reported under IFRS	**18,931,779**	17,618,577
US GAAP adjustments:		
Difference in cost bases of property, plant and equipment and prepaid lease payments	**(2,561,032)**	(2,561,032)
Additional depreciation/amortization charged on fair valued property, plant and equipment and prepaid lease payments	**1,688,682**	1,500,823
Additional deferred tax asset due to a higher tax base resulting from the difference in cost bases of property, plant and equipment and prepaid lease payments	**287,876**	349,869
Goodwill arising on acquisition of Jining II	**(10,106)**	(10,106)
Mining rights of Jining III	**(92,735)**	(99,359)
Additional deferred tax asset due to a higher tax base resulting from capitalization of mining rights	**30,602**	32,788
Difference in cost bases of mining rights of Shanxi Group, net of minortity interest	**(130,640)**	–
Additional deferred tax due to a higher tax base resulting from capitalization of mining rights of Shanxi Group, net of minortity interest	**43,112**	–
Goodwill arising on acquisition of Railway Assets	**(97,240)**	(97,240)
Goodwill arising on acquisition of Heze	**(35,645)**	(35,645)
Amortization of goodwill on acquisition of Yanmei Shipping	**1,116**	1,116
Net assets of Shanxi Neng Hua incorporated under pooling of interest		
– current assets	**–**	252,476
– property, plant and equipment, net	**–**	426,798
– prepaid lease payments	**–**	1,366
– current liabilities	**–**	(60,895)
– non current liabilities	**–**	(3,456)
– minority interests	**–**	(17,423)
	–	598,866
Consideration payable on acquisition of Shanxi	**–**	(733,346)
Goodwill arising on acquisition of Shanxi Group	**(142,547)**	–
Shareholders' equity under US GAAP	**17,913,222**	16,565,311

Under US GAAP, the Group's total assets would have been RMB22,134,052,000 and RMB20,189,379,000 at December 31, 2006 and 2005, respectively.

II SUMMARY OF DIFFERENCES BETWEEN CONSOLIDATED FINANCIAL STATEMENT PREPARED UNDER IFRS AND THOSE UNDER AND US GAAP (Continued)

In May 2005, the Financial Accounting Standards Board ("FASB") issued SFAS No. 154, "Accounting Changes and Error Corrections," which replaces Accounting Principles Board Opinions No. 20 "Accounting Changes" and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements—An Amendment of APB Opinion No. 28". SFAS No. 154 provides guidance on the accounting for and reporting of accounting changes and error corrections. It establishes retrospective application, or the latest practicable date, as the required method for reporting a change in accounting principle and the reporting of a correction of an error. SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The adoption of this statement in 2006 did not have a material effect on the Company's financial position, results of operations and cash flows.

In February 2006, the FASB issued FASB No. 155, ("SFAS 155"), "Accounting for Certain Hybrid Financial Instruments—an amendment of FASB Statements No. 133 and 140". This statement is effective for all financial instruments acquired, issued, or subject to a remeasurement (new basis) event occurring after the beginning of an entity's first fiscal year that begins after September 15, 2006. The Company will adopt SFAS 155 in the first quarter of 2007. The Company has not determined the impact, if any, of SFAS 155 on its financial position, results of operations and cash flows.

In June 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109" ("FIN 48"), which clarifies the accounting for uncertainty in income tax positions in FASB Statement No. 109, "Accounting for Income Taxes". FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company will adopt FIN 48 in the first quarter of 2007. The Company has not determined the impact, if any, of FIN 48 on its financial position, results of operations and cash flows.

In September 2006 the FASB issued FASB Statement No. 157, ("SFAS 157"), "Fair Value Measurement". SFAS 157 addresses standardizing the measurement of fair value for companies who are required to use a fair value measure of recognition for recognition or disclosure purposes. The FASB defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measure date". SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. The Company is currently evaluating the impact, if any, of SFAS 157 on its financial position, results of operations and cash flows.

In September 2006, the U.S. Securities and Exchange Commission issued Staff Accounting Bulletin No.108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" ("SAB 108"). SAB 108 provides interpretive guidance on how the effects of the carryover or reversal of prior year misstatements should be considered in quantifying a current year misstatement. The SEC staff believes that registrants should quantify errors using both a balance sheet and an income statement approach and evaluate whether either approach results in quantifying a misstatement that, when all relevant quantitative and qualitative factors are considered, is material. SAB 108 is effective for fiscal years ending after November 15, 2006. The adoption of SAB 108 did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value option for Financial Assets and Financial Liabilities." SFAS No. 159 Permits entities to choose to measure many financial instruments and certain other items at fair value. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact, if any, of SFAS 159 on its financial position, results of operations and cash flows.