
INDUSTRY OVERVIEW

INTRODUCTION

The Group is principally engaged in the coal operation business involving purchase, filtering, storage, blending, sales, shipping and transportation of coal.

The following sets forth an overview of the coal industry, coal transportation and certain information of non-state-owned coal operators in China and around the world.

INFORMATION ON THE BBIC REPORT

The Group engaged BBIC to produce the BBIC Report to provide more information to potential investors of the Group for their better understanding of the Group’s industry.

Identity of publisher:	Beijing Business and Intelligence Consulting Co., Ltd (“BBIC”)
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Publisher’s background and credentials:	BBIC is a research company in the PRC with substantial experience in publishing market reports, business reference books and online information databases.
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According to the information provided by BBIC, a majority of its employees are professional researchers and most of them possess master’s degrees or higher qualifications. BBIC has published a number of research reports for various financial and commercial organizations in the PRC. The research reports published by BBIC include:

《2007-2008 年中國煤炭行業發展趨勢決策諮詢及行業競爭力調查》(Consultation on the Decision-making concerning the Trend of Development in the Coal Industry in China and Competitiveness Survey of the Coal Industry from 2007 to 2008)

《2007-2008 年中國動力煤行業發展趨勢決策諮詢及行業競爭力調查報告》(Consultation on the Decision-making concerning the Trend of Development in the Steam Coal Industry in China and Competitiveness Survey of the Coal Industry from 2007 to 2008)

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《2007-2008年中國煤炭經營行業兼併重組決策及行業投資可行性分析報告》(Decision-making concerning the Merger and Acquisition in the Coal Operation Industry in China and Industrial Investment Analysis Feasibility Report from 2007 to 2008)

《2007-2008年中國煤炭運銷行業發展趨勢決策諮詢及行業競爭力調查》(Consultation on the Decision-making concerning the Trend of Development in the Coal Transportation and Sales Industry in China and Survey of the Industry Competitiveness from 2007 to 2008)

《2007-2010年中國民營煤炭貿易行業發展趨勢決策諮詢及行業競爭力調查》(Consultation on the Decision-making concerning the Trend of Development in the Non-State Owned Coal Trading Industry in China and Survey of the Coal Industry Competitiveness from 2007 to 2010)

《2007-2010年中國煤炭工業企業發展現狀及競爭趨勢分析報告》(The Report Regarding the Present Status Analysis of Development and the Trend of Competition of the Enterprises in the Coal Industry of China from 2007 to 2010)

《2007-2010年中國民營煤炭工業企業生存現狀及競爭趨勢分析報告》(The Report Regarding Present Status Analysis of Development and the Trend of Competition of Private Enterprises in the Coal Industry of China from 2007 to 2010)

《2008-2008年中國多晶硅產業投資價值決策諮詢及行業競爭力調查分析研究報告》(Consultation on the Decision-making concerning the Investment Value in the Polysilicon Industry of China and Survey Report of Industrial Competitiveness from 2007 to 2008)

《2007-2008年中國太陽能電池行業兼併重組決策及行業投資可行性調查報告》(Decision-making concerning the Merger and Acquisition in the Solar Energy Battery Industry in China and Industry Investment Analysis Feasibility Report from 2007 to 2008)

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《2007-2008 年中國火電行業發展趨勢決策諮詢
及行業競爭力調查研究分析報告》
(Consultation on the Decision-making concerning
the Trend of Development in the Thermal Power
Industry in China and Survey of the Industry
Competitiveness from 2007 to 2008)

《2007-2010 年中國石油化工行業發展趨勢決策諮詢
及行業競爭力調查研究分析報告》(Consultation on
the Decision-making concerning the Trend of
Development in the Petroleum Chemical Industry
in China and Survey of Industry Competitiveness
from 2007 to 2010)

煤炭市場月度分析報告 (Monthly Analysis Report
on Coal Market)

煤炭行業周報 (Coal Industry Weekly Reports)

煤炭行業每周監測報告 (Weekly Inspection Report
on Coal Industry)

Date of publications: [June] 2009

Assumption: The content of the BBIC Report relied on:

- The market data published by numerous well recognised authorities and government entities around the world;
- Strategic analysis of market performance globally and nationally including supply-side and demand drivers, product development and marketing;
- Historic market size performance at country, regional and global level;
- Company market shares by country;
- Future market outlook and sales forecasts;
- Interviews with market participants; and
- The analysis conducted by BBIC industry analysts

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Basis upon which their statistics are reliable:

BBIC is renowned for its:

- Reputation in the industry;
- Objectivity and independence;
- Wide coverage;
- Track record of research reports; and
- Consistent and timely analysis.

The Group paid an aggregate fee of [RMB21,000] for the use and the preparation of the BBIC Report. BBIC advised that the fees were based on normal rates in its ordinary course of business. In view of the background and market credentials of BBIC, the Directors believe that the BBIC Report was prepared independently even though BBIC was commissioned by the Group to produce the BBIC Report for particular use in this document.

BBIC was commissioned to (a) conduct market research and consolidate market information from various sources in the coal industry and coal transportation sectors; (b) review and verify the accuracy and consistency of market information; (c) analyse the development trends in the coal industry and coal transportation sectors; and (d) issue an independent and objective research report.

OVERVIEW OF GLOBAL COAL INDUSTRY

Global Coal Reserves

The global coal reserve was approximately 847,488 million tonnes as at the end of 2007 and was available for exploration for over 130 years. It comprises anthracite, bituminous, sub-bituminous and lignite. In 2007, over 75% of coal reserves are distributed in the top five countries around the world. The following table illustrates the coal reserves in the top five countries at the end of 2007:–

Ranking	Country	Proven Reserves (Million tonnes)	Percentage (%)
1.	United States of America	242,721	28.6
2.	Russia	157,010	18.5
3.	China	114,500	13.5
4.	Australia	76,600	9.0
5.	India	56,498	6.7

Source: BP Statistical Review of World Energy 2008, June 2008 and BBIC Report
(Data to be updated to 2008 if such data is available before the Latest Practicable Date)

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In recent years, the global consumption for coal resources has increased substantially. Coal resources have gradually become the main energy resource in most of the energy consuming countries including China, United States of America and India. As a result, the global production, consumption and trading in coal recorded a significant increase.

Global Coal Production

The global production of coal increased by 3.3% from 3,034.5 million tonnes oil equivalent in 2006 to 3,135.6 million tonnes oil equivalent in 2007. The following table sets forth general information on the global coal production:

Million tonnes oil equivalent	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Change 2007 over 2006	2007 share of total
North America	632.5	648.8	628.3	612.6	633.2	610.2	590.4	611.8	620.9	635.2	629.9	-0.8%	20.1%
South & Central America	27.9	29.5	28.7	33.9	36.8	33.9	39.9	43.0	47.3	52.2	55.3	6.0%	1.8%
Europe & Eurasia	469.2	437.0	425.3	428.6	438.2	424.6	437.2	438.7	438.7	446.1	445.4	-0.2%	14.2%
Middle East	0.6	0.6	0.7	0.6	0.5	0.4	0.6	0.6	0.6	0.5	0.5	-	<0.05%
Africa	129.2	132.0	130.1	130.7	130.2	128.0	137.1	140.9	140.7	147.1	154.2	4.8%	4.9%
Asia Pacific	1,036.5	978.9	1,012.8	1,040.8	1,107.8	1,160.7	1,315.0	1,494.0	1,635.2	1,753.4	1,850.2	5.5%	59.0%
<i>China</i>	<i>690.0</i>	<i>628.7</i>	<i>645.9</i>	<i>656.7</i>	<i>697.6</i>	<i>733.7</i>	<i>868.4</i>	<i>1,012.1</i>	<i>1,119.8</i>	<i>1,205.1</i>	<i>1,289.6</i>	<i>7.0%</i>	<i>41.1%</i>
WORLD	2,295.8	2,226.8	2,225.9	2,247.1	2,346.7	2,357.8	2,520.2	2,729.0	2,883.5	3,034.5	3,135.6	3.3%	100.0%

Source: BP Statistical Review of World Energy 2008, June 2008 and BBIC Report
(Data to be updated to 2008 if such data is available before the Latest Practicable Date)

Global Coal Consumption

Coal was the fastest growing fuel in the world for the fifth consecutive year. Global consumption rose by approximately 4.5%, above the 10-year average of approximately 3.2%. Consumption growth was widespread, with growth in every region except the Middle East exceeding the 10-year average. China coal consumption rose by approximately 7.9% and accounted for more than two-thirds of global growth. The following table sets forth general information on the global coal consumption:

Million tonnes oil equivalent	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Change 2007 over 2006	2007 share of total
North America	574.1	582.3	581.4	606.9	593.0	591.1	604.5	603.0	614.9	605.7	613.3	1.3%	19.3%
South & Central America	20.3	19.7	20.2	20.2	19.0	18.3	19.6	20.5	20.7	20.9	22.4	7.3%	0.7%
Europe & Eurasia	546.6	531.5	506.4	527.2	520.4	519.7	535.5	529.2	516.7	532.6	533.7	0.2%	16.8%
Middle East	6.3	6.8	6.7	7.3	8.3	8.7	9.0	8.9	9.0	8.9	6.1	-32.1%	0.2%
Africa	92.3	91.6	89.9	89.4	89.3	92.3	97.4	103.4	100.6	101.9	105.9	3.9%	3.3%
Asia Pacific	1,078.1	1,032.2	1,048.3	1,089.4	1,121.9	1,176.5	1,333.7	1,502.9	1,630.3	1,771.7	1,896.2	7.0%	59.7%
<i>China</i>	<i>700.2</i>	<i>651.9</i>	<i>656.2</i>	<i>667.4</i>	<i>681.3</i>	<i>713.8</i>	<i>853.1</i>	<i>983.0</i>	<i>1,088.8</i>	<i>1,215.0</i>	<i>1,311.4</i>	<i>7.9%</i>	<i>41.3%</i>
WORLD	2,317.7	2,264.1	2,252.9	2,340.4	2,351.7	2,406.7	2,599.7	2,768.1	2,892.4	3,041.7	3,177.5	4.5%	100.0%

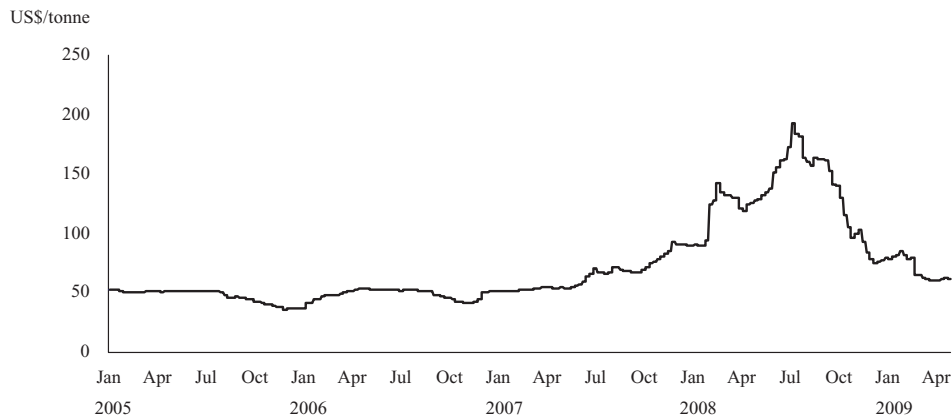
Source: BP Statistical Review of World Energy 2008, June 2008 and BBIC Report
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Global Coal Price

During the Track Record Period, the global coal prices increased gradually since 2005. The Australia Newcastle FOB coal spot price (6,700 Kcal) increased from approximately US\$53.1 per tonne in January 2005 and recorded a historical high of approximately US\$192.5 per tonne in the first week of July 2008. However, the coal price dropped significantly from the peak in or about July 2008 to approximately US\$60.2 per tonne at the end of April 2009.

6,700 Kc GAD FOB Steam Coal Spot Price/Newcastle, Australia



Source: BBIC Report

Proven Coal Reserves

Set out below are the world's proven coal reserves statistics, extracted from BP Statistical Review of World Energy 2008:

Proven coal reserves at end of 2007

Million tonnes	Total	Percentage of total	R/P ratio (Note)
North America	250,510	29.6%	224
South & Central America	16,276	1.9%	188
Europe & Eurasia	272,246	32.1%	224
Middle East & Africa	50,991	6.0%	186
Asia Pacific	257,465	30.4%	70
– China	114,500	13.5%	45
– Australia	76,600	9.0%	194
– Indonesia	4,328	0.5%	25
TOTAL WORLD	847,488	100.0%	133

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Source: BP Statistical Review of World Energy 2008, June 2008 and BBIC Report

Note: R/P ratio is an indicator describing the number of years of remaining production from current proven reserves at current production rates.

(Data to be updated to 2008 if such data is available before the Latest Practicable Date)

As illustrated above, China has rich proven coal reserves, which represent approximately 44.5% and 13.5% of the total proven coal reserves of Asia Pacific and the world respectively.

Coal is the principal source of energy in China and it has been explored in large scale during the past decades. Therefore, the R/P ratio of China's proven coal reserves is only around 45 years, substantially lower than the world's average R/P ratio of 133 years. In other words, the current proven reserves in China can only support coal production under the current production rate for approximately 45 years.

OVERVIEW OF THE COAL INDUSTRY IN THE PRC

The Net Import of Coal in the PRC

The PRC government promulgated the policy of "Encouraging Imports and Suppressing Exports" of coal in 2003, and gradually reduced export tax rebates for coal products. On 15 September 2006, the policy on export tax rebates for coal products was abolished. From 1 November 2006 onwards, an additional one to nine per cent export customs duty was levied on coal exports.

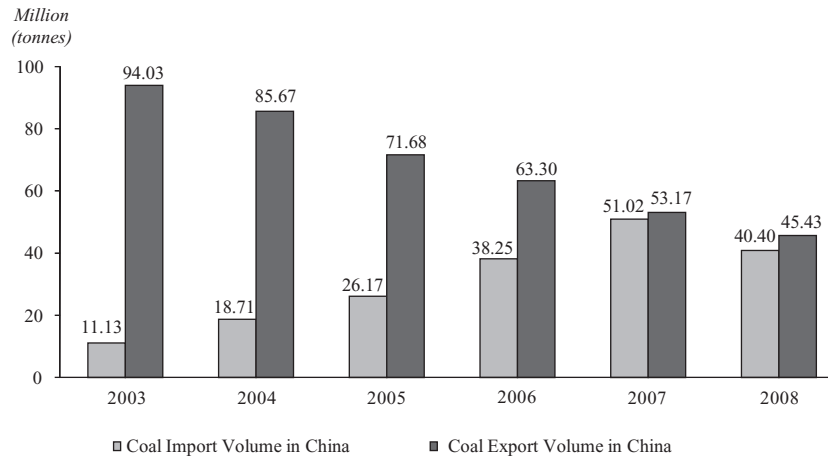
At the same time, the PRC government reduced the customs duty for imported coal twice in 2006, and effective from 1 June 2007, no customs duty is imposed on coal imported to China. As a result, the volume of coal imports in 2006 and 2007 underwent significant increases of approximately 46% and 33%, respectively. The volume of coal exported from the PRC decreased from approximately 94.03 million tonnes in 2003 to 45.43 million tonnes in 2008, with an average annual decrease of approximately 13.54%, while the volume of coal imported to the PRC has grown from approximately 11.13 million tonnes in 2003 to 40.40 million tonnes in 2008, with a CAGR of approximately 29.41%.

In view of the drastic increase in global coal prices in the first three quarters in 2008, the demand of coal in the PRC slowed down in 2008. The volume of coal imported to the PRC in 2008 fell to approximately 40.40 million tonnes, representing a decrease of approximately 20.8% from 2007. The net export value therefore increased slightly from 2.15 million tonnes in 2007 to 5.03 million tonnes in 2008.

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The following diagram illustrates the volume of coal imports and exports in the PRC from 2003 to 2008:–

Volume of coal imports & exports in the PRC



Source: China Customs and BBIC Report

The volume of coal net exports was drastically reduced to approximately 2.15 million tonnes in 2007 from approximately 82.90 million tonnes in 2003. However the net export rebounded to approximately 5.03 million tonnes in 2008. The rebound of the net export was mainly due to the significant plunge in the coal import in China caused by the global economic recession. It is expected that the growth in the domestic demand, the government's restriction on the export of energy products and the recovery from the global economy will result in a net import of coal in the PRC in the coming years.

PRC Coal Prices

From 1 January 2005 to November 2007, the Qinhuangdao benchmark coal spot prices (5,500 kcal) were traded within the range of RMB[405] per tonne and RMB[480] per tonne. As stimulated by the surging oil price and fast-growing demand for coal in the coastal regions of the PRC, the Qinhuangdao benchmark coal spot prices (5,500 kcal) increase significantly from approximately RMB[480] per tonne in November 2007 to approximately RMB[1,043] per tonne as of 21 July 2008. As affected by the decreasing market price of international commodity prices, the Qinhuangdao benchmark coal spot price (5,500 kcal) decreased to approximately RMB580 per tonne at the end of December 2008, and to approximately RMB585 per tonne at the end of May 2009.

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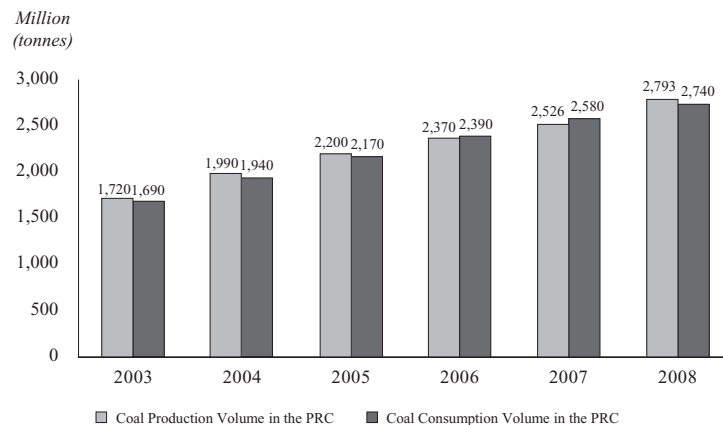
Coal Production in the PRC

In recent years, the four main coal consumption industries in the PRC are electricity, construction, iron and steel and chemical industries, which in aggregate accounted for approximately 80% of total coal consumption in the PRC. Coal consumed by the electricity industry accounted for approximately 50% of the total coal consumption in the PRC. The electricity industry, construction industry and iron and steel industry in aggregate contribute approximately 90% of the recent increase in coal consumption in the PRC, with only a limited increase or even a decrease of coal consumption among other industries.

The volume of coal production in the PRC has grown from 1,720 million tonnes in 2003 to 2,793 million tonnes in 2008, with a CAGR of 10.18%. The volume of coal consumption in the PRC has grown from 1,690 million tonnes in 2003 to 2,740 million tonnes in 2008, with a CAGR of 10.15%, which is slightly higher than the CAGR of the volume of coal production.

The following diagram illustrates the volume of coal production and consumption in the PRC from 2003 to 2008:–

Volume of coal production and consumption in the PRC



Source: BBIC Report

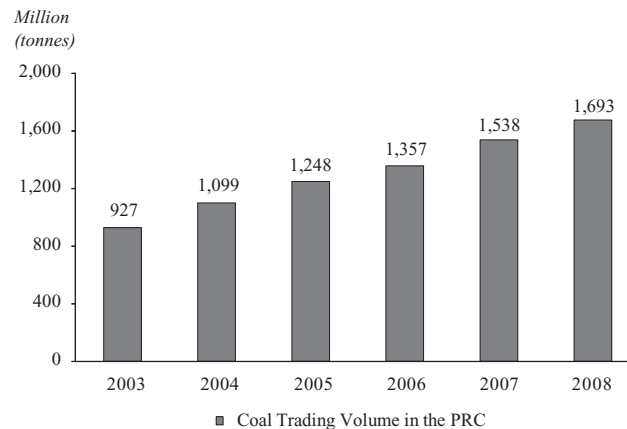
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Coal Trading

According to the BBIC Report, the volume of coal trading in the PRC comprises the volume of coal imports (coal produced overseas) and the volume of domestic coal trading (coal produced in the PRC). The volume of coal trading in the PRC has grown from 927 million tonnes in 2003 to 1,693 million tonnes in 2008, with a CAGR of 12.80%.

The following diagram illustrates the volume of coal trading in the PRC from 2003 to 2008:–

The volume of coal trading in the PRC



Source: BBIC Report

OVERVIEW OF THE NON-STATE-OWNED COAL OPERATORS IN THE PRC

According to 《煤炭經營企業「十一五」結構調整與合理佈局規劃》 (“Eleventh Five-Year Plan for Structural Adjustment and Reasonable Arrangement for Coal Operating Enterprises” (the “**Eleventh Five-Year Plan**”)) promulgated by the NDRC on 29 September 2007, all PRC coal operators with an annual operating volume below 10,000 tonnes will be eliminated gradually. Consequently, the number of PRC coal operators shall be adjusted from 200,000 to around 47,000 by 2010.

A coal operator is principally engaged in the operation of a coal related business including sales, wholesales, processing and distribution (exclusive of coal mine exploitation enterprise). Following the release of the “Eleven Five-Year Plan”, it is expected that various small scale coal operators will be gradually eliminated, while the large non-state-owned coal operators will obtain numerous opportunities for mergers and acquisitions.

The market share of non-state-owned coal operators in the PRC

There are more than 200,000 coal operators in the PRC, most of which are small non-state-owned coal operators. Due to state control over coal resources, for a long time the operation of the coal industry has not been fully market oriented, with only a small number of large scale non-state-owned coal operators. According to the BBIC Report, the volume of coal trading in the PRC in 2008 amounted to approximately 1,693 million tonnes, of which

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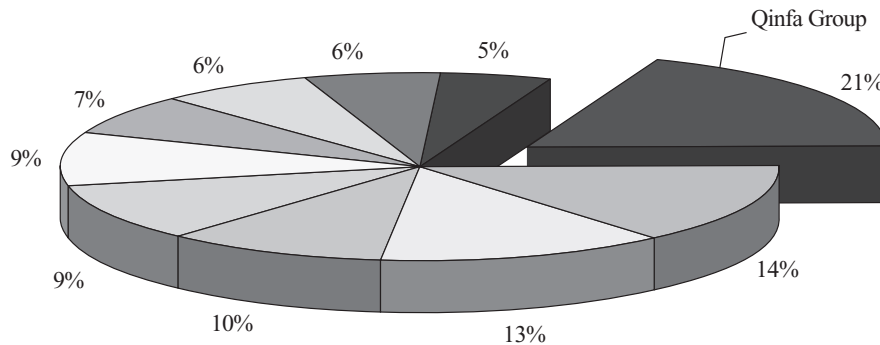
(i) approximately 1,168 million tonnes or approximately 69% of the total volume of coal trading in the PRC were traded by state-owned coal operators; and (ii) approximately 525 million tonnes or approximately 31% of the total volume of coal trading in the PRC were traded by non-state-owned coal operators.

Among the non-state-owned coal operators, the top ten non-state-owned coal operators in the PRC, including the Group, accounted for approximately 30.7 million tonnes or approximately 5.85% and 1.81% of the coal trading volume of non-state-owned coal operators and total volume of coal trading in the PRC in 2008, respectively.

According to the BBIC Report, the Group was ranked as the largest non-state-owned coal operator in the PRC in terms of the volume of coal trading in 2008. As there are numerous small non-state-owned coal operators operating coal business in the PRC, the Directors believe the promulgation of the "Eleventh Five-Year Plan" will have significant adverse impact on those relatively small coal operators as these relatively small operators would be gradually eliminated by the industry integration. It is expected that the Group will benefit from the industry consolidation.

The following diagram illustrates the market share of the coal trading volume among the top ten non-state-owned coal operators in the PRC in 2008:–

The market share of the coal trading volume among the top ten non-state-owned coal operators in the PRC in 2008



Source: BBIC Report

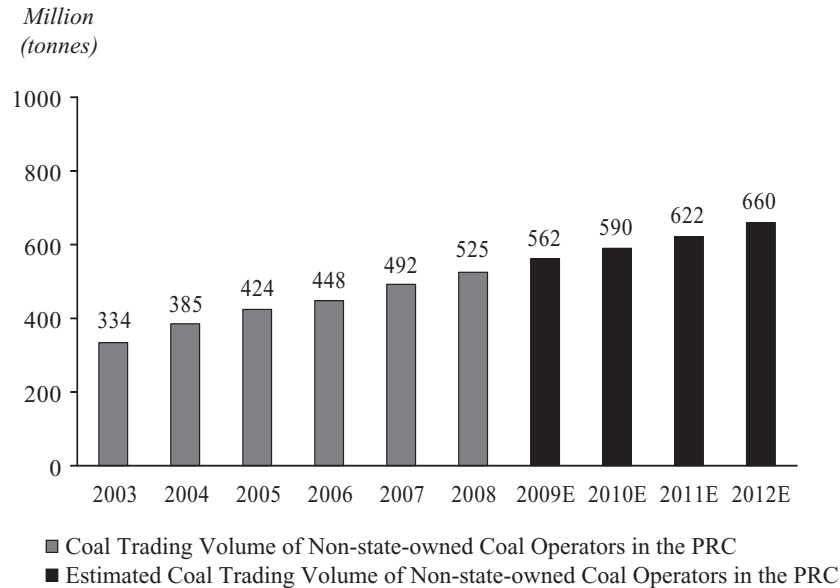
Coal Trading Volume of Non-state-owned Coal Operators in the PRC

The coal trading industry is the bridge linking coal production and coal consumption, and coal trading operators have gradually become an important and integrated part of coal logistics system in the PRC. Currently, there are approximately 200,000 coal operators (including coal trading) in the PRC, among them, there are numerous distribution subsidiaries of large operating coal groups, as well as a variety of non-state-owned coal operators.

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The following diagram illustrates the coal trading volume of non-state-owned coal operators in the PRC from 2003 to 2008 and the estimated coal trading volume of non-state-owned coal operators in the PRC from 2009 to 2012:–

Volume of coal trading of non-state-owned coal operators in the PRC



Source: BBIC Report

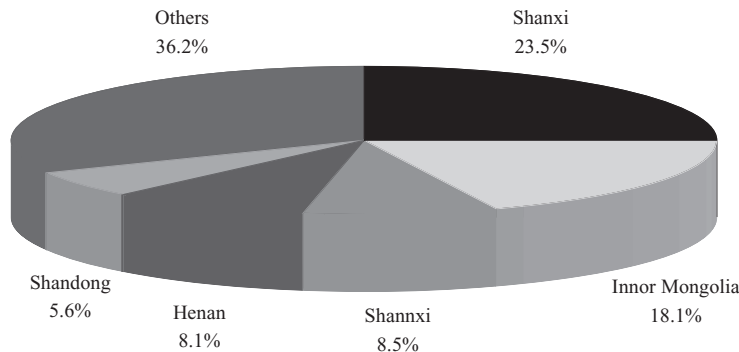
The volume of coal trading by non-state-owned coal operators in the PRC has increased from 334 million tonnes in 2003 to 525 million tonnes in 2008, with a CAGR of 9.47%. According to the Eleventh Five-Year Plan, all non-state-owned coal operators with an annual operating volume below 10,000 tonnes will be eliminated, resulting in a limited amount of non-state-owned coal operators left in the coming five years. The volume of coal trading by non-state-owned coal operators in the PRC is estimated to grow from 562 million tonnes in 2009 to 660 million tonnes in 2012, with an estimated CAGR of 5.5%.

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OVERVIEW OF COAL TRANSPORTATION IN THE PRC

The total coal production volume of Shanxi, Inner Mongolia, Henan and Shandong was approximately 1,320 million tonnes, which accounted for approximately 55.3% of the total coal production volume of China for the period between January 2008 and November 2008.

The following diagram illustrates the volume of coal production by geographic region in the PRC for the period between January 2008 and November 2008:–



Source: BBIC Report

Being the world's largest coal consuming country, the demand for coal in China, in particular the prosperous coastal regions, has grown significantly. However, coal resources and production are concentrated mainly in the western and northern regions in China. In the PRC coal industry, there exists a geographical disparity and transportation bottleneck between locations of coal production and principal end-users. The disequilibrium is also shown in the fact that coal resources are mainly distributed in regions which are far away from the major developed areas. This results in the situation where coal must be transported over long distances from the production areas to the distribution areas.

Coal transportation and logistics in the PRC

The logistics of long distance coal transportation are complex, involving the coordination of loading on and transportation by trucks, unloading and storage at coal loading stations, loading on and transportation by railway, and loading at ports for transportation by water way. As a result, transportation costs are the major cost in the purchase of coal. The demand for coal has been exceeding supplies of coal in the PRC for a long period of time, resulting in an increase in the price of coal. Hence, the inevitable transportation cost is one of the major considerations of coal consumers. The Directors believe the coal operators with the ability to provide integrated services in the PRC will continue to benefit from the disequilibrium situation in the future.

Road transportation is most suitable for short distance transportation of coal from coal mines to coal loading stations. Due to the low volume of goods transported with each trip, road transportation incurs higher fuel costs per tonne than railway and sea transport. Therefore, road transportation is not suitable for the conveyance of coal over long distances.

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Coal Loading Stations

There are 41 major coal loading stations located along the Daqin Railway. In view of the rapid increase in coal consumption, the standard of the coal loading stations has gradually improved. The government is also raising the approval requirements for investments in new coal loading stations in the PRC. However, the government encourages large coal operators investing in new coal loading stations with a transportation capacity of over 3 million tonnes and especially a coal distribution centre with a storage area being able to support an operation capacity of over 5 million tonnes.

Railway

Railway transportation is particularly suitable for bulk merchandise such as coal, given its features of low costs and large transport volume over long distances. Due to the imbalanced coal resources distribution in China, railway transportation has become the major form of transportation and covers over 90% of the total transport volume. The feature of large transport volumes over long distances have given railway transportation an indispensable status in respect of coal transportation. However, insufficient capacity restricts coal consumption in certain areas.

There are three main railways for coal transportation in the PRC, namely Daqin Railway, 侯月線 (Houyue Railway) and 朔黃線 (Shouhuang Railway). In 2007, the coal transportation volume of Daqin Railway, 侯月線 (Houyue Railway) and 朔黃線 (Shouhuang Railway) was approximately 300 million tonnes, 120 million tonnes and 130 million tonnes, respectively. The total coal transportation volume of Daqin Railway, 侯月線 (Houyue Railway) and 朔黃線 (Shouhuang Railway) accounted for approximately 36% of the total coal transportation volume by railway in the PRC. Recently, the rapid increase in the coal transportation volume of Daqin Railway and 侯月線 (Houyue Railway) enabled Daqin Railway and 侯月線 (Houyue Railway) to become the core coal transportation railway in the PRC.

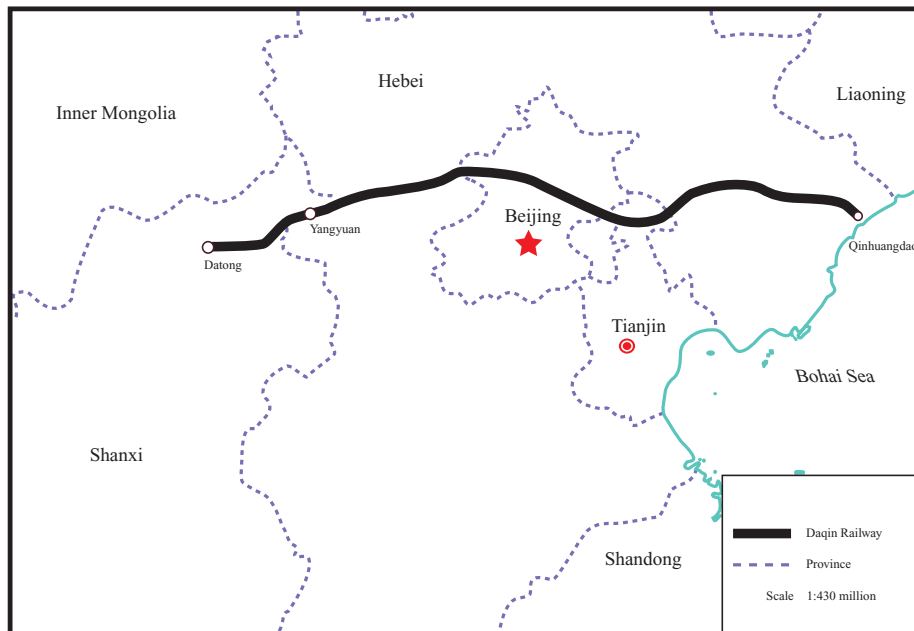
Daqin Railway:

Daqin Railway is the first electrified bulk carrier special railway for coal transportation in the PRC. It is the passage for coal transport from Shanxi, Shaanxi and western Inner Mongolia.

Daqin Railway starts from Hanjialing station on the Beitongpu Line and reaches the east in Liuchuan south station in the Qinhuangdao region. The total length is 653 km with an annual coal transportation capacity of 350 million tonne in 2008. It is responsible for the transportation of coal for production usage by the top five electricity generation companies, over 350 major electricity generation plants, top ten iron and steel companies and over 6,000 enterprises, coal for civilian usage and coal for export.

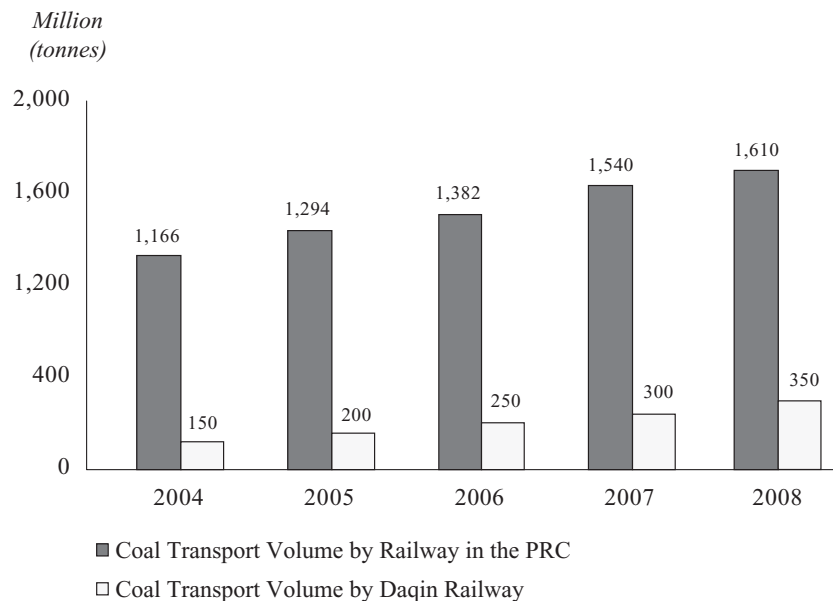
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The following diagram illustrates the geographical location and distribution of Daqin Railway:-



The following diagram illustrates the total volume of coal transport by railway in the PRC and by Daqin Railway in the PRC from 2003 to 2008:-

The total volume of coal transport by railway in the PRC and Daqin Railway



Source: BBIC Report

The volume of coal transport by Daqin Railway in the PRC has grown from 120 million tonnes in 2003 to 350 million tonnes in 2008, with a CAGR of 23.87%.

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Ports

Coal resources are mainly transported by water way from northern China to southern China due to the disequilibrium distribution of coal resources in the PRC. Water way transportation is particularly suitable for coal transportation, given its feature of low cost and large transport volume over long distances. Hence, water way transportation is the major method in global coal trading, and is well recognised by global coal operators.

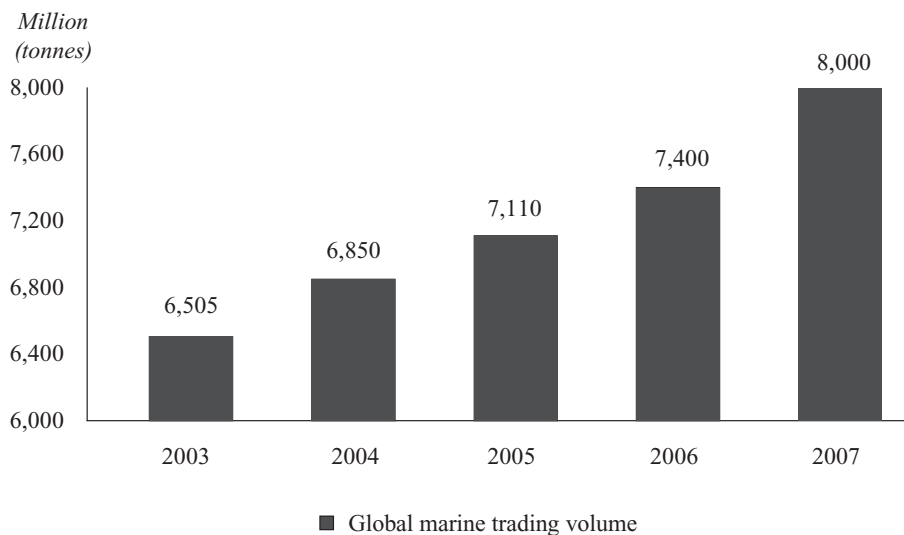
Qinhuangdao port, Tianjin port and HuangHua port are the major dry bulk loading ports in northern China. The dry bulk handling and transportation volumes of Qinhuangdao port, Tianjin port and HuangHua port in 2008 were approximately 249 million tonnes, 354 million tonnes and 83 million tonnes.

Qinhuangdao port is the largest coal loading port in the PRC in terms of the annual coal loading volume and it is equipped with 45 berths. According to the BBIC report, the annual coal loading volume of Qinhuangdao port was increased from 175 million tonnes in 2006 to 218 million tonnes in 2008, representing an increase of approximately 24.6%.

Water Way Transportations

According to the BBIC Report, global economy and marine trading volume increased significantly in 2007, which was mainly led by such Asian countries as economic growth in China and India. The global marine trading volume was approximately 8,000 million tonnes in 2007, representing approximately 8.1% growth compared with that of 2006. The volume of global marine trading grew from approximately 6,505 million tonnes in 2003 to 8,000 million tonnes in 2007, representing a CAGR of approximately 5.3%.

The following diagram illustrates the volume of global marine trading from 2003 to 2007:-



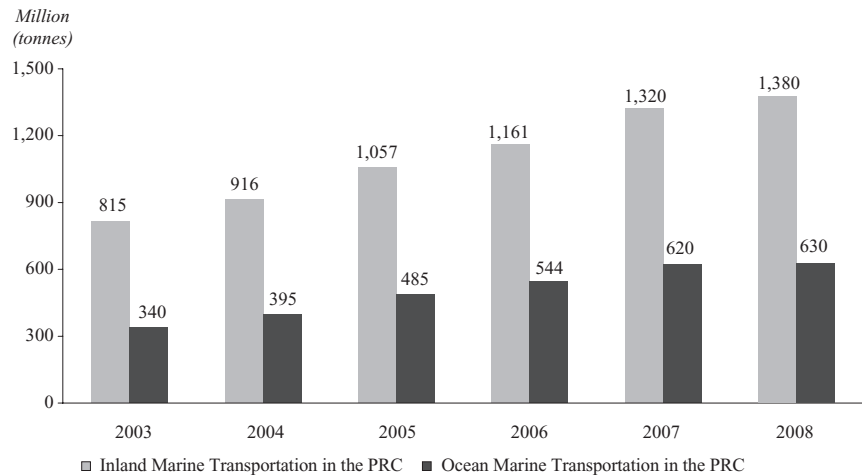
Source: BBIC Report

(Data to be updated to 2008 if such data is available before the Latest Practicable Date)

INDUSTRY OVERVIEW

According to the BBIC report, water way transportation mainly comprises inland marine transportation and ocean marine transportation. As of 31 December 2008, the volumes of water way transportation by inland marine transportation and ocean marine transportation in the PRC were approximately 1,380 million tonnes and 630 million tonnes, respectively.

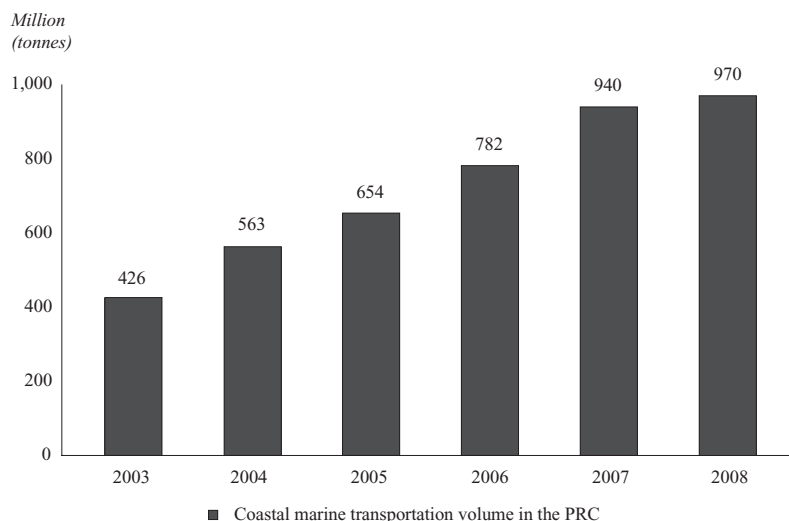
The following diagram illustrates the volumes of water way transportation by inland marine transportation and ocean marine transportation in the PRC from 2003 to 2008:-



Source: BBIC Report

According to the BBIC report, the volume of coastal marine transportation in the PRC has grown from 426 million tonnes in 2003 to 970 million tonnes in 2008, with a CAGR of 17.88%.

The following diagram illustrates the volume of coastal marine transportation in the PRC from 2003 to 2008:-



Source: BBIC Report