You should carefully consider all of the information in this Prospectus including the risks and uncertainties described below before making an investment in our H Shares. You should pay particular attention to the fact that we are a PRC company and are governed by laws and regulations that may differ, in some respects, from those in other countries. Any of these risks and uncertainties may have a material adverse effect on our business, results of operations and financial condition. The trading price of our H Shares could decline due to any of these risks, and you may lose part or all of your investment. For more information concerning the PRC and certain related matters discussed below, please refer to "Regulations," Appendix VIII "Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions" and Appendix IX "Summary of the Articles of Association of our Company." You should also refer to other information contained in this Prospectus, including the financial statements and the related notes.

This Prospectus also contains forward-looking statements that identify certain risks and uncertainties. See "Forward-looking Statements."

There are certain risks involved in our operations and many of these risks are beyond our control. These risks can be characterised as: (i) risks relating to China's coal industry; (ii) risks relating to our businesses; (iii) risks relating to the People's Republic of China; and (iv) risks relating to the Global Offering.

RISKS RELATING TO CHINA'S COAL INDUSTRY

Our business and results of operations are susceptible to the cyclical nature of coal markets and are vulnerable to fluctuations in coal prices.

As the vast majority of our revenue is derived from domestic sales of coal, our business and results of operations are substantially dependent on the prices we charge for our coal as well as the domestic supply of and demand for coal. We price our coal by reference mainly to prices in the domestic coal market, which are influenced by the change in supply and demand. Historically, the domestic coal market has experienced alternating periods of increased demand and excess supply caused by the combination of numerous factors beyond our control. Such factors include, but are not limited to:

- global and domestic economic and political conditions and competition from other energy sources;
- the rate of growth and expansion in industries with high coal demand, such as the power and manufacturing industries;
- the indirect influence on domestic coal prices of the PRC government through its regulation of on-grid tariffs and the allocation of transportation capacity of the national railway system;
- the development and increasing use of alternative sources to generate power such as natural gas, oil, hydropower and nuclear power; and
- environmental laws and regulations such as those relating to caps on carbon emissions.

For example, the global economic downturn that started in the second half of 2008 significantly affected the demand for coal in China and caused the market prices of coal to decline substantially. Due to increased demand primarily driven by the recovery of the PRC economy in 2009, the market prices of coal have increased steadily since then. According to the China Coal Resources website, the average price of Shanxi Quality Coal (山西優混), which has a calorific value of 5,500kcal/kg, at Qinhuangdao Port was RMB599.6 per tonne, RMB744.9 per tonne and RMB818.6 per tonne in 2009, 2010 and 2011, respectively. For additional information regarding market prices of coal in China, see "Industry Overview — Overview of PRC Coal Industry — A Market-driven Pricing Mechanism and Competition."

The average selling price of our coal products was RMB349.3 per tonne, RMB374.2 per tonne and RMB396.8 per tonne for 2009, 2010 and 2011, respectively. The following table illustrates the changes in our net profit assuming there had been changes in the average selling price per tonne of our coal products for 2011.

% change in the average selling price of our Group's coal products	-15%	-10%	-5%	+5%	10%
Impact on the profit for the year 2011(RMB Million)	-1,931.0	-1,287.3	-643.7	643.7	1,287.3

- If the targeted average selling price of our Group's coal products rose by 10%, our Group's profit for 2011 would be RMB7,036.6 million, representing an increase of 22.4%.
- If the targeted average selling price of our Group's coal products rose by 5%, our Group's profit for 2011 would be RMB6,393.0 million, representing an increase of 11.2%.
- If the targeted average selling price of our Group's coal products declined by 5%, our Group's profit for 2011 would be RMB5,105.6 million, representing a decrease of 11.2%.
- If the targeted average selling price of our Group's coal products declined by 10%, our Group's profit for 2011 would be RMB4,462.0 million, representing a decrease of 22.4%.
- If the targeted average selling price of our Group's coal products declined by 15%, our Group's profit for 2011 would be RMB3,818.3 million, representing a decrease of 33.6%.

There can be no assurance that the domestic demand for coal will continue to grow, that the domestic coal market will not experience excess supply, or that there will not be significant drops in coal prices in China. An overcapacity in the PRC coal industry, whether caused by a significant decrease in demand or a significant increase in supply, or a significant decrease in domestic coal prices in the future, would most likely affect the average selling price of our products and consequently have a material adverse effect on our business, results of operations and financial condition.

Our operations are extensively regulated by the PRC government.

We, like other coal producers in China, are subject to extensive national, provincial and local governmental regulations, policies and controls that cover, among other things, the following:

- the granting and renewal of coal exploration rights and mining rights;
- the granting of coal production licenses and safe production licenses;
- production volume requirements;
- resource recovery rate requirements;
- environmental, safety and health standards;
- the allocation of coal transportation capacity on the national railway system;
- the pricing of coal transportation services;
- coal export quotas, permits and VAT rebates;
- the adoption of temporary measures to limit increases in coal prices; and
- the collection of taxes, duties and fees including, among others, resources tax, mining right usage fees, mineral resources compensatory fees and the coal price adjustment levy.

The liabilities, costs, obligations and requirements associated with these laws and regulations may be significant and may have a material adverse effect on our operations.

Failure to comply with the relevant laws and regulations governing our mining operations may result in the suspension of our operations or the imposition of fines, either of which could have a material adverse effect on our business, results of operations and financial condition. Any coal company is required by PRC laws and regulations not to carry out coal production in excess of the assessed annual production capacity recorded on the safety production permits and coal production permits of the relevant coal mines. Breach of such laws and regulations may result in penalties being imposed by the relevant government authorities, which may include the suspension of production of the relevant mine for rectification and/or monetary or other administrative penalties. During the Track Record Period, the annual production volume of certain of our coal mines exceeded the relevant assessed annual production capacities. See the section headed "Business — Coal Operations" for additional information.

Additionally, we cannot assure you that the relevant government agencies will not change existing laws or regulations or enact additional or more stringent laws or regulations. Compliance with such laws or regulations may require us to incur significant capital expenditures or other obligations or liabilities. More stringent laws or regulations may also restrict our business operations and adversely affect our business prospects. For more information on PRC regulations, see "Regulations."

Competition in the PRC coal industry may increase and we may not be able to compete effectively.

We operate in a competitive market. Competition in the PRC coal industry is based on factors such as price, production capacity, type and quality of coal, transportation capability and costs, blending capability and brand name recognition. The ongoing consolidation in the PRC coal industry has increased the level of competition.

We face competition from other domestic coal mining companies and coal traders. Such competitors may have greater access to financial resources, higher levels of integration, better operating efficiency, more advanced technologies, or longer operating histories. Some of the domestic coal mining companies compete for the rights to obtain and exploit coal reserves. These companies may have greater coal production capacities, lower transportation costs, and greater financial, marketing, distribution and other resources than we do. See "Industry Overview — Overview of PRC Coal Industry." If we are unable to improve our product quality and price competitiveness, maintain our operating efficiency and control our costs in connection with our expansion, raw materials and energy usage, our growth opportunities may be limited and our revenue and profitability may be adversely affected. We cannot guarantee that future increases in competition will not have a material adverse effect on our business, results of operations and financial condition.

Our business operations may be materially and adversely affected by present and future environmental regulations and initiatives to combat climate change.

We are subject to extensive and increasingly stringent environmental protection laws and regulations in China. See "Regulations — Environmental Protection." These laws and regulations:

- impose fees for the discharge of pollutants and waste substances;
- require the establishment of reserves for land reclamation and rehabilitation;
- impose fines for environmental violations; and
- allow the PRC government, at its discretion, to close any facility that fails to comply with administrative orders requiring operators of the facility to correct or stop operations causing environmental damage.

Our operations produce gaseous emissions, waste water and solid waste materials. Currently, the PRC government is moving towards more rigorous enforcement of applicable environmental laws and regulations and the adoption of more stringent environmental standards. If we fail to comply with current or future environmental laws and regulations, we may be required to pay penalties or fines and/or take corrective actions, any of which may have a material adverse effect on our business, results of operations and financial condition.

In addition, China is a signatory to the 1992 United Nations Framework Convention on Climate Change (the "Convention") and the 1997 Kyoto Protocol to the Convention, which are intended to limit greenhouse gas emissions. In December 2009, China agreed during the United Nations Climate Change Conference 2009 to reduce carbon dioxide emissions per unit of GDP by 40% to 45% by 2020, compared with 2005 levels. Any initiative to reduce energy consumption and control greenhouse gas emission could reduce coal consumption, which would cause our revenue to decrease and have a material adverse effect on our business, results of operations and financial condition.

Our business may be adversely affected by shortages in electricity and water supply or increases in electricity and water prices.

We consume a substantial amount of electricity and water in connection with our coal mining, coal processing and coal-related chemical operations. We expect our demand for electricity and water to increase as our production capabilities increase and our business grows. Although we have not experienced significant interruptions in either power or water supply in recent years, any shortages or disruption in electricity or water supply could lead to lengthy production shutdowns and increased costs related to recommencement of operations. Insufficient electricity or water supply may force us to limit or delay our production, which could have a material adverse effect on our business, results of operations and financial condition. Any significant increase in electricity and water prices will increase our operating costs and may adversely affect our results of operations if we are not able to pass the increased costs on to our customers.

RISKS RELATING TO OUR BUSINESSES

There is no assurance that the Proposed Acquisition will be completed within the time frame currently expected or will be completed at all.

To expand our coal reserves and output, while minimizing potential competition between Yitai Group and us in relation to our core business, we and Yitai Group entered into an Assets Transfer Agreement on May 29, 2012, pursuant to which we agreed to acquire, and Yitai Group agreed to transfer, the Target Business Group, at a consideration of RMB8,446.5 million. The Target Business Group includes substantially all assets and businesses of Yitai Group that are related to coal production, sales and transportation. The Proposed Acquisition constitutes a major acquisition under the Listing Rules, and the Valuation Report has been included as Appendix VI to this Prospectus.

The completion of the Proposed Acquisition is subject to the fulfilment by Yitai Group and us of its and our respective obligations under the Assets Transfer Agreement. The Assets Transfer Agreement will become effective on the date (the "Effective Date") when all the conditions precedent to its effectiveness are fulfilled. As of the Latest Practicable Date, the only condition precedent to the effectiveness of the Assets Transfer Agreement that had not been satisfied was the listing of our H Shares on the Hong Kong Stock Exchange. However, the completion of the Proposed Acquisition also requires the approval of the transfer of the mining rights by the IDLR. Based on the best estimation of our Directors, our Company expects to obtain the aforementioned approval within two months from the Listing Date. Our PRC legal advisors, Jingtian & Gongcheng Attorneys at Law, advised that there is no material legal impediment to obtain the approval from the IDLR provided that we submit application documents that are deemed necessary by the IDLR. Assuming that the approval from the IDLR will to be received within two months from the Listing Date, our Directors believe that the Proposed Acquisition could be completed within eight months from the Listing Date. See "Relationship with Controlling Shareholders — Competition — Proposed Acquisition." There is no assurance that the approval by the IDLR in relation to the Proposed Acquisition will be obtained in a timely manner, and the IDLR has discretion on whether or not to grant such an approval. In addition, there is no assurance that there will not be any regulatory changes or other unforeseen circumstances that could otherwise prevent such transfers from taking place in a timely manner, or at all. In the event that the Proposed Acquisition is not completed within the timeframe as currently expected or at all, our plans to increase our reserves and output and expand and upgrade our integrated transportation network and the related infrastructure may need to be changed or otherwise be affected, which may have a material adverse impact on our future business development plan.

The Target Business Group and we may not be as profitable in the future as expected.

We have prepared audited financial statements for the Target Business Group for 2009, 2010 and 2011 which are attached to this Prospectus as Appendix IB. According to such audited financial statements, the Target Business Group generated total revenue of RMB5,274.6 million, RMB9,268.3 million and RMB10,848.9

million, and profit of RMB1,020.5 million, RMB1,965.4 million and RMB2,295.6 million, for 2009, 2010 and 2011, respectively. However, the audited financial statements of the Target Business Group may not be indicative of the future performance of the Target Business Group. There is no assurance that the Target Business Group will continue to generate revenues and profits after the completion of the Proposed Acquisition that are comparable to those recorded in the audited financial statements. Further, as the Target Business Group comprises mainly businesses and assets relating to coal mining operations, the risks described in this "Risk Factors" section that are associated with our own coal mining operations and China's coal industry are also applicable to such businesses and assets of the Target Business Group. If the future performance of the Target Business Group falls substantially below our expectations, our business, results of operations and financial condition may be materially and adversely affected.

In addition, our gross profit margin may be affected by any change in the mix of our coal products sold. For example, our gross profit margin decreased from 56.7% for 2010 to 51.0% for 2011, primarily due to an increase in the proportion of the sales of coal purchased from third parties, which had a lower gross profit margin than the sales of self-produced coal products. The percentage of sales of coal purchased from third parties to total sales of coal was 4.9%, 0.8% and 15.5% for 2009, 2010 and 2011, respectively. If the proportion of the sales of coal purchased from third parties continues to increase in the future, our gross profit margin may further decrease.

Our net assets may be diluted upon the completion of the Proposed Acquisition.

We expect to pay Yitai Group a total of RMB8,446.5 million for the transfer of the Target Business Group, which is equal to the aggregate fair value of the Target Business Group as of December 31, 2009 as stated in a valuation report prepared by CEA. We intend to apply the net proceeds from the Global Offering towards the Proposed Acquisition. For more details, please see "Future Plans and Use of Proceeds" in the Prospectus. Without considering the net proceeds from the Global Offering and the other pro forma adjustments, and assuming that the Proposed Acquisition had taken place on January 1, 2011, our pro forma net assets would have decreased by RMB5,865.4 million, which is the difference between the consideration of RMB8,446.5 million and the net assets of RMB2,581.1 million of the Target Business Group as of December 31, 2011. In the event that the net proceeds from the Global Offering are less than the consideration we will pay for the Proposed Acquisition, our net assets will be diluted upon the completion of the Proposed Acquisition. See "Financial Information — Pro Forma Financial Information" and "Appendix IIA — Unaudited Pro Forma Combined Financial Information of the Enlarged Group" for more information.

The Proposed Acquisition may adversely affect our results of operations.

The Proposed Acquisition may have a negative impact on our results of operations. For example, assuming the Proposed Acquisition had occurred on January 1, 2011, although the pro forma revenue of our Group would have increased by 63.5% to RMB27,002.9 million for 2011, the pro forma gross profit margin of our Group would have decreased from 51.0% to 45.4% for 2011. Similarly, although the pro forma profit of our Group would have increased by 43.1% to RMB8,229.1 million for 2011, the pro forma profit margin, however, would have decreased from 34.8% to 30.5% for 2011. In addition, the pro forma effective tax rate would have increased from 15.0% to 16.5% for 2011. We cannot guarantee that after completion of the Proposed Acquisition, our financial performance will improve or remain stable.

We may not be able to obtain new mining right permits, or other permits required under the PRC law, or renew our existing mining right permits in time, or at all.

Under the Mineral Resources Law of the PRC (《中華人民共和國礦產資源法》) (the "Mineral Resources Law"), all mineral resources in China are owned by the State. Coal mining enterprises in China need to obtain for each coal mine, among others, a mining right permit, a safe production permit, a coal production permit and a business license with "coal production" in the stated business scope in order to conduct coal mining activities. Such safe production permit, coal production permit and business license can only be obtained after the mining right permit is obtained in accordance with PRC laws.

We currently hold the above-mentioned permits and licenses for all of our operating coal mines. As of the Latest Practicable Date, mining rights for Yangwangou, Fuhua and Kaida Mine will expire within the next three years and coal production permits for Nalinmiao No. 2 Mine, Fuhua and Kaida Mine will also expire within the next three years. There can be no assurance that we will be able to renew these permits on time, or at all, when they expire. For more information about the validity periods of such permits for each of our operating coal mines, please see "Business — Relevant Rights and Permits." Talahao Mine and Bulamao Mine are still under development and have not obtained the above-mentioned permits and licenses. Under applicable PRC laws, we will only be able to apply for the above-mentioned permits and licenses, as applicable, for each of these two mines after they have completed construction and trial production, and passed appropriate inspection by the government. See "Business — Relevant Rights and Permits" and "Regulations" for further details.

We cannot assure you when we will obtain the above-mentioned permits and licenses for Talahao Mine and Bulamao Mine, or at all. Any delay in obtaining, or failure to obtain, the requisite rights and permits for any of these mines will delay or prevent our commencement of commercial production in them, which in turn will have a material adverse impact on our operations and financial performance.

Typically, the duration for which mining right permits are granted cannot exceed the projected number of years of service of a mine and the consideration for such mining right permits is determined on the basis of such service period. Where residual reserves remain after the term of a mining right permit expires, the holder of such mining right permit has a legal right to apply for an additional term, according to the mineral resources regulations of the PRC. There is no minimum residual reserve requirement for the renewal of mining right permits, provided that any residual reserves remain. However, there can be no assurance that we will be able to renew our mining right permits on favorable terms, or at all, once such permits expire. Since our business is dependent on our mining operations, if we were unable to renew such permits, especially those that are due to expire within the next three years, our business, results of operations and financial condition may be materially and adversely affected.

Our indebtedness may materially and adversely affect our financial performance and results of operations.

We have relied upon both short-term and long-term borrowings to fund a substantial portion of our capital expenditures and operations and expect to continue to do so in the future. As of December 31, 2011, we had total loans of approximately RMB8,306.8 million, comprising total current loans of approximately RMB2,206.2 million and total non-current loans of approximately RMB6,100.6 million. Our borrowings generally contain terms and conditions and covenants that are customary for commercial bank loans in China. Debt covenants typically include requirements that we obtain the lenders' prior written consent before we can engage in certain transactions, such as the disposition of material assets, the merger or consolidation of our Company with or into another entity and the liquidation or winding-down of our Company. As of the Latest Practicable Date, we have not been in default of these debt covenants that could cause any material adverse impact on our business operations. Our net debt ratio (defined as total loans less cash divided by total equity) as of December 31, 2011 was 25.4%. Our ability to repay the principal and service the interest payments on our debt depends substantially on our operating performance. We cannot assure you that our business will generate sufficient cash flow from our operations or that future borrowings under our revolving credit facilities will continue to be available to enable us to service our debt or to fund our other liquidity needs. Moreover, we may incur additional debt to fund our planned capital expenditures and future projects. The level of our indebtedness could have important consequences, including, but not limited to:

- limiting our ability to pay dividends and satisfy our debt obligations;
- limiting our ability to obtain additional financing and requiring us to set aside a substantial portion of cash flow from our operations for the repayment of the principal of, and the interest on, our indebtedness, thereby reducing the availability of cash flow to fund capital expenditures, working capital and other business development expansion projects;
- increasing our exposure to general adverse economic and industry conditions; and
- limiting our ability to plan for, or react to, changes in our business.

We may face substantial financial and operational risks if our cash flows and capital resources are insufficient to fund our debt service obligations. We may be required to sell assets, seek additional capital or restructure or refinance our debt as a result of changes in our operating conditions. If we are unable to service our debt, such inability could result in an event of default which, if not cured or waived, could have a material adverse effect on our business, results of operations and financial condition.

We may experience shortage of transportation capacity for our coal products or a significant increase in transportation costs.

We depend upon a combination of railway, road and sea transportation to deliver coal to our customers. Railway transportation is the principal delivery method we utilize. We own and operate certain local railway lines that connect to the national railway system, and are in the process of expanding our railway transportation capacity. The transportation capacity of the national railway system is allocated by the MOR and there have been instances in the past in certain areas where such capacity was insufficient to meet demand. Leveraging on our transportation network, Yitai Group applied for and secured annual quotas of national railway system transportation capacity from the MOR for both itself and us during the Track Record Period, based on which Yitai Group and we used a total of 27.5 million tonnes, 29.6 million tonnes and 27.4 million tonnes for 2009, 2010 and 2011, respectively. The approved quota for transportation capacity from the MOR to Yitai Group for 2012 amounted to 33.0 million tonnes, while the actual transportation capacity of the national railway system to be used by us in 2012 is subject to further adjustments based on our transportation need and the consent of the MOR. We used such quotas to satisfy all our transportation needs. Such quotas were granted free of charge by the MOR to Yitai Group and by Yitai Group to us. The following table sets forth information on the national railway system transportation capacities used by Yitai Group and us, respectively, for the periods indicated:

Transportation capacity of the national railway system	2009		2010		2011	
	(million tonnes)	%	(million tonnes)	%	(million tonnes)	%
Used by Yitai Group	10.7	38.9	14.0	47.3	14.1	51.5
Used by us	16.8	61.1	15.6	52.7	13.3	48.5
Total	27.5	100.0	29.6	100.0	27.4	100.0

In China, applicants for transportation quotas are generally required to open an account at the MOR. We understand from our past experience in this regard that the MOR generally grant such approval to enterprises with sizable railway transportation need at its discretion, taking into account the overall transportation capacity of the national railway transportation system and the contractual volumes as indicated by the applying enterprises in a particular year, and in practice usually grants such quotas to parent companies to allocate among its affiliates within the same corporate group. Upon the completion of the Proposed Acquisition, our need for railway transportation will increase significantly and Yitai Group will cease to use such quotas because it will transfer substantially all its coal-related businesses and assets to us. Therefore, we intend to apply to open an account at the MOR and to apply for quotas in our own name after the completion of the Proposed Acquisition. Yitai Group has undertaken in the Non-competition Agreement and the Transportation Quota License Agreement that, after the completion of the Proposed Acquisition, it will (i) license all the transportation quotas to us at nil consideration; (ii) not use the transportation quotas by itself or license any transportation quota to third parties before our request is satisfied first; and (iii) apply to the MOR to change the holder of its account to us. See "Relationship with Controlling Shareholders — Competition — Non-competition Agreement" and the "Connected Transactions — Continuing Connected Transaction — Exempt Continuing Connected Transaction — 3. Transportation Quota License Agreement." However, we consider it to be not practical for us to give an estimate as to when we will be able to obtain such quotas in our own name. The PRC government is in the course of increasing railway transportation capacity to relieve the pressure caused by increasing demand. However, we cannot assure you that Yitai Group or we (after we are able to obtain the transportation quotas in our name) will continue to be allocated sufficient transportation capacity on the national railway system, or that future transportation capacity of our own local railway lines will continue to be sufficient for our operations, or that we will not experience any significant delay in transporting our products.

Further, transportation is affected by certain events that are beyond our control, such as bad weather, natural disasters, accidents, disruptions of other rail lines, temporary capacity constraints or other disruptions. If we cannot secure sufficient transportation capacity to transport our coal products in time, we may be held liable for contractual breach and/or suffer reputational damage, and our business and results of operations may be materially and adversely impacted.

In addition, transportation costs represent a significant portion of our total cost of sales. For 2009, 2010 and 2011, our transportation costs were RMB2,607.7 million, RMB2,548.0 million and RMB2,414.2 million, respectively, representing 49.8%, 42.5% and 29.8% of our total cost of sales, respectively. And our transportation cost per tonne of coal products sold was RMB94.1, RMB71.4 and RMB63.0 for 2009, 2010 and 2011, respectively. The NDRC sets railway freight charge rates of the national railway system for thermal coal transportation in China. The freight charge of the national railway system for coal transportation consists of two rates: one based on both tonnage and transportation distance plus one based on tonnage only regardless of transportation distance. Since 2007, the NDRC has increased the charge rates of the national railway system five times, from RMB0.0434 per tonne per kilometer plus RMB9.30 per tonne to RMB0.0454 per tonne per kilometer plus RMB9.30 per tonne effective on November 5, 2007, further to RMB0.0484 per tonne per kilometer plus RMB9.60 per tonne effective on July 1, 2008, further to RMB0.0537 per tonne per kilometer plus RMB10.50 per tonne effective on December 13, 2009, further to RMB0.0553 per tonne per kilometer plus RMB10.80 per tonne effective on April 1, 2011, and further to RMB0.0629 per tonne per kilometer plus RMB12.20 per tonne effective May 20, 2012. As we sell most of our coal to customers in China's coastal regions, transportation costs will continue to be an important factor affecting our profit margin. If railway freight charge rates increase significantly and we are unable to pass the increase on to our customers, the transportation costs will increase, consequently, our profits and our results of operations may be materially and adversely affected.

The following table illustrates the changes in our net profit, assuming there had been changes in the transportation cost per tonne of coal products sold for 2011.

% change in the transportation cost per tonnes of coal products sold . .	-10%	-5%	+5%	10%
Impact on the profit for the year 2011(RMB Million)	204.5	102.2	-102.2	-204.5

If the transportation cost per tonne of our Group's coal products sold rose by 10%, our Group's profit for 2011 would be RMB5,544.8 million, representing a decrease of 3.6%.

If the transportation cost per tonne of our Group's coal products sold rose by 5%, our Group's profit for 2011 would be RMB5,647.1 million, representing a decrease of 1.8%.

If the transportation cost per tonne of our Group's coal products sold declined by 5%, our Group's profit for 2011 would be RMB5,851.5 million, representing an increase of 1.8%.

If the transportation cost per tonne of our Group's coal products sold declined by 10%, our Group's profit for 2011 would be RMB5,953.8 million, representing an increase of 3.6%.

We rely on a small number of major customers.

We sell coal produced by us and resell coal purchased from third parties. A significant portion of our coal sales is conducted through annual contracts. In 2009, 2010 and 2011, we generated 59.8%, 65.8% and 53.6% of our revenue from coal operations through annual contracts. If we are unable to renew these contracts or to enter into new contracts with alternative buyers at comparable prices and terms, or at all, our business, results of operations and financial condition may be materially and adversely affected.

We rely on a small number of major customers for a significant portion of our revenue. For 2009, 2010 and 2011, we had 269, 191 and 262 customers, respectively. We derived 29.6%, 30.1% and 26.1%, respectively, of our total revenue from sales to our five largest external customers over those periods, which are power producers and coal trading companies. We expect our sales to top five customers to represent between 30% and 40% of our total revenue in the near future, subject to any unforeseeable events that are beyond our control. If any one of our five largest customers significantly reduces its purchases of coal from us, or if we are unable to sell coal to any of them on similarly favorable terms or at all, our business, results of operations and financial condition may be materially and adversely affected.

We may not be able to acquire new resources and develop such new resources profitably.

Recoverable reserves at our existing mines decline as we produce coal. As part of our business strategies, we intend to increase our reserve base primarily through acquisitions and applications to the PRC government for the grant of new coal exploration and mining rights. If we are unable to obtain such exploration and mining rights, or to identify suitable acquisition targets in the future and acquire these targets on competitive terms, or if we are not able to develop and operate new coal mines profitably, our business, results of operations and financial condition may be materially and adversely affected.

The coal reserves and certain other data contained in the Prospectus are only estimates, which may be inaccurate and may change over time.

The coal reserves and certain other data in this Prospectus are estimates that have been reviewed and substantiated by BOYD. There are inherent uncertainties in estimating reserves, which is based on assumptions and subject to many variable factors beyond our control. For example, variations in recovery rates due to factors such as geological conditions and available technology may ultimately result in revisions to our estimated reserves. In addition, our estimated proved and probable reserves refer to the economically mineable part of the relevant indicated or measured coal resource, which is by definition vulnerable to fluctuations in coal prices and production and transportation costs. Over time, our reserve estimates may change substantially as new information becomes available. We cannot assure you that our actual volume of reserves, rates of production and coal characteristics, among others, will not differ materially from our estimates in this Prospectus. If there is a substantial reduction in our proved or probable reserves, our business, results of operations, financial position and growth prospects may be materially and adversely affected.

Safety accidents may occur at our mines or neighboring coal mines.

As with all underground mining operations, our operations are affected by certain inherent risks, such as a deterioration in the quality or variations in the thickness of faults and/or coal seams, pressure in mine openings, mine water discharge, weather, flooding and other natural disasters. Additionally, we are exposed to operational risks associated with industrial or engineering activities, such as unexpected maintenance problems and equipment failures. There can be no assurance that the occurrence of any adverse mining conditions would not endanger our workforce, increase our operating costs, reduce our coal output or temporarily suspend our operations.

Moreover, if the mines have high concentrations of methane gas, such activities may result in explosions caused by sparks. All of the coal mines we currently operate are underground mines, with relatively low concentrations of methane gas. However, we cannot assure you that we will not carry out mining activities in coal mines with high concentrations of methane gas in the future. Further, although we maintained a zero-fatality safety record for coal production during the Track Record Period, we cannot assure you that the safety measures we currently implement in our mines and the ventilation and methane gas sensor systems we utilize are sufficient to prevent all possible accidents such as gas explosions. Although our mechanized operation method has a comparably higher factor of safety, accidents such as roof falls and bracket damage under pressure may occur due to geographic structure or operational management reasons. An accident at any of our underground mines may directly lead to a suspension of operations and rectification in our coal mines, which will have a material adverse effect on our business, results of operations, financial condition and corporate image.

In addition, mining accidents occurring at neighboring coal mines could have a severe impact on our coal mining operations and even create safety hazards at our coal mines. The government may order suspension of production at the coal mines with mining accidents, as well as at the neighboring coal mines, for the purpose of safety inspection, and may promulgate new safety regulations, which may lead to increases in our compliance costs.

We purchase services from third-party service providers to carry out a significant proportion of our coal mining work and may experience disputes, as well as adjustment or termination of such cooperative relationships.

We engage third-party service providers to provide certain services in our coal production process. The services we procure from these service providers differ depending on our needs at any given mine, but generally include secondment of workers to assist us in extracting coal at our mines, renting certain production equipment to us and advising us on mining technology and coal production. The aggregate fees we paid these service providers for 2009, 2010 and 2011 were RMB385.1 million, RMB572.8 million and RMB490.4 million, respectively. See "Business — Coal Operations — Third-party Service Arrangements."

If a dispute arises between any such service provider and us in connection with the performance of either party's obligations and the parties cannot resolve the differences in a timely manner, or if the cooperative relationships with the service providers are adjusted or terminated under government instruction or for any other reasons, the operation of the relevant coal mine may be materially and adversely effected. Further, we may not be able to always secure service providers to satisfy all our production needs at reasonable costs, which in turn may have a material adverse effect on our business, results of operations and financial condition.

Our business requires significant and continuous capital investments. Our capital investments are subject to governmental approval, which may be delayed, and may not generate the expected benefits.

Our current estimate of our capital expenditures for 2012 were approximately RMB3,244.9 million without taking into account the Proposed Acquisition as of December 31, 2011. In particular, RMB1,067.8 million will be used for coal operations, RMB1,636.5 million will be used for transportation operations and RMB540.6 million will be used for coal-related chemical operations. The Target Business Group's expected capital expenditures for 2012 were RMB135.8 million as of December 31, 2011. Assuming that the Proposed Acquisition is completed in 2012 and without considering the consideration of RMB8,446.5 million for the Proposed Acquisition, our expected aggregate capital expenditures for 2012 would be RMB3,380.7 million. See "Financial Information — Capital Expenditures." Such estimated capital expenditures are expected to support the continuation, as well as expansion, of our current operations. For example, spending projections for our operating mines are based on the need to ensure continuous safe and efficient production, and include without limitation the spending for extension of tunnels, inspection and upgrades of equipment, supplementation of ground infrastructure and environmental protection. For mines under construction, spending projections include without limitation the spending on construction and installation. Our planned projects could be delayed or adversely affected by a number of factors beyond our control, including, among others, regulatory approvals and permits, availability of sufficient funding, geological and weather conditions, as well as technical and human resources.

We must obtain PRC government approvals for all of our significant capital investments. We cannot assure you that our projects will be approved or there will not be a delay in securing such approvals. Because the commercial viability of our future development plans for our business depends largely on these projects, our future profitability and financial condition could be materially and adversely affected if any of these projects is not approved, or is not approved on a timely basis.

We have in the past funded our capital investments primarily with cash generated from our operations and through long-term bank loans. We cannot assure you that the cash generated from our operations will be sufficient to fund our development and expansion plans. We may also require further funding for debt servicing, working capital, investments, potential acquisitions, joint ventures and other corporate requirements. External funding is subject to various factors that are beyond our control, including market conditions, government approval, credit availability and interest rates. If we are unable to secure sufficient external funds to finance our capital investment projects, our business, financial condition and results of operations could be materially and adversely affected.

Moreover, actual costs for our capital investments may exceed our original budgets. As a result of project delays, cost overruns, market changes or other unexpected circumstances, we may not be able to achieve the intended economic benefits or maintain commercial viability of these projects, which in turn may materially and adversely affect our business, results of operations, financial condition and growth prospects.

Our operations may be adversely affected by operational risks and natural disasters and resulting losses for which we have limited insurance.

Our coal mining operations involve significant risks and occupational hazards that are inherent in such activities and may not be eliminated through the implementation of preventive measures. These risks and hazards could result in personal injury, damage to or destruction of properties or production facilities, environmental damage, business interruption, legal liability, damage to our business reputation and corporate image and, in severe cases, fatalities. We cannot guarantee that safety-related accidents will not occur in the future due to adverse operating conditions. Adverse operating conditions that we may experience include:

- unexpected safety-related mining accidents, including mine collapse, gas leaks or explosions, fire and flooding;

- mining and processing equipment failures and unexpected maintenance problems;
- unfavorable weather conditions, including natural disasters; and
- unorganized mining activities by local small mining companies conducted in areas surrounding our operational mines or mines under development.

Any of the foregoing could have an adverse effect on our operations and revenue, or increase our operating costs, thereby reducing our profit derived from our operations.

The occurrence of any of these events, and the consequences resulting from them, may not be covered adequately, or at all, by our insurance policies. In accordance with what we believe is customary practice for other companies that conduct the same business that we do, none of our mining operating assets, including our long-wall and continuous miner units, coal processing plants and coal loading equipment, are covered by any property insurance. Moreover, consistent with what we believe is the industry standard, we do not carry any business interruption insurance or third-party liability insurance. See "Business — Insurance." Losses incurred or payments we may be required to make may have a material adverse effect on our business, results of operations and financial condition to the extent such losses or payments are not insured or the insured amount is not adequate.

We have not obtained land use right certificates and building ownership certificates to some of the land, buildings and units through which we operate our business.

As of March 31, 2012, we owned or occupied 62 parcels of land with a total site area of approximately 23.8 million square meters and 607 buildings and units with a total gross floor area of approximately 434.8 thousand square meters, all of which are located in the PRC.

As of the Latest Practicable Date, we had not obtained land use right certificates and/or building ownership certificates to certain land, buildings and units we owned or occupied, including five parcels of land with a total site area of 11,139,024 square meters (among which one parcel of land of 4,873,743 square meters used by Yitai Zhundong Railway Line and one parcel of land of 4,914,264 square meters used by Huzhun Railway Line have been approved by the State Council to convert into land for construction, and one parcel of land of 89,334 square meters has been approved by the People's Government of Inner Mongolia to be provided by way of land allocation to demonstrate the scientific foundation of our Company's solar concentrator photovoltaic power station project. Jingtian & Gongcheng Attorneys at Law, our PRC legal advisers, have advised us that there are no material legal impediments to our obtaining the land use right of the above-mentioned three parcels of land and 167 buildings and units with a total gross floor area of 79.3 thousand square meters. We are applying for the relevant legal title certificates to such land, buildings and units. See "Business — Properties."

We cannot assure you that we will be able to obtain all of the title certificates. Our rights as owner or occupier of these properties may be adversely affected as a result of the absence of title certificates and we may be subject to lawsuits or other actions taken against us and/or lose the right to continue to operate on these properties, which may materially and adversely affect our business, results of operations and financial condition. According to our Directors' best estimate, if we are unable to obtain the title certificates of the parcels if land are requested to relocate, the total relocation cost would be approximately RMB107.0 million. For more details, please see "Business — Properties."

We cannot guarantee that we will be able to obtain the relevant government approvals in time, or will be successful when developing coal-related chemical operations.

To further extend our coal industrial chain, we intend to carry out coal-related chemical operations such as the production and sale of synthetic lubricating oil, synthetic wax and solvent naphtha through Yitai Chemical, Yitai Xinjiang and Yitai Yili. For more details, please see "Business — Coal-related Chemical Operations." We are in the process of applying for the allocation of coal resources, as well as relevant government approvals. In particular, the State Council issued the Circular of the Opinions of NDRC et al. on Controlling the Over-capacity and Repetitive Construction in Certain Industries and Guiding the Healthy Development of the Industries (《國務院批轉發展改革委等部門關於抑制部份行業產能過剩和重複建設引導產業健康發展若干意見的通知》) (the "Circular"). According to the Circular, there were over-capacity and repetitive construction in certain industries, including the coal-related chemical industry. The Circular listed principles and measures to guide the healthy development in such industries, including strict market-entry and project approval control, and a combination of control and facilitation regarding different projects. In addition, in March 2011, the NDRC issued the Notice on the Orderly Development of the Coal-related Chemical Industry, which lifted the entry barrier for new entrants, required stricter management of the review and approval processes of new coal-related chemical projects, emphasized environmental protection and energy saving, and implemented an accountability system. While we always consider the likelihood and timing of obtaining the relevant approvals as part of our overall assessment of the feasibility of our proposed projects, there is no guarantee that we will be able to obtain such approvals in time, or at all. In addition, these projects and other new projects and businesses that we may carry out in the future will be subject to risks and uncertainties in a number of areas, including, without limitation, capital requirements and operational risks. Further, there are many factors, some of which are beyond our control, that may adversely affect the construction of facilities for any new business we enter into and make it impossible for us to do so in a timely manner and within budget.

Further, as our coal-related chemical operations employ new technologies, production methods and equipment, we are subject to higher operational risks than with respect to our existing operations. On April 8, 2009, a semi oil storage tank caught fire, which caused damages equivalent to RMB4.8 million, although there was no personal injury or damage to production equipment. We cannot assure you that we will not encounter other accidents, technical difficulties or set-backs in the continuation and possible expansion of our coal-related chemical operations in the future, any of which could result in a significant increase in costs. In addition, the profitability of our coal-related chemical operations depends on international and domestic petroleum prices, which could be volatile, and are affected by various factors beyond our control. Historically, petroleum price is on a steady increase in the last decade. However, it may fluctuate drastically in the near term due to various factors beyond our control. For instance, according to Bloomberg, the WTI petroleum price rose from US$26.2/barrel in 2002 to US$94.9/barrel in 2011. As a result of the global financial crisis, the WTI petroleum price dropped from US$99.9/barrel in 2008 to US$61.8/barrel in 2009. As the sales price of our coal chemical products will be affected by petroleum price fluctuations, we cannot guarantee that our coal-related chemical projects will be economically viable or continue to generate profits in the future.

We rely on key management personnel.

We believe that the effective operation of our business depends, to a significant extent, upon the experience and continued efforts of our key management personnel, particularly our executive Directors and members of our senior management as listed in "Directors, Supervisors, Senior Management and Employees." Our senior management team has formulated our strategies and been fundamental to our achievement to date. If we lose any of our key management personnel and are not able to replace them on a timely basis, our business may be disrupted and our business, results of operations and financial condition may be materially and adversely affected.

There is no assurance that our Company and our subsidiaries will continue to benefit from preferential tax treatment.

Under the current PRC laws, our Company and our subsidiaries are subject to PRC corporate income tax. The statutory PRC corporate income tax rate is 25% of taxable income as determined in accordance with the relevant PRC income tax laws and regulations. However, PRC state and local tax laws provide for a number of preferential tax treatments applicable to different enterprises, industries and locations. Pursuant to the "Great Western Development" policy of the PRC Government, our Company and certain of our subsidiaries enjoyed a preferential corporate income tax rate of 15% for the ten years ending December 31, 2020. In July 2011, the MOF, the PRC General Administration of Customs and the SAT jointly issued the Notice on the Tax Policies Relating to the Further Implementation of Great Western Development Strategy (the "SAT Notice"), according to which an enterprise in western China shall enjoy a corporate income tax of 15% from January 1, 2011 to December 31, 2020, provided that (i) over 70% of such enterprise's revenue is derived from its principal businesses; and (ii) such principal businesses belong to the "encouraged" category of the Western Area Encouraged Industries Catalog to be issued by the PRC Government. In July 2011, the Inner Mongolia State Tax Bureau issued an announcement (the "IMSTB Announcement"), pursuant to which an Inner Mongolia enterprise that previously enjoyed preferential tax treatment under the "Great Western Development" policy may continue to enjoy the preferential corporate income tax rate of 15%, provided that (i) over 70% of such enterprise's revenue is derived from its principal businesses; (ii) such principal businesses belong to the "encouraged" category of the Industry Structure Guidance Index issued by the NDRC; and (iii) the enterprise has obtained a confirmation from the competent state tax bureau. We believe that we are eligible to continue to enjoy the preferential tax treatment according to the IMSTB Announcement and the SAT Notice, and are applying for the confirmation stipulated in the IMSTB Announcement. However, there is no assurance that we will obtain such confirmation in time, or at all.

We and our subsidiaries can apply for new preferential tax treatment but cannot assure you that we will continue to receive such preferential tax treatment. Any change in, or termination of, the preferential tax treatment may result in a significant increase in our tax liability, which would have a material adverse effect on our business, results of operations and financial condition.

Inspections, examinations, inquiries or audits by PRC regulatory authorities may result in fines, other penalties or actions that could adversely affect our reputation.

We are subject to various periodic and contingent inspections, examinations, inquiries and audits by PRC regulatory authorities in accordance with applicable PRC laws and regulations, such as safety inspections conducted by SACMS and its local branches. In the past, we have not been subject to corrective actions that indicate any non-compliance issue which have had a material adverse effect on our business, results of operations or financial condition. We cannot assure you that future inspections, examinations and audits by PRC regulatory authorities will not result in fines, other penalties or actions that could materially and adversely affect our business, results of operations or financial condition. In addition, our reputation may be adversely affected if we are fined or otherwise penalised.

Disputes with our joint venture and other business partners may adversely affect our business.

In the course of our business, we have in the past formed, and will in the future continue to form, joint ventures or other cooperative relationships with other parties. Our joint venture and other business partners may have economic or business interests or goals that are inconsistent with ours or be unable or unwilling to fulfil their obligations under the relevant joint venture agreements or other cooperative arrangements. A serious dispute with our joint venture or other business partners may cause the loss of business opportunities, disruption to or termination of the relevant project or business venture or lead to potential litigation. As a result, our business, results of operations and financial condition may be materially and adversely affected.

We are and will continue to be controlled by Yitai Group, whose interests may differ from those of our other shareholders.

Immediately after the Global Offering, Yitai Group will beneficially own approximately 55.20% of our total issued share capital (or approximately 54.38% if the Over-allotment Option is exercised in full). Therefore, Yitai Group will continue to be our controlling shareholder and will be able to exercise a controlling influence over our business and affairs, including, but not limited to, decisions with respect to:

- mergers or other business combinations;
- the acquisition or disposition of assets;
- the issuance of any additional shares or other equity securities;
- the timing and amount of dividend payments; and
- the management of our Company.

As our Directors may serve concurrently as senior management of Yitai Group, there may be an appearance of conflicts of interest. Furthermore, as the interests of Yitai Group may differ from those of our other shareholders from time to time, we cannot assure you that Yitai Group, or the Directors appointed by Yitai Group, will always vote in a way that is in the best interest of our other shareholders.

If our Controlling Shareholders fail to perform their obligations under the Non-competition Agreement and other agreements between them and us, our operations will be materially and adversely affected.

We have entered into the Non-competition Agreement with the Controlling Shareholders, and a number of connected transaction agreements with Yitai Group and its affiliates. See "Relationship with Controlling Shareholders" and "Connected Transactions."

Pursuant to the Non-competition Agreement, the Controlling Shareholders have undertaken, among other things, not to compete with us in our core businesses and granted us options and pre-emptive rights to acquire the Retained Businesses and any new business opportunities. Pursuant to the Transportation Quota License Agreement, Yitai Group agreed to, among other things, license our transportation quota to us for use at nil consideration. Pursuant to connected transaction agreements, we and Yitai Group will provide each other certain products, materials and services.

The fulfilment by Yitai Group and its affiliates of their respective contractual obligations pursuant to these agreements may therefore have a significant impact on our profitability and ability to operate our business effectively. As such, failure by Yitai Group or its affiliates to fulfil their respective obligations under any of these agreements may have a material adverse effect on our results of operations, financial condition and future prospects.

Our business is subject to seasonality, which may cause our operating results to fluctuate from quarter to quarter. This may result in volatility and adversely affect the price of our shares.

We have experienced, and expect to continue to experience, seasonal fluctuations in our revenue and results of operations, primarily due to seasonal changes in demand for coal. During the Track Record Period, the sales volume of the first quarter was the lowest of the year primarily because the biggest holiday season, including among others, New Year holidays and spring festivals, is in the first quarter of the year, and our trading amount with our customers was generally lower than other quarters of the year. The sales volume of the first quarter of 2009, 2010 and 2011 was 4.9 million tonnes, 7.6 million tonnes and 8.4 million tonnes, respectively, representing 17.7%, 21.3% and 21.9% of the annual sales volume for 2009, 2010 and 2011, respectively.

Our expenses, however, vary significantly and do not necessarily correspond to changes in the demand for coal and our revenue. We incur maintenance expenses, labor costs and other overhead expenses throughout the year. Therefore, if the demand in the first quarter is the lowest of the year, the revenue generated in the first quarter will be the lowest in turn. And our profit in the first quarter might be the lowest of the year assuming the costs are relatively stable through the year. We expect fluctuations in our revenue and results of operations to continue. These fluctuations could result in volatility and adversely affect the price of our shares.

Our business may be adversely affected by the risks identified in the Competent Person's Report.

BOYD has identified several risks in the Competent Person's Report including, among others, (i) unforeseen geological anomalies which may require alterations of mining plan; (ii) the distribution of remaining marketable reserves by individual mine site may result in some of the operating mines have a relatively short remaining mine life; (iii) extraordinary weather occurrences can result in disruption to the mining operations; (iv) variations in physical mining conditions, mechanical failures, and operational activities that can temporarily disrupt production activities; (v) subsidence of the overlying strata may occur due to the longwall mining practices; (vi) event risks such as major underground fires, explosions and floods; (vii) passage of more restrictive or onerous government regulations could have adverse effects on our operations; and (viii) a substantial reduction in market prices would have a material effect on financial performance. See "Appendix V — Competent Person's Report" for details. Our business may be adversely affected if any of these risks materialized.

There might be unforeseeable changes in regulations of the coal industry in China that are not disclosed in the Competent Person's Report but would have material and adverse affect on our operations in the future. In addition, to prepare the Competent Person's Report, BOYD relies on information developed by others. As a result, the findings and conclusions in the Competent Person's Report might not be accurate if any information developed by third parties was inaccurate, and our business prospect might be different. Furthermore, the

Competent Person's Report only reflects the mining and marketing conditions and BOYD's interpretation of regulations of the coal industry in China as of the date of the Competent Person's Report, and BOYD is not responsible for updating the Competent Person's Report after the date of the Competent Persons' Report.

RISKS RELATING TO THE PEOPLE'S REPUBLIC OF CHINA

Substantially all of our assets are located in China and all of our revenue is generated in China. Accordingly, our results of operations, financial condition and prospects are to a significant degree subject to a number of risks relating to conducting business in China.

Changes in China's economic, political and social conditions as well as governmental policies could affect our results of operations and financial condition.

China's economy differs from the economies of most developed countries in many respects, including the structure of the economy, level of government involvement, level of development, growth rate, control of capital investment, control of foreign exchange and allocation of resources. China's economy has been transitioning from a planned economy to a more market-oriented economy. For the past three decades, the PRC government has implemented economic reform measures to emphasize the utilization of market forces in economic development. Economic reform measures, however, may be adjusted, modified or applied inconsistently from industry to industry or across different regions of the country.

China has been one of the world's fastest growing economies as measured by GDP in recent years. However, China may not be able to sustain such a growth rate. In order to maintain the sustainable growth of the economy, the PRC government from time to time implements various macroeconomic and other policies and measures, including contractionary or expansionary policies and measures at times of or in anticipation of changes in China's economic condition. Since 2008, there has been a slowdown in the growth of the Chinese economy primarily as a result of the global financial crisis and the deterioration in the global economy. In an effort to stimulate the growth of the Chinese economy, the PRC government has implemented and may continue to implement various monetary and other economic measures to expand investments in infrastructure projects, increase liquidity in the credit markets and encourage employment. However, there is no assurance that such monetary and economic measures will succeed in the future.

In the future, we may not continue to benefit from all, or any, of the economic reform measures, or the monetary or other economic measures adopted by the PRC government in response to the slowdown of the Chinese economy. In addition, we cannot predict whether changes in the PRC's political, economic or social conditions, laws, regulations or policies will have any adverse effect on our current or future business, results of operations or financial condition.

Government control of currency conversion and the fluctuation of the Renminbi may materially and adversely affect our operations and our ability to pay dividends to holders of our H Shares.

The Renminbi currently is not a freely convertible currency. We receive almost all of our revenues in Renminbi and will need to convert Renminbi to foreign currency in order to meet our foreign currency obligations such as payment of dividends, if any, to holders of our H Shares.

Under the current foreign exchange regulations in the PRC, following completion of the Global Offering, we will be permitted to undertake current account foreign exchange transactions, including payment of dividends, without prior approval from the SAFE. There can be no assurance that the PRC government will not restrict access to foreign currency for capital account and current account transactions. Foreign exchange transactions under the capital account, including principal payments in respect of foreign currency-denominated obligations, continue to be subject to limitations and require prior approval of the SAFE. These restrictions could affect our ability to obtain foreign currency through debt financing, or to obtain foreign exchange needed for our capital expenditures, and could materially and adversely affect our business, results of operations and financial condition.

The value of the Renminbi against the U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in domestic and international political and economic conditions. Since mid-2005, the

PRC government has adopted a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band that is based on market supply and demand and reference to a basket of currencies. Subsequent to mid-2005, the Renminbi appreciated significantly against the U.S. dollar. Since mid-2008, the exchange rate between the Renminbi and U.S. dollar has remained relatively stable. The PRC government has since made, and in the future may make, further adjustments to the exchange rate system. Any appreciation of the Renminbi against the U.S. dollar or any other foreign currencies may result in a decrease in the value of our foreign currency-denominated assets. Conversely, any devaluation of the Renminbi may materially and adversely affect the value of, and any dividends payable on, our H Shares in foreign currency terms. See "Financial Information — Market Risks — Foreign Exchange Risk." We are also currently required to obtain the approval of SAFE before converting significant sums of foreign currencies into Renminbi. All of these factors could materially and adversely affect our financial condition, results of operations and compliance with capital adequacy ratios and operational ratios.

Payment of dividends is subject to restrictions under PRC law.

Under the PRC law, dividends may be paid only out of distributable profits. Distributable profits means, as determined under PRC GAAP or IFRS, whichever is lower, the net profits for a period, plus the distributable profits or less the accumulated losses, if any, at the beginning of such period, less appropriations to statutory surplus reserve (determined under PRC GAAP), general reserve, and discretionary surplus reserve (as approved at our shareholders' meeting). As a result, we may not have sufficient distributable profits to make dividend distributions to our shareholders in the future, including in respect of periods where we register an accounting profit. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years.

The PRC legal system is continuously evolving and has inherent uncertainties that could limit the legal protection available to you.

As we are a company incorporated under PRC law and most of our businesses are conducted in China, our operations are principally governed by PRC laws and regulations. The PRC legal system is based on written statutes, and prior court decisions can only be cited as references. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial laws. However, due to the fact that these laws and regulations have not been fully developed, and because of the limited volume of published cases and their non-binding nature, the interpretation of PRC laws and regulations still involves a significant degree of uncertainty.

As a PRC company offering and listing its H Shares in Hong Kong, we are subject to the Special Regulations and the Mandatory Provisions. Upon the listing of our H Shares on the Hong Kong Stock Exchange, the Listing Rules will become a principal basis for the protection of the rights of holders of our H Shares. The Listing Rules impose particular standards of conduct and disclosure on our Company, our Directors and the controlling shareholders of our Company. As far as we are aware, China has not published any case report that involves a request by a holder of H shares of a PRC company to exercise his or her rights under any constitutional document of a joint stock limited company, the PRC Company Law or any regulatory provisions of the PRC applicable to PRC joint stock limited companies.

Further, substantial amendments to the PRC Company Law (《中華人民共和國公司法》) and the PRC Securities Law (《中華人民共和國證券法》) came into effect on January 1, 2006. As a result, the State Council and the CSRC may revise the Special Regulations and the Mandatory Provisions and adopt new rules and regulations to implement and reflect amendments to the PRC Company Law and the PRC Securities Law. We cannot assure you that any revision of the current rules and regulations or the adoption of new rules and regulations by the State Council and the CSRC will not have an adverse effect on the rights of holders of H Shares.

In addition, we may be subject to various new regulations or policies relating to accounting standards or financial reporting, which may be issued by the relevant authorities in the PRC or Hong Kong or by the International Accounting Standard Board from time to time. Any changes in our accounting policies and estimates may have a significant impact on the reporting of our financial statements, including on our reported profit and shareholders' equity, and we may be required to adjust or restate our financial statements.

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

The legal framework to which our Company is subject is substantially different from the Hong Kong Companies Ordinance or corporate law in the United States and other jurisdictions in certain respects, including the protection of minority shareholders. In addition, the mechanisms for enforcement of rights under the corporate governance framework to which our Company is subject are also relatively undeveloped and untested. On January 1, 2006, amendments made to the PRC Company Law came into effect to allow shareholders to commence an action against the directors, supervisors, senior management or any third party on behalf of a company under certain circumstances.

Although we will be subject to the Listing Rules, the Codes on Takeovers and Mergers and Share Repurchases and other related rules and regulations upon the listing of the H Shares on the Hong Kong Stock Exchange, the holders of our H Shares will not be able to bring actions on the basis of any violations of the Listing Rules and must rely on the Hong Kong Stock Exchange or other relevant authorities to enforce such rules. The Codes on Takeovers and Mergers and Share Repurchases do not have the force of law and only provide standards of acceptable commercial conduct for takeover and merger transactions and share repurchases in Hong Kong.

On July 14, 2006, the Supreme People's Court of the PRC and the Hong Kong government signed the *Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned* 《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》. Under such arrangement, where any designated People's Court of the PRC or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing by the parties, any party concerned may apply to the relevant People's Court of the PRC or Hong Kong court for recognition and enforcement of the judgment. The arrangement came into effect on August 1, 2008, but the outcome and enforceability of any action brought under the arrangement is still uncertain.

Our Articles of Association and the Listing Rules provide that most disputes between holders of H Shares and our Company or our Directors, Supervisors or senior management arising out of the Articles of Association or the PRC Company Law and related regulations concerning our Company's affairs, such as transfer of its H Shares, are to be resolved through arbitration. On June 18, 1999, an arrangement was made between Hong Kong and the PRC for the reciprocal enforcement of arbitral awards. This arrangement, made in accordance with the spirit of the *New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards* 《承認及執行外國仲裁裁決公約》, was approved by the Supreme Court of the PRC and the Hong Kong Legislative Council and became effective on February 1, 2000. Under the arrangement, awards that are made by the PRC arbitral authorities pursuant to the PRC Arbitration Law can be enforced in Hong Kong, and awards made by the Hong Kong arbitral authorities under the Arbitration Ordinance of Hong Kong are also enforceable in the PRC. However, so far as we are aware, no action has been brought in the PRC by a holder of H shares of a PRC company to enforce an arbitral award made by the PRC arbitral authorities or Hong Kong arbitral authorities, and there are uncertainties as to the outcome of any action brought in the PRC to enforce an arbitral award made in favour of a holder of H Shares. Accordingly, we are unable to predict the outcome of any such action.

China is not a party to any treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, most other Western countries or Japan, and therefore enforcement in the PRC of judgments of a court in any of these jurisdictions may be difficult or impossible.

Holders of our H Shares may be subject to PRC taxation.

Under the current PRC tax laws, regulations and rules, foreign individuals and foreign enterprises that are not PRC residents are subject to different tax obligations with respect to the dividends paid to them by us or the gains realized upon the sale or other disposition of H Shares.

Foreign individuals who are not PRC residents are currently exempted from PRC individual income tax on gains realized by such individuals upon the sale of H shares. The dividends and bonuses distributed to foreign individuals by foreign-invested enterprises are temporarily exempt from individual income tax in China. If the PRC government withdraws the exemption in the future, such foreign individuals may be required to pay PRC individual income tax, subject to applicable tax treaties between the PRC and the jurisdictions in which the foreign individuals reside that reduce, or provide an exemption for, the relevant tax obligations.

For foreign enterprises that do not have establishments or premises in the PRC, or have establishments or premises in the PRC but their income is not related to such establishments or premises, under the new PRC Enterprise Income Tax Law, which became effective from January 1, 2008, dividends paid by us and the gains realized by such foreign enterprises upon the sale or other disposition of H Shares are ordinarily subject to PRC enterprise income tax at a rate of 20%. Pursuant to the implementation rules to the new PRC Enterprise Income Tax Law, such tax rate has been reduced to 10%, subject to a further reduction under a special arrangement or applicable treaty between the PRC and the jurisdiction of the relevant foreign enterprise's residence.

As the new tax law and the implementation rules relating thereto are new, there remains significant uncertainty as to their interpretation and application by the PRC tax authorities. The implementation of enterprise income tax on capital gains remains uncertain. The PRC tax laws, rules and regulations may also change from time to time. If the tax rates stipulated in the new tax law and the related implementation rules are amended, the value of your investment in our H Shares may be materially affected. See "Appendix VII — Taxation and Foreign Exchange" for further details.

There may be an occurrence of a widespread public health problem.

An outbreak of any widespread public health problem in China, such as Severe Acute Respiratory Syndrome, or SARS, avian influenza or H1N1 influenza, could have a negative effect on our business, financial condition and results of operations. Our operations may be affected by a number of health-related factors, including quarantines or closures of some of our offices and facilities, travel restrictions, major sickness or death of our key senior management and employees and a general slowdown in China's economy.

RISKS RELATING TO THE GLOBAL OFFERING

An active trading market for our H Shares may not develop, and their trading prices may fluctuate significantly.

Prior to the Global Offering, there has been no public market for our H Shares. The initial price range disclosed to the public for our H Shares was the result of negotiations among us and the Joint Bookrunners on behalf of the Underwriters, and the Offer Price may differ significantly from the market price for the H Shares following the Global Offering. We have applied to list and deal in the H Shares on the Hong Kong Stock Exchange. There is no assurance that the Global Offering will result in the development of an active, liquid public trading market for the H Shares. In addition, the price and trading volumes of the H Shares may be volatile. Factors such as variations in our revenue, earnings and cash flows or any other developments relating to our Company may affect the volume and price at which the H Shares will be traded.

The characteristics of the B share and H share markets are different.

Our B Shares have been listed and traded on the SHSE since 1997. Following the Global Offering, our B Shares will continue to be traded on the SHSE, and our H Shares will be traded on the Hong Kong Stock Exchange. Without approval from the relevant regulatory authorities, our B Shares and H Shares are neither interchangeable nor fungible, and there is no trading or settlement between the B share and the H share markets. The B share and H share markets have different trading characteristics (including trading volume and liquidity) and investor bases, including different levels of retail and institutional participation. As a result of these differences, the trading price of our B Shares and H Shares may not be the same. There can be no assurance that the price of our H Shares will be greater than or equal to that of our B Shares in the future. Moreover, fluctuations in our B Share price may affect our H Share price, and vice versa.

Because the Offer Price is higher than the net tangible book value per Share, the holders of H Shares will incur immediate dilution.

The Offer Price of the H Shares is higher than the net tangible book value per Share as of December 31, 2011. Therefore, purchasers of the H Shares in the Global Offering will experience an immediate dilution in pro forma net tangible book value of HK$17.36 per H Share based on our net tangible book value per share as of December 31, 2011 (assuming an Offer Price of HK$48.00, which is the mid-point of our indicative Offer Price range, and assuming the Over-allotment Option is not exercised), and our existing shareholders will receive an increase in the pro forma adjusted consolidated net tangible asset value per share of their shares. In addition, holders of our H Shares may experience further dilution of their interests if the Underwriters exercise the Over-allotment Option or if we obtain additional capital in the future through equity offerings.

Future sales or perceived sales of substantial numbers of our H Shares in the public market could have a material adverse effect on the prevailing market price of our H Shares and our ability to raise capital in the future.

The market price of our H Shares could decline as a result of future sales of substantial numbers of our H Shares or other securities relating to our Shares in the public market, or the issuance of new Shares or other securities relating to our Shares, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial numbers of our Shares could also materially and adversely affect the prevailing market price of our H Shares or our ability to raise capital in the future at a time and at a price favorable to us, and our shareholders would experience dilution in their holdings upon issuance or sale of additional securities for any purpose, including, among other things, to improve our capital adequacy in the future.

We cannot guarantee the accuracy of facts, forecasts and other statistics with respect to China, the Chinese economy and China's coal and coal-related industries contained in this Prospectus.

Facts, forecasts and other statistics in this Prospectus relating to China, the Chinese economy and China's coal industry have been derived from official government publications and we can guarantee neither the quality nor the reliability of such source materials. They have not been prepared or independently verified by our Company, the Underwriters or any of our or their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts or statistics, which may not be consistent with other information compiled within or outside China. Our Directors have reproduced the data and statistics extracted from official government publications in a reasonably cautious manner. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be relied upon. Further, there is no assurance that they have been stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts, forecasts and statistics.

Since there will be a time gap between the pricing and trading of our H Shares, holders of our H Shares are subject to the risk that the price of our H Shares could fall during the period before trading of our H Shares begins.

The initial price for sale and subscription of our H Shares to the public will be determined on the date of pricing, which is expected to be on or about July 6, 2012. However, our H Shares will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be five Business Days after the pricing date. As a result, investors may not be able to sell or otherwise deal in our H Shares during that period. Accordingly, holders of our H Shares are subject to the risk that the price of our H Shares could fall before trading begins as a result of adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins, such as a fall in our B Share price.

Dividends declared in the past may not be indicative of our dividend policy in the future.

We declared dividends in respect of 2009, 2010 and 2011 of RMB732.0 million, RMB2,196.0 million and RMB2,196.0 million, respectively. Dividends paid or declared in respect of prior periods may not be indicative of future dividend payments. We cannot guarantee when, if or in what form dividends will be paid in the future. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, including, without limitation, our business and financial performance, capital and regulatory requirements and general business conditions. We may not have sufficient or any profits available to enable us to make dividend distributions to our shareholders in the future, even if our IFRS financial statements indicate that our operations have been profitable. See "Financial Information—Dividend Policy."

We strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering.

Prior to the publication of this Prospectus, there has been press and media coverage regarding us and the Global Offering which may or may not include certain financial projections and other information about us and the Global Offering that does not appear in our Prospectus. We have not authorized the disclosure of any such information in the press or media. We do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this Prospectus is inconsistent or consistent with the information contained in this Prospectus, we disclaim it. Accordingly, prospective investors should not rely on any such information. In making your decision as to whether to purchase our H Shares, you should rely only on the financial, operational and other information included in this Prospectus.