

# Consolidated Statement of Changes in Shareholders' Equity

	Share capital	Share premium	Future development fund	Statutory common reserve fund	Statutory common welfare fund	Retained earnings	Total
	RMB'000	RMB'000	RMB'000 (note)	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2001	2,600,000	2,087,723	111,748	244,631	122,315	1,703,208	6,869,625
Additional issue of shares, net of share issue expenses of RMB77,253,000	270,000	1,184,804	-	-	-	-	1,454,804
Net income	-	-	-	-	-	970,945	970,945
Appropriations to reserves	-	-	-	94,465	47,233	(141,698)	-
Dividends	-	-	-	-	-	(235,340)	(235,340)
<b>Balance at December 31, 2001</b>	<b>2,870,000</b>	<b>3,272,527</b>	<b>111,748</b>	<b>339,096</b>	<b>169,548</b>	<b>2,297,115</b>	<b>9,060,034</b>
Balance at January 1, 2002	2,870,000	3,272,527	111,748	339,096	169,548	2,297,115	9,060,034
Net income	-	-	-	-	-	1,221,999	1,221,999
Appropriations to reserves, net of minority interests' share	-	-	743,489	49,105	24,593	(817,187)	-
Dividends	-	-	-	-	-	(287,000)	(287,000)
<b>Balance at December 31, 2002</b>	<b>2,870,000</b>	<b>3,272,527</b>	<b>855,237</b>	<b>388,201</b>	<b>194,141</b>	<b>2,414,927</b>	<b>9,995,033</b>
Balance at January 1, 2003	2,870,000	3,272,527	855,237	388,201	194,141	2,414,927	9,995,033
Net income	-	-	-	-	-	1,386,686	1,386,686
Appropriations to reserves, net of minority interests' share	-	-	259,674	110,580	55,312	(425,566)	-
Dividends	-	-	-	-	-	(298,480)	(298,480)
<b>Balance at December 31, 2003</b>	<b>2,870,000</b>	<b>3,272,527</b>	<b>1,114,911</b>	<b>498,781</b>	<b>249,453</b>	<b>3,077,567</b>	<b>11,083,239</b>

## Note:

Prior to 1999, the Company was required to contribute RMB1.80 per tonne of raw coal mined to National Coal Industry Bureau ("NCIB") and Shangdong Coal Mining Industrial Bureau ("SCMIB") in aggregate and the amount was recognized as an expense. In addition, the Company was also required to transfer an annual amount to a future development fund at RMB4.20 per tonne of raw coal mined. The fund can only be used for the future development of the coal mining business and is not available for distribution to shareholders.

The contribution to NCIB has been cancelled since July 1, 1998 and the contribution to SCMIB has been cancelled since January 1, 1999. The annual transfer to the future development fund was stopped starting from January 1999.

According to a clarification of the relevant regulations obtained from the Ministry of Finance during the year ended December 31, 2002, the requirement for the Company to transfer an annual amount to the future development fund had not been changed upon cancellation of the requirements for contributions to NCIB and SCMIB. Therefore, the Company was required to transfer an amount of RMB743,489,000 (including RMB204,134,000, RMB164,738,000 and RMB144,007,000 for the years ended December 31, 2001, 2000 and 1999, respectively, that would have been transferred had the transfer not been stopped on January 1, 1999), to the future development fund in 2002, representing RMB6 per tonne of raw coal mined, from retained earnings.

The annual transfer to the future development fund at RMB6 per tonne has been resumed since January 1, 2003.