

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital RMB'000	Share premium RMB'000	Future development fund RMB'000 (note)	Statutory common reserve fund RMB'000	Statutory common welfare fund RMB'000	Retained earnings RMB'000	Total RMB'000
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)
Balance at December 31, 2002	<u>2,870,000</u>	<u>3,272,527</u>	<u>855,237</u>	<u>388,201</u>	<u>194,141</u>	<u>2,414,927</u>	<u>9,995,033</u>
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)
Balance at December 31, 2003	<u>2,870,000</u>	<u>3,272,527</u>	<u>1,114,911</u>	<u>498,781</u>	<u>249,453</u>	<u>3,077,567</u>	<u>11,083,239</u>
Balance at January 1, 2004	2,870,000	3,272,527	1,114,911	498,781	249,453	3,077,567	11,083,239
Share issued at a premium	204,000	1,591,977	-	-	-	-	1,795,977
Share issue expenses	-	(39,102)	-	-	-	-	(39,102)
Net income	-	-	-	-	-	3,154,317	3,154,317
Appropriations to reserves, net of minority interests' share	-	-	331,548	270,812	135,422	(737,782)	-
Dividends	-	-	-	-	-	(470,680)	(470,680)
Balance at December 31, 2004	<u>3,074,000</u>	<u>4,825,402</u>	<u>1,446,459</u>	<u>769,593</u>	<u>384,875</u>	<u>5,023,422</u>	<u>15,523,751</u>

**Note:**

Prior to 1999, Yanzhou Coal Mining Company Limited ("the Company") was required to contribute at RMB1.80 per tonne of raw coal mined to the National Coal Industry Bureau ("NCIB") and Shandong 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 RMB4.2 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.

According to a clarification of the relevant regulations obtained from the Ministry of Finance during 2002, the requirement for the Company to transfer an annual amount to the future development fund was not changed upon cancellation of the requirements for contributions to NCIB and SCMIB. Therefore, the Company is required to transfer annually an amount to the future development fund at RMB6 per tonne of raw coal mined.

Pursuant to the relevant regulations of the Shandong Province Finance Bureau, State-owned Assets Supervision and Administration Commission of Shandong Province and Shandong Province Coal Mining Industrial Bureau, the Company is required to transfer an additional amount at RMB5 per tonne of raw coal mined beginning July 1, 2004 to the future development fund for the future improvement of the mining facilities.