

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Share capital RMB'000 | Share premium RMB'000 | Future development fund RMB'000 (note) | Statutory common reserve fund RMB'000 (note 35) | Statutory common welfare fund RMB'000 (note 35) | Translation reserve RMB'000 | Retained earnings RMB'000 | Attributable to equity holders of the Company RMB'000 | Minority interest RMB'000 | Total RMB'000 |
|--|--------------------------|--------------------------|--|---|---|--------------------------------|------------------------------|--|------------------------------|-------------------|
| Balance at January 1, 2003 | 2,870,000 | 3,272,527 | 855,237 | 388,201 | 194,141 | - | 2,414,927 | 9,995,033 | 4,937 | 9,999,970 |
| Net income and total recognized income and expenses for the year | - | - | - | - | - | - | 1,386,686 | 1,386,686 | 522 | 1,387,208 |
| Appropriations to reserves | - | - | 259,674 | 110,580 | 55,312 | - | (425,566) | - | - | - |
| Dividends | - | - | - | - | - | - | (298,480) | (298,480) | (1,765) | (300,245) |
| Acquisition of a subsidiary | - | - | - | - | - | - | - | - | 46 | 46 |
| 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>-</u> | <u>3,077,567</u> | <u>11,083,239</u> | <u>3,740</u> | <u>11,086,979</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 | 3,740 | 11,086,979 |
| Net income and total recognized income and expenses for the year | - | - | - | - | - | - | 3,154,317 | 3,154,317 | 253 | 3,154,570 |
| Appropriations to reserves | - | - | 331,548 | 270,812 | 135,422 | - | (737,782) | - | - | - |
| Dividends | - | - | - | - | - | - | (470,680) | (470,680) | (319) | (470,999) |
| Share issued at premium | 204,000 | 1,591,977 | - | - | - | - | - | 1,795,977 | - | 1,795,977 |
| Share issue expenses | - | (39,102) | - | - | - | - | - | (39,102) | - | (39,102) |
| 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>-</u> | <u>5,023,422</u> | <u>15,523,751</u> | <u>3,674</u> | <u>15,527,425</u> |
| Balance at January 1, 2005 | 3,074,000 | 4,825,402 | 1,446,459 | 769,593 | 384,875 | - | 5,023,422 | 15,523,751 | 3,674 | 15,527,425 |
| Effect of change in accounting policy | - | - | - | - | - | - | 27,621 | 27,621 | - | 27,621 |
| As restated | 3,074,000 | 4,825,402 | 1,446,459 | 769,593 | 384,875 | - | 5,051,043 | 15,551,372 | 3,674 | 15,555,046 |
| Exchange difference arising on translation of foreign operations recognized directly in equity | - | - | - | - | - | (15,016) | - | (15,016) | - | (15,016) |
| Net income | - | - | - | - | - | - | 2,881,461 | 2,881,461 | 476 | 2,881,937 |
| Total recognized income and expenses for the year | - | - | - | - | - | (15,016) | 2,881,461 | 2,866,445 | 476 | 2,866,921 |
| Appropriations to reserves | - | - | 381,208 | 249,548 | 124,774 | - | (755,530) | - | - | - |
| Bonus issue of shares | 1,844,400 | (1,844,400) | - | - | - | - | - | - | - | - |
| Dividends | - | - | - | - | - | - | (799,240) | (799,240) | (237) | (799,477) |
| Acquisition of a subsidiary | - | - | - | - | - | - | - | - | 24,818 | 24,818 |
| Balance at December 31, 2005 | <u>4,918,400</u> | <u>2,981,002</u> | <u>1,827,667</u> | <u>1,019,141</u> | <u>509,649</u> | <u>(15,016)</u> | <u>6,377,734</u> | <u>17,618,577</u> | <u>28,731</u> | <u>17,647,308</u> |

Note:

According to a clarification of the relevant regulations obtained from the Ministry of Finance during the year 2002, the Company is required to transfer annually an amount to the future development fund at RMB6 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.

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 from July 1, 2004 to the future development fund for the future improvement of the mining facilities and is not distributable to shareholders.