

Report of Supervisory Committee

During this reporting period, in accordance with the PRC Company Law and the Articles, all supervisors of the Company have fulfilled their supervising responsibilities, preserved the rights of the Company and its Shareholders, followed the principles of honesty and trustworthiness, and actively carried out their duties with care and diligence. The supervisory committee held four meetings during this period and the details are as below.

1. The Second Meeting of the Third Session of the supervisory committee was held on 6th February, 2006. All of the five supervisors duly attended the meeting as required to meet the quorum set out in the PRC Company Law and the Articles. This meeting was presided by Mr. Meng Xianchang, chairman of the supervisory committee, at which the Proposal on Amendment to the Agenda Regulation of the Supervisory Committee of Yanzhou Coal Mining Company Limited was considered, approved and passed.
2. The Third Meeting of the Third Session of the supervisory committee was held on 21st April, 2006. All of the five supervisors duly attended the meeting as required to meet the quorum set out in the PRC Company Law and the Articles. This meeting was presided by Mr. Meng Xianchang, chairman of the supervisory committee, at which the Supervisory Committee's Report for the Year 2005 of Yanzhou Coal Mining Company Limited, the 2005 Annual Report of Yanzhou Coal Mining Company Limited, the Audited Financial Report for the Year 2005 of Yanzhou Coal Mining Company Limited, the Proposed Allocation of the Profits for the Year 2005 of Yanzhou Coal Mining Company Limited, the Financial Report for the First Quarter of Year 2006 of Yanzhou Coal Mining Company Limited and the Proposal on Amendment to the Agenda Regulation of the Supervisory Committee of Yanzhou Coal Mining Company Limited were considered, approved and passed.
3. The Forth Meeting of the Third Session of the supervisory committee was held on 18th August, 2006. All of the five supervisors duly attended the meeting as required to meet the quorum set out in the PRC Company Law and the Articles. This meeting was presided by Mr. Meng Xianchang, chairman of the supervisory committee, at which the Interim Results Report for the Year 2006 of Yanzhou Coal Mining Company Limited and the Supervisory Committee's Opinions on the Board's Resolution on Provision of Verified Sale Assets Devaluation for the Interim of 2006 were considered, approved and passed.
4. The Fifth Meeting of the Third Session of the supervisory committee was held on 25th October, 2006. All of the five supervisors duly attended the meeting as required to meet the quorum set out in the PRC Company Law and the Articles. This meeting was presided by Mr. Meng Xianchang, chairman of the supervisory committee, at which the Results Report for the Third Quarter of 2006 of Yanzhou Coal Mining Company Limited was considered, approved and passed.

The Supervisory Committee gave independent opinion on the following:

1. Operations of the Company in 2006 were in compliance with laws

Pursuant to the relevant laws and regulations, through sitting in the Board's meeting and attending Shareholders' meeting, the supervisory committee carried out investigation and supervision functions on matters such as the resolutions of and the procedures on convening the Shareholders' and Directors' meetings, the implementation of the resolutions of the Shareholders' general meetings by the Board, the carrying out of duties by the senior management of the Company and the management system of the Company. No acts against the law, regulations and the Articles have been found. No breach of laws and regulations by the Directors and managers of the Company in the course of performing their duties has been found. The supervisory committee considers that the performance of the Board in 2006 was in compliance with relevant PRC laws and regulations and the Articles, and was serious and responsible and its decision-making procedures were systematic. The Company had also further upgraded the internal control system and reached all the operating targets successfully.

Report of Supervisory Committee (*Cont'd*)

2. Examination of the financial situation of the Company

The supervisory committee examined in detail the financial system and financial conditions of the Company, and considered that the Company, in accordance with accounting standards and principles issued by the Ministry of Finance of PRC, has established financial management systems and accounting principles which are suitable to the Company. In the reporting period, the auditors of the Company issued an unqualified opinion on the relevant information such as the financial statements. The supervisory committee holds the view that the contents and format of the Company's financial statements were in conformity with all the rules set by the China Securities Regulatory Committee and the stock exchange of PRC, and the information provided can accurately and objectively reflect the Company's financial situation and operating results of the current year. All costs, expenses and provisions were incurred and made in accordance with the relevant laws, regulations and the Articles.

3. Usage of Raised Funds

The supervisory committee takes the view that the projects actually invested in by the funds raised during this reporting period are consistent with the projects undertaken to be invested in by the Company.

4. Fairness of Assets Acquisition

In the reporting period, as reviewed and approved at the second extraordinary general meeting of year 2006 on 10th November, 2006, the Company acquired 98% equity interest in Shanxi Nenghua from Yankuang Group for the consideration of RMB733.34 million. Upon review and approval of the daily operation meeting by the general managers held on 9th January, 2007, the Company contributed RMB14.966 million in the acquisition of 2% equity interest in Shanxi Nenghua held by Lunan Fertilizer Plant, a subsidiary wholly owned by Yankuang Group.

The pricing of the above transaction was objective and fair. The agreement was fair and reasonable. No insider dealing was discovered. The interests of the Shareholders and the Company's assets were not impaired.

5. Connected Transactions

During the reporting period, the connected transactions between the Company and its controlling Shareholder, Yankuang Group and its subsidiaries were just, fair and lawful, and did not impair the interests of the Company.

Chairman of the Supervisory Committee
Meng Xianchang

Zoucheng, China, 20th April, 2007