

## 竞州煤業股份有限公司

## YANZHOU COAL MINING COMPANY LIMITED

## First Quarterly Report for the Year 2002

### IMPORTANT

ment is made pursuant to the disclosure requirement under Paragraph 2(2) of the Listing Agreement.

The Board of Directors of the Company confirms that this Report does not contain any false information, misleading statements or material omissions, and accept joint and several responsibility for the truthfulness, accuracy and completeness of the content. These quarterly financial statements of the Company have not been audited.

Summary of the results for the first quarter ended 31st March 2002:

- During the period under review, revenue from principal operations was RMB1,760.361 million, representing an increase of RMB314.218 million or 21.7% over the same period last year. Realized net profit was RMB311.619 million, representing an increase of RMB108.479 million or 53.4% over the same period last year.
- This quarterly report is prepared in accordance with the regulations on Disclosure of Information in Quarterly Reports for Listed Companies by the China Securities Regulatory Commission.

  All financial information contained in this quarterly report is prepared in accordance with the PRC Generally Accepted Accounting Principles ("PRC GAAP"). The Company has also provided coal sales price calculated in accordance with the basis reflected in its previous annual reports and interim reports as an annual certain reports and interim reports and in trading shares in the Company.
- Unless otherwise specified, the currency in this quarterly report shall be denominated in RMB.

  The information in this report is the same as that published by the Shanghai Stock Exchange, and this report is published simultaneously in the PRC and Hong Kong.

### CORPORATE INFORMATION 兗州煤業股份有限公司 Yanzhou Coal Mining Company Limited Company Chinese Name Company English Name Legal Representative Mo Liqi Yang Jiachun Chen Guangshui Chen Guangshui Authorised Representatives Contact Address 40 Fushan Road Zoucheng Shandong Province Office of the Secretary of the Board of Directors Tel: (86-537)-5382319 Fax: (86-537)-5383311 E-mail:yzc@yanzhoucoal.com.cn 40 Fushan Road Zoucheng Shandong Province PRC 40 Fushan Road Office Address Zoucheng Shandong Province PRC Postal Code 273500 http://www.yanzhoucoal.com.cn yzc@yanzhoucoal.com.cn E-mail Newspapers for disclosure of China Securities information of the Company Shanahai Securities News.

Website for posting of quarterly reports of the Company Depository for the Company's quarterly reports

Places of listing, stock code and

Wen Wei Po of Hong Kong, South China Morning Post of Hong Kong Office of the Secretary of the Board of Directors of Yanzhou Coal Mining Company Limited

Tel: (86-537)-5382319 Fax: (86-537)-5383311 A Shares: The Shanghai Stock Exchange Ticker Symbol: 600188 Stock Abbreviation: Yanzhou Mei Ye H Shares: The Stock Exchange of Hong Kong Limited

ADRs: The New York Stock Exchange, Inc. Ticker Symbol: YZC

### CHANGES IN SHARE CAPITAL AND SHAREHOLDING OF MAJOR SHAREHOLDERS NGES IN SHARE CAPITAL AND SHAREHOLDING OF MAJOR SHAREHOLDERS Changes in Share Capital There was no change in the share capital of the Company during the period under review.

Shareholding of the Major Shareholders as at 31st March, 2002

Top Ten Shareholders	Class of Shares held	Number of Shares held at end of this period	Percentage Holding (%)
Yankuang Group Corporation Limited	State legal person shares	1,670,000,000	58.19
HKSCC Nominees Limited	H shares	1,017,904,000	35.47
China National Petroleum Corporation	A shares	16,219,698	0.57
Haitong Securities	A shares	6,924,692	0.24
Kaiyuan Fund	A shares	3,046,335	0.11
Huaan Chuangxin Fund	A shares	2,508,059	0.09
Jingfu Fund	A shares	2,330,432	0.08
Anshun Fund	A shares	2,308,750	0.08
United Securities	A shares	2,252,740	0.08
Anxin Fund	A shares	2,239,218	0.08
Save as disclosed above, pursuant to the	Securities Law of the	e People's Republic	of China, there

was no other shareholder who was recorded in the share register as at 31st March, 2002 a having an interest of 5% or more of the Company's public shares.

None of the shares held by Yankuang Group Corporation Limited (the "Parent Company") were pledged or restricted during the period under review.

As the clearing and settlement agent for the Company's H Shares, HKSCC Nominees Limited held the Company's H Shares in the capacity as a nominee.

Amongst the top 10 shareholders of the Company, Huaan Chuangxin Fund, Anshun Fund and Anxin Fund were all managed by the same fund manager Huaan Fund Management Co., Ltd.

Average sale

DISCUSSION AND ANALYSIS OF BUSINESS OPERATION
(1) Principal Activities and Business Operation
1. The Company is principally engaged in underground mining, preparation and sales of coal as well as railway transportation of coal.

In the first quarter of 2002, the Company significantly improved its performance through continued implementing operating strategies of increasing production and sales volume and enlarging export volume of coal. In the period under review, income derived from its principal activities was RMB1,760.361 million representing an increase of RMB314.218 million or 21.7% over the same period last year. Out of this, coal sales income was RMB1,723.024 million, representing an increase of RMB276.881 million or 19.1% over the same period last year. Income derived from the newly acquired railway assets was RMB3,337 million.

RMB37.337 million.

Cost of the Company's principal operations was RMB687.838 million or an increase of 6.9% over the same period last year. The increase was mainly due to an increase in the sales of coal. The cost of the sales of coal products was RMB673.724 million and the unit cost of coal sales was RMB88.5/ton, representing a decrease of RMB21/tonne or 2.3% when compared to the unit cost of coal sales of RMB90.6/ton in 2001. The external transportation cost of the railway assets was RMB14.114 million. Profit realised from principal activities was RMB13.039.846 million, representing a growth of RMB274.604 million or 35.9% over the same period last year. Net profit realised was RMB311.619 million, representing a growth of RMB108.479 million or 53.4% over the same period last year.

same period last year.

In the period ander review, the Company's raw coal production increased by 941,000 tonnes or 11.0% to 9.493 million tonnes and the sales of coal increased by 210,000 tonnes or 2.8% to 7.610 million tonnes as compared with the same period last year. The average coal price of the Company was RMB226.43/ton, representing an increase of RMB1.00/ton or 15.9% as compared with the same period last year, or representing an increase of RMB17.98/ton or 8.6% as compared with the average coal price in 2001. Coal transported by the newly acquired railway assets reached 6.214 million for representing an increase of 1.924 million tonnes or 44.8% over the same period last year

d in accordance with the basis	s reflected in its	previous
as announced in Hong Kong		
		Unit: R

	coal price during the period under review (taking into account the effects of railway transportation)	Average price of coal of the same class last year	Average coal price in the same period last year	Average coal price in 2001	
Average sales price	178.70	171.24	142.21	157.11	
Export Sale	203.10	188.65	150.25	179.71	
Domestic sale	162.31	159.55	137.57	141.53	
is calculated in accordance with the basis reflected in its previous annual reports and interim reports as announced in Hong Kong, the average coal sales price in the first juarter, not taking into account the consequences of the acquisition of the railway assets,					

As calculate was RMB 171.24/ton, representing an increase of RMB 29.03/ton or 20.4% over the same period last year. Average export price was RMB 188.65/ton, representing an increase of RMB 38.40/ton or 25.6%. Average domestic sales price was RMB 159.55/ton, representing an increase of RMB 21.98/ton or 16.0%. When compared to the average sales price in 2001. 2001, there was an increase of RMB 14.13/ton or 9.0%.

- Discussion of the various factors that affected the performance of the Company in the first Around 80% of the Company's volume of coal export were exported to Japan.
  - According to the normal practice of coal export negotiation, the contract price as well as volume for the first quarter of any one year shall be the price as well as volume that were determined in the second quarter of the previous year for that year (from the beginning of April of any one year till the end of March next year). The increase in the contract price of coal for export in the first quarter of 2002 was larger than that of the same period last year;
- the same period last year;

  Price of coal had been on an upward trend throughout 2001, and therefore the average price of the first quarter was relatively lower when compared to the annual average price. The average price of domestic sales in the first quarter of 2002 was not very much higher than the annual average price in 2001, while there was a more remarkable increase when compared to the same period in 2001;

  The newly acquired railway assets enabled the Company to cut down its special purpose coal transportation expenses by RMB 56.719 million, and the income realised was RMB 37.337 million.

# (2) Brief analysis of operating performance and financial status

	Amount		
Item	Period under review	Same period last year	Increase/ decrease %
Income from principal activities	1,760.361	1,446.143	21.73
Profit from principal activities	1,039.846	765.242	35.88
Net profit	311.619	203.140	53.40
The realised income from principal RMB314.218 million or 21.7% to attributable to the increase in coal	RMB1,760.361 mil	lion. The increas	se was mainly

The realised profit from principal activities in the first quarter of 2002 increased by RMB274.604 million or 35.9% to RMB1,039.846 million. The increase was mainly

attributable to the increase in principal activities income. Percentage of revenue and expenses in relation to gross profit

	Amount (million)		% in	% in relation to		
Item	Period under review	2001	Period under review	2001	Increase/ decrease	
Profit from principal activities	1,039.846	3,557.065	223.21	255.56	-12.66	
Profit from other activities	8.256	26.483	1.77	1.90	-6.84	
Expenses during the period	582.325	2,182.742	125.00	156.82	-20.29	
Net-operating income/expenses	0.076	-8.932	0.02	-0.64	_	
Gross profit	465.854	1,391.875	100.00	100.00	0.00	
The percentage of expenses 20.3% when compared to the	period pre	viously repor				

The percentage of net balance of non-operating income less expenses in relation to gross profit increased to 0.02% from - 0.64% of the period previously reported. This was mainly because income from fixed assets increased in the period under review.

Amount (milli

### At At the the end of beginning this period of this year this period of this year Accounts receivable Other receivable 701.375 550.785 432.787 401.120 5.60 3.45 4.85 15.46 562.943 4.49 3.88 Net value of fixed assets 7,209.066 12,527.874 11,350.223 Total assets

# Investment of proceeds

As disclosed at the time of the new issues of A Shares and H Shares in 2001, all the net proceeds raised from the additional issue of A Shares and H Shares would be used in satisfying the consideration for Jining III coal mine acquisition. RMB494 million raised from the new issue of H Shares is currently deposited in the account with the Bank of China, Zoucheng sub-branch and shall be payable by the end of 2002.

Source of proceeds	Amount of planned investment (million)	Actual investment in the quarter (million)	Accumulated investment (million)	Progress (%)	
New issue of 100 million A Shares	961	-	961	100	
New issue of 170 million H Shares	494	0	0	0	
Total	1455	0	961	66.05	
Other investment					
In accordance with the acquisition agreement for railway assets, the Company completed the acquisition of railway assets from the Parent Company on 1st January, 2002. For					

details of the acquisition of railway assets, please refer to the summary of the annual results for the year ended 31st December, 2001 published in China Securities and Shanghai Securities News in the PRC, and the annual results announcement for the year ended 31st December 2001 published in Wen Wei Po and South China Morning Post in Hong Kong on 9th April, 2002.

Production and business environment and the effects of changes in macro policy and rules and regulations on the financial status and operating results of the Company

Coal price of the Company was able to benefit from the improved market in the previous year. It was maintained at a relatively higher level in the first quarter of 2002, rising 15.9% from the same

period last year.

The Company's main export market is Japan. As a practice, the contract price as well as volume for the first quarter of any one year shall have been determined in the second quarter of the previous year. The contract prices of No. 2 clean coal and No. 3 clean coal for the first quarter of 2002 were USD35/ton and USD33.5/ton respectively and were 16.6% and 19.5% higher than that of the same period last year respectively. The export volume was 3.058 million tonnes, 12.9% higher than the same period last year. The export price saw a relatively large increase in the first quarter of 2002.

The financial status of the Company was not materially affected by the production and operation environment and change in macro policy.

environment and change in macro policy.

Towards the end of 2001, the PRC government allowed some small mines to resume production resulting in an increase of coal supply in the domestic market and the coal price in the second quarter of 2002 is likely to drop. The decision to close a large portion of small mining companies made by the State Economic and Trade Commission in March will serve to balance supply and demand in the domestic market and maintain a stable coal price.

Coal price in the international market dropped after resuming an upward trend in 2001. The Company has contracted to supply over 5 million tonnes of No. 2 clean coal to Japan at a FOB price of US\$33/ton for the year 2002 (from the beginning of April 2002 to the end of March 2003). This represents a decrease of about 6% over the same period last year. Negotiation for No. 3 clean coal has yet to be concluded. The Company will continue to export spot coal in 2002. On the whole, the average coal price this year will be higher than that of last year. On the whole, the average coal price this year will be higher than that of last year.

## SIGNIFICANT AND POST-REPORT MATTERS 1. Material litigations and arbitration

The Company was not involved in any material litigation or arbitration during the period under  $\dot{\mbox{}}$ 

Material guarantee, investment services and borrowing of funds The Company has not given any material guarantee or received any investment services during

The Company borrowed a total of RMB1.2 billion from the Bank of China on 4th January, 2002 to finance the acquisition of railway assets. For details of the acquisition of railway assets, please refer to the summary of the annual results for the year ended 31st December, 2001 published in China Securities, Shanghai Securities News and the annual results announcement for the year ended 31st December, 2001 published in Wen Wei Po and South China Morning Post of Hong Kong on 9th April, 2002. the period under review

Amount of material overdue debts, duration and reason of overdue and expected

The Company did not have any material overdue debts during the period under review Material assets acquisition and disposal of the Company

The Company acquired the railway assets of the Parent Company on 1st January, 2002. Details of the acquisition were set out in the summary of the annual results for the year ended 31st December, 2001 of the Company published in China Securities and Shanghai Securities News and the annual results announcement for the year ended 31st December, 2001 published in Wen Wei Po and South China Morning Post of Hong Kong on 9th April, 2002.

Wei Po and South China Morning Post of Hong Kong on 9th April, 2002.

Appointment of Directors and Supervisors, election of Chairman and Vice Chairman of the Board, Chairman of the Supervisory Committee and appointment of senior management, such as the General Manager

On 22nd April, 2002, the Company held the first extraordinary general meeting for 2002, Directors' meeting and Supervisors' meeting in which resolutions in relation to the election of directors and supervisors were passed, Chairman and Vice-chairman of the Board and Chairman of the Supervisory Committee were elected and senior management such as the general manager were appointed.

For details please refer to Wen Wei Po and South China Morning Post dated 23rd April, 2002. FINANCIAL AND ACCOUNTING STATEMENTS

## **Financial Statements**

Condensed consolidated balance sheet (unaudited)
Prepared by Yanzhou Coal Mining Company Limited

	Ass	sets	At the end of the period	At the beginning of the year
	Ass	ets		
	С	Current assets	3,631.397	3,370.833
	L	ong-term investment	1.760	1.760
	To	otal fixed assets	8,142.414	7,479.755
	Ir	ntangible and other assets	752.303	497.875
	Tota	al assets	12,527.874	11,350.223
	Liab	pilities		
	С	Current liabilities	2,183.824	2,518.449
	L	ong-term liabilities	1,305.983	105.983
	Tota	al liabilities	3,489.807	2,624.432
	Min	ority interest	3.120	2.463
	Sha	areholders' equity	9,034.947	8,723.328
	Tota	al liabilities and shareholders' equity	12,527.874	11,350.223
2.	Cor	ndensed consolidated statement of income (ur	naudited)	
	Pre	pared by Yanzhou Coal Mining Company Limit	ed	Unit: RMB million
		Item		During the period under review
	1.	Net revenue from principal operations		1,760.361
	2.	Income from principal operations		1,039.846
		Add: Income from other operations		8.256
		Less: expenses during the period		582.325
	3.	Operating profit		465.778
		Net non-operating income less expenses		0.076
	4.	Profit before income tax		465.854
				450 570

### 4. Less: Income tax Net profit

- There is no significant change in the accounting policy, accounting estimates and basis of consolidation of the financial statements when compared to the previous report. There is no significant difference between the accounting policies adopted in the quarterly report and that of the annual results for the year ended 31st December 2001.

As at December 31, 2001

- DOCUMENTS AVAILABLE FOR INSPECTION
- The following documents will be available for inspection at the Office of the Secretary of the Board of Directors at 40 Fushan Road, Zoucheng, Shangdong Province, the PRC:
- First Quarterly Report 2002 signed by the Chairman;
- The accounting statements signed and sealed by the legal representative, financial controller and accounting officers;
- Original copies of all documents and announcements of the Company disclosed in newspapers designated by China Securities Regulatory Commission during the period; Articles of association; and
- "Yanzhou Coal Mining Company Limited First Quarterly Report 2002" published in the PRC

APPENDIX

CONSOLIDATED BALANCE SHEET (Prepared in accordance with PRC GAAP) As at March 31, 2002

	The Group	The Company	The Group	
	RMB	RMB	RMB	RMB
100570	(Unaudited)	(Unaudited)	(Audited)	(Audited)
ASSETS				
CURRENT ASSETS	4 4 4 4 000 405	4 444 440 700	4 4 5 4 000 0 40	4 450 455 004
Bank balance and cash	1,144,888,425	1,141,116,782	1,154,806,342	1,150,155,924
Short-term investments Bills receivable	49,997,305	49,997,305	49,997,305	49,997,305
	41,957,292	41,957,292	155,883,666	155,883,666
Accounts receivable Other receivables	701,374,876 432,786,836	701,374,876 432,405,021	550,784,838 401,119,702	550,784,838 400,993,716
				94,810,318
Prepayments Value-added-tax refundable	129,003,864 419,145,249	145,189,898 419,145,249	88,165,432 419,145,249	419,145,249
Inventories	562,943,370	533,047,766	439,882,298	426,352,865
Deferred expenditures	149,300,248	149,300,248	111,048,395	111,048,395
TOTAL CURRENT ASSETS	3,631,397,465	3,613,534,437	3,370,833,227	3,359,172,276
Long-term equity investments	1,760,419	5,192,826	1,760,419	4,470,322
FIXED ASSETS				
Fixed assets at cost		12,789,829,674	11,702,052,041	11,701,559,317
Less: Accumulated depreciation	4,922,627,886	4,922,463,566	4,492,985,894	4,492,836,855
Fixed assets, net	7,867,694,512	7,867,366,108	7,209,066,147	7,208,722,462
Construction materials	1,697,068	1,697,068	1,697,068	1,697,068
Construction in progress	273,021,955	273,021,955	268,991,536	268,991,536
TOTAL FIXED ASSETS	8,142,413,535	8,142,085,131	7,479,754,751	7,479,411,066
Intangible assets	752,302,517	752,302,517	497,874,780	497,874,780
TOTAL ASSETS	12,527,873,936	12,513,114,911	11,350,223,177	11,340,928,444
LIABILITIES AND SHAREHOLDERS' EQUITY CURRENT LIABILITIES				
Notes payable	247,655,000	247,655,000	275,860,000	275,860,000
Accounts payable	544,474,075	542,752,284	553,982,959	552,320,331
Advance from customers	39,442,422	33,556,120	122,908,153	122,794,582
Payroll payable	38,463,271	38,463,271	36,130,872	36,130,872
Dividend payable	287,000,000	287,000,000	287,000,000	287,000,000
Tax payable	158,005,948	157,574,619	104,422,929	103,629,887
Other payables	601,665,600	598,066,485	381,314,134	377,052,325
Accrued expenses Provision for land subsidence costs	17,908,131	17,908,131	100 106 010	100 106 010
Long-term payables within one year	162,575,387 86,633,816	162,575,387 86,633,816	120,196,012 636,633,816	120,196,012 636,633,816
TOTAL CURRENT LIABILITIES	2,183,823,650	2,172,185,113	2,518,448,875	2,511,617,825
LONG-TERM LIABILITIES	2,100,020,000	2,172,100,110	2,510,440,075	2,311,017,023
Long-term loan	1,200,000,000	1,200,000,000	_	_
Long-term payables	105,983,040	105,983,040	105,983,040	105,983,040
TOTAL LONG-TERM LIABILITIES	1,305,983,040	1,305,983,040	105,983,040	105,983,040
TOTAL LIABILITIES	3,489,806,690	3,478,168,153	2,624,431,915	2,617,600,865
MINORITY INTEREST	3,120,488		2,463,683	
SHAREHOLDERS' EQUITY	-,,		_,,	
Share capital	2,870,000,000	2,870,000,000	2,870,000,000	2,870,000,000
Capital reserves	3,711,032,804	3,711,032,804	3,711,032,804	3,711,032,804
Surplus reserves	508,643,940	508,643,940	508,643,940	508,643,940
Including: Welfare fund	169,547,980	169,547,980	169,547,980	169,547,980
Unappropriated profits	1,945,270,014	1,945,270,014	1,633,650,835	1,633,650,835
TOTAL SHAREHOLDERS' EQUITY TOTAL LIABILITIES AND	9,034,946,758	9,034,946,758	8,723,327,579	8,723,327,579

Surplus reserves Including: Welfare fund Unappropriated profits TOTAL SHAREHOLDERS' EQUITY TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY 12,527,873,936 12,513,114,911 11,350,223,177 11,340,928,444 STATEMENT OF INCOME AND PROFITS APPROPRIATION (Prepared in accordance with PRC GAAP)

	Three months ended warch 31,			
	2002 The Group RMB (Unaudited)	2002 The Company RMB (Unaudited)	2001 The Group and the Company RMB (Unaudited)	
Net revenue from principal operations	1,760,361,148	1,760,361,148	1,446,143,243	
Less: Cost of principal operations	687,837,928	690,328,484	643,737,587	
Sales taxes on principal operations	32,677,576	32,656,812	37,163,474	
Income from principal operations Add: Income from other operations Less: Operating expenses Administrative expenses Financial expenses	1,039,845,644	1,037,375,852	765,242,182	
	8,256,443	7,366,103	3,802,423	
	364,179,559	362,779,976	335,263,957	
	207,538,880	207,307,936	163,769,450	
	10,606,120	10,611,801	(9,728,060)	
Operating profit Add: Investment income Non-operating income	465,777,528	464,042,242	279,739,258	
	-	722,503	-	
	1,584,868	1,584,868	114,601	
Less: Non-operating expenses Profit before income taxes Less: Income taxes Minority Interest	1,508,833 465,853,563 153,577,579 656,805	1,502,520 464,847,093 153,227,914	1,802,287 278,051,572 74,911,402	
Net profit Add: Unappropriated profits at the beginning of the year	311,619,179	311,619,179	203,140,170	
	1,633,650,835	1,633,650,835	1,070,321,502	
Profits available for appropriation Less: Appropriation to statutory commom fund Appropriation to public welfare fund	1,945,270,014	1,945,270,014	1,273,461,672	
Profits available for appropriation to shareholders	1,945,270,014	1,945,270,014	1,273,461,672	
Less: ordinary share dividend payable	-	-	-	
Unappropriated profits	1,945,270,014	1,945,270,014	1,273,461,672	

By order of the board of directors of Yanzhou Coal Mining Company Limited Mo Liqi Chairman of the Board