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兗州煤業股份有限公司
YANZHOU COAL MINING COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1171)

**UNUSUAL TRADING VOLUME MOVEMENTS
AND
INCREASE IN COAL RESOURCES TAX**

The Board has noted the recent increase in the trading volume of the shares of the Company and wishes to state that, save as the increase in coal resources tax applicable to the Company, the Board is not aware of any reasons for such increase.

Pursuant to the relevant notices issued by the Ministry of Finance and the State Administration of Taxation of the People's Republic of China, with effect from 1 January 2004, the unit tax of the coal resources tax applicable to the Company has increased from RMB1.2 per tonne to RMB2.4 per tonne.

This announcement is made pursuant to the disclosure requirement under Rule 13.09 of the Listing Rules.

This announcement is made at the request of The Stock Exchange of Hong Kong Limited.

The board of directors (the "Board") of Yanzhou Coal Mining Company Limited (the "Company") has noted the recent increase in the trading volume of the shares of the Company and wishes to state that, save as the increase in coal resources tax applicable to the Company, the Board is not aware of any reasons for such increase.

Pursuant to the relevant notices issued by the Ministry of Finance and the State Administration of Taxation of the People's Republic of China, with effect from 1 January 2004, the unit tax of the coal resources tax applicable to the Company has increased from RMB1.2 per tonne (which was applicable prior to 2004) to RMB2.4 per tonne and the coal resources tax applicable to the Company is calculated on the basis of the aggregate of the volume of raw coal sales and the volume of raw coal being handled by deep processing.

The raw coal production of the Company in 2003 was 43.28 million tonnes. The coal resources tax paid by the Company was only approximately 3.6% of the Company's 2003 net income calculated in accordance with International Financial Reporting Standards. The Board believes that the adjustment to the unit tax of coal resources tax will not have a substantial adverse impact on the income and profitability of the Company.

The Board also confirms that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under rule 13.23 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), neither is the Board aware of any other matter discloseable under the general obligation imposed by rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

This announcement is made pursuant to the disclosure requirement under Rule 13.09 of the Listing Rules.

Note: As at the date of this announcement, the Directors of the Company are Mr. Wang Xin, Mr. Geng Jiahui, Mr. Yang Deyu, Mr. Mo Liqi, Mr. Wang Bangjun, Mr. Yang Jiachun, Mr. Wu Yuxiang, Mr. Wang Xinkun and Mr. Dong Yunqing, and the independent non-executive Directors of the Company are Mr. Fan Waitang, Mr. Cui Jianmin, Mr. Wang Xiaojun, Mr. Wang Quanyi.

By order of the Board of Directors of
Yanzhou Coal Mining Company Limited
Chen Guangshui
Secretary of the Board of Directors

Zoucheng, Shandong Province, PRC, 4 August, 2004

Please also refer to the published version of this announcement in South China Morning Post dated 5 August 2004.