

YANZHOU COAL MINING COMPANY LIMITED

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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)

CLARIFICATION ANNOUNCEMENT TO A NEWS REPORT IN SHANGHAI SECURITIES NEWS DATED 27 DECEMBER 2004

In respect of a report on the 27 December 2004 issue of Shanghai Securities News relating to the Court order to freeze 289 million shares held by Lianda Group in Huaxia Bank, the Board clarifies that the Court order to freeze the shares held by Lianda Group is to provide sufficient security for the entrusted loan of RMB640 million granted by the Company to Shandong Xin Jia. The Company is of the view that it has obtained sufficient security for the entrusted loan.

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

The board of directors ("**Board**") of Yanzhou Coal Mining Company Limited (the "**Company**") refers to an article in Shanghai Securities News dated 27 December 2004 relating to a report that the Company is involved in an entrusted loan dispute. The Board would like to make the following clarification.

The Company made an entrusted loan of RMB640 million to Shandong Xin Jia Industrial Company Limited ("**Shandong Xin Jia**") through the Bank of China, Jining branch, which was to be secured by a guarantee provided by Lianda Group Limited ("**Lianda Group**"). The purpose of the entrusted loan is to increase the utilization rate of the Company's own capital. The entrusted loan was approved at the 18th Meeting of the Second Session of the Board on 13 December 2004 in accordance with the provisions of the Articles of Association of the Company. The annual interest of the entrusted loan is 7% per annum and the period of the entrusted loan is from 20 December 2004 to 19 January 2005.

As Lianda Group did not honour its promise to provide security for the guarantee, to avoid risk and to ensure repayment of the principal and interest of the entrusted loan, the Company with the consent of Lianda Group has applied and obtained an order from the People's High Court of Shandong Province ("**Court**") to freeze 289 million shares held by Lianda Group in Huaxia Bank Company Limited ("**Huaxia Bank**") as security for the entrusted loan. Based on a valuation by the Company on the value of the shares of Huaxia Bank, the Company is of the view that the 289 million shares held by Lianda Group in Huaxia Bank shall be sufficient to safeguard the amount and added value of the entrusted loan.

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Note: As at the date of this announcement, the Directors of the Company are Mr. Wang Xin, Mr. Geng Jiahuai, 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 Weitang, Mr. Cui Jianmin, Mr. Wang Xiaojun, Mr. Wang Quanxi.

By order of the Board of Directors of
Yanzhou Coal Mining Company Limited
Wang Xin
Chairman

Zoucheng, Shandong Province, PRC, 28 December, 2004

Please also refer to the published version of this announcement in South China Morning Post dated 29 December 2004.