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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)*

**THE SECOND SUPPLEMENTAL AGREEMENT,  
ONGOING CONNECTED TRANSACTIONS, NEW WAIVER APPLICATION  
AND DESPATCH OF CIRCULAR**

The Directors would like to announce that the Company and the Parent Company entered into the Second Supplemental Agreement on 29 May 2003.

A circular containing, among other things, information on the Second Supplemental Agreement, the Ongoing Connected Transactions, the New Waiver Application, the recommendation of the Independent Board Committee and the advice of CLSA Equity Capital Markets Limited, the independent financial adviser to the Independent Board Committee on the terms of the Second Supplemental Agreement and the New Waiver Application will be despatched to the Shareholders on 30 May 2003.

The Directors refer to the announcement of Yanzhou Coal Mining Company Limited dated 12 May 2003 in relation to, among other things, the Ongoing Connected Transactions and the New Waiver Application (the "Announcement"). Terms defined in the Announcement shall have the same meanings when used in this announcement unless otherwise stated.

The Directors would like to announce that the Company and the Parent Company entered into the Second Supplemental Agreement on 29 May 2003. The Second Supplemental Agreement constitutes a connected transaction of the Company and will take effect upon its approval by the Independent Shareholders at the AGM to be held on 27 June 2003. Further details on the Second Supplemental Agreement are set out in the Announcement and the Circular (as defined below).

The Directors would also like to announce that copies of the circular of the Company (the "Circular") in respect of the Ongoing Connected Transactions, the New Waiver Application, the Second Supplemental Agreement, the recommendation of the Independent Board Committee and the advice of CLSA Equity Capital Markets Limited, the independent financial adviser to the Independent Board Committee, on the terms of the Second Supplemental Agreement and the New Waiver Application will be despatched to the Shareholders on 30 May 2003.

The Directors wish to clarify clerical errors in the first two sentences of the fourth paragraph in sub-section (1)(b) under the section headed "Ongoing Connected Transactions" in the Announcement. The unit for the annual total output (i.e. annual actual generation) of the Parent Company Power System and the Company's consumption of electricity should be "MWh" instead of "kW". Therefore, the expected annual actual generation of the Parent Company Power System in 2003, 2004 and 2005 will be approximately 1,100,000 MWh, 1,400,000 MWh and 3,000,000 MWh, respectively, and the Company is expected to consume approximately 770,000 MWh, 810,000 MWh and 850,000 MWh of electricity in 2003, 2004 and 2005, respectively. Such two sentences (as amended) will be set out in sub-paragraph (1)(b) headed "Electricity" under the paragraph headed "Ongoing Connected Transactions" in the Letter from the Board of the Circular.

By Order of the Board of Directors  
**YANZHOU COAL MINING COMPANY LIMITED**

**Mo Liqi**  
*Chairman*

Shandong, the PRC 29 May 2003

Please also refer to the published version of this announcement in South China Morning Post dated on 30-05-2003.