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兖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 ("PRC") with limited liability)
(Stock Code: 1171)

First Quarterly Report for the Year 2006

IMPORTANT NOTICE

This announcement is made pursuant to the disclosure requirement under Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors (the "Board"), the supervisory committee, the directors, the supervisors, and the senior management of Yanzhou Coal Mining Company Limited (the "Company") confirm that this announcement does not contain any false information, misleading statements or material omissions, and accept joint and several responsibilities for the truthfulness, accuracy and completeness of the content contained herein.

The Company's chairman, Mr. Wang Xin, chief financial officer, Mr. Wu Yuxiang, and chief of the planning and finance department, Mr. Zhang Baocai, confirm and warrant that the financial statements of the first quarterly report for the year 2006 (the "Report") are true and complete. The financial statements in the Report have not been audited.

Summary of the unaudited results for the first quarter ended 31st March 2006:

- The Report is prepared in accordance with the relevant regulations on Disclosure of Information in Quarterly Reports for Listed Companies of the China Securities Regulatory Commission.
- All financial information contained in the Report is prepared in accordance with the PRC Accounting Standards. The Company has also provided the average coal prices of the first quarter of 2006 calculated on the basis as adopted in its previous periodical reports announced overseas. Please refer to the section headed "Brief analysis of general operating performance during the period under review". Shareholders of the Company and public investors should be aware of the different calculation bases used in the Report, interim and annual reports when trading in shares of the Company.
- Unless otherwise specified, the currency in the Report is denominated in Renminbi.
- During the reporting period, revenue from principal operations was RMB2,856.302 million, representing a decrease of RMB596.860 million or 17.3% as compared with the corresponding period last year. Net profit was RMB582.494 million, representing a decrease of RMB210.182 million or 26.5% as compared with the corresponding period last year.
- The information in the Report is the same as that published on the Shanghai Stock Exchange, and the Report is published simultaneously in the PRC and overseas.

1. GENERAL INFORMATION

1.1 General Information

Listed Stock Exchange	Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited	The New York Stock Exchange Inc.
Stock abbreviation	G兖煤	-	-
Stock code	G Yanmei 600188	1171	YZC
Name	Secretary of the Board	Representative of Securities Business	
Contact address	Chen Guangshui 298 Fushan South Road, Zoucheng, Shandong Province, PRC	-	-
Tel	0537-5382319	-	-
Fax	0537-5383311	-	-
E-mail:	yzc@yanzhoucoal.com.cn	-	-

1.2 Financial Information

1.2.1 Major accounting data and financial indicators

	As at the end of this reporting period (unaudited)	As at the end of last financial year (audited)	Increase/decrease as at the end of this reporting period as compared with the end of last financial year (%)
Total assets (RMB)	21,334,452,228	21,088,180,197	1.2
Shareholders' equity (excluding minority interest) (RMB)	17,763,254,024	17,141,627,255	3.6

result of the on-going negotiation, the price of the sale of 0.98 million tonnes of coal to Zoucheng Power Plant was yet to be determined and was therefore not included in the sales of this reporting period.

During this reporting period, the sales volume of cleaned coal over the total sales volume of the Company has increased from 54.0% to 59.7% as compared to the corresponding period in previous year. The Company has timely adjusted its product mix according to the market situation and this was reflected in the change of sales mix.

During the reporting period, the railway transportation volume of the Company was 3.73 million tonnes, representing a decrease of 2.13 million tonnes or 36.3%. The main reason is the decrease in sales volume.

(2) Analysis of the Company's Coal Prices during the Reporting Period

The following table sets out the average coal sales price calculated on the same basis as adopted in its previous periodical reports announced in the PRC during the reporting period:

	First Quarter of 2006	First quarter of 2005	For the year ended 31st December, 2005
Average coal sales price	393.84	395.07	385.92
Consisting of:			
Domestic sales	353.54	375.66	352.15
Export sales	543.27	453.69	503.47

During the reporting period, the Company's average coal sales price was RMB393.84 per tonne, representing a decrease of RMB1.23 per tonne or 0.3%, out of which, the Company's average domestic coal sales price was RMB353.54 per tonne, representing a decrease of RMB22.12 per tonne or 5.9%; and average export coal sales price was RMB543.27 per

Unit: RMB per tonne

	As at the end of this reporting period	As at the end of last financial year	On this reporting period as compared with the end of last financial year
	(unaudited)	(audited)	(%)
Total assets (RMB)	21,334,452,228	21,088,180,197	1.2
Shareholders' equity (excluding minority interest) (RMB)	17,763,254,024	17,141,627,255	3.6
Net assets per share (RMB)	3.61	3.49	3.6
Adjusted net assets per share (RMB)	3.60	3.47	3.7
		From the beginning of this year to the end of this reporting period	Increase/decrease for the reporting period as compared with the same period last year
	Reporting period	(unaudited)	(%)
Net cash flows from operating activities (RMB)	36,020,259	36,020,259	-98.2
Earnings per share (RMB)	0.12	0.12	-25.0
Return on net assets (%)	3.28	3.28	decrease by 1.64 percent
Weighted average return on net assets less extraordinary gain and loss (%)	3.33	3.33	decrease by 1.73 percent
Items of extraordinary profit and loss			Amount (RMB)
			(unaudited)
Non-operating income			3,698,246
Non-operating expenses			(1,403,745)
Impact of extraordinary gain and loss on income tax			(1,117,338)
Total			<u>1,177,163</u>

1.2.2 Income Statement

Yanzhou Coal Mining Company Limited Income Statement (For the three months ended 31st March, 2006)

Item	The Group		The Company	
	(For the three months ended 31st March)		(For the three months ended 31st March)	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	2006	2005	2006	2005
Revenue from principal operations	2,856,301,801	3,453,162,112	2,856,301,801	3,453,162,112
Less: Cost of principal operations	1,268,255,714	1,214,801,222	1,269,548,427	1,214,913,829
Sales taxes and surcharges on principal operations	66,345,344	59,003,302	66,345,344	59,003,302
Profit from principal operations	1,521,700,743	2,179,357,588	1,520,408,030	2,179,244,981
Add: Profit from other operations	15,687,331	13,495,421	15,388,346	12,605,459
Less: Operating expenses	230,390,385	279,331,360	226,323,444	280,027,740
Administrative expenses	423,319,489	718,681,055	407,560,624	697,585,179
Financial expenses	(14,984,471)	627,565	(12,716,981)	340,176
Operating profit	898,662,671	1,194,213,029	914,629,289	1,213,897,345
Add: Investment income	(529,230)	351,525	(16,785,629)	(19,582,738)
Non-operating income	3,698,246	132,511	3,698,246	132,511
Less: Non-operating expenses	1,403,745	529,007	1,403,745	529,007
Total profit	900,427,942	1,194,168,058	900,138,161	1,193,918,111
Less: Income tax	317,787,523	401,350,226	317,643,948	401,241,685
Minority interest	146,206	141,406	-	-
Net profit	582,494,213	792,676,426	582,494,213	792,676,426

Unit: RMB Yuan

1.3 The total number of shareholders at the end of this reporting period and the top 10 shareholders holding listed shares of the Company (applicable to the Company which has completed non-tradable shares reform at the end of this reporting period)

Total number of shareholders at the end of this reporting period	46,988
Top 10 shareholders holding tradable shares not subject to trading moratorium of the Company	

Full Name of Shareholders	Number of tradable shares not subject to trading moratorium at the end of this reporting period	Classes of shares held (A share, B share, H share or others)
Deutsche Bank Aktiengesellschaft	11,454,001	A shares
Credit Suisse First Boston (Hong Kong) Limited	11,008,196	A shares
Lehman Brothers International (Europe)	10,000,000	A shares
Zhongxin Classic Allocation Securities Investment Fund	9,552,018	A shares
Yifangda 50 Index Securities Investment Fund	7,121,415	A shares
Shanghai Bao Steel Group Corporation	6,669,063	A shares
UBS Limited	6,379,866	A shares
Guotai Junan Allianz Fund-De-sheng		

Consisting of:	353.54	375.66	352.15
Domestic sales	543.27	453.69	503.47
Export sales			

During the reporting period, the Company's average coal sales price was RMB393.84 per tonne, representing a decrease of RMB1.23 per tonne or 0.3%, out of which, the Company's average domestic coal sales price was RMB353.54 per tonne, representing a decrease of RMB22.12 per tonne or 5.9%; and average export coal sales price was RMB543.27 per tonne, representing an increase of RMB89.58 per tonne or 19.7%.

During the reporting period, the Company's average domestic coal sales price fell as compared with the corresponding period in previous year, but was higher than the average coal sales price of 2005. During the reporting period, the Company's export coal contract price followed the export coal contract price of 2005, and increased as compared with the corresponding period in previous year.

The following table sets out the Company's average coal sales prices calculated on the same basis as adopted in its previous periodical reports announced overseas during the reporting period:

Unit: RMB per tonne

	First Quarter of 2006	First quarter of 2005	For the year ended 31st December, 2005
Average coal sales price	354.96	357.39	349.50
Consisting of:			
Domestic sales	331.45	357.03	333.74
Export sales	442.14	358.49	404.37

Note: The average coal sales price represents the invoice price of coal sales of the Company minus sale taxes, transportation costs from the Company to ports, port charges and miscellaneous fees for coal sales.

As calculated on the same basis adopted in the Company's previous periodical reports announced overseas, the average coal sales price in the first quarter of 2006 was RMB354.96 per tonne, representing a decrease of RMB2.43 per tonne or 0.7% as compared with the corresponding period last year. The average domestic coal sales price was RMB331.45 per tonne, representing a decrease of RMB25.58 per tonne or 7.2% as compared with the corresponding period last year; and the average export coal sales price was RMB442.14 per tonne, representing an increase of RMB83.65 per tonne or 23.3% as compared with the corresponding period last year.

2.1.1 Information on principal operations or products which contributed 10% or more to the revenue from principal operations or profit from principal operations

Industries/products	Revenue from principal operations (RMB thousand)	Cost of principal Operations (RMB thousand)	Increase/decrease
			Gross profit ratio (%)
Coal mining & preparation	2,834,851	1,252,940	55.8
Consisting of: connected transactions	210,951	104,927	50.3

2.1.2 Seasonal or periodical factors relating to the Company's operations

Applicable Not applicable

2.1.3 Breakdown of profits for the reporting period (material changes in the proportion of total profit of the following items as compared with the previous reported period and the reasons thereof: profit from principal operations, profit from other operations, expenses, investment income, subsidy income and net non-operating income and expenses)

	This reporting period (RMB thousand)	Previous reporting period (RMB thousand)	In relation to profit (%)		Increase/decrease (%)
			This reporting period	Previous reporting period	
Profit from principal operations	1,521,701	6,539,905	169.00%	167.23%	1.06%
Profit from other operations	15,687	43,674	1.74%	1.12%	55.36%
Expenses	638,725	2,670,322	70.94%	68.28%	3.90%
Investment income	0	9,092	0.00%	0.23%	-100.00%
Net non-operating income and expenses	2,295	-11,530	0.25%	-0.29%	-
Total profit	900,428	3,910,819	100.00%	100.00%	

The proportion of the profit from other operations to the total profits of the Company increased from 1.12% to 1.74% as compared with the previous reporting period. This was mainly because of the decrease in raw coal sales volume resulting in the fall in total profit.

No investment income was received during this reporting period.

2.1.4 Details and explanation on material changes in the principal operations and its composition as compared with the previous reporting period

Applicable Not applicable

2.1.5 Details and explanation for material changes in the profit generating ability (gross profit margin) of the principal operations as compared with the previous

Credit Suisse First Boston (Hong Kong) Limited	11,008,186	A shares
Lehman Brothers International (Europe)	10,000,000	A shares
Zhongxin Classic Allocation Securities Investment Fund	9,552,018	A shares
Yifangda 50 Index Securities Investment Fund	7,121,415	A shares
Shanghai Bao Steel Group Corporation	6,669,063	A shares
UBS Limited	6,379,866	A shares
Guotai Junan Allianz Fund-De-sheng	4,550,145	A shares
Small Cap Selective Securities Investment Fund	4,370,411	A shares
Kerui Securities Investment Fund	4,370,411	A shares

2. MANAGEMENT DISCUSSION AND ANALYSIS

2.1 Brief analysis of the general operating performance during the reporting period

(1) Brief analysis of the general operating performance during the reporting period

The Company's revenue from principal operations was RMB2,856,302 million, representing a decrease of RMB596,860 million or 17.3% as compared with the corresponding period in previous year, out of which the income from the sale of coal amounted to RMB2,834.851 million, representing a decrease of RMB569,722 million or 16.7%. The decrease is attributable to the unsettled account of the coal sold to the power plant due to the pending negotiation on the price of power coal which results in the decrease in the sales volume of coal. Railway assets specifically used for the transportation of coal (the "Railway Assets") realized a railway transportation service income (income from coal transportation volume was calculated on the basis of transportation expenses borne by customers) of RMB21,451 million, representing a decrease of 27.138 million or 55.9% as compared to the corresponding period in previous year. The decrease is mainly due to the unsettled account of power coal sold.

The Company's cost of principal operations was RMB1,268,256 million, representing an increase of RMB53,455 million or 4.4% as compared with the corresponding period in previous year, out of which the cost of sale of coal products was RMB1,252,940 million, representing an increase of RMB61,736 million or 5.2% as compared with the corresponding period in previous year. The unit cost of coal sales was RMB174.07 per tonne, representing an increase of RMB35.86 per tonne or 25.9% as compared with the corresponding period in previous year. Such increase in the unit cost of coal sales was mainly attributable to: (1) the increase in the expense of objective factors leading to an increase of RMB12.42 in the unit cost of coal sales, out of which, an increase of RMB3.59 per tonne was caused by the decrease in the rate of export tax rebate, an increase of RMB4.77 per tonne was caused by the increase in raw material prices and the increase in material consumption owing to the frequent relocation of coal mining work site; an increase of RMB4.06 per tonne was caused by the increase in cost of land subsidence resulting from the increase in commodity price; (2) an increase of RMB11.90 in the unit cost of coal sales caused by the increase in employee's wages; (3) an increase of RMB12.13 in unit cost of coal sales caused by the increase in fixed unit cost for decrease of 1.42 million tonnes of coal sales as compared with the corresponding period in previous year and; (4) the Company's strenuous efforts in cost control which has partially offset the impact of the increase in cost.

The Company's realized profit from principal operations was RMB1,521,701 million, representing a decrease of RMB657,657 million or 30.2%, as compared with the corresponding period in previous year.

The Company's net profit decreased by RMB210,182 million or 26.5% to RMB582,494 million as compared with the corresponding period in previous year.

The Company's raw coal production was 9.01 million tonnes, representing a decrease of 0.65 million tonne, or 6.7%, as compared with the corresponding period in previous year. During this reporting period, the output of raw coal falls due to the delay in resettlement of the villages located within the coal field of the Company. Subsequently, the raw coal output resumed to its normal production level in April 2006 under the Company's enhanced efforts on resettling the villages located within the coal field of the Company.

The Company's saleable coal production was 8.63 million tonnes, representing a decrease of 0.42 million tonne, or 4.7%, as compared with the corresponding period in previous year.

The Company sold 7.20 million tonnes of coal, representing a decrease of 1.42 million or 16.5%, as compared with the corresponding period in previous year, out of which 5.67 million tonnes of coal were sold in the domestic market, representing a decrease of 0.81 million tonnes or 12.4%, as compared with the corresponding period in previous year; and 1.53 million tonnes were exported overseas, representing a decrease of 0.61 million or 28.7%, as compared with the corresponding period in previous year. The decrease of coal sales is attributable to: (1) the decrease of raw coal output leading to a lower sales volume as compared with the corresponding period in previous year; (2) the negotiation of the domestic power coal price for the year of 2006 is still on-going as at the end of this reporting period. As a

reporting period. This was mainly because of the decrease in raw coal sales volume resulting in the fall in the profit.

No investment income was received during this reporting period.

2.1.4 Details and explanation on material changes in the principal operations and its composition as compared with the previous reporting period

Applicable Not applicable

2.1.5 Details and explanation for material changes in the profit generating ability (gross profit margin) of the principal operations as compared with the previous reporting period

Applicable Not applicable

2.2 Major events and their impact and analysis on the solutions

Applicable Not applicable

2.3 Details and reasons for changes in accounting policies, accounting estimations, scope of consolidation and significant accounting errors

Applicable Not applicable

2.4 Explanations made by the Board and the Supervisory Committee pursuant to an audit report with qualified opinion issued

Applicable Not applicable

2.5 Warning and explanation for possible loss or material changes in the net profit for the period from the beginning of this year to the end of the next reporting period as compared with the same period last year

Applicable Not applicable

2.6 Subsequent changes on those already disclosed annual business plan or budget of the Company

Applicable Not applicable

2.7 Special undertakings made by original non-tradable shareholders during the non-tradable shares reform and the performance of the undertakings

Applicable Not applicable

Name of Shareholder	Special Undertakings	Performance of Undertakings
Yankuang Group Corporation Limited ("Yankuang Group")	<p>The original non-tradable shares of the Company held by Yankuang Group should not be circulated within forty-eight months from the execution date of the share reform plan.</p> <p>Yankuang Group will, in accordance with the relevant governmental procedure, assign part of its operations including coal and electricity operations together with new projects which are in line with the Company's development strategies, to the Company in 2006. Yankuang Group will support the Company in implementing the assigned operations to enhance the operating results of the Company and minimize the connected transaction and intra-industry competition between Yankuang Group and the Company. The Company would be invited to invest in the coal liquefaction project which is being developed by Yankuang Group.</p> <p>All related expenses arising from the share reform plan will be borne by Yankuang Group.</p>	<p>The original non-tradable shares of the Company held by Yankuang Group are not traded.</p> <p>Relevant projects are under research.</p> <p>The undertaking has been fulfilled.</p>

3. DIRECTORS

As at the date of this announcement, the Directors of the Company are Mr. Wang Xin, Mr. Geng Jiahuai, Mr. Yang Deyu, Mr. Shi Xuerang, Mr. Chen Changchun, Mr. Wu Yuxiang, Mr. Wang Xinkun, Mr. Chen Guangshui and Mr. Dong Yunqing and the independent non-executive Directors of the Company are Mr. Pu Hongjiu, Mr. Cui Jianmin, Mr. Wang Xiaojun and Mr. Wang Quanxi.

The full version of the Company's balance sheet, income statement and cash flow statement for the first quarter of 2006 are published on the website of The Stock Exchange of Hong Kong Limited at <http://www.hkex.com.hk> and Shanghai Stock Exchange at <http://www.sse.com.cn>.

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

Chairman of the Board

Shandong Province, PRC, 21st April, 2006