

**【For immediate release】**



## **Yanzhou Coal Mining Company Limited Announced Interim Results 2008**

(August 24, 2008 Hong Kong) Yanzhou Coal Mining Company Limited ('Yanzhou Coal' or the 'Company'; together with its subsidiaries collectively known as the 'Group'; stock code: 1171) today announced its interim results for six months ended June 30, 2008 (the "Period").

During the period, net sales were RMB11.958 billion, representing an increase of 78.6% as compared with the same period in 2007. Net income grew significantly by 160% from the same period in 2007 to RMB3.913 billion. Earnings per share were RMB0.8.

The Group's total sales volume of coal was 18.512 million tonnes, representing an increase of 9.1% as compared with the same period last year. In terms of business unit, sales volume of the headquarters was 15.767 million tonnes. Sales volume of Yancoal Australia and Shanxi Nenghua were 1.002 million tonnes and 602,000 tonnes. In terms of market, domestic sales increased by 17.2% to 17.332 million tonnes while export sales dropped significantly by 45.9% to 1.18 million tonnes. The growth in domestic sales was attributable to a timely adjustment by the management according to the market condition which demonstrated an upward trend in domestic coal prices.

During the period, the average coal price of the Company in the headquarters maintained at a high level of RMB651/tonne, representing an increase of 66.9% as compared with the same period last year. Apart from the Company's headquarters, the average coal price of Yancoal Australia was RMB673/tonne and the average coal price of Shanxi Nenghua was RMB236/tonne.

During the Year, the Group's strength in sustainable development has been enhanced through the smooth construction progress of a number of new projects according to its plans. The 100,000-tonne methanol project in Shanxi Nenghua commenced its operation in the second quarter of 2008. The 600,000-tonne methanol project in Yulin Nenghua has entered into the stage of equipment installation and adjustment and will commence its operation in the second half of 2008. The acquisition of mining rights regarding Shandong Zhaolou Coalmine has been completed. The Group expects to commence operation by the end of 2008. The Yushuwan Coalmine in Shaanxi Province is undergoing application procedures regarding its business incorporation.

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The Group has a targeted sales volume of 34.4 million tonnes for the year 2008. Of which, the sales target of the Company's headquarters is 31.6 million tonnes, Yancoal Australia's sales target is 1.6 million tonnes and Shanxi Nenghua's sales target is 1.2 million tonnes.

Currently, the Group has signed domestic and export coal sales contracts of 17.31 million tonnes for year 2008, increased by 3.73 million tonnes.

Looking forward to the second half of 2008, the demand and supply of coal in the domestic market will be continuously tight. The coal price is expected to stay at a high level. The demand for coal will remain strong due to fundamental industries like coal-fired electricity generation, metallurgy, chemical, building materials remaining a relatively high development pace. The PRC Government will continue to regulate the industry and the development order which in turn to enhance the steady development of the coal market in the PRC. With tight coal supply and diminishing increase in coal export, in addition to the prohibition of coal export in Vietnam and Indonesia, all the above factors will increase the importance of coal in the international energy market and drive prolonged growth in demand.

Talking about the future outlook, Mr. Wang Xin, Chairman of Yanzhou Coal said, "The Group will accelerate construction of its existing projects and continue to identify investment opportunities in coal and related industries in both domestic and international markets. The Group will increase the scale of its coal asset investments, expand and further develop its coal processing operations. It will also actively improve its operational management to stabilize the productivity and sales of its existing coal mines. The Group will further improve the marketing and sales system to achieve effective cost control and enhance its profitability. Lastly, the Group will enhance the company operations and improve the management competence. We are confident to obtain satisfactory results in 2008 for creating the best returns to shareholders."

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### **Company Background**

Yanzhou Coal is located in Shandong Province, PRC and is principally engaged in the underground mining, preparation and processing, sales and railway transportation of prime quality low sulphur coal for its customers located in Eastern and Southern China and for export to customers located in Asia. The Company expanded its business scale by acquiring Austar Coalmine in Australia in 2004. The Company also acquired Heze Neng Hua and Shanxi Neng Hua in 2004 and 2005 respectively and commenced its methanol production in 2008. Yanzhou Coal is listed in Hong Kong, New York and Shanghai.

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