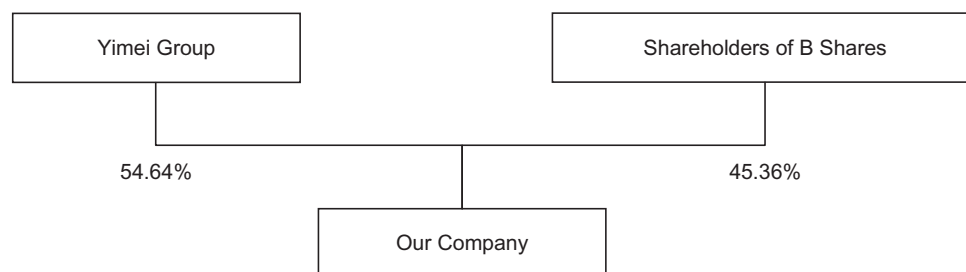


OUR HISTORY AND DEVELOPMENT

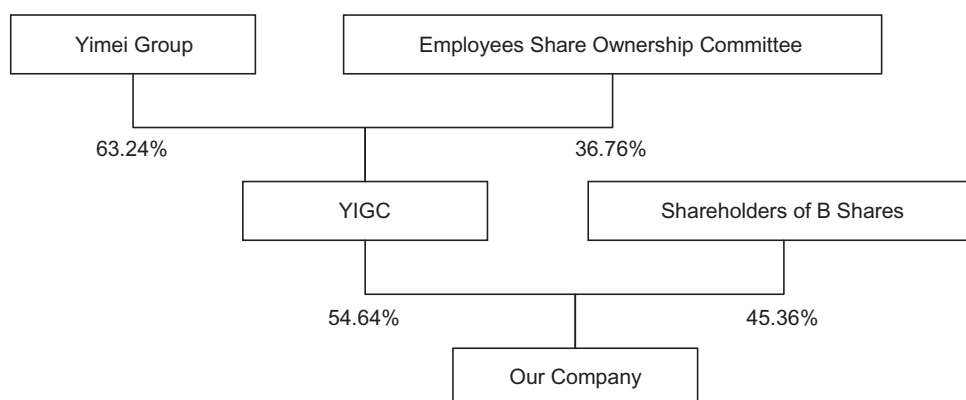
Our Establishment

In 1997, we were established in the PRC as a joint stock limited company by our sole promoter, Yimei Group, by way of offering B Shares to public shareholders. Upon our establishment, we issued 200 million state-owned legal entity shares to Yimei Group, representing 54.64% of our issued share capital. Meanwhile, we issued 166 million B Shares of RMB1.00 each to public shareholders, representing 45.36% of our issued share capital. On September 23, 1997, the Inner Mongolia Administration for Industry and Commerce issued a business license to us and we became officially established. Our shareholding structure as of the date of our establishment is as follows:



The Restructuring of Our Controlling Shareholders

In 1998, according to the arrangement and approval of Ikocho League People’s Government, Yimei Group reformed its property right system, pursuant to which Yimei Group and Yimei Group’s employees share ownership committee (the “Employees Share Ownership Committee”) jointly established Inner Mongolia Yimei Industrial Group Co., Ltd. (“YIGC”) (內蒙古伊煤實業集團有限公司) in October 1999. At the time of the establishment of YIGC, Yimei Group injected all the appraised operating assets of Yimei Group including all of the 54.64% share capital of our Company held by Yimei Group. Upon the establishment of YIGC, our shareholding structure was as follows:



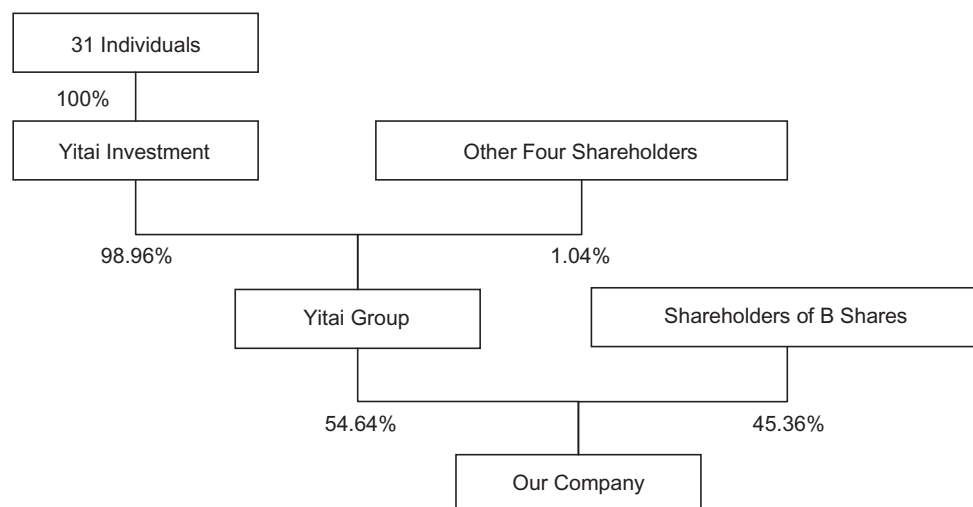
In September 2001, YIGC was renamed Yitai Group.

From 2001 to 2002, according to the opinions and approvals of Ordos People’s Government, Department of Finance of Inner Mongolia and Inner Mongolia People’s Government, Ordos People’s Government withdrew the net assets owned by Yimei Group, which valued at RMB529,811,500 matching along with its 63.24% shareholding in Yitai Group as of December 31, 2000, and meanwhile injected it to Ordos State-owned Assets Investment and Management Co., Ltd. (“SAIMC”) (鄂爾多斯市國有資產投資經營有限責任公司). In April 2002, all the relevant legal procedures with respect to the withdrawal and injection (劃轉) of the state-owned assets have been completed. After the withdrawal and injection, Yitai Group transformed to a limited liability company without any state-owned assets and it was controlled by the Employees Share Ownership Committee and the 54.64% shareholding in our Company held by Yitai Group changed to social legal entity shares. To standardize the ownership by the Employees Share Ownership Committee, all the employees of Yitai Group entrusted 31 individual shareholders to hold their capital contributions and established Yitai Investment with the entrusted capital, please see “Relationship with Controlling Shareholders — Background of Yitai Group and Yitai Investment” for more details.

OUR HISTORY AND CORPORATE STRUCTURE

In relation to the aforementioned withdrawal and injection of state-owned assets and the restructuring, the State-owned Assets Supervision and Administration Commission of the State Council (“SASAC”) has issued letters in November 2010 and June 2011, respectively, to recognize the approval by Inner Mongolia People’s Government on matters relating to the restructuring of our controlling shareholders. As such, the restructuring of Yitai Group and the change in nature of the share capital of our Company held by Yitai Group have been approved by Inner Mongolia People’s Government and recognized by the SASAC.

Upon the establishment of Yitai Investment, Yitai Investment and four independent shareholders owned as to 98.96% and 1.04%, respectively of the equity interest of Yitai Group. Our shareholding structure upon completion of the aforementioned restructuring was as follows:



After the completion of the aforementioned restructuring, Yitai Investment increased its shareholding in Yitai Group to 99.54% in December 2011. Apart from that, there was no major change in the shareholding structure of our Company.

Our PRC legal advisors, Jingtian & Gongcheng Attorneys at Law have confirmed that the changes in shareholdings resulting from the aforementioned withdrawal and injection of state-owned assets have been approved and/or recognized by SASAC, Inner Mongolia People’s Government and other relevant governmental authorities, in compliance with then applicable power of approval and policies in respect of the transformation of state-owned enterprises, and were in compliance with the applicable PRC laws and regulations regarding the withdrawal and injection of state-owned assets. The shareholding structure after each restructuring step is true, legal and valid and there has not been any dispute or legal proceedings as to the change in shareholders.

Recent Developments

In 2008, our total issued share capital was increased from RMB366 million to RMB732 million through the issuance of bonus shares and conversion of capital reserve into share capital. The shareholding percentage of the existing shareholders remained unchanged.

From November 2008 to November 2009, to stabilize the share price of our B Shares, Yitai Group, through its wholly-owned subsidiary, Yitai HK, purchased in aggregate approximately 26.38 million B shares on SHSE, representing approximately 3.61% of our total issued share capital. As a result, Yitai Group increased its shareholding in our Company to approximately 58.25% of our total issued share capital.

In May 2010, our total issued share capital was increased from RMB732 million to RMB1,464 million through the issuance of bonus shares into share capital. The shareholding percentage of the existing shareholders remained unchanged.

From May 2010 to November 2010, Yitai Group through Yitai HK further purchased, in aggregate, approximately 26.97 million B shares on SHSE and therefore Yitai HK owned approximately 5.45% of our total issued share capital. As a result, Yitai Group increased its shareholding in our Company from approximately 58.25% to approximately 60.09%.

From June 11, 2012 to the Latest Practicable Date, Yitai Group, through Yitai HK, further purchased 18,113,064 B Shares on the SHSE, representing approximately 1.24% of our total issued shares. Therefore, as of the Latest Practicable Date, Yitai Group owned, directly and indirectly, approximately 61.33% of our total issued share capital. The purchase of B shares was announced by the Company on the SHSE on June 12, 2012 and June 20, 2012.

In connection with the above purchases, Yitai Group is entitled to continue to purchase through Yitai HK, in the six months commencing from June 11, 2012, no more than 5% of our total issued share capital (prior to the purchases made on June 11, 2012) on the SHSE at a price of no more than US\$7.00 per B Share, representing an aggregate value of no more than approximately US\$512.4 million.

It is expected that Yitai Group may continue to purchase our B Shares, which are listed and traded on the SHSE, from the Latest Practicable Date to the date of our proposed Listing. However, to the best knowledge of our Directors, the expected purchases by Yitai Group during such period will not exceed 3% of our total issued share capital as of the date of this prospectus.

As of the Latest Practicable Date, Yitai Group owned, directly and indirectly through Yitai HK, approximately 54.64% and 6.69% of our total issued share capital, respectively, or beneficially owned an aggregate of approximately 61.33% of our total issued share capital. Immediately after the Global Offering, Yitai Group will own approximately 55.20% of the issued share capital (or approximately 54.38% if the Over-allotment Option is exercised in full).

MILESTONES IN OUR HISTORY

The key milestones in our business development are as follows:

- In 1997, we were established and listed on SHSE as the first B Share listed coal company in the PRC.
- After our establishment in 1997, we commenced our coal production business and continued to expand our production capacity.
- In February 2001, we obtained the ISO-9002 Quality Assurance System certification and in the same year our product “Yitai No. 1-8” coal was certified as “product of assured quality” (質量信得過產品) by the China Association of Quality Inspection (中國質量檢驗協會).
- In 2003, we invested in Yitai Huzhun and commenced the Huzhun railway construction. In December 2007, we acquired a further 35% equity interest in Yitai Huzhun from China Railway Twenty-third Bureau, Ltd. (中鐵二十三局集團有限公司) and after the acquisition, we became the controlling shareholder of Yitai Huzhun with a 65% equity interest. In August 2008, our shareholding in Yitai Huzhun was further increased to 75.67%.
- In 2004, we expanded our coal transportation capacity with our acquisition of a 62% equity interest in Yitai Zhundong, the operator of Zhundong Railway, and we subsequently increased our equity interest in Yitai Zhundong to 96% in 2008. In June 2010, we acquired the remaining 4% equity interest of Yitai Zhundong from Inner Mongolia Ruyi Co., Ltd. After the acquisition we became the sole shareholder of Yitai Zhundong.
- In 2004, our product “Yitai Dust Coal” was certified as a “Satisfied Customer Product in the Autonomous Region” (自治區用戶滿意產品) by the Inner Mongolia Autonomous Region Association for Quality (內蒙古自治區質量協會).
- In 2004, we were named as a “Customer Satisfaction Enterprise in the Autonomous Region” (全區用戶滿意企業) by Inner Mongolia Autonomous Region Association for Quality.
- In December 2005, we commenced an upgrade project for our coal mines in response to the people’s government of Inner Mongolia and the people’s government of Ordos’ policy on upgrading production technology and increasing the coal recovery rate. The upgrade project was successfully completed in 2008.
- In March 2006, we commenced our coal-to-oil business with the establishment of Yitai Coal-to-oil which began a trial operation in 2009.

- In August 2007, we were named the Most Valuable Listed Company to Invest in 2007 (2007年最具投資潛力的上市公司) by Shanghai Securities News.
- In 2008, Nalinmiao No. 2 Mine and Hongjingta No. 1 Mine were certified as “Safe and High Efficient Open-Cast Mines in the Coal Industry in 2008 — Distinction Class” (2008年度煤炭工業安全高效礦井 (露天) — 特級) by CNCA.
- In 2008, we were named as one of the Top 20 Industry Enterprises of the Inner Mongolia (內蒙古工業二十強企業) by the Inner Mongolia Autonomous Regional Committee (內蒙古自治區委員會). In the same year, the Inner Mongolia Autonomous Region People’s Government Financial Affairs Office (內蒙古自治區人民政府金融工作辦公室) and Inner Mongolia Autonomous Region Department of Finance (內蒙古自治區財政廳) identified our Company as a Trustworthy Enterprise of the Inner Mongolia Autonomous Region (內蒙古自治區誠信企業).
- In 2010, we were named as an Advanced Enterprise in Quality and Economic Benefit for the Inner Mongolia Autonomous Region (內蒙古自治區質量效益型先進企業) by the Inner Mongolia Autonomous Region Association for Quality.
- In 2011, our Company, Yitai Coal-to oil and Yitai Zhundong have obtained GB/T 24001-2004/ISO 14001:2004 certification for the environmental management systems from the Beijing Zhongjing Quality Certification Co., Ltd. (北京中經科環質量認證有限公司), an organization authorized to issue quality control certification, such as ISO certifications.

PROPOSED ACQUISITION

To achieve our strategy of expanding our coal business, as disclosed in “Future Plans and Use of Proceeds,” and further delineating our businesses from those operated by Yitai Group, we intend to apply the net proceeds from our Global Offering to acquire substantially all of Yitai Group’s coal production, sales and transportation businesses (except for the Retained Businesses), which are similar in nature to our core businesses. Details of the Proposed Acquisition are set out in “Relationship with Controlling Shareholders — Competition — Proposed Acquisition.”

OUR SUBSIDIARIES

We currently hold the following subsidiaries, details of which are summarized below:

Coal Operations

Yitai Suancigou

Yitai Suancigou is a limited liability company established on September 18, 2007 in the PRC. On December 13, 2007, to strengthen strategic cooperation and long-term relationships with our major customers, namely Jingneng Power and Shanxi Yudean, who are our connected persons, we transferred to both Jingneng Power and Shanxi Yudean 15% of the equity interest in Yitai Suancigou at a consideration of RMB516,193,500, respectively. The consideration was arrived at based on the appraised value of the DCF of Yitai Suancigou as of September 30, 2007. On May 22, 2009, to further strengthen the relationship with Jingneng Power and Shanxi Yudean, we transferred to both Jingneng Power and Shanxi Yudean an additional 9% of the equity interest in Yitai Suancigou at a consideration of RMB402,800,000, respectively. The consideration was arrived at based on the appraised value of the net assets of Yitai Suancigou as of April 30, 2009. We currently hold 52% of its equity interest, Jingneng Power holds 24% of its equity interest and Shanxi Yudean holds 24% of its equity interest. Both Jingneng Power and Shanxi Yudean, save for their equity interest in Yitai Suancigou, are Independent Third Parties. Yitai Suancigou’s registered capital is RMB1,080,000,000 and it is primarily engaged in coal production and sales.

Huhhot Yitai Coal Sales

Huhhot Yitai Coal Sales is a one-person limited liability company established on September 3, 2009 in the PRC. Huhhot Yitai Coal Sales is our wholly-owned subsidiary. The registered capital of Huhhot Yitai Coal Sales is RMB50,000,000 and it is primarily engaged in coal sales.

Yitai Tiedong

Yitai Tiedong is a limited liability company established on September 3, 2008 in the PRC. On June 30, 2009, to establish strategic relationship with Yitai Tiedong's major client and increase the transportation volume of the Huzhun and Dazhun Railway, to which Yitai Tiedong's storage and transportation facilities were connected, we transferred 30% of the equity interest in Yitai Tiedong to Ordos Dongchen Coal Co., Ltd., an Independent Third Party and a major client of Yitai Huzhun, at a consideration of RMB79,805,500. On the same date, we transferred 19% of the equity interest in Yitai Tiedong to Ordos Dinghua Resources Development Co., Ltd., an Independent Third Party, at a consideration of RMB50,543,500. The considerations were arrived at based on the appraised value of the net assets of Yitai Tiedong as of April 30, 2009. We currently hold 51% of its equity interest, Ordos Dinghua Resources Development Co., Ltd. (鄂爾多斯市鼎華資源開發有限責任公司), an Independent Third Party save for its equity interest in Yitai Tiedong, holds 19% of its equity interest and Ordos Dongchen Coal Co., Ltd. (鄂爾多斯市東辰煤炭有限責任公司), an Independent Third Party save for its equity interest in Yitai Tiedong, holds 30% of its equity interest. Yitai Tiedong's registered capital is RMB123,000,000 and it is primarily engaged in the storage, transportation and sale of coal.

Yitai Yili Mining

Yitai Yili Mining is a limited liability company established on March 13, 2012 in the PRC. We currently hold 90% of the equity interest and Yitai Group holds 10% of the equity interest. Yitai Yili Mining's registered capital is RMB50,000,000 and it is primarily engaged in the investment in the coal mining industry. As of the Latest Practicable Date, Yitai Yili Mining has not commenced operations.

Transportation Operations*Yitai Transport*

Yitai Transport is a limited liability company established on March 20, 2007 in the PRC. On July 30, 2008, to consolidate the transportation resources, reduce connected transactions between us and Yitai Group, we acquired 90% of the equity interest in Yitai Transport from Yitai Group, at a consideration of RMB5,585,989. The consideration was arrived at based on the appraised value of the net assets of Yitai Transport minus its semi-annual dividend distribution as of June 30, 2008. Yitai Transport currently is our wholly-owned subsidiary. Yitai Transport's registered capital is RMB5,000,000 and it is primarily engaged in car transportation.

Yitai Zhundong

Yitai Zhundong is a limited liability company established on October 5, 1998 in the PRC. On February 26, 2008, to strengthen our Group's transportation capacity and reduce the connected transactions between us and Yitai Group, we acquired 28% of the equity interest in Yitai Zhundong from Yitai Group at a consideration of RMB343,275,700 and acquired 6% of the equity interest in Yitai Zhundong from Inner Mongolia Ruyi Co., Ltd., an Independent Third Party, at a consideration of RMB73,559,100. The considerations were arrived at based on the respective shareholding percentage of the appraised value of the net assets of Yitai Zhundong as of December 31, 2007. On June 23, 2010, to further strengthen our control in Yitai Zhundong, we acquired 4% of the equity interest in Yitai Zhundong from Inner Mongolia Ruyi Co., Ltd., an Independent Third Party, at a consideration of RMB108,750,153. The consideration was arrived at after arms-length negotiations. On July 28, 2010, Yitai Zhundong's registered capital was increased to RMB1,310,000,000. And on March 21, 2011, Yitai Zhundong's registered capital was further increased to RMB1,496,000,000. Yitai Zhundong currently is our wholly-owned subsidiary and it is primarily engaged in railway transportation.

Yitai Zhundong currently holds 51% of the equity interest in Inner Mongolia Yitai Zhundong Jintai Storage and Transportation Co., Ltd. (內蒙古伊泰准東金泰儲運有限責任公司) ("Zhundong Jintai"). Zhundong Jintai's registered capital is RMB12,800,000 and it is primarily engaged in the operation of coal loading station. Inner Mongolia Jintai Coal Group Co., Ltd. (內蒙古金泰煤業集團有限責任公司), an Independent Third Party save for its equity interest in Zhundong Jintai, holds the remaining 49% of the equity interest.

Yitai Huzhun

Yitai Huzhun is a limited liability company established on February 26, 2003 in the PRC. In December, 2007, to strengthen the control in Yitai Huzhun, we acquired 35% of the equity interest in Yitai Huzhun from China Railway Twenty-third Bureau, Ltd., an Independent Third Party, at a consideration of RMB353,877,440. The consideration was arrived at based on the appraised value of the DCF of Yitai Huzhun as of September 30, 2007. We currently hold 76.46% of its equity interest, and Inner Mongolia Mengtai Buliangou Coal Co., Ltd. (內蒙古蒙泰不連溝煤業有限責任公司), an Independent Third Party save for its equity interest in Yitai Huzhun, holds 21.56% of its equity interest and Huhhot Railway Bureau, holds 1.98% of its equity interest. On February 28, 2012, Yitai Huzhun's registered capital was increased to RMB1,360,000,000 and it is primarily engaged in railway transportation. Yitai Huzhun currently holds 51% of the equity interest in Zhungeer Huzhun Ruyi Logistics Co., Ltd. (准格爾旗呼准如意物流有限責任公司). Zhungeer Guanniuju Cargo Transportation and Trading Co., Ltd. (准格爾旗官牛犴貨物運輸貿易有限責任公司), an Independent Third Party save for its equity interest in Zhungeer Huzhun Ruyi Logistics Co., Ltd., holds the remaining 49% of the equity interest.

Ordos Yitai Transport

Ordos Yitai Transport is a limited liability company established on December 1, 2004 in the PRC. On July 29, 2008, to consolidate the transportation resources, reduce connected transactions between us and Yitai Group, we acquired 10% of the equity interest in Ordos Yitai Transport from Yitai Group, at a consideration of RMB4,590,274.07. The consideration was arrived at based on the appraised value of the net assets of Ordos Yitai Transport as of June 30, 2008. We currently hold 100% of its equity interest. Ordos Yitai Transport's registered capital is RMB38,560,000 and it is primarily engaged in car transportation.

Coal-related Chemical Operations*Yitai Coal-to-oil*

Yitai Coal-to-oil is a limited liability company established on March 17, 2006 in the PRC. We currently hold 80% of the equity interest and Yitai Group holds 20% of the equity interest. On September 21, 2011, Yitai Coal-to-oil's registered capital was increased to RMB1,500,000,000 and it is primarily engaged in the production and sale of coal chemical products. Yitai Coal-to-oil currently holds 39% of the equity interest in Avic Liming Jinhuaaji Petrochemical Equipment (Inner Mongolia) Co., Ltd. (中航黎明錦化機石化裝備(內蒙古)有限公司). Avic Liming Jinxi Chemical Machinery (Group) Co., Ltd. (中航黎明錦西化工機械(集團)有限責任公司), an Independent Third Party, and Synfuels China hold the remaining 51% and 10%, respectively. Yitai Coal-to-oil also holds 100% of the equity interest in Inner Mongolia Yitai Oil Product Sales Co., Ltd. (內蒙古伊泰成品油銷售有限公司).

Yitai Chemical

Yitai Chemical is a limited liability company established on October 29, 2009 in the PRC. Yitai Chemical is our wholly-owned subsidiary. Yitai Chemical's registered capital is RMB100,000,000 and it is primarily engaged in chemical production and sales. As of the Latest Practicable Date, Yitai Chemical has not commenced operations.

Yitai Yili

Yitai Yili is a one person limited liability company established on September 24, 2009 in the PRC. In December 2009, to develop our business in the Xinjiang Uygur Autonomous Region, we acquired 100% of the equity interest in Yitai Yili from Yitai Group, at a consideration of RMB100,000,000. The consideration was arrived based on the value of the net assets of Yitai Yili as stated in its financial report dated November 30, 2009. Yitai Yili is currently our wholly-owned subsidiary. Yitai Yili's registered capital is RMB100,000,000 and it is primarily engaged in the production and sale of coal chemical products and related technology development and consulting. As of the Latest Practicable Date, Yitai Yili has not commenced any operation in the production and sale of coal chemical products.

Xinjiang Zhundong

Xinjiang Zhundong is a one person limited liability company established on August 9, 2010 in the PRC. Xinjiang Zhundong is a wholly-owned subsidiary of our Company with a registered capital of RMB100,000,000. It is primarily engaged in coal and coal chemical technology development and consulting.

Yitai Hami

Yitai Hami is a one person limited liability company established on January 13, 2012 in the PRC. Yitai Hami is a wholly-owned subsidiary of our Company with a registered capital of RMB10,000,000. It is primarily engaged in the processing and sales of minerals and the sales of coal chemical products. As of the Latest Practicable Date, Yitai Hami has not commenced operations.

Yitai Xinjiang

Yitai Xinjiang is a limited liability company established on February 16, 2012 in the PRC. We currently hold 90% of the equity interest and Yitai Group holds 10% of the equity interest. Yitai Xinjiang's registered capital is RMB100,000,000 and it is primarily engaged in the production and sales of coal chemical products, coal-related chemicals and coal technology consultation services. As of the Latest Practicable Date, Yitai Xinjiang has not commenced operations.

Other Operations

Yitai Pharmaceutical

Yitai Pharmaceutical is a limited liability company established on May 20, 1998 in the PRC. Yitai Pharmaceutical is a wholly subsidiary of our Company. On November 28, 2011, Yitai Pharmaceutical's registered capital was increased to RMB358,400,000, and it is primarily engaged in the production and sale of pharmaceutical products. Yitai Pharmaceutical currently holds 51% of the equity interest in Yitai Pharmatech Co., Ltd. (伊泰(北京)合成技術有限公司). The remaining 10% and 39% of the equity interest are held by Mr. Feng Wenhua (an Independent Third Party save for his equity interest in Yitai Pharmatech Co., Ltd.), and Mr. Liu Zhike (an Independent Third Party save for his equity interest in Yitai Pharmatech Co, Ltd.), respectively. Yitai Pharmaceutical also holds 100% of the equity interest in Beijing Yitai Biotechnology Co., Ltd. (北京伊泰生物科技有限公司).

Yitai Share (HK)

Yitai Share (HK) is a company incorporated in Hong Kong on June 27, 2011. It has an authorized share capital of US\$99,000,000 divided into 99,000,000 shares of US\$1.00 each. Yitai Share (HK) is a wholly-owned subsidiary of our Company. Its primary business is coal imports and international trade.

APPROVALS

Our PRC legal advisors, Jingtian & Gongcheng Attorneys at Law advised that all the registered capital/increased registered capital of the PRC companies comprising our Group have been fully paid up in the required manner and within the required timeframe. Our PRC legal advisors also advised that our Company and the Controlling Shareholders have complied with all the relevant laws and regulations and have obtained all relevant regulatory and shareholders' approvals in respect of the Listing.

MINING RIGHTS

We obtained the mining rights of five of our self-owned coal mines, namely Nalinmiao No. 1 Mine, Nalinmiao No. 2 Mine, Hongjingta No. 1 Mine, Fuhua Mine and Yangwangou Mine through self-exploration. Yitai Group obtained the mining rights of three of the Target Mines, namely Chengyi Mine, Baijialiang Mine and Dadijing Mine, through self-exploration.

In April 2006, we consolidated Kaida No. 1 Mine (the mining right was obtained by self-exploration) with Huayuan Mine, which was owned by Ordos Huayuan Coke Co., Ltd., an Independent Third Party, to form

Kaida Mine, which is currently owned by our Company. At that time, our Company and Ordos Huayuan Coke Co., Ltd. jointly established Inner Mongolia Yitai Huayuan Coal Co., Ltd. ("Yitai Huayuan") by cash contributions. Yitai Huayuan managed to obtain the mining right of Kaida Mine by means of the mining rights application procedure. The consolidation of Kaida Mine was approved by the Inner Mongolia Coal Industry Bureau and had no relation to any acquisition of mining rights or coal mine assets, or any payment to third parties. In April 2008, we acquired the equity interest of Yitai Huayuan held by Ordos Huayuan Coke Co., Ltd. at a consideration of RMB81.4 million and then Yitai Huayuan became our wholly-owned subsidiary. The consideration was arrived at based on the appraised value of the net assets of Yitai Huayuan as of December 31, 2007. In July 2008, with the approval of the Inner Mongolia Coal Industry Bureau, we obtained the mining right of Kaida Mine from Yitai Huayuan and then became the holder of the mining right of Kaida Mine.

In November 2005, Yitai Group consolidated its Qiaojjata Mine and the former Baoshan Mine (both mining rights were obtained by self-exploration) with Niujialiang Mine, which was owned by Yiqi Mengtai Coal Sales Co., Ltd., an Independent Third Party, to form Baoshan Mine. At that time, Yitai Group and Yiqi Mengtai Coal Sales Co., Ltd. jointly established Yitai Baoshan through cash contributions. Yitai Baoshan managed to obtain the mining right of Baoshan Mine by means of the mining rights application procedure. The consolidation of Baoshan Mine was approved by Inner Mongolia Coal Industry Bureau, and had no relation to any acquisition of mining rights or coal mine assets, or any payment to third parties.

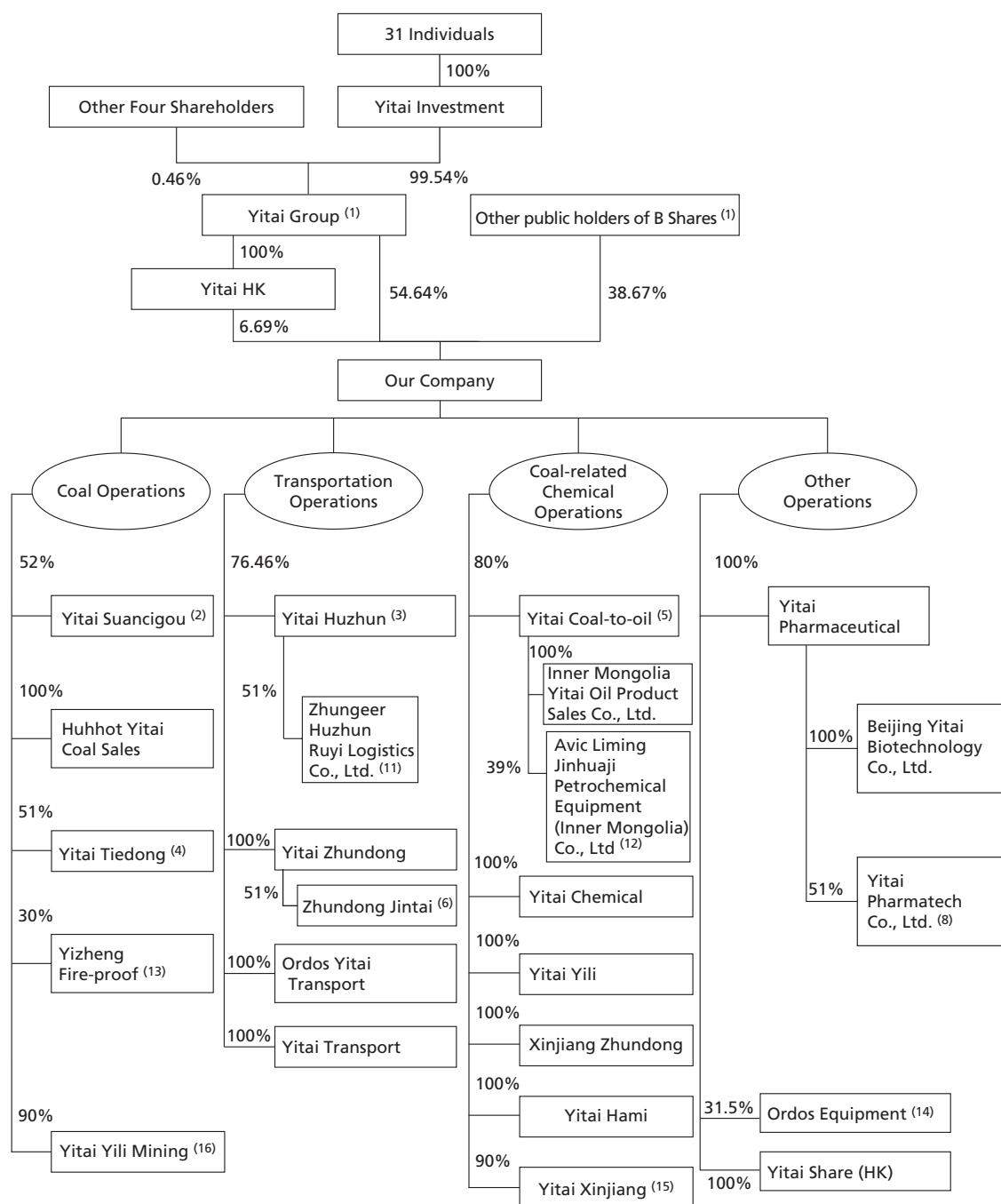
In November 2005, Yitai Group consolidated its Dingjiaqu Mine (the mining right was obtained by self-exploration) with Sanhechang No. 2 Mine, which was owned by Ordos Tongda Coal Sales Co., Ltd., an Independent Third Party, to form Dingjiaqu Mine. At that time, Yitai Group and Ordos Tongda Coal Sales Co., Ltd. jointly established Yitai Tongda by cash contributions. Yitai Tongda managed to obtain the mining right of Dingjiaqu Mine by means of the mining rights application procedure. The consolidation of Dingjiaqu Mine was approved by the Inner Mongolia Coal Industry Bureau. Yitai Group paid Ordos Tongda Coal Sales Co., Ltd. an amount of RMB3.5 million for the consolidation. Since the consolidation of Dingjiaqu Mine had no relation to any acquisition of mining rights or coal mine assets, the amount paid by Yitai Group to Ordos Tongda Coal Sales Co., Ltd. did not constitute a consideration.

Suancigou Mine is owned by our Company and it is divided into two mining areas. The mining right of one mining area was acquired by our Company from Zhunqi Yidong Coal Co., Ltd., an Independent Third Party, at a consideration of RMB18.86 million with the approval of Inner Mongolia Coal Industry Bureau in December 2003. The consideration was arrived at based on the appraised value of the net assets of Suancigou Mine as of January 31, 2001. The mining right of the other mining area of Suancigou Mine, the larger mining area, was obtained by our Company through self-exploration.

CORPORATE STRUCTURE CHART

A. Existing Group Structure*,**

The following chart illustrates the shareholding structure as well as our subsidiaries and associates as of the Latest Practicable Date:



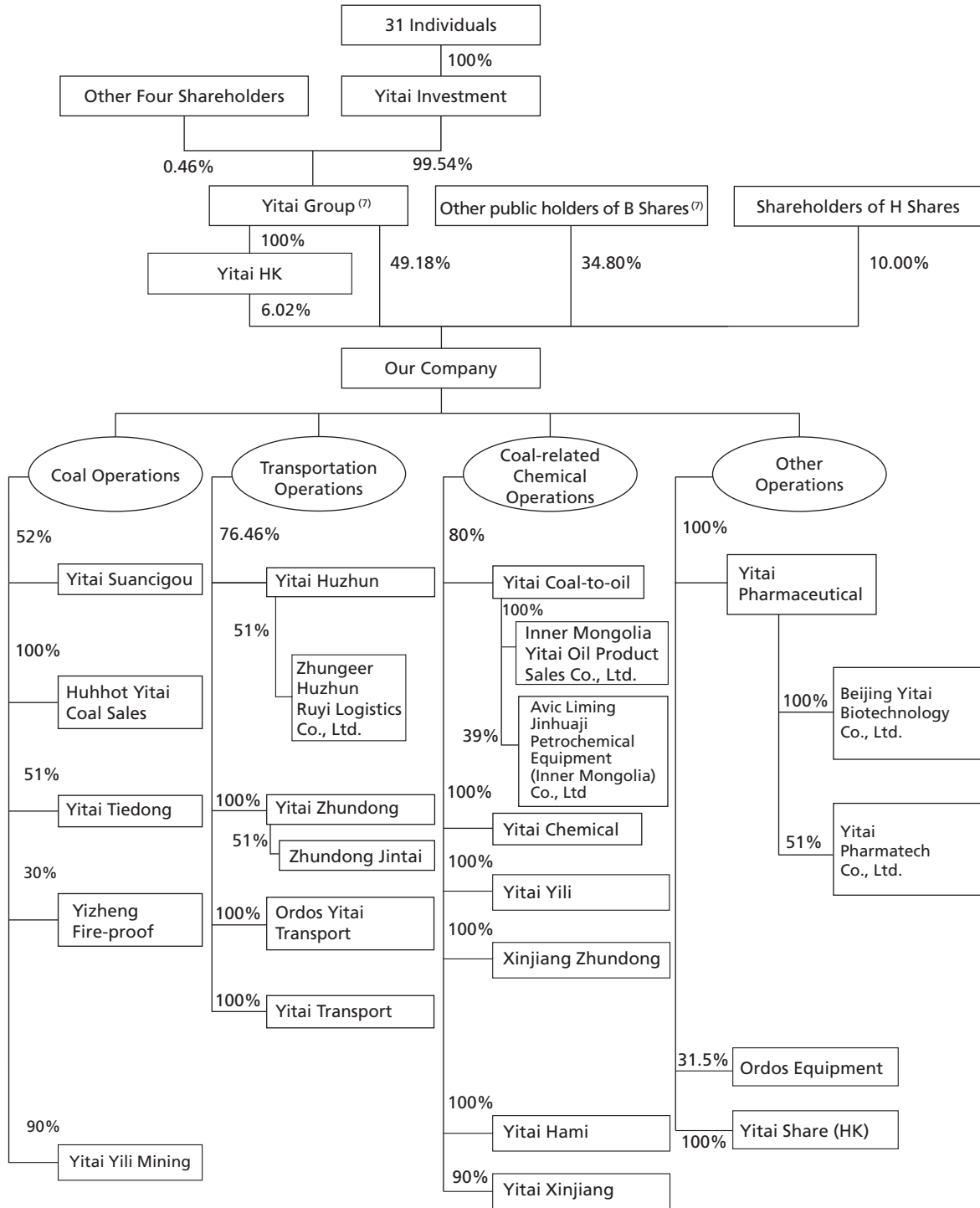
* Other than Yitai HK and Yitai Share (HK), which were incorporated in Hong Kong, all the companies in this group chart were established in PRC.

** Other than Yitai Coal-to-oil, Yitai Xinjiang and Yitai Yili Mining, none of the non-wholly-owned subsidiaries of our Company is a connected person of our Company.

OUR HISTORY AND CORPORATE STRUCTURE

B. Group Structure following Global Offering but before Completion of the Proposed Acquisition**

The following chart illustrates the shareholding structure as well as our subsidiaries and associates immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised):



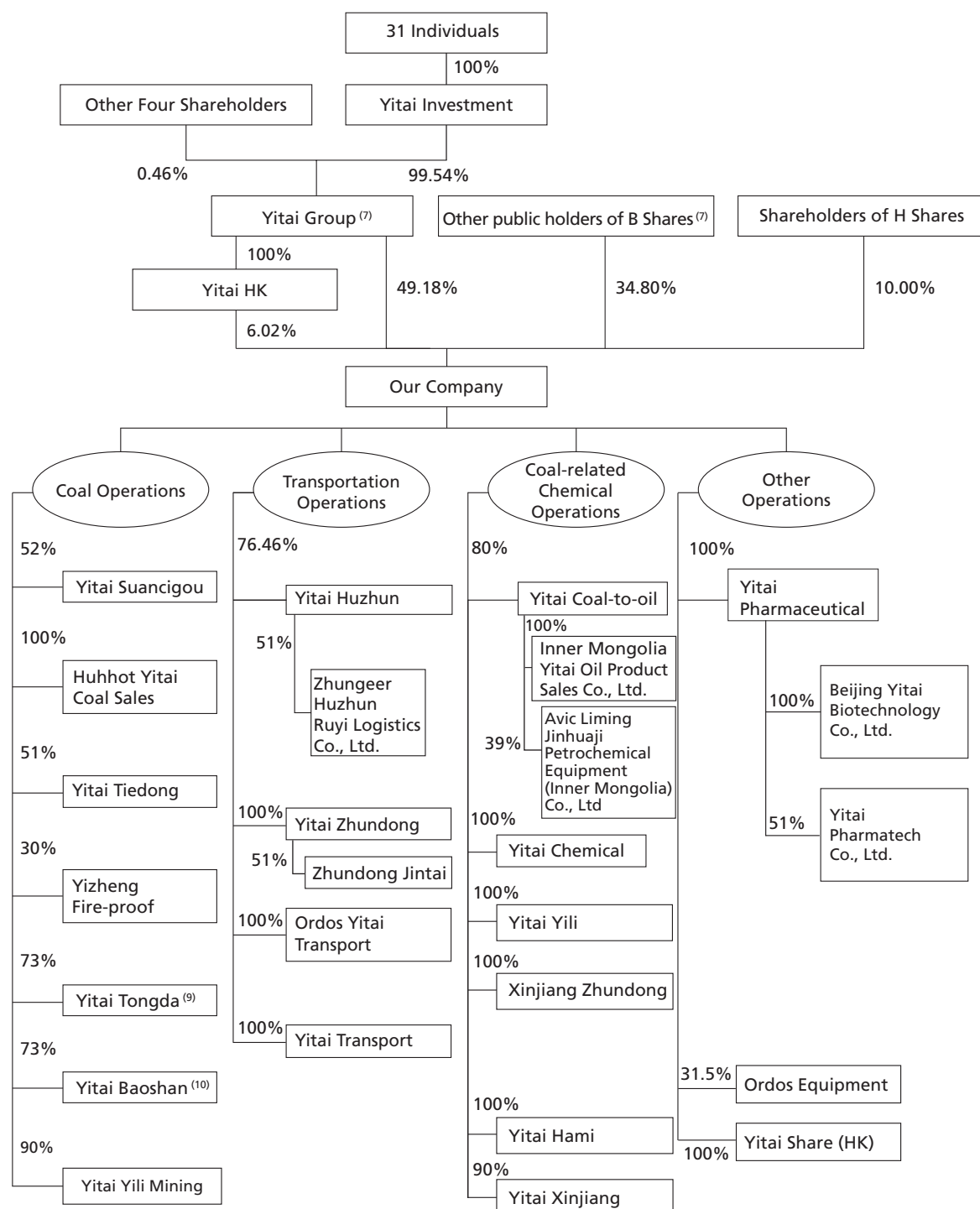
* Other than Yitai HK and Yitai Share (HK), which were incorporated in Hong Kong, all the companies in this group chart were established in PRC.

** Other than Yitai Coal-to-oil, Yitai Xinjiang and Yitai Yili Mining, none of the non-wholly-owned subsidiaries of our Company is a connected person of our Company.

OUR HISTORY AND CORPORATE STRUCTURE

C. Group Structure following the Proposed Acquisition*.**

The following chart illustrates the shareholding structure as well as our subsidiaries and associates immediately following completion of the Proposed Acquisition (assuming that the Over-allotment Option is not exercised):



* Other than Yitai HK and Yitai Share (HK), which were incorporated in Hong Kong, all the companies in this group chart were established in PRC.

** Other than Yitai Coal-to-oil, Yitai Xinjiang and Yitai Yili Mining, none of the non-wholly-owned subsidiaries of our Company is a connected person of our Company.

Notes:

- (1) Yitai Group owned approximately 6.69% of our transferrable B Shares through its wholly-owned subsidiary, Yitai HK. Therefore, together with the 54.64% direct interest in the form of Domestic Shares it held, Yitai Group owned approximately 61.33% of our issued shares.

- (2) The remaining 24% and 24% of the equity interest are held by Beijing Jingneng Thermal Power Co., Ltd. (北京京能熱電股份有限公司) (an Independent Third Party save for its equity interest in this company and it is mainly engaged in the generation and sales of power and heating, and the operation of power equipment.) and Shanxi Yudean (an Independent Third Party save for its equity interest in this company which is mainly engaged in investing in the coal industry and the transport industry.), respectively.
- (3) The remaining 21.56% and 1.98% of the equity interest are held by Inner Mongolia Mengtai Buliangou Coal Co., Ltd. (內蒙古蒙泰不連溝煤業有限責任公司) (an Independent Third Party save for its equity interest in this company which is mainly engaged in the sales of coke and coke flour, the distribution of mechanical and electrical products for mining and the supply of heat) and Huhhot Railway Bureau (呼和浩特鐵路局) (an Independent Third Party save for its equity interest in this company and it is mainly engaged in rail transportation), respectively.
- (4) The remaining 19% and 30% of the equity interest are held by Ordos Dinghua Resources Development Co., Ltd. (鄂爾多斯市鼎華資源開發有限責任公司) (an Independent Third Party save for its equity interest in this company which is mainly engaged in the storage and sales of coal) and Ordos Dongchen Coal Co., Ltd. (鄂爾多斯市東辰煤炭有限責任公司) (an Independent Third Party save for its equity interest in this company which is mainly engaged in the coal production and sales), respectively.
- (5) Yitai Group holds the remaining 20% of the equity interest.
- (6) The remaining 49% of the equity interest is held by Inner Mongolia Jintai Coal Group Co., Ltd. (內蒙古金泰煤業集團有限責任公司) (an Independent Third Party save for its equity interest in Zhundong Jintai).
- (7) Yitai Group owned approximately 6.02% of our transferrable B Shares through its wholly-owned subsidiary, Yitai HK. Therefore, together with the 49.18% direct interest in form of Domestic Shares it held, Yitai Group owned approximately 55.20% of our issued shares.
- (8) The remaining 10% and 39% of the equity interest are held by Mr. Feng Wenhua (an Independent Third Party save for its equity interest in this company) and Mr. Liu Zhike (an Independent Third Party save for its equity interest in this company), respectively.
- (9) Ordos Huijiabao Investment Company Limited (鄂爾多斯市匯家寶投資有限責任公司) (an Independent Third Party save for its equity interest in this company and it is mainly engaged in the investment in the coal industry.) holds the remaining 27% of the equity interest.
- (10) Beijing Jielongda Investment Company Limited (北京傑隆達投資有限責任公司) (an Independent Third Party save for its equity interest in this company and it is mainly engaged in the investment in the coal industry and commerce.) holds the remaining 27% of the equity interest.
- (11) Zhungeer Guanniuju Cargo Transportation and Trading Co., Ltd. (准格爾旗官牛棋貨物運輸貿易有限責任公司) (an Independent Third Party save for its equity interest in this company which is mainly engaged in the storage and loading services and other services related to rail transportation.) holds the remaining 49% of the equity interest.
- (12) The remaining 51% and 10% of the equity interest are held by Avic Liming Jinxi Chemical Machinery (Group) Co., Ltd. (中航黎明錦西化工機械(集團)有限責任公司) (an Independent Third Party save for its equity interest in this company which is mainly engaged in the production of chlorine-caustic soda and organic products.) and Synfuels China (it is mainly engaged in the development, transfer and consulting of coal chemical technology.), respectively.
- (13) The remaining 35% and 35% of the equity interest are held by Ordos Urban Infrastructure Construction and Investment Co., Ltd. (鄂爾多斯城市基礎設施建設投資有限公司) (an Independent Third Party save for its equity interest in this company) and Ordos State-owned Assets Investment and Management Co., Ltd. (an Independent Third Party save for its equity interest in this company and Yitai Huzhun), respectively.
- (14) The remaining 51%, 10% and 7.5% of the equity interest are held by Tiandi Science & Technol Co., Ltd. (天地科技股份有限公司) (an Independent Third Party save for its equity interest in this company), Inner Mongolia Yidong Coal Group Co., Ltd. (內蒙古伊東煤炭集團有限責任公司) (an Independent Third Party save for its equity interest in this company) and Zhengzhou Coal Mining

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Machinery Group Co., Ltd. (鄭州煤礦機械集團股份有限公司) (an Independent Third Party save for its equity interest in this company), respectively.

- (15) The remaining 10% of the equity interest is held by Yitai Group.
- (16) The remaining 10% of the equity interest is held by Yitai Group.