

The information set out in this appendix does not form part of the Accountants' Report prepared by Ernst & Young, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set out in Appendix IA and Appendix IB to this Prospectus, and is included in this Prospectus for information only.

(A) UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION OF THE ENLARGED GROUP

1. UNAUDITED PRO FORMA COMBINED INCOME STATEMENT OF THE ENLARGED GROUP FOR THE YEAR ENDED 31 DECEMBER 2011

The unaudited pro forma combined income statement of the enlarged group resulting from the completion of the Proposed Acquisition (as defined in the Prospectus) (the "Enlarged Group") for the year ended 31 December 2011 set out below had been prepared to illustrate the effect of the Proposed Acquisition on the combined income statement of the Group, as if completion of the Proposed Acquisition had taken place on 1 January 2011, and prepared based on the audited financial information of the Group for the year ended 31 December 2011, the audited combined financial information of the Target Business Group for the year ended 31 December 2011 and with further adjustments as explained in the notes below.

The unaudited pro forma income statement has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the results of the Enlarged Group.

Year ended 31 December 2011:

	The Group	The Target Business Group	Total	Pro forma adjustments	Note	Pro forma enlarged
	RMB'000 Note 1	RMB'000 Note 2	RMB'000 A	RMB'000 B		RMB'000 A+B
REVENUE	16,515,775	10,848,936	27,364,711	(361,770)	3	27,002,941
Cost of sales	(8,100,906)	(7,515,201)	(15,616,107)	881,047	3	(14,735,060)
Gross profit	8,414,869	3,333,735	11,748,604	519,277		12,267,881
Other income	349,929	128,483	478,412	(335,012)	3	143,400
Selling and distribution costs	(717,676)	(423,373)	(1,141,049)	—		(1,141,049)
Administrative expenses	(1,009,022)	(158,081)	(1,167,103)	—		(1,167,103)
Other expenses	(64,376)	28,666	(35,710)	—		(35,710)
Finance income	34,090	4,177	38,267	—		38,267
Finance costs	(285,327)	(417)	(285,744)	—		(285,744)
Exchange gain, net	17,740	—	17,740	—		17,740
Share of profits and losses of associates	19,799	—	19,799	—		19,799
PROFIT BEFORE TAX . . .	6,760,026	2,913,190	9,673,216	184,265		9,857,481
Income tax expenses . .	(1,010,762)	(617,611)	(1,628,373)	—		(1,628,373)
PROFIT FOR THE YEAR	<u>5,749,264</u>	<u>2,295,579</u>	<u>8,044,843</u>	<u>184,265</u>		<u>8,229,108</u>
Attributable to:						
Owners of the Company	5,463,964	2,034,946	7,498,910	184,265		7,683,175
Minority interests	285,300	260,633	545,933	—		545,933
	<u>5,749,264</u>	<u>2,295,579</u>	<u>8,044,843</u>	<u>184,265</u>		<u>8,229,108</u>

2. UNAUDITED PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP AS OF 31 DECEMBER 2011

The unaudited pro forma combined statement of financial position of the Enlarged Group as of 31 December 2011 set out below had been prepared to illustrate the effect of the issue of the Company's H Shares (as defined in the Prospectus) and the Proposed Acquisition on the combined statement of financial position of the Group, as if completion of the issue of the Company's H Shares (as defined in the Prospectus) and the Proposed Acquisition had taken place on 31 December 2011, and prepared based on the audited financial information of the Group as of 31 December 2011, the audited financial information of the Target Business Group as of 31 December 2011 and with further adjustments as explained in the notes below.

The unaudited pro forma combined statement of financial position has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the financial position of the Enlarged Group.

31 December 2011:

	The Group	The Target Business Group	Total	Pro forma adjustments	Note	Pro forma enlarged
	RMB '000 Note 1	RMB '000 Note 2	RMB '000 A	RMB '000 B		RMB '000 A+B
NON-CURRENT ASSETS						
Property, plant and equipment	20,371,039	1,054,737	21,425,776	184,265	3	21,610,041
Investment properties	33,725	—	33,725	—		33,725
Prepaid land lease payments	265,806	58,948	324,754	—		324,754
Mining rights	218,130	235,820	453,950	—		453,950
Intangible assets	17,467	268	17,735	—		17,735
Interests in associates	353,026	—	353,026	—		353,026
Available-for-sale investments	2,870,590	—	2,870,590	—		2,870,590
Other non-current assets	17,597	—	17,597	—		17,597
Deferred tax assets	101,317	10,908	112,225	—		112,225
Total non-current assets	<u>24,248,697</u>	<u>1,360,681</u>	<u>25,609,378</u>	<u>184,265</u>		<u>25,793,643</u>

31 December 2011:

	The Group	The Target Business Group	Total	Pro forma adjustments	Notes	Pro forma enlarged
	RMB '000 Note 1	RMB '000 Note 2	RMB '000 A	RMB '000 B		RMB '000 A+B
CURRENT ASSETS						
Inventories	676,716	338,476	1,015,192	—		1,015,192
Trade and bills receivables	751,430	675,674	1,427,104	(18,647)	3	1,408,457
Prepayments, deposits and other receivables	835,994	110,538	946,532	(13,001)	3	933,531
Restricted cash	20,305	7,120	27,425	—		27,425
				5,933,589	4	
Cash and cash equivalents	3,535,470	917,190	4,452,660	(8,446,544)	5	1,939,705
Total current assets	<u>5,819,915</u>	<u>2,048,998</u>	<u>7,868,913</u>	<u>(2,544,603)</u>		<u>5,324,310</u>
CURRENT LIABILITIES						
Trade and bills payables	543,485	237,265	780,750	(18,647)	3	762,103
Other payables and accruals	1,886,382	542,588	2,428,970	(13,001)	3	2,415,969
Interest-bearing loans	2,206,190	—	2,206,190	—		2,206,190
Taxes payable	161,345	42,329	203,674	—		203,674
Total current liabilities	<u>4,797,402</u>	<u>822,182</u>	<u>5,619,584</u>	<u>(31,648)</u>		<u>5,587,936</u>
NET CURRENT ASSETS	<u>1,022,513</u>	<u>1,226,816</u>	<u>2,249,329</u>	<u>(2,512,955)</u>		<u>(263,626)</u>
TOTAL ASSETS (LESS CURRENT LIABILITIES)	<u>25,271,210</u>	<u>2,587,497</u>	<u>27,858,707</u>	<u>(2,328,690)</u>		<u>25,530,017</u>
NON-CURRENT LIABILITIES						
Interest-bearing loans	6,100,594	—	6,100,594	—		6,100,594
Other long term liabilities	387,236	6,440	393,676	—		393,676
Total non-current liabilities	<u>6,487,830</u>	<u>6,440</u>	<u>6,494,270</u>	<u>—</u>		<u>6,494,270</u>
Net assets	<u>18,783,380</u>	<u>2,581,057</u>	<u>21,364,437</u>	<u>(2,328,690)</u>		<u>19,035,747</u>
EQUITY						
Equity attributable to owners of the Company	17,015,636	2,377,205	19,392,841	184,265	3	17,064,151
				5,933,589	4	
Minority Interests	1,767,744	203,852	1,971,596	(8,446,544)	5	1,971,596
Total equity	<u>18,783,380</u>	<u>2,581,057</u>	<u>21,364,437</u>	<u>(2,328,690)</u>		<u>19,035,747</u>

Notes to Pro forma Adjustments:

- 1 The balances are extracted from the audited consolidated financial information of the Group as of the date or for the period presented as set out in Appendix IA to this Prospectus.
- 2 The balances are extracted from the audited financial information of the Target Business Group as of the date or for the period presented as set out in Appendix IB to this Prospectus.
- 3 The adjustment represents the elimination of transactions or balances between the Group and the Target Business Group.
- 4 The adjustment reflects the effect of the issue of the Company's 162,667,000 H Shares on the Main Board of The Stock Exchange of Hong Kong Limited, which is one of the preconditions to the completion of the Proposed Acquisition, and the estimated net proceeds from the Global Offering of approximately HK\$7,307,376,000 (equivalents to RMB5,933,589,000), after deducting the underwriting commissions and other estimated offering expenses and assuming that the Over-allotment Option is not exercised. In the preparation of pro forma combined financial information, the Offer Price is assumed to be HK\$48.00 per H Share, being the mid-point of the indicative Offer Price range set forth on the cover page of this Prospectus. The estimated net proceeds from the Global Offering are converted from HK dollars into Renminbi at the PBOC Rate prevailing on the Latest Practicable Date of RMB0.8120 to HK\$1.00. This adjustment is based on the assumption of the directors of the Company, and because of its hypothetical nature, it does not provide any assurance that the issue of the Company's H Shares will take place or that the amount of net proceeds from the Global Offering will be equal to HK\$7,307,376,000.

- 5 The proposed acquisition of the Target Business Group is considered as a business combination involving entities under common control because the Company and the Target Business Group are ultimately controlled by Yitai Group both before and after the acquisition, and that control is not transitory. As a result, the acquisition is to be accounted for using merger accounting. The adjustment represents the recognition of the acquisition consideration of RMB8,446,544,000 in the form of cash and such consideration reduces the owner's equity of the enlarged Group.

**(B) LETTER ON UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION OF THE
ENLARGED GROUP**

The following is the text of a report, prepared for inclusion in this Prospectus, in respect of the unaudited pro forma combined financial information of the Enlarged Group, received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.



22nd Floor CITIC Tower
1 Tim Mei Avenue Central
Hong Kong

29 June 2012

The Directors
Inner Mongolia Yitai Coal Company Limited

Dear Sirs,

We report on the unaudited pro forma combined financial information (the "Unaudited Pro Forma Combined Financial Information") of Inner Mongolia Yitai Coal Company Limited 內蒙古伊泰煤炭股份有限公司, the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out in Appendix IIA to the Prospectus of the Company dated 29 June 2012 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited, which has been prepared by the Directors of the Company, for illustrative purposes only, to provide information about how the issue of the Company's H Shares and the Proposed Acquisition (as defined in the Prospectus) resulting in the formation of an enlarged group (the "Enlarged Group") might have affected the financial information of the Group presented therein. The basis of preparation of the Unaudited Pro Forma Combined Financial Information is set out in Appendix IIA to the Prospectus.

RESPONSIBILITIES

It is the responsibility solely of the Directors of the Company to prepare the Unaudited Pro Forma Combined Financial Information in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by Listing Rules, on the Unaudited Pro Forma Combined Financial Information and to report our opinion solely to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Combined Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our engagement in accordance with the Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Combined Financial Information with the Directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Combined Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Combined Financial Information has been properly compiled by the Directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Combined Financial Information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

Our work has not been carried out in accordance with the auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it has been carried out in accordance with those standards. The Unaudited Pro Forma Combined Financial Information is for illustrative purposes only, based on the judgements and assumptions of the Directors of the Company, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group had the transactions actually occurred as of the dates indicated therein or at any future dates; or
- the results of the Group for the year ended 31 December 2011 or any future periods.

OPINION

In our opinion:

- (a) the Unaudited Pro Forma Combined Financial Information has been properly compiled by the Directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Combined Financial Information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong