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内蒙古伊泰煤炭股份有限公司

INNER MONGOLIA YITAI COAL CO., LTD.*

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 3948)

**Announcement
Positive Profit Warning**

This announcement is made by the Company pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board wishes to inform the shareholders and potential investors of the Company that, based on the unaudited management accounts of the Group for the year ended 31 December 2016, the Group is expected to record the net profit attributable to the shareholders of the Company of approximately RMB2.0 billion for the year ended 31 December 2016, representing an increase of approximately 2,110% as compared to that for the year ended 31 December 2015.

The information contained in this announcement is only based on the preliminary review by the Company on the management accounts of the Group for the year ended 31 December 2016, which has not been reviewed or audited by the Company’s auditors.

This announcement is made by Inner Mongolia Yitai Coal Co., Ltd. (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board wishes to inform the shareholders and potential investors of the Company that, based on the unaudited management accounts of the Group for the year ended 31 December 2016, the Group is expected to record the net profit attributable to the shareholders of the Company of approximately RMB2.0 billion for the year ended 31 December 2016, representing an increase of approximately 2,110% as compared to that for the year ended 31 December 2015.

* *For identification purpose only*

As of 31 December 2015, net profit attributable to the shareholders of the Company amounted to RMB90,500,985.99 with earnings per share of RMB0.03.

The Company considered that the expected increase in the results of the period was primarily attributable to the increase in the profit per ton of the Company in the period as compared to the same period of last year, which was due to the continual increase in the coal price, with the improvement of supply-demand situation in the market as a result of supply-side reform in the coal market. At the same time, due to the Company's relatively low net profit base in 2015, the annual results of the Company in 2016 increased significantly as compared to that of the same period last year.

The Board would like to remind the shareholders and potential investors of the Company that the information contained in this announcement is only based on the preliminary review by the Company on the management accounts of the Group for the year ended 31 December 2016, which has not been reviewed or audited by the Company's auditors. As at the date of this announcement, the Group is still in the process of finalizing its consolidated results for the year ended 31 December 2016, which is subject to possible adjustments following further internal review as well as final adjustments, if any. Detailed information on the performance of the Group will be disclosed in its result announcement as at 31 December 2016 which is scheduled to be released in March 2017.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Inner Mongolia Yitai Coal Co., Ltd.
Zhang Donghai
Chairman

Inner Mongolia, the PRC, 23 January 2017

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Donghai, Mr. Liu Chunlin, Mr. Ge Yaoyong, Mr. Zhang Dongsheng, Mr. Zhang Jingquan, Mr. Lv Guiliang and Mr. Song Zhanyou; and the independent non-executive directors of the Company are Mr. Yu Youguang, Mr. Zhang Zhiming, Mr. Tam Kwok Ming, Banny and Mr. Huang Sujian.