Board of Directors of Inner Mongolia Yitai Coal Company Limited (hereinafter referred to as the Company) and its directors hereby confirm that there are no any fictitious statements, misleading statements, or important omissions carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.

Coal—plays a leading role in the energy structure of the country. Inner Mongolia Yitai Coal Company Limited (hereinafter referred to as “Yitai”, “the Company” or “Company”), as a giant enterprise with coal manufactures and operation in main business and with its industry extension in railway transportation and coal chemical industry, pursuit self-growth steady on one hand, and on the other hand the Company performing with the purpose of honesty-oriented operation for the locality and the society. Together with the self-performance on the social responsibility, the Company aims at example setting in local area and in the industry. Yitai focus on the economic benefit and social benefit, push the social responsibility into the development strategy of the Company which forwarding the harmony development of the enterprise as well as local economy, society and environment. The fulfilment of social responsibility of the Company for the 2010 as follow:

I. Enterprise value and social responsibility of Yitai
Created an international industrial group of production, transportation and trading integration in file of coal and coal chemical industry for Yitai in accordance with the enterprise spirit of “Honest, Conscientiousness, Innovation and Devotion” and with the guide of “four insistence”—“insisting on the strengthen leading of the Party, Party Committee of the Company is the core of the leadership”; insisting on the legality operation and taxation, two civilization develop harmoniously; concerning the majority staff, insisting on the dependence and fully respect ion; insisting on the activity contribution to the Construction of Chinese Socialism for the local area and the country”. Yitai promise to responsible for the society and the environment, and the healthy, safety and environmentally has high priority in the development of the Company. During the business operation, Yitai adhering to the following social responsibilities as human harmless; environment protection and energy-used and energy-developed efficiency; to obey the regulation and laws of healthy, safety and environmentally; strive to realize “Honesty Present, Harvest Tomorrow”.

II. Stimulation of economy sustainable development
(I) Layout the enterprise development strategy scientifically, promotes the industrial scale
and economy benefit
The Company integrated present coal resources owned by the Yitai Group in succession, strengthen the resources mining and mining qualification in Xinjiang area and the process of project approval. Make full use of the priority resources allocation policy by Inner Mongolia government for the project of coal trans-utilization, gaining sufficient resources for subsequent development. Continuing constructed major modernization mine and matching coal preparation plant manufacturing system, expanded the production scale, promoted the core competitions and market position; extension and upgrade the comprehensive transportation network and relevant infrastructure for the purpose of keeping pace with the market and efficiency operation. On the basis of perfection and trial-operation of indirect coal liquefaction, an annual output of 0.16 million tons, speed up the approval and construction process of coal liquefaction project, an annual output of 5.4 million tons. Based on the aforesaid measures, till the year of 2020, the Company will become an comprehensive international energy enterprise of production, transportation and trading integration in file of coal and coal chemical industry under the striving aim of one billion tons of coal yield and 10million tons of coal liquefaction output.

In 2010, under the leadership of Party Committee of the Company and Board of Directors, the production and management set a high record in history via the performance of scientific development view and operating principal “four insistence”. The Company owns total 7 mechanization coalmine underline and controlled in production with annual capacity of 36 million tons. There are 2 mines under in construction with annual capacity of 7.2 million tons in design. All mines adopted the most advanced production facilities in and out of China with a mining mechanization of 95 percent and with over 75 percent mining rate in average in mining zone. According to the coal quality and geography location of the mine, the Company newly build a major mine which all matching with ancillary facilities of coal preparation plant or power plant, railway special-used line and freight loading station etc. Under the help of equipment upgrade, resources recovery improvement, and mining mechanization, the Company implemented the safety, high-yield and efficiency of the mine and increased the production as well as optimized the scale and efficiency.

The Company owns the perfection highway, railway transport network and matching coal dispatching infrastructure. Company posses 122 km Caoyang coal carrying double-track toll road and mine zone road that around the mine. Build and operated the Yitai Zhundong railway from Zhou Jiawan to Zhungeerzhao of 132.5 km, exclusively-invested and under in construction the 59.35 km double-track project from Zhou Jiawan to Hushi. The 124.18 km Huzhun railway controlled holding construction and operated by the Company, from Huahhot to Zhou Jiawan and 55.47 km double-track project in construction from Zhou Jiawan to Toketo. At the same time, the Company invested the 26.75 km special-used Suancigou mine railway through its controlling subsidiary and 7.89 km special-used Dalu Industrial Zone (coal liquefaction) railway. The Company constructed new Bao-Shen railway with 15 percent stock-participation, constructed Zhun-Shuo railway with 18.96 percent stock-participation, constructed Meng-Ji railway with 9% and constructed Ordos’s southern railway with 10 percent stock-participation. Upon the aforesaid railway construction, the Company forming a railway transportation
network based on the center of Zhungeer and Dongsheng coalfield and radiated towards Dazhun-Daqing line at east, new Bao-Sheng line at west, Jing-Bao line at north and Zhun-Shuo line at south. In the meantime, the Company set up 8 freight station along the railway line of Jing-Bao, Bao-Shen, Da-Zhun, Hu-Zhun and Zhun-Dong with the capacity of annual 99 million tons in design. Freight yard and transfer station are located in harbor like Qinhuangdao and Jingtang harbor, and has sales organ located in Beijing, Shanghai and Guangzhou etc. which forming a selling system of production, transportation and sales.

The demonstrated project which owns the independent intellectual property rights innovativeness in the country, reached its full load steady operating status after three trial-productions. And in July of 2010, the project passes the performance test of 72 hours full load operating by CIECC, all consumption index reached or excess the international first-class standard. The full load operating project marks the successful achievement of affiliating technology in indirectly coal liquefaction from medium-trial to industrialization with annual capacity of 0.16 million tons coals in our country. Concerning the industrialization of the independent intellectual property rights of coal-based synthetic oil technology, implemented the environment protection, energy-saving and emission-reduction and use the resources efficiency, the sustainable development strategy will plays an important role in leadership ness and demonstration. Due to the speeding up of contractual transformation of coal industry and industrial adjustment, fully improved the development standard of coal industry, guarantee the state energy safety, the project plays an activeness role in demonstration and guidance. Based on the aforesaid information, the Company apply the preliminary materials of coal indirectly liquefaction project of annual capacity of 5.4 million tons to National Development and Reform Commission.

Under the help of preferential policy to the Western Zone and Inner Mongolia Area, the Company integrated resources and constructed mines in and out of the local area and developed Bulamao mine and Talahao mine. The Bulamao mine expected to put into trial production in 2011 with the annual output of 1.2 million tons in design. The Talahao mine expected to put into production in 2012 with annual out of 6 million tons in design. As an energy enterprise, the Company answers the call of Xinjiang development and constructions, set up a wholly-owned subsidiary – Yitai Yili Energy Co., Ltd. and Yitai Xinjiang Zhundong Energy Co., Ltd. in Xinjiang. And put the projects of coal, hydropower, natural gas and energy transformation into performance. The Company has entered into a Strategic Co-operation Frame Agreement with Xinjiang government for the development project of coal production and transformation. According to the minutes of Resources Commission of Xinjiang Municipality, agrees to allocated the areas, from eastern mine reconnaissance area of Kan village, Chabuchaer county of Yili eparchy and the mine reconnaissance area of Aermale Mine to Yitai Yili Energy Co., Ltd. as allocation resources of coal liquefaction project. Recently, the Company still in the process of resources pre-examination and received no mining qualification so far. The resources integration gave a major promotion for the Company’s coal reserves and production scales, expanded the industrial chain and provided a sustainable development environment for the Company. The Company plans to set up a coal liquefaction project
of annual capacity of 5.4 million tons in the above said area and have gained the “Filed Registration Certificate of Enterprise Investment Project” from National Development and Reform Commission of Xinjiang Municipality.

On May 12, 2010, the Company applies to CSRC for the listing of H share. And received the acceptance letter from CSRC on June 30, 2010, at the same day applies to HKEx for the H-share issuance. The listing of H-share should further standardize the governance standard, capacity expansion and enhance the profitability; and should beneficial to the financing platform for recovering the financing function of the capital market; and should in favor of promoting the integration competition and influence-ness of the capital market. Enhance the international brand value of the Company.

With the planning and implementation of the above said strategy, the Company promoted its capacity and benefits, upgrade the ability of resources transformation and value-added of the products, strengthen the competition-ness and makes fortunes and value for the society which advanced the economy sustainable development of regional and industrial.

(II) Improve the industrial technology, use the resources efficiency and achieve a high efficiency
Since the end of 2005, the Company actively answer the calls of constructing 13 major coal bases from the State Council and the spirit of “Guide Opinions on the rapidly development in the key coal enterprise” from Inner Mongolia Municipality. Performing resources integration and technology reformation towards the coal mine and adhering combine the equipment in and out of China for operation with the purpose of mining the advantaged coal layer efficiency. Concerning the mine tunnel excavation, the Company adopting the continuously-extraction equipment, introduce from aboard, and the comprehensive digging equipment, which is national-class for excavating preparation. The footage has been deepen dramatically for the normal connection with comprehensive digging; widen notion in the layout of mining area and working face, insisted on the wide-rage length and sufficient working face storage, and adopted the top coal caving and large cutting height workface as the mining way according to the storage condition and geographic structures; used the whole-set trackless rubber-tyred car and advanced double-pass withdraw technology for the installation withdraw of comprehensive digging, and realized the efficiency and safety mining and withdraw; refers to the ventilation, adopted the Chinese first-rate axial-flow fan--a way of exhaust system, the underground air quality reached the standard of the State Set; Concerning the transportation of coal, materials and personnel, the configuration of main transportation system adopted the high-availability, internationally or first-rate in China, transportation equipment and technology to realized the belt-transferring and centralized control in total, and the assistant transportation system came into trackless totally. The coal equipment and safety monitoring, productivity as well as the security record all in the leading role domestically by information controlling of the whole production management and the intelligent and automation of the production equipment that has a steady development in coal mine.

Under the help of advantage mine equipment, the following mining: wide-rage length, sufficient working face storage, one pass cutting coal mining, long-arm slicing mining,
top coal caving, mining with the roof less than 40 meter in thin bedrock geological condition, the breakthrough of mining technology of thin seam with the coal bed less than one meter and step mining under the condition of asymmetric distributing of the mine thin, all improve the usage efficiency and productivity. During coal transportation, the Company buffering the coals that pile-up by funnels to minimize the damage rate of lump coal. Reforming the diameter of sieve-plate in order to improved the productivity of lump coal. Reforming the bunkering system for the purpose of qualify the lump coal that not only reduced the transportation process, save power consumption and equipment investment, but also minimized the damage rate of lump coal. Concerning the partial coal containing high gangue and ash, the Company set up the mine-mouth modernized coal preparation plant, adopted the state-first coal washing method and matching up the modernized power plant of waste rock, realized the recycle-usage and efficiency production.

With the technology reform to original coal mine and modernization to new coal mine, the industrial technology gains a dramatically improvement and continuity made innovation and breakthrough in technology experience, came into a efficiency resource-used and safety, efficiency production.

(III) Persist in honesty operation, regulatory business, growing return to shareholders in favorable condition and providing a dream platform for personnel

In the operation administration, the Company always based on the “Honesty”, insist on the operating mind of “Honesty Present, Harvest Tomorrow”, and adhere to the illegally business. Interior administration, promoted the overall budget management fully to controlling the cost and increasing the benefits with the purpose of improving the administration standards in enterprise. Implemented digitalization management, promoted SAP system in every steps of production operating and administration, strength the efficiency of the enterprise.

Since listing, the Company continuously perfected its governance structure, abided by the relevant regulations and laws of Company Law of the People’s Republic of China, Securities Law of the People’s Republic of China and CSRC strictly, performed the disclosure’s responsibility strictly, fairness treatment to all shareholders and provided promptness, accuracy and security information to them. No matter in the information disclosure, “three does” regulatory and working attitudes of major shareholders and top managements, performed the obligation of honesty, diligence and account-ability.

The Company aims at value maximized and benefit maximized for the shareholders, improved the business management and its profitability, rewarding the shareholders with favorable performance and distribution plan. The Company made new breakthrough in annual production-sales and business performance in eight consecutive years since 2003 bring generous profits to investors. The output of 2008, 2009 and 2010 respectively increased 32.41 percent, 43.12 percent and 38.74 percent, the business income increased 84.33 percent, 13.74 percent and 29.97 percent separately. In the twelve years from listing in 1997 to 2010, distributing profit every year except the meager profit gained in
1999, accumulated dividend (including the stock dividend) reached RMB 5.584 billion. Since 2008 to 2010, the accumulative profit distributed by cash occupied 107.86 percent of the realizable annual average distributable profit in latest three years.

The personnel concept of the Company is “respect the historical contribution, regard the post promotion and lead the development in future”. Along with the rapidly development and expansion of industrial, the Company attaches importance to HR selection, exploit and stimulation, created a career development platform for the employees. The Company set up an employment system of survival fittest, performed the post salary system, provided optional opportunity for every employer’s fairness, optimizes the post personnel and provided a favorable platform to their careers development. At the same time, connected the contribution with performance, determine the income by performance checking, set up a favorable incentive system and created a harmoniously labor relationship.

In order to meet the rapid development of the Company, advocated the idea of lifelong learning system for employees, created an atmosphere and system of staff study and lifelong learning, make out a feasible plan of employee training. Take measures and forms to conducting post technology training, fundamental knowledge, special theory and essential quality for employees. The Company co-operated with carry-on educational colleges of Tsinghua University and other colleges and universities, hosting 5 episodes on the training class of business administration specialist. Carrying out 9 episodes of trainings, that is documentary writing, logistic management, HR management, enterprise strategy, statistical knowledge and accountant management for non-specialist. The Company has 15,311 man-times in training accumulatively, and training charge of RMB 4,454,800 accumulatively.

The Company gained successive growth in performance, at the same time, take income standard of employees into consideration. The salary of the Board and managements are connected with the annual economy index. Media management and normal employees’ annual income (including salary and bonus etc.) reached RMB 0.1 million for every person. The employee shares the maximum enterprise profit.

(IV) Strength communication and co-operation with the interested parties, promote the enterprise image and brand influence, push the harmoniously development with the society

The Company always pursues the culture of “Honesty”, strength the conversation with interested parties, setting up a relationship of mutual trust and interdependence. Forming a common consciousness of development and creating co-operation system to plays self-advantage. And push the sustainable development of the enterprise and the society coordinately.

On the basis of complementary advantages, the Company enhanced the technology co-operation with giant coal enterprises; strive to set up property rights relationship with key power clients, strengthen the scientific and research co-operation with the team of
technology R&D special in coal liquefaction. Make use of the self-resource advantage to rapid up project establishment and resource development for profitability through introduce the third party of service supplier which rank the No. 1 in domestically for coal technology in coal mining, set up technology R&D base in coal liquefaction company, introduce power clients shares the stock in major coal construction projects and shares the stock with power clients in coal-mouth power plant construction.

The Company joins the communication and co-operation with every financial organ, impressed the understanding and recognition for the financial organs in order to higher the credit rating and credit line, through visiting and convening conversation talks of bank&enterprise and visited the field operation. In the report period, the Company respectively entered into the Strategic Co-operation Frame Agreement for Bank and Enterprise with Bank of China and Xinjiang Branch of China Development Bank. At the same time, the Company stick to the debit and credit contract, notify relevant information to creditors in time. And there is no behavior of outstanding debts. During the value maximized pursuing, the Company guarantee the steady of the finance and assets and capital, make sure to protect the legitimate rights and interests of the creditor, gaining a good social reputation.

Referring to the relationship management of investors, the Company shows honesty to its shareholders, supervision department, agency and news media. Obey the regulatory, co-operating with supervision department actively, performed the disclosure obligation in respect of accuracy, trueness, completeness and promptness. Convening the Shareholders General Meeting as well as the exchange meeting for investors, organized the field visiting and daily reception, material provided and phone consultation that provided a way of understanding and knowledge for majority investors. Strength the transparency and regulated the operating standard to promoted enterprise image and the corporate value.

In respect of the brand and trade mark standardization, the Company protected the exclusive rights of“Yitai”. Thought out the monitoring, post the trademark dissent timely, seize every opportunity for public. Upgrade the understanding, awareness, identity and goodwill of “Yitai” by participate various goodwill evaluation and various denomination as well as social public-spirited activity, which improve the brand influence of the Company.

The products of the Company –“Yitai” coals own a well-known quality and brand effect with characteristics of medium-high calorific value, medium-low lime content, and extra-low sulfur content and extra-low phosphorus content, high volatile and high carbon content which enjoyed the honor of “Trustworthy Products of General Administration of Quality Supervision” by General Administration of Quality Supervision and the “Quality Management award of Inner Mongolia Municipality”. In June 2006, the trademark of “Yitai” recognized as the Chinese well-known trademark. In November 2006, “Yitai” coal enjoyed the “State Inspection-free Products” offered by AQSIQ.
Enterprise Association and Chinese Entrepreneur Association in September 2010. The Inner Mongolia Yitai Group with its core enterprise of the Company ranks No. 237 in top 500 for its business income, and stands No. 60 in top 200 enterprise benefits of the State, and ranks in 10 place in top 500 with RMB 786,700 as profit per capital, ROA ranks No.21 while net assets profit ranks in 24 place.

III. Forwarding the social sustainable development

(I) Stronger the security investment, set up a healthy security management system, strengthen the work of security management and ensure the high-efficiency production

The Company stick to the policy of “Safety First, Precaution crucial and overall governance”, insist on the one security idea, two basic points and three basic principle while managing the security production. One security idea means” rather reduced one million tons than one person died”, “rather invested RMB 10,000,000 than one person died” which stated the relationship between safety and production, safety and investment; two basic points means based on management and on investment; three basic principle means safety is the maximum politics for enterprise, is the maximum welfare for employee and is the maximum beneficially for enterprise. Advocate the advance safety culture, creating the atmosphere of safety concern and life concern, strong the construction of safety culture, material culture, system culture and behavior culture. Carry out the education of safety honesty inside the enterprise with the rule of “against the law means illegality, breaking the regulation means violation and failure responsibility means default”. Require all personnel shows responsibility and honesty in respect of safety, establish a sense of responsible and duty for employee and make it as a conscious action.

According the document spirit from Ordos Coal Board and Ordos Financial Bureau, RMB3.00 for self-used and self-withhold based on the actual coal production measure by tons, the City Coal Board withhold RMB 3.00 for centralized. At the same time, withhold RMB 10.5 for maintenance charge based on the actual production volume, RMB 4.00 paid to the country for safety overall governance. Concerning the securities charge and maintenance charge, the Company opened a special saving account for special used which in the construction of safety equipment and reformation. In the year of 2010, the Company continually invests in the safety equipment, further perfection the six hard-ware equipment of monitoring system. Install mine-used digital pressure meter and data collector, newly added self-rescuer of compressed oxygen, various gas detector, portable mine gas instruments, portable carbon monoxide instruments, schedule communication system, positioning system for underground works, fire monitoring system of beam tube as well as the industrial TV large screen. Promoted the automatically of mine and信息化 efficiently. Strengthen the ability of disaster prevention for upgrade the monitoring standard of mine securities. Separated ventilation system have been established in every mine area and set-up a ventilation team focus on the toxic gas monitoring, and supervise the fire area or mine-out area strictly. Adopted comprehensive dust-proof measures to strength coal dust treatment, and dust prevention pipeline have been installed in followed working places-- coal mine, shaft, road and working face entry. Most of the mine have purify water curtain and isolated blast establishment installed,
spray device have set in shearer, comprehensive digging equipment, continuous miner and hydraulic support in parts of the coal mine. The investment of security accumulated reached RMB 0.251 billion in whole year.

In the report period, the Company carries out serials new measures on safety management, strength three major protection systems – security target management, technology management and accident emergency rescue, for the purpose of laying a solid foundation of security production target realization without hindrance. The person in charge of the coal mine plays a subjective initiative role in security management. Mine leader is the mane on duty in safety production and in operating management. Most of the approvals of technical modification and security reformation are authorize down to the coal mine. Planed out and carry out the measures to accomplished scheme production, implemented performance checking, finished every index given by the Company in premise of strictly “mine security regulation” execution. Based on the mainline of hidden trouble examination, organized various safety activities—zero-accident in hundred days, spring security examination, autumn security examination and security month activity, put the disaster protection in priority, “three protection in one entry”, roof management, “three protections in rainy season” and “four protections in winter” in special. Concerning daily security management, put more efforts in institution of head officer welling. Based on the regulation of “IC regulation on persons in well for mine security”, strictly record the welling information of mine managements—daily record, monthly record and quarterly record. Under the help of frequency supervise and examination by various security managements, field problems has a timely modification. Strength evalution on security production. Safty&Supervise Department carried out field testing, comprehensive evaluation and merit-based activity monthly, the results are notify in the whole Company in time. Practi ce emergency rescue plan to examining the rescue ability and organization of emergency rescue for further improvement of the ability on disaster-proof and disaster-protection.

Since 2001, the Company continuous produced raw coal as 138.520 million tons, zero-death rate for 1 million tons coal yield in nine years through out the above security management measures. And leading in industrial concerning the safety production recod. Since 2000, traffic opening, Yitai Zhundong Railway Co., Ltd., holding subsidiary of the Company, has no significant traffic accidents and no significant casualty accident in consecutive 3668 days.

(II) Higher consciousness of quality management, strengths process control of product quality, provided goodness products and service to the market

Based on the idea of quality as the life of enterprise, in August 2010, the Company issued Measures of Evaluation on Quality Management System, strictly performed relevant regulations of Quality Manual and Procedure Documents of Quality management System. According to the standardize requirement, organized production, management resources integration, strong the supervise ability and strength the Quality Management System in every steps of productions. Take control in whole quality toward the above mine point. Full (part)-time quality managements have stayed in every port and station. Carry out frequency coal examination and quality supervision to realized timely control on multi-port and multi-step of coal mine, transportation, mine field and port. The Company proceeds trace-monitoring towards the quality from coal mine, station and ports casually. Modification timely while has problems in monitoring to guarantee quality responsibilities, which stabilized the quality of various coals. And have a reputation performance in no major client complains in consecutive nine years from certify.

“Yitai” Coal is the high-quality power coal with advantage of low-ash, low-sulfur, low-phosphorus, HCV, high volatilization pulverized and high carbon content. The National Environmental Department has taken control of the total sulphur content of coal burning sincerely. Major metropolitan requires the total sulphur content less than 0.5 percent; Beijing requires no more than 0.5 percent while most of the “Yitai” Coal has total sulphur content with 0.5 percent below. The upgrade of consumption structure and national energy policy spend a massive market room for “Yitai” Coal—environment-friendly coal. In 2010, “Yitai” Coal honors the title of “national-wide satisfaction products” again.

Downstream coal clients of the Company mainly focus on enterprise of power, metallurgy and chemical-industry. Pursue to the operating idea of “based on the client values and strategy co-values, maximize values for the Company”, the Company operating with honesty mind, take control of the quality, implemented contracts and strive to standardized after-sale service, setting up a well-known word-of-mouth in clients. In many years, the Company set up a long-term friendly beneficial co-operation relationship with multiple power and metallurgy clients located in East China, South China, and North China and in Northeast by means of high-quality products and good service. “Yitai” Coal meets the qualification of environmentally and production of various power company with low-sulfur, low-ash, and low-phosphorus and high calorific power. In marketing, the coal set up a well image in clients for its low-cost, efficiency and stable source supply.

Due to the fluctuation of coal quality index and fierce competition in coal market after fully mechanized mining, the Company solved the problems activity by reforming coal preparation plant in well mouth of Suancigou Mine and washery of Zhungeerzhao, which have been in used after acceptence. The above plant used the world-class technical of shallow slot medium and medium cyclone with over 99 percent of separation efficiency. Improved the wash-selection process of coal for utilization rate, reduced waste emission, put quality in priority to meet the requirement from clients practicable.
(III) Protect rights and interests of the employee, safeguard welfare of the employee, making a harmony labor relationship for stability development of the enterprise.

Pursue to relevant regulations and Labor Laws, entered into annual labor contract with employees for labor relationship confirmed. The salary incentive system based on the basic salary of post, bonus allocation connected with performance. According to relevant rules of social security, handling endowment insurance, basic medical insurance, major-amount medial insurance, unemployment insurance, industrial injury insurance, maternity insurance and house accumulation fund in full amount. Meanwhile, commercial insurance of supplementary medical insurance and accident insurance are paid for employee. In addition, established the serious illness medical fund inside the Company, due to the ten serious illnesses listed, after reimbursed medical insurance, rests of the money can be solved by fund. The Company will issue labor insurance welfare to employee without certain time and without quota due to actually situation.

Comply with relevant regulations, the rights of work; off-duty and vocation have been guarantee. Duet to the Labor Law and regulations of Measures on Implementation of Uncertain Time System and Comprehensive Working Hours Calculation issued from Labor Department, the Company make out a working system of certain time and uncertain time or comprehensive working hours calculation connected with the actual situation of the Company. Carry the uncertain time and comprehensive time-calculation system into effect. Combine ways of group working, group rest, shift vocation and flexible working hours to guarantee the healthy condition of employee, and make sure employee has rights of vocation and leave.

Human priority persistence, improved the working environment, less the duty of workers unceasingly. Executed regulations and standards of the security and sanitary of national labor, educated labor security and sanitary to workers for the prevention of labor injures, reduced the career troubles. Concerning the special working, employee should on duty with special certification. Filing the career healthy for workers who special in occupational hazards, and took body check periodically. Due to the female workers, protect their safe and health according to the regulation of Female Labor Protection, took body check annual for female employee. Healthy check has been organized annually for all employees since 2009. The Company working on the certification of Employee Health System based on the development requirement of the Company.

Workers Congress and Labor Union plays their function in the Company, strong the democracy management and supervise of the Company. Take their opinions and appeal into consideration. Create the master spirit and responsibility for employees; take care of the workers who have troubles and illness. Enrich the culture life in spare time, strong the teamwork spirit by organized activities and competitions like technique, literary, calligraphy, photography and information which has a good impact on the construction of harmony production in Yitai.

(IV) Repay the society, throw into the social public service, and support the local development of agriculture and animal husbandry, educational, medication and cultural industry.
Since establishment, the Company repays the society by poverty alleviation, education donating and supporting the sanitary and educational of Ordos. Since 2005, the Company accumulates donated RMB 30 million to Ordos Central Hospital for the purpose of local medication improvement. And more than RMB 30 million donated for local educational industry. On March 20, 2008, Yellow River of Duguitelakuisu, Inner Mongolia dyke breach, 13,000 people are in injury situation. The Company allocated materials of RMB 1.28 million to disaster area in first time and RMB 10 million donated for reconstruction. After strong earthquake of grade 8 in Wenchuan County, Sichuan Province on May 12, the Company and Inner Mongolia Yitai Group donated RMB 20 million to disaster area though Red Cross Society of China on May 13. Subsequently, 4000 employees of the Company donated RMB 1.34 million in total voluntary to disaster area. Night of April 20, 2010, the Company donated RMB10 million to Yushu disaster area during the TV program of “Yushu Earthquake—Donation Special Show” aired by CCTV.

In 2010, the Company donate RMB 0.1003 billion accumulate in total to General Charity Association of Ordos, the First Literature & Art for Minor Ethnic Farmers & Herders of Hangjingqi, Service Foundation of Chinese Volunteers Association, Red Cross Society of Ordos, Bureau of Civil Affairs of Hangjingqi, Red Cross Society of China, China Narcotics Control Foundation, Red Cross Society of Hangjingqi, Non-tax Revenue Authority of Yiqi, Ordos International Nadam Fair and Inner Mongolia International Prairie Festival. Among which, the Company donated RMB 10 million to Inner Mongolia International Prairie Festival with consecutive five years for funding the development of ethnic cultural industry.

According the statistics of Federation of Industry and Commerce of Ordos, the Company and Inner Mongolia Yitai Group, invested in social public service industry, accumulated donated RMB 0.32 billion for disaster supporting, cultural and educational since establishment. Due to the social public service, the Company honors the title of Advanced Group for disabled funding and educational of Ordos and Inner Mongolia Autonomous Region, and obtained the award of Chinese Charity in consecutive two years offered by National Ministry of Civil Affairs.

Employees of the Company answers the call of Labor Union and Youth League Committee, there are 42 peoples in blood donation for free to Ordos Central Blood Station in 2010 as 16000cc in total.

Enterprise’ development is closely related to local party committee and government. Since 2007, the Company answers the call from urban council, city government, supporting the construction of new village and new pastoral area. Till recently, the Company spend accumulated RMB 135,400 on the animal husbandry of Bangfu rural, Sumu, county and Gacha. Stimulated by the industry of coal and glycyrrhiza, the Company solved the problems of unemployment, and contributed a lot to local economy development.

(V) Taxation lawfully, solve unemployment problems, participated in various social
activities, public enterprise’s culture and spirits

Since listing, the Company operating legality, tax lawfully, paid accumulate RMB 10.664 billion to the country for various taxes, among which, levy RMB 4.36 billion in 2010 which regarded as the major taxpayer in Ordos.

As a mainstay enterprise in Ordos, industry of coal, railway, roads and coal liquefaction plays a chief corner stone in stimulated local economy and employment rate. Projects of coal and coal liquefaction play an example and leadership in transformation from local resources advantage to economic advantage. The marketwise and socialization of road and railway construction improved the fundamental condition locally which benefit a lot for transformation from resource advantage to economic advantage in Ordos. The tech development of the Company cultivated many industrial specialists in management and technology for local area. Since listing, the Company solved the unemployment problems accumulated amounting to more than 4,700 man-times for local area.

The Company participated in the community activities and social activities actively. On January 6, 2010, the Company held a party of Yitai Group for its taxation exceeds one hundred billion and the New Years Party of 2010. During the festival of May 1st May 4th, the Company held the Young Singing Competition for May 4th and “Yitai Cup”, national-wide chess elite match. On June 4th, Beijing Office of the Company held the first funny sports games and developed an opening training. In middle of August, the Company held the Young Football Match 2010 theme as “Health Yitai, Charming Football”. Autumn Sports Game and Drug-banning public activities theme as “Away the Drugs, Perished the Life” were held on October 13th. In half of the October, the Company held the first Host Selection Trial them as “Show my way, Host my Show” and first calligraphy and painting activities. At the beginning of November, the Company hosts the friends-making party for young of “date of heart” with theme as “passions and friendly dating”.

Under the help of social activity sponsors and participation, public Yitai’s enterprise culture and set up an enterprise image for the community relationship with harmonious atmosphere.

IV. Environment sustainable development promotion

In the report of 17th National Congress of CPC, “cost too much on resources environment for economy growth” listed as the top issue in the way of development of economy society. Construction of eco-civilization listed as the most important target in construction of well-off society. The 17th CPC National Congress listed the amendment party constitution of “society construction of energy-saving style and environmentally-style” into General Program of the Party Constitution. Environment protection has come into emergency problems that should be resolved in modernization construction; environment construction came into the most important content in a harmonious society. Implemented the responsibility of environmental society initiative, jointing the practice of eco-civilization construction is the inevitable choice for scientific development view, sustainable development and constructed environment-friendly enterprise realized.
As a key enterprise in coal industry, the Company takes the duty of environment society. The Company implemented the environment-friendly policy of “Hundred-year of Yitai·Green Energy”, taken the “Prevention First, prevention and treatment integrated, sanitary production, control in whole process” as guidance, insisted on the combination of environment protection with energy-saving, emission-reduced and recycle-economy development with the purpose of whole environment-friendly management system established. In report period, the Company issued the Management Measures on Environment (trial) and officially started the certification project under the name of ISO14001 environment management system on March 17, 2010. Pursue to the regulation of ISO14001 standards, followed the management recycle theory of “plan- do-check-act” (PDCA recycle for short) for self-fitness environment management system.

The Company focuses on the consciousness of environment-friendly, public the eco-idea of environment-friendly to every one. The Company opened an “environment column” in News of Yitai Group, and prepared Environment Brief for the environment dissemination, and disseminated environment knowledge and workings in every month. Planning and implementing various “6.5” World Environment Day: dispatch publicity wall map and propaganda film of “6.5” World Environment Day to manufacture units, and participated in the publicity activities organized by City Environment Bureau and Zhunqi Environment Bureau for “6.5” World Environment Day. In the 4th quarter, the Company held a large-scale 2nd environment knowledge competition successfully. Employees of the Company have a higher knowledge on environment protection via serials publicity activities.

The Company constructed projects on the basis of scientific planning in respect of projects construction. The “three always” policy – Always performe the evaluation of enviornment influence, always carry out the water-land protection plans and always executed enviornmental equipments are still in the priority. Concerning the process construction of coal, railway, road and coal liquefaction, completed the approvals on plan of environment evaluation and water-land protection plan. At the same time, check out the environment-protection and acceptance of water-protection for the projects. The acceptance of environment-protection and water-protection on Coal Liquefaction Company, Suancigou coal mine and railway special-use line have been accomplished in the report period.

The Company reinforces process control and environment treatment. Meticulous investigation on environment status was carried out in every coal mine, container packing station, and every branch (subsidiary) in the report period. Prepared Investigation Report of Environment Status in Company, found out problems exists in process of environment-protection and water-protection; indicate the key points and orientation in supervise clearly. In the process of specific environment-protection, resource utilization and harmless treatment on wastes of coal gangue and discharge water have accomplished by the Company. Strength management ability in gangue field of every coal mine and container packing station, soil covering and rolling to the temporary storage gangue field for secondary-pollution and waste spontaneous ignition avoidance purpose. Constructed a
coal-mouth power station in coal mine where contained high gangues. Build the sewage disposal workshop for mine water and daily-use sewage treatment which can be used again. Realize zero-emission in coal mine. Constructed silos -- coal-storage equipments, for efficiency coal dust pollution control. Strength the dust-protection equipment, spray water regularly, in industry square and container packing station. Concerning the disposals of dust and waste along the roadside, reorganized the work of disposals. All coal-traffic vehicles should covered and greening the roadsides. Meanwhile, thought out the environment status monitors on listing company, at least four times a year, from every authority environment-protection department, the benefit a lot in efficiency supervise and actual effect from pollution treatment and environment status monitor. Requirement by the H-share offering, environment-protection have been verifies by Inner Mongolia Autonomous Region of Environment-Protection Department on every industry of the Company. And issued the Opinions on Environment-Protection Verification for Listing of Inner Mongolia Yitai Coal Co., Ltd. (Nei HuangZi No.[2010] 66) on May 11, 2010. In which the Company have been approved by authority environment-protection executives in their works on environment-protection.

Due to the requirement of “Movement of 100,000 Mu Carbon-reduced Forest Created by Coal Enterprise”, the Company implemented projects of greening for carbon-reduced fully since 2010. Further more, the Company plans to massive forestation to all belonged coal mine, railway side, container packing station and coal liquefaction plant in three to five years. Created the initially shape of “Yitai Carbon Sequestration Base” with professional, standardize-able and efficiency quality. And strive to obtain the special funds on greening and “carbon sequestration” offered by the Country in many aspects.

The Company reorganized the environment in coal area further, enhanced the whole environment quality in belonging cola area for the purpose of setting up an environment-friendly coal areas by fulfillment the environment-protection goal as “cultivating, restoration, treating and benefiting”. The Company improved the condition of production and life for mining area residents for their life and property safe. Compensating comply with Subsidy Measures on Residents Removal Compensation and Temporary Measures on Land Acquisition Settlement for Construction Projects offered from People’s Government of Zhungeerqi and People’s Government of Yijinhuoluqi. Removed the residents centralized in new villages or towns practically. Established a favorable residence environment and provided jobs for persons in right age. As at the end of December 31, 2010, the Company removed the mining area residents in three coal mines, paying RMB 481,955,800 for removal and settlement compensation in total.

The subsidiaries of the Company, contained in consolidation statements, invested accumulated RMB 0.415 billion in every environment-protection. Among which, in 2010, spend RMB 26,878,000, RMB 5,607,800, RMB 126,050,700 and RMB 68,493,500 in forestation, waste and sewage exhaustion, ecological restoration and water-land conservation and environment treatment and greening respectively, which amounting to RMB 0.227 billion.

The Company promoted the special movement of energy-saving and emission reduction
in the report period. Required by the Notice of Execution Inspection on Energy Consumption Quota per Products Standard in Key Industry with Energy Consumption from Economic and Informatization Committee of Inner Mongolia Autonomous Region, the Company collected all consumption volume situations on water, coal, power and oil monthly from every coal mine, dispatch station and branch(subsidiary) company. The collected data shows clearly view on comprehensive consumption and comprehensive production consumption per product for every coal mine, dispatch station and branch (subsidiary) company which provided an original data for the preparation of Energy Auditing Report and Energy-Saving Plan Report of the Company.

V. Future expectation
Since from listing, the Company performing under the implementation of social accountability in the aspect of economy, society and environment sustainable this gains a favorable economic benefit as well as the social benefit. However, there still exists distance between the implemented status of social responsibility and relevant regulations of social responsibility for listing company. Due to the aforesaid distance, the Company will learn and perfect the management system of social responsibility, stick to the idea of honest operation and legal taxation for the purpose of industry structure optimized. Furthermore, developed the recycle economy, promoted sanitary production, saving the energy resources and sponsor social beneficial industries and make use of advance technology and innovation in order to standardized security treatment of the Company. Put the projects of major ecology construction and environment treatment into effort, improved the ecology environment in coal area and professional condition of employees. Strive the co-win with clients, suppliers and other benefit-related persons, and realized the favorable co-reaction and co-development with society for contributed to the society construction of energy-saving style and environment-friendly style.

In the year of 2010, RMB 5.051 billion of net profit was created by the Company. Meanwhile, paid RMB 4.36 billion taxes to the country, RMB 0.441 billion paid for the salary and bonus to employee, loan interest spends RMB0.464 billion and RMB 0.1003 billion for external donation. The Company spends RMB 0.717 billion in total in aspect of charge of environment sewage, greening, water-land conservation and ecology restoration compensation with the purpose of greening environment treatment, balanced the ecology in mining area and pollution protection. Therefore, the contribution per share created by the Company for society to shareholders, employees, clients, creditors and communities was RMB 6.63.

<table>
<thead>
<tr>
<th>Calculation on contribution per share</th>
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<tbody>
<tr>
<td><strong>Items</strong></td>
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<tr>
<td>Net profit created for shareholders</td>
</tr>
<tr>
<td>Taxes paid</td>
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<tr>
<td>Wages and bonus paid for staff</td>
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Unit: RMB'0000
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<tbody>
<tr>
<td>Loan interest paid</td>
<td>46,425.37</td>
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<tr>
<td>External donation</td>
<td>10,030.00</td>
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<tr>
<td>Social costs</td>
<td>71,708.42</td>
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Including:

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<tr>
<td>Expenses on sewage of environment-protection</td>
<td>560.78</td>
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<tr>
<td>Greening fee</td>
<td>1,904.58</td>
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<tr>
<td>Water-soil conservation treatment</td>
<td>1,810.66</td>
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<tr>
<td>Compensation of ecology restoration</td>
<td>10,794.41</td>
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<tr>
<td>Removal compensation</td>
<td>48,195.58</td>
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<tr>
<td>Mineral resources compensation</td>
<td>7,611.12</td>
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<tr>
<td>Water conservancy construction foundation</td>
<td>831.29</td>
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</tbody>
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Total shares 146,400

contribution per share=( net profit created for shareholders+ taxes paid+ wages and bonus paid for staff+ loan interest paid+ external donation- social costs)/total shares

RMB6.63/Share