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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 ON
PROPOSED ALIGNMENT IN THE PREPARATION OF FINANCIAL STATEMENTS
IN ACCORDANCE WITH THE PRC ACCOUNTING STANDARDS FOR BUSINESS
ENTERPRISES AND APPOINTMENT OF AUDITORS FOR YEAR 2019
PROPOSED RE-APPOINTMENT OF INTERNAL AUDITORS FOR YEAR 2019
PROPOSED CHANGE OF INDEPENDENT NON-EXECUTIVE DIRECTORS
AND
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

**PROPOSED ALIGNMENT IN THE PREPARATION OF FINANCIAL STATEMENTS IN
ACCORDANCE WITH THE PRC ACCOUNTING STANDARDS FOR BUSINESS
ENTERPRISES AND APPOINTMENT OF AUDITORS FOR YEAR 2019**

Since the listing of its H shares on the Stock Exchange, Inner Mongolia Yitai Coal Co., Ltd. (the “**Company**”) has been preparing its financial statements under the PRC Accounting Standards for Business Enterprises and International Financial Reporting Standards, and has appointed Da Hua Certified Public Accountants (Special General Partnership) (“**Da Hua CPA**”) and Deloitte Touche Tohmatsu (“**DTT**”) as the domestic and overseas auditors for its annual financial reports, respectively.

According to the Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong published by the Stock Exchange in December 2010, mainland incorporated issuers listed in Hong Kong are allowed to prepare their financial statements in accordance with the PRC Accounting Standards for Business Enterprises, and the Hong Kong Securities and Futures Commission and the Stock Exchange of Hong Kong Limited have both accepted financial reports prepared by mainland H-share companies listed in Hong Kong in accordance with the PRC Accounting Standards for Business Enterprises, and audited by qualified mainland audit firms approved by the Ministry of Finance and China Securities Regulatory Commission (the “**CSRC**”).

* *For identification purpose only*

In order to further improve the working efficiency and quality of the preparation of financial reports by the Company and lower disclosure costs and auditing expenses, the Company proposes to prepare one financial statement under the PRC Accounting Standards for Business Enterprises only and appoint audit firms recognized by the Ministry of Finance and the CSRC to audit such financial statements under the PRC Accounting Standards for Business Enterprises, so as to perform its statutory responsibilities and fulfill the requirements for periodic financial reports.

As Da Hua CPA has been recognized by the Ministry of Finance and the CSRC and is qualified to serve as the reporting accountant for mainland incorporated companies listed in Hong Kong, the board of directors (the “**Board**”) of the Company proposes to dismiss DTT who was the overseas auditor of the Company and appoint Da Hua CPA as its auditor for the year 2019 to audit the Company’s financial statements under the PRC Accounting Standards for Business Enterprises and undertake the responsibilities as an international auditor under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), including but not limited to the initial release of annual results and annual review of continuing connected transactions. The Company has communicated with DTT in respect of the proposed dismissal, and DTT has confirmed that there are no other matters in relation to its dismissal that need to be brought to the attention of the shareholders of the Company.

Such proposal is subject to the approval by the shareholders of the Company at the second extraordinary general meeting in 2019. The Company is of the view that the Company’s results will not be materially and adversely affected by the performance of its statutory responsibilities under mainland accounting standards only and fulfillment of the requirements for periodic financial reports under the Listing Rules.

The Company’s management is authorized to determine the relevant expenses for the aforesaid audit firms upon negotiation with them.

The above-mentioned proposals are subject to the consideration and approval at the general meeting of the Company.

PROPOSED RE-APPOINTMENT OF INTERNAL AUDITORS FOR YEAR 2019

The twenty-fourth meeting of the seventh session of the Board considered and approved the re-appointment of Da Hua CPA as the internal auditor of the Company for the year 2019.

The Company's management is authorized to determine the relevant expenses for the aforesaid audit firm upon negotiation with them.

The independent non-executive directors of the Company expressed the following independent opinions on the re-appointment of the internal auditor:

1. The procedures of the appointment of Da Hua CPA by the Company are in compliance with relevant requirements.

2. Upon review and examination, Da Hua CPA holds relevant professional qualification, and has been complying with the independent audit principles and has fulfilled all of the responsibilities and obligations as required in the agreement entered into by both parties during the process of the providing internal audit services to the Company in previous years.

Accordingly, the independent non-executive directors agreed such resolution and agreed to propose such resolution to the general meeting of the Company for consideration.

The above-mentioned proposal is subject to the consideration and approval at the general meeting of the Company.

PROPOSED CHANGE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yu Youguang, who has been serving as an independent non-executive director of the Company for nearly six years, will cease to serve as an independent non-executive director of the Company, the chairman of audit committee, member of remuneration and assessment committee, nomination committee, strategic planning committee and production committee of the Board due to the statutory period requirement under the Guidelines on the Establishment of Independent Directorship of Listed Companies of CSRC. During the term of office, Mr. Yu Youguang has been served as an independent non-executive director and assumed positions in the committees of the Board since June 2013, and strictly executed relevant laws and regulations of listed companies, and performed his duties legally to make a great contribution to the normative operation of the Board. The Company and the Board would like to express their gratitude to the hard work and contribution of Mr. Yu during these years. The Board proposes to appoint Ms. Du Yingfen as an independent non-executive director and to assume relevant positions of aforementioned committees of the Board in replacement of Mr. Yu Youguang. Upon due appointment, Ms. Du Yingfen will sign a service contract with the Company. The term of service shall commence upon the consideration and approval at the general meeting to the expiry of the current Board.

Mr. Yu Youguang will continue to perform his duties until Ms. Du Yingfen takes office as a new independent non-executive director.

Mr. Yu Youguang has confirmed that there is no disagreement with the Board nor is there any other matter in connection with him which needs to be brought to the attention of shareholders of the Company.

Details of Ms. Du Yingfen, which are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules are set out as follows:

Du Yingfen, Female, Han ethnicity, born in 1964, holds a master's degree of economics and is an expert entitled to a special allowance granted by the State Council. She is currently a researcher of the Institute of Industrial Economics of Chinese Academy of Social Sciences, the deputy director of the Research Center for Management Sciences and Innovation Development, a professor of accounting and doctoral supervisor of University of Chinese Academy of Social Sciences, and an

executive director of the Chinese Institute of Business Administration. Ms. Du graduated from the Department of Accounting and Enterprise Management of Xiamen University with a bachelor's degree in 1981 and graduated from the Industrial Economics Department of Renmin University of China in 1987 with a master's degree. She served as the director of the Finance and Accounting Research Office of the Institute of Industrial Economics of Chinese Academy of Social Sciences. She possesses academic expertise mainly in financial management, corporate mergers and acquisitions and reorganizations, management innovation, corporate internal control and risk management. Ms. Du obtained the third prize for National Science and Technology Progress Award, Sun Yefang Economics Prize and the first prize of China Development Research, etc.

Ms. Du Yingfen is entitled to receive from the Company a director's fee at such rate as from time to time approved by the shareholders of the Company, currently being RMB200,000 per annum. The director's fee is regularly determined with reference to her duties and the prevailing market conditions.

Save as disclosed herein, Ms. Du Yingfen is and was not connected with any director, senior management or substantial or controlling shareholder of the Company, and does not hold any other position within the Company and other members of the Company.

As at the date of this announcement, to the best of the knowledge and belief of the Company, Ms. Du Yingfen does not have any interest in the shares of the Company (within the meaning of Part XV of the Securities and Futures Ordinance). Ms. Du Yingfen has not held any directorship in any other listed company in the last three years.

Save as disclosed herein, Ms. Du Yingfen has confirmed that there are no other matters that need to be brought to the attention of shareholders of the Company in connection with his appointment nor is there any information required to be disclosed pursuant to Rule 13.51(2)(h)-(v) of the Listing Rules.

The above-mentioned proposal is subject to the consideration and approval at the shareholder meeting of the Company.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

On the basis of the resolution in relation to the proposed alignment in the preparation of financial statements in accordance with the PRC Accounting Standards for Business Enterprises, the Board proposes to amend the relevant articles of the articles of association of the Company (the “**Articles of Association**”).

Proposed amendments are as follows:

Article	Before amendment	After amendment
Article 16.05	<p>The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, <u>be prepared in accordance with either international accounting standards or that of the place overseas where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, explanations shall be made in the financial statements. When the Company is to distribute its after-tax profits for that financial year, the lower of the after-tax profits as shown in the two financial statements shall be adopted.</u></p>	<p>The financial statements of the Company shall be prepared in accordance with PRC accounting standards and regulations.</p>
Article 16.06	<p>The interim results or financial information published or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations <u>as well as the international accounting standards or such accounting standards of the place overseas where the Company's shares are listed.</u></p>	<p>The interim results or financial information published or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations.</p>
Article 23.03	<p>The Guidance for the Articles of Association of Listed Companies <u>(2016 Revision)</u> which was printed and distributed by China Securities Regulatory Commission on <u>30 September 2016</u></p>	<p>The Guidance for the Articles of Association of Listed Companies <u>(2019 Revision)</u> which was printed and distributed by China Securities Regulatory Commission on <u>17 April 2019</u></p>

The above-mentioned proposal is subject to the consideration and approval at the general meeting of the Company.

The Company will dispatch a circular to the shareholders of the Company, containing, among other things, details of proposed alignment in the preparation of financial statements in accordance with the PRC Accounting Standards for Business Enterprises and appointment of auditors for year 2019, proposed re-appointment of internal auditors for year 2019, proposed change of independent non-executive directors and proposed amendments to the Articles of Association, and the notice of convening the second extraordinary general meeting in 2019.

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

Inner Mongolia, the PRC, 5 June 2019

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. Wang Sanmin, Mr. Lv Guiliang and Mr. Liu Jian; and the independent non-executive directors of the Company are Mr. Yu Youguang, Mr. Zhang Zhiming, Mr. Huang Sujian and Mr. Wong Hin Wing.