INNER MONGOLIA ENERGY ENGINEERING CO., LTD.
內蒙古能源建設投資股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 01649)

Major Findings of the Independent Forensic Review

This announcement is made by the board of directors (the "**Board**") of Inner Mongolia Energy Engineering Co., Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 14 June 2019, 13 September 2019, 13 December 2019 and 8 January 2020. Capitalised terms used herein shall have the same meanings as those defined in these announcements unless otherwise specified.

BACKGROUND

Trading of the Company's shares has been suspended since 18 March 2019 pending release of its annual results for the financial year ("**FY**") ended 31 December 2018. The delay was due to the additional time required for the Company to address audit issues identified by its auditor, Deloitte Touche Tohmatsu ("**Deloitte**").

Deloitte raised concerns on the following matters, (i) commercial rationale of certain sales transactions of the coal trading business and earth-stone stripping projects of the Company; (ii) recoverability of the corresponding prepayments in relation to the coal trading business of approximately RMB1.7 billion, and prepayments and receivables in relation to the earth-stone stripping projects of approximately RMB500 million.

The Company's self-inspection also found that (iii) three unauthorised guarantees aggregating RMB630 million.

Entities involved in the audit issues included the Company and its five subsidiaries, namely:

(i) Inner Mongolia Power Construction Products Co., Ltd ("**Power Construction Products**");

(ii) Inner Mongolia No. 1 Power Construction Project Co., Ltd ("**No. 1 Power Construction**");

(iii) Inner Mongolia Energy Planning & Design Institute Co., Ltd ("**Planning Institute**");

(iv) Inner Mongolia Power Survey & Design Institute Co., Ltd ("**Design Institute**"); and

(v) Inner Mongolia Power Construction International Engineering Construction Investment Co., Ltd ("**International Engineering**")

(collectively, the "**Five Subsidiaries**")

According to the publicly available information, Mr. Lu Dangzhu ("**Mr. Lu**"), the Company's former chairman and executive director, who is mainly involved in the issues under forensic review, was taken by the national discipline inspection and supervisory authorities to investigations for bribery and misappropriation of public funds, so did Mr. Liu Ming, the former executive director of Power Construction Products, because of bribery and misappropriation of public funds. Mr. Zhang Dong, an external person involved, was also under the investigation of national supervisory authorities ("**Three Persons Involved**"). The relevant national judiciary authorities have prosecuted the Three Persons Involved separately. Currently, the cases are in the process of trial.

THE SCOPE OF THE FORENSIC REVIEW

The audit committee of the Company (the "**Audit Committee**") has engaged PricewaterhouseCoopers Management Consulting (Shanghai) Limited ("**PwC**") in March 2019 to conduct an independent forensic review on the following suspicious issues (the "**Review Issues**"):

(i) to identify the authenticity of the coal transactions among the Power Construction Products and the four companies controlled by/or associated with an external person;

(ii) to identify the authenticity of earth-stone stripping projects business conducted by No. 1 Power Construction and Planning Institute with certain private enterprises and to identify the authenticity of advance payments and prepayments made to those private enterprises;

(iii) to identify whether there are any external pledges and/or guarantees entered into by the Five Subsidiaries without the approval of the Board; and

(iv) to identify whether there are any other similar suspicious transactions entered into by the Five Subsidiaries related to the Company's former chairman.

According to the engagement letter signed by the Audit Committee and PwC in March 2019, the original scope of review covered four subsidiaries of the Company (i.e. Power Construction Products, No. 1 Power Construction, Design Institute and Planning Institute). To allow a complete and accurate coverage and true picture by the forensic review report of the problems of the Company, the Audit Committee signed a supplementary agreement with PwC on 31 May 2019 as the Company found in May 2019 that its subsidiary, International Engineering may also have external guarantee contracts that have not been approved by the Board (Review Issue 4). The purpose is to include International Engineering in the scope of forensic review, so as to identify if International Engineering has any external guarantee contracts that have not been approved by the Board and if there are any other potential suspicious transactions. Due to limitation on obtaining review evidence by the cases involving the Three Persons Involved and the number of review issues increased, the issuance of the draft forensic review report was delayed to February 2020.

For the purpose of the forensic review, which covered the period from 1 January 2017 to 31 December 2018 (the "**Review Period**"), PwC conducted the following procedures:

(i) conducted interviews with senior management of the Company (including five current directors of the Company) and the Five Subsidiaries and certain personnel of four out of 15 counterparties to the transactions specified in the Review Issues;

(ii) reviewed the financial statements and underlying documents, including the relevant contracts and agreements, major vendor and customer lists, and internal control policies and procedures of the Company and the Five Subsidiaries;

(iii) selected 39 transactions relevant to the Review Issues to conduct testing;

(iv) conducted public information searches on the counterparties specified in the Review Issues to identify whether they have any potential connection or relationship with any staff or the management of the Company;

(v) obtained the details of major bank accounts from the Company and the Five Subsidiaries during the Review Period, and selected 52 transactions to conduct testing to identify any potential suspicious transactions;

(vi) obtained corporate credit reports of the Company and the Five Subsidiaries from People's Bank of China or the Company, as the Company was unable to provide legal representatives' ID card to PwC to directly obtain the corporate credit reports of the Company and the Power Construction Products from People's Bank of China while Mr. Lu (the legal representative of the Company) and Mr. Liu Ming (the legal representative of Power Construction Products) were under investigation;

(vii) obtained the amount of appropriated public funds in the disciplinary decision issued by the national discipline inspection and supervisory authorities against Mr. Lu from the Company, and reviewed the civil indictments and the judgments of first instance between the Company and certain counterparties; and

(viii) verified and reviewed, where practicable, the commercial substance of business in relation to Review Issues 1, 2 and 5, and the information on illegal external guarantees under Review Issues 3 and 4 provided by the Company.

PwC completed relevant work between March 2019 and March 2020, and PwC has issued the forensic review report on 13 March 2020 in respect of the above issues.

LIMITATIONS ON THE REVIEW SCOPE OF THE FORENSIC REVIEW REPORT

In the forensic review report, PwC stated the major limitations encountered during the review as below, so PwC made the conclusion based on the fact that interviews with the Three Persons Involved and personnel of third parties involved are limited while interviews with others are available, the Company's representations and relevant evidence provided. The major scope limitations include:

(i) those two persons of the Company and one related third party individual who were extensively involved in the Review Issues are under the investigations conducted by the national judiciary authorities as of the time disclosed herein, and PwC could not have an interview with them. The details for the misappropriation of public funds are not available as the trial of criminal case is underway. The court has not issued any final decision about the civil actions which involved subsidiaries of the Company (Power Construction Products, Design Institute, Planning Institute and No. 1 Power Construction) and other counterparties. A judgment of first instance was made on the business of Power Construction Products, and the related third party individual involved refused to be interviewed. Therefore, PwC was unable to check and verify the authenticity of the information on the Three Persons Involved provided by some employees during the interviews set out in the review report;

(ii) banks' personnel involved in Review Issues 3 and 4 and key personnel of counterparties of the transactions in the Review Issues refused to be interviewed or provide relevant information. The related business of bank guarantees was not recorded in the credit reporting system of the relevant banks.

DETAILS OF MAJOR FINDINGS

Set out below are PwC's major review findings:

Review Issue 1: coal trading transactions of Power Construction Products

According to the financial data of Power Construction Products for the Review Period, Power Construction Products derived nearly all of the gross profit of principal businesses (revenue from principle businesses net of cost of principle businesses, of approximately RMB127 million) from the gross profit of coal trading business (being RMB114 million). In addition, according to public information searches and interviews with relevant personnel of the Company, nine transaction counterparties of the coal trading business were related to one external person, Mr. Zhang Dong. Three out of the nine entities were directly related to Mr. Zhang Dong (which means Mr. Zhang Dong once acted or is now acting as shareholder or legal representative in such entities), and six of them had regular business dealings with him.

During the Review Period, the Company's subsidiary, Power Construction Products commenced coal trading transactions with nine companies that are potentially related to Mr. Zhang Dong. These transactions (i) recorded RMB0.9 billion revenue from six of the companies; (ii) paid substantial prepayments of RMB2.15 billion to five of these companies; (iii) recorded high gross profit margins ranging from 4% to 35% (far above the average margin of 3.4% for coal trading transactions not involving these entities); and (iv) among the five coal suppliers, all (100%) the coal supplied by four of them was sold by Power Construction Products to companies that are potentially related to Mr. Zhang Dong, and 81% of coal supplied by the other company was sold by Power Construction Products to companies that are potentially related to Mr. Zhang Dong.

During the interviews with the counterparties conducted by personnel of Power Construction Products, two counterparties provided bank payment receipt, acceptance bill, and copies of the acceptance bill handover sheet. The documents served as evidence that the two counterparties already paid the prepayments received from the Power Construction Products to companies controlled by or associated with Mr. Zhang Dong, totalling RMB2.02 billion.

Based on the interviews with relevant personnel of Power Construction Products, Mr. Lu and Mr. Liu Ming determined terms under the coal supply contracts, including the supply quantity, prepayment amount to be made and profitability (being the settlement price), and approved the prepayments upon negotiation with Mr. Zhang Dong. Despite the dissenting view of a member at two of the Party Committee meetings, where all contracts were required to be discussed and approved by the Party Committee in accordance with internal procedures of Power Construction Products before signing. According to relevant personnel of Power Construction Products, Mr. Liu Ming had declared approval of the contracts at the said meetings, in circumvention of the internal procedures as regards contract signing.

There were also other irregularities for this Review Issue, including (i) multiple coal purchase contracts with substantial amount of prepayments signed consecutively within a short period of time, where the amount of each contract was set at less than RMB0.5 billion to circumvent the chances of submitting for approval by the Board with suspicion; (ii) prepayments made to coal suppliers despite actual quantity of coal supplied was smaller than the minimum amount stated in the relevant contracts; and (iii) the physical delivery of certain transaction was conducted by Mr. Zhang Dong's subordinate, who directly delivered the coal to one coal customer of the Power Construction Products.

As at 31 December 2018, Power Construction Products had (i) fully settled coal trading transactions with four of the nine entities; and (ii) outstanding balances of RMB1.72 billion prepayments to two suppliers and RMB0.23 billion receivables from three customers respectively.

Based on the information provided by the Company, to recover the above-mentioned outstanding prepayments and receivables, Power Construction Products sued the two suppliers and three customers in February 2019. In respect of the outstanding prepayments, the court ruled to seal and freeze assets of the two suppliers in March 2019 and have them return the RMB1.72 billion prepayments to Power Construction Products. Yet the actual bank deposits of the two suppliers blocked totaled RMB13,000, and one of the suppliers made an appeal in September 2019, and the final decision was not yet made by the court. The verdicts and retrial date in relation to the lawsuits against the three customers have yet to be released.

Based on the above, PwC was unable to determine the commercial rationale of the proposed amount of supply, minimum amount of supply and the prepayments for the coal trading contracts, or whether the transactions were simply coal trading or had any other purpose.

Review Issue 2: earth-stone stripping projects of No. 1 Power Construction and Planning Institute

Two subsidiaries of the Company, namely No. 1 Power Construction and Planning Institute, entered into contracts of four earth-stone stripping projects[1] with three coal mine owners and three subcontractors in 2017 and 2018, respectively, with a total contractual value of RMB3.8 billion and subcontract value of RMB2.6 billion. These subsidiaries recognised a total revenue of RMB482 million in relation to the earth-stone stripping projects, including RMB159 million for FY2017 and RMB323 million for FY2018. During the Review Period, among the gross profit of RMB203 million of No. 1 Power Construction, almost all (98%) was from the earth-stone stripping projects (RMB199 million); while the gross profit of the earth-stone stripping projects for Planning Institute was RMB5.65 million, and the loss from the principal businesses of Planning Institute for the same period was RMB4.28 million. All the coal mine owners and subcontractors were related to Mr. Zhang Dong: according to the business registration information, Mr. Zhang Dong had controlling interests in all the coal mine owners and two of the subcontractors. In addition, relevant personnel of No. 1 Power Construction represented that Mr. Zhang Dong was in charge of the management on the one remaining subcontractor, and a subcontractor controlled by Mr. Zhang Dong had received money on behalf of that subcontractor.

1 According to the interview with relevant personnel of the Company, earth-stone stripping project represents the excavation of the earth stone on the coal mines, so as to strip off the earth stone from the underlying coal.

Under the terms of relevant contracts, (i) the coal mine owners has the right to designate the subcontractors; (ii) No. 1 Power Construction and Planning Institute had to make prepayments totaling RMB550 million to the subcontractors; and (iii) the profit margin for the projects was over 30%.

According to the persons in charge of No. 1 Power Construction and Planning Institute, Mr. Lu determined the annual profit targets of the earth-stone stripping projects of No. 1 Power Construction and Planning Institute upon negotiation with Mr. Zhang Dong. Neither subsidiaries had internal policies on the clear determination of project profitability.

The persons in charge of the No. 1 Power Construction and Planning Institute represented that the prepayments were made to subcontractors to purchase construction equipment. Relevant personnel of No. 1 Power Construction said that the company had commenced the construction work of the three projects, and No. 1 Power Construction has settled the payment with the owners and the subcontractors respectively based on the copies of the topographic map, earthwork measurement map and as-built map of the coal mines obtained from the coal mine owners. Relevant personnel of Planning Institute represented that their project had not commenced due to environmental protection issues and land acquisition problems, and the payment settled was the actual capital cost of Planning Institute.

As at 31 December 2018, No. 1 Power Construction and Planning Institute collectively had outstanding balances of RMB363 million prepayments to the subcontractors, outstanding balances of RMB295 million receivables from the coal mine owners respectively.

The financial statements of the three subcontractors showed that all the operation revenue of the three subcontractors in 2018 seemed to come from No. 1 Power Construction and Planning Institute; in 2017, all operating revenue of one of the subcontractors, approximately 55% of the operating revenue of another subcontractor and approximately 11% of the operating revenue of the remaining one subcontractor, seemed to come from No. 1 Power Construction, respectively.

According to the publically available information, to recover the outstanding prepayments and receivables, the two subsidiaries of the Company had applied to the court for property preservation of all awarders, subcontractors and guarantors. The court has made a preservation ruling and seized and frozen assets such as equity interests and mining rights of related parties. But in light of Mr. Zhang Dong's arrest by the People's Procuratorate, the case of Planning Institute was ruled by the court to suspend. For the case of No. 1 Power Construction, the party being sued has filed an application to suspend trial while No. 1 Power Construction raised an objection, with the decision of the court pending.

Based on the foregoing, (i) relevant personnel of Planning Institute confirmed that the construction project of Planning Institute has not yet commenced, and the profits recorded represented the fees paid for utilising the prepayments; (ii) PwC could not ascertain the commercial rationale of the substantial prepayments, the contract value and the profit margin of No. 1 Power Construction, and that all of the three subcontractors were designated by Mr. Zhang Dong and both parties to the transactions had connection with Mr. Zhang Dong; (iii) Mr. Zhang Dong was arrested, and Inner Mongolia Zhendong Energy Group Co., Ltd. (內蒙古振東能源集團有限公司) which is responsible for the management of relevant coal mine owners and subcontractors refused the interviews with PwC. Therefore, PwC could not verify whether the earth-stone stripping projects of No. 1 Power Construction were purely for construction contracting, or whether they had any other purposes.

Review Issues 3 and 4: unauthorised financial guarantees to external third parties

In February 2019 and May 2019, the Company found that the Company and two subsidiaries, namely Design Institute and International Engineering, guaranteed three loans owed by companies controlled by or related to Mr. Zhang Dong in the aggregate amount of RMB630 million.

The Company represented that (i) they were unaware of the three guarantees until their visits to the banks during the risk-screening exercise carried out by the Company; and (ii) the three guarantees were made under Mr. Lu's instruction in circumvention of the internal control procedures relating to guarantee management and seal usage.

PwC has obtained the corporate credit report of the Company issued by the Bank of China in February 2019 from the Company. PwC also went to the People's Bank of China in March and June 2019 respectively to obtain the corporate credit reports of Design Institute and International Engineering. The financial guarantees mentioned above were not stated in the corporate credit reports of the Company, Design Institute and International Engineering which PwC had obtained from the Company/People's Bank of China. Subsequently PwC called the People's Bank of China Hohhot Branch to ask about the reason why the corporate credit reports of the Company, Design Institute and International Engineering did not contain records of the pledge contracts. Personnel of the People's Bank of China stated that guarantee business of such nature should be included in credit reports; if there was no record in the reports, the possible reason was that relevant banks had not declared such guarantees. As banks' personnel who engaged in the guarantee contracts refused to be interviewed, PwC could not verify the reason why relevant guarantee records were not listed in the corporate credit reports.

Based on the latest information obtained by the Company from relevant banks, out of the three loans, only the one guaranteed by the Company (RMB100 million) was fully repaid in December 2019, and the other two guaranteed by Design Institute (RMB330 million) and International Engineering (RMB200 million) was defaulted in November and December 2019, respectively. Of the two defaulted loans, deposit of RMB330 million pledged by Design Institute was used for repayment for the debtors in November 2019, and International Engineering's deposit had not been used for debt settlement as at the date of this announcement.

Based on the information provided by the Company, Design Institute applied for a court order to invalidate the deposit pledge of RMB330 million in February 2019, which is pending for judgment. Regarding the guarantee of RMB200 million by International Engineering, the Company is actively pursuing the cooperation by the borrower to repay the debts. The Company will take legal action in case such guarantee of RMB200 million gets transferred before the repayment of debts.

PwC concluded that there were no guarantees provided by the Company and its Five Subsidiaries to external third parties, based on (i) negative confirmation provided by the Company and the Five Subsidiaries and (ii) corporate credit reports obtained from the banks.

Since the relevant external guarantee contracts in these issues are not presented in the relevant corporate credit reports, PwC could not ascertain whether there is any other information omitted in the corporate credit reports of the Company and its Five Subsidiaries.

Review Issue 5: revenue purportedly generated from solar power project by Design Institute

In July 2017, the Company's subsidiary, Design Institute, signed three contracts with one of the nine entities related to Mr. Zhang Dong in relation to the design and consulting services of the solar power project for a total contractual value of RMB300 million. For FY2017, Design Institute recognised RMB300 million received in December 2017 and January 2018 as revenue.

In an interview conducted in June 2019 between PwC and relevant personnel of Design Institute, the relevant personnel stated that they did provide services to a company controlled by Mr. Zhang Dong in accordance with the contract and provided relevant consulting and design reports to PwC.

Based on the written evidence stamped with the official seal provided by Mr. Zhang Dong, and the results of internal investigation obtained by the Company in December 2019 after the internal investigation, (i) the solar power project did not proceed as it had not been approved by the government; and (ii) relevant contract and service report were fabricated.

With the results of self-inspection from the Company, PwC tried to communicate with relevant personnel of Design Institute. The deputy dean of Design Institute still represented that they did have provided feasibility study and preliminary design services to Inner Mongolia Baihui Mining Engineering Co., Ltd.（內蒙古百匯礦業工程有限責任公司）("**Baihui Mining**"). Although Mr. Zhang Dong has issued a stamped confirmation to the Company, PwC was unable to ascertain the authenticity of the solar power project directly with the counterparties given Mr. Zhang Dong's arrest and that the personnel of companies related to Mr. Zhang Dong refused to be interviewed.

All in all, according to the written confirmation obtained by the Company from Mr. Zhang Dong and the interviews between PwC and the Company's management, the consideration of RMB300 million received by Design Institute from Baihui Mining was irrelevant to the three "Solar Thermal/Photovoltaic Project" contracts signed with Baihui Mining. However, PwC could not ascertain whether Design Institute had provided some services to Baihui Mining in accordance with the contract, and neither the relevant workload nor the value could be verified.

In light of the management overriding events found in Review Issues 1, 3 and 4, PwC recommended the Company to conduct an internal control review to identify deficiencies and strengthen its internal controls, to prevent reoccurrence of similar events. Based on the above recommendations, the Company has organized relevant departments to conduct internal control review.

OPINION OF THE AUDIT COMMITTEE AND THE BOARD

The Audit Committee and the Board have reviewed the forensic review report prepared by PwC and fully understood that PwC has put all efforts in conducting the investigation, however, as PwC was unable to (i) conduct interviews with the Three Persons Involved who had heavy involvement in the Review Issues (and retrieve documents at their offices) as they are under the trial process of criminal cases; and (ii) obtain third party confirmation from key personnel of counterparties of the transactions in the Review Issues, who refused to be interviewed. As a result, PwC's judgment was limited.

The Board is of the view that the forensic review report has been thoroughly conducted by professionals. (i) This forensic review report has comprehensively reviewed the existing problems of the Company so far; (ii) after the suspension of trading, the Company established a working group to organize relevant departments to identify the problems of the Company by means of internal inspections, mutual inspections between departments and external investigations, etc. In order to maximize the true and complete reflection of the problems by the report, the Company added the problems found in the self-inspection to the scope of the forensic review; (iii) the Three Persons Involved in the Review Issues are under trial for criminal cases, further increasing the difficulty and extending the duration of the forensic review; (iv) the Company cooperated with PwC in all aspects and without any restriction imposed, and offered complete, authentic and unreserved information and support, including but not limited to the problems found in the Company's self-inspection and known to the relevant law enforcement departments; (v) as the criminal cases involving the Three Persons Involved in relation to the Review Issues have not been concluded, the Board can not ensure whether there is any other issues not reflected in the forensic review report; and (vi) The forensic review report has fully and truly reflected the suspicious businesses of the Company. It should have and meet the auditing requirements. The Company will continue to provide further evidence to the auditor.

The Board is of the view that despite such limitations and other difficulties encountered during the investigation, the Audit Committee and the Board advise the Company to rectify all issues incurred or related to the Review Issues with reference to the forensic review report in order to minimise the impact on the Company. Also, the Company is advised to take preventive measures to strengthen the Company's corporate governance and internal control system.

REMEDIAL MEASURES

The management team of the Company has put in lots of time and resources to enhance the business and management of the Company, including but not limited to, reformulating the long-term business strategy of the Company, re-strengthening the development strategy of its principal business, and divesting the coal trading and the general contracting business of earth-stone stripping which requires advances that may have significant operating risks. The management of the Company also enhanced the corporate governance and internal control of the Company. Since January 2019, the Company has quickly terminated all suspicious businesses related to Mr. Zhang Dong, and conducted a comprehensive investigation on the business that may have problems. The management of the Company has defined 11 rectification areas and 28 rectification tasks, and has taken 60 specific measures focusing on risk investigation, promoting reforms through cases, rectification and implementation and system establishment, thus enhancing the internal management.

In order to ensure the recovery of funds related to the Review Issues, the Company has adopted the following measures: (i) The national discipline inspection and supervisory authorities have seized the four coal mines and the equity interests in Inner Mongolia Mengxing Products Co., Ltd. acquired by the former chairman of the Company through embezzlement of company funds. The Company is following and coordinating the trial process of criminal cases, so as to recover the misappropriated funds, by executing the seizure assets of such coal mines and equity interests of Inner Mongolia Mengxing Products Co., Ltd. according to law; (ii) According to the Company's preliminary understanding, the seized assets basically cover the assets ultimately acquired through embezzlement of corporate funds, without causing obvious losses; (iii) The Company's subsidiaries have filed civil lawsuits and property preservation against relevant entities and individuals, and the property preservation has taken effect. After trial of the criminal case, the Company will coordinate with the court to make judgment, apply for enforcement and recover the funds as soon as possible; and (iv) While the trial of criminal and civil cases is underway, with the consent of the discipline inspection commission and the judicial authority in the Inner Mongolia Autonomous Region, the Company is actively negotiating repayments with Mr. Zhang Dong. At present, the Company and Mr. Zhang Dong are in the process of disposing of six assets (Zhuozheng coal mine under Jungar Banner Zhuozheng Coal Mine Co., Ltd., Xinlun coal mine under Shenmu City Xinlun Coal Mine Co., Ltd., Yanjiaqu coal mine under Ordos City Yanjiaqu Coal Co., Ltd., Balongtu coal mine under Ejin Horo Banner Coal Co., Ltd., Inner Mongolia Zhendong Chemical Co., Ltd., Zhendong Coal Logistics Park under Ejin Horo Banner Coal Logistics Co., Ltd.). The Company has drawn up corresponding recovery plans and methods, striving to complete the disposal of assets and recovery of funds as soon as possible. Accordingly, the Company's Board is confident to recover the recoverable funds.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 18 March 2019 and will remain suspended until further notice, pending the publication of the 2018 annual results of the Company subject to relevant investigation results and subsequent necessary further actions.

Potential investors and shareholders of the Company should exercise caution when dealing in the shares of the Company.

By order of the Board
Inner Mongolia Energy Engineering Co., Ltd.
Niu Jirong
Chairman

Inner Mongolia, PRC, 13 March 2020

As at the date of this announcement, the executive directors of the Company are Mr. NIU Jirong, Mr. CHAO Ketu and Mr. LIU Lisheng; the non-executive director of the Company is Mr. CHEN Ming; and the independent non-executive directors of the Company are Mr. YUE Jianhua and Mr. DUAN Guiying.