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**Inner Mongolia Energy Engineering
(Group) Co., Ltd.**

內蒙古能源建設投資（集團）有限公司

*(A wholly state-owned company incorporated in
the People's Republic of China)*

**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: 1649)

JOINT ANNOUNCEMENT

**(1) VOLUNTARY CONDITIONAL OFFER
BY CINDA INTERNATIONAL CAPITAL LIMITED ON
BEHALF OF IMG TO ACQUIRE ALL OF
THE ISSUED H SHARES IN IME**

**(2) PROPOSED PRIVATISATION AND
VOLUNTARY WITHDRAWAL OF
LISTING OF THE H SHARES OF IME**

AND

(3) PROPOSED MERGER BY ABSORPTION OF IME BY IMG

JOINT FINANCIAL ADVISERS TO IMG



CINDA INTERNATIONAL CAPITAL LIMITED



DONVEX CAPITAL LIMITED

FINANCIAL ADVISER TO IME



GF CAPITAL (HONG KONG) LIMITED

INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE



ODYSSEUS CAPITAL ASIA LIMITED

1. INTRODUCTION

IMG Board hereby announces that Cinda International Capital Limited, on behalf of IMG, firmly intends to make a voluntary conditional cash offer to acquire all the issued H Shares in accordance with the Takeovers Code.

The H Share Offer is subject to the fulfilment or waiver, as applicable, of a number of Conditions as set out in this joint announcement, including the approval of the Delisting by the Independent Shareholders at the H Share Class Meeting and the approval of the Merger Agreement and the Merger contemplated thereunder by the requisite votes of the Independent Shareholders at the H Share Class Meeting and the IME Shareholders at the Extraordinary General Meeting.

On 20 April 2021, IMG entered into the Merger Agreement with IME. If the Merger is implemented and completed, IME will be merged and absorbed by IMG in accordance with Article 172 of the PRC Company Law and other applicable PRC Laws.

The effectiveness of the Merger is subject to the fulfilment or waivers, as applicable, of a number of Merger Conditions as set out in the Merger Agreement, including the completion of the H Share Offer and the voluntary withdrawal of the listing of the H Shares on the Stock Exchange.

IMG considers that the H Share Offer and the Merger will be beneficial for IMG and its subsidiaries to optimise the corporate structure, enhance management effectiveness and promote business integration and future development of IME and its subsidiaries.

2. CONSIDERATION OF THE H SHARE OFFER

The H Share Offer will be made by Cinda International Capital Limited on behalf of IMG on the following basis:

For each H Share HK\$1.80 in cash

The H Share Offer Price was determined after taking into account (i) the unaudited consolidated NAV of IME as at 31 December 2020 as extracted from the unaudited management accounts of the IME Group for the year ended 31 December 2020; (ii) the offer price of the H Shares under the global offering of the H Shares of IME on 30 June 2017 (i.e. HK\$1.60 per H Share); and (iii) the closing price of the H Shares as at the Last Trading Day.

The H Share Offer Price will not be increased and IMG does not reserve the right to increase the H Share Offer Price.

3. INTENTION IN RELATION TO IME

(a) Voluntary Withdrawal of Listing of the H Shares

Upon the H Share Offer becoming unconditional, IME will make an application for the voluntary withdrawal of the listing of the H Shares on the Stock Exchange in accordance with Rule 6.12 and Rule 6.15 of the Listing Rules. The IME H Shareholders will be notified by way of an announcement of the dates of the last day for delisting in the H Shares and on which the voluntary withdrawal of the listing of the H Shares on the Stock Exchange will become effective.

Once all of the Conditions have been satisfied, the H Share Offer will be declared unconditional and the H Share Offer will be extended for a subsequent longer period than 14 calendar days normally required by Rule 15.3 of the Takeovers Code pursuant to Note (i) to Rule 2.2 of the Takeovers Code in order to allow sufficient time for those IME H Shareholders who have not initially accepted the H Share Offer to accept the H Share Offer to process the transfer of their H Shares.

(b) Merger by Absorption of IME

Subject to the completion of the H Share Offer, the Delisting and the fulfilment or waiver (if applicable) of other Merger Conditions, the Merger will be implemented and completed, pursuant to which IME will be merged and absorbed into IMG in accordance with the PRC Company Law and other applicable PRC Laws. IME will be de-registered in accordance with the PRC Company Law, the Administrative Regulations of the PRC Governing the Company Registration and relevant legal provisions; and IME will cease to exist as a separate legal entity, which will be merged and absorbed into IMG. As a result of the Merger, the assets and liabilities (together with the rights and obligations attached to such assets), business, employees, qualifications, investment interests and contracts of IME will be assumed by IMG as the surviving corporation. Further details of the Merger Agreement can be referred to in the section headed “D. Merger by Absorption of IME by IMG” below.

4. MERGER BY ABSORPTION OF IME BY IMG

On 20 April 2021, IMG entered into the Merger Agreement with IME, pursuant to which IME will be merged and absorbed into IMG in accordance with the PRC Company Law and other applicable PRC Laws. The Merger will be implemented by undergoing the following processes upon the completion of the Delisting, namely (i) IMG will acquire all Domestic Shares held by IM Sulige Company (a wholly-owned subsidiary of IMG) by way of share transfer or, subject to the approval of the relevant state-owned assets supervisory authority, gratuitous transfer of state-owned equity interest between wholly state-owned enterprises pursuant to applicable PRC Laws; and (ii) IMG will pay the Merger Price of HK\$1.80 per H Share (which is equivalent to the H Share Offer Price) to the then existing IME H Shareholders (if any), and all H Shares held by the other IME H Shareholders will be withdrawn and cancelled. Upon completion of the aforesaid procedures, IME will become a limited liability company wholly-owned by IMG.

In accordance with the terms and conditions of the Merger Agreement, upon completion of the aforesaid procedures, IME will be merged and absorbed into IMG. As a result of the Merger, all of the businesses, assets, qualifications, employees, debts and liabilities, contractual interests and interests in external investment will be assumed by IMG as the surviving corporation and the IME Shares will be cancelled. Upon the completion of Merger, the registered capital of IMG shall remain RMB4,890 million.

Pursuant to the Merger Agreement, the payment to the Remaining IME H Shareholders will be made within seven Business Days after the Merger Effective Date. After payment had been made to the Remaining IME H Shareholders, the relevant rights attaching to such H Shares shall be deemed as cancelled.

Upon the acquisition by IMG of the Domestic Shares held by IM Sulige Company and all H Shares held by the IME H Shareholders, IME will become a wholly-owned subsidiary of IMG.

The effectiveness of the Merger is conditional upon the fulfilment or waiver (if applicable) of a number of Merger Conditions, which shall be fulfilled (or waived, if applicable) on or before 31 December 2021 (or such later date as IMG and IME may agree), otherwise the Merger will lapse. Pursuant to the PRC Laws, the Merger Agreement has become effective upon its execution by the parties and be legally binding on IMG and IME. The transactions contemplated under the Merger Agreement will be completed upon the completion of the deregistration of IME or modification registration of IMG (whichever is later). IME will be de-registered in accordance with the PRC Company Law and the Administrative Regulations of the PRC Governing the Company Registration.

If a Dissenting IME H Shareholder decides to exercise his/her/its right to request IME or other IME Shareholders who have voted for the Merger to acquire their H Shares at a “fair price”, IMG and IME will explain to such Dissenting IME H Shareholder that the Merger Price, which was determined after taking into account (i) the unaudited consolidated NAV of IME as at 31 December 2020 as extracted from the unaudited management accounts of the IME Group for the year ended 31 December 2020; (ii) the offer price of the H Shares under the global offering of the H Shares of IME on 30 June 2017 (i.e. HK\$1.60 per H Share); and (iii) the closing price of the H Shares as at the Last Trading Day, is fair. If the matter cannot be resolved, the Dissenting IME H Shareholder may bring such dispute or claim arising from the determination of the “fair price” to the relevant arbitration body.

Pursuant to Article 201 of the IME Articles, disputes or claims (including the determination of the “fair price”) arise from the rights and obligations set forth in the IME Articles, PRC Company Law and other PRC Laws among IME Shareholders, directors, supervisors, general managers or senior officers of IME should be resolved through arbitration at either the China International Economic and Trade Arbitration Commission or the Hong Kong International Arbitration Centre. Except otherwise required by the applicable laws or regulations, the applicable laws to such disputes or claims should be the laws of the PRC.

5. SHAREHOLDING IN IME

As at the date of this joint announcement:

- (a) IME has 2,846,860,952 IME Shares in issue, with 2,025,313,904 Domestic Shares and 821,547,048 H Shares;
- (b) IMG and IM Sulige Company (a wholly-owned subsidiary of IMG) own 2,025,313,904 Domestic Shares in aggregate, representing 100% of the Domestic Shares and approximately 71.14% of the total issued share capital of IME; and
- (c) IME H Shareholders are interested in 821,547,048 H Shares, representing approximately 28.86% of the total issued share capital of IME.

As at the date of this joint announcement, there are no outstanding options, warrants, derivatives or convertible securities issued by IME.

6. CLOSING DATE OF THE H SHARE OFFER

The H Share Offer will initially be open for acceptances for at least 21 calendar days from the date of the Composite Document. Once all of the Conditions have been either satisfied or, waived (if applicable) by IMG, the H Share Offer will be declared unconditional and the H Share Offer will be extended for a subsequent longer period than 14 calendar days normally required by Rule 15.3 of the Takeovers Code pursuant to Note (i) to Rule 2.2 of the Takeovers Code before the H Share Offer is closed in order to allow sufficient time for those IME H Shareholders who have not initially accepted the H Share Offer to accept the H Share Offer to process the transfer of their H Shares.

7. DESPATCH OF THE COMPOSITE DOCUMENT

The Composite Document for the H Share Offer containing, inter alia, further details of (a) the H Share Offer; (b) the expected timetable relating to the H Share Offer; (c) the Delisting; (d) the Merger Agreement and the Merger contemplated thereunder; (e) the recommendation from the Independent Board Committee with respect to the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder; (f) the advice of the Independent Financial Adviser to the Independent Board Committee; (g) a notice of the H Share Class Meeting to approve the Delisting, the Merger Agreement and the Merger contemplated thereunder; and (h) a notice of the Extraordinary General Meeting to approve the Merger Agreement and the Merger contemplated thereunder will be despatched to the IME H Shareholders within 21 days from the date of this joint announcement or such later date to which the Executive may consent.

8. VOLUNTARY WITHDRAWAL OF LISTING OF THE H SHARES

Upon the H Share Offer becoming unconditional, IME will make an application for the voluntary withdrawal of the listing of the H Shares on the Stock Exchange in accordance with Rule 6.12 and Rule 6.15 of the Listing Rules. The IME H Shareholders will be notified by way of an announcement of the dates of the last day for dealing in the H Shares and on which the voluntary withdrawal of the listing of the H Shares on the Stock Exchange will become effective.

9. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Mr. Chen Ming (a non-executive director of IME), and Mr. Yue Jianhua, Mr. Yao Tongshan and Mr. Mui Chok Wah (each being an independent non-executive director of IME) have been appointed as members of the Independent Board Committee in respect of the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder. The recommendation of the Independent Board Committee as to whether the H Share Offer, the Delisting and the Merger are or are not fair and reasonable, and as to voting by the Independent Shareholders at the H Share Class Meeting and the Extraordinary General Meeting, will be set out in the Composite Document.

Odysseus Capital Asia Limited has been appointed as the Independent Financial Adviser in accordance with the requirements of Rule 2.1 of the Takeovers Code to advise the Independent Board Committee in connection with the H Share Offer, the Delisting and the Merger and as to voting. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code. The letter of advice from the Independent Financial Adviser as to whether the H Share Offer, the Delisting and the Merger are or are not fair and reasonable, and as to voting by the Independent Shareholders at the H Share Class Meeting and the Extraordinary General Meeting, will be set out in the Composite Document.

10. CONTINUED SUSPENSION OF TRADING IN THE H SHARES

Trading in the H Shares 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 fulfillment of the resumption conditions.

IME Shareholders and potential investors of IME should exercise caution when dealing in the securities of IME.

WARNING

The H Share Offer is conditional upon the satisfaction or (where applicable) waiver of the Conditions and the Merger is conditional upon the satisfaction or (where applicable) waiver of the Merger Conditions as described in this joint announcement in all aspects. Accordingly, the H Share Offer may or may not become unconditional and the issue of this joint announcement does not imply that the H Share Offer or the Delisting will be completed. As the Merger Conditions (in respect of the Merger) are different from the Conditions (in respect of the H Share Offer), the IME Shareholders and potential investors of IME should be aware that even following the successful completion of the H Share Offer and the Delisting, there is no certainty that the Merger will proceed. IME Shareholders and/or potential investors of IME should therefore exercise caution when dealing in the securities of IME. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

A. INTRODUCTION

IMG Board hereby announces that Cinda International Capital Limited, on behalf of IMG, firmly intends to make a voluntary conditional cash offer to acquire all the issued H Shares in accordance with the Takeovers Code.

The H Share Offer is subject to the fulfilment or waiver, as applicable, of a number of Conditions as set out in this joint announcement, including the approval of the voluntary withdrawal of the listing of the H Shares on the Stock Exchange by the Independent Shareholders at the H Share Class Meeting and the approval of the Merger Agreement and the Merger contemplated thereunder by the requisite votes of the Independent Shareholders at the H Share Class Meeting and the IME Shareholders at the Extraordinary General Meeting.

On 20 April 2021, IMG entered into the Merger Agreement with IME. If the Merger is implemented and completed, IME will be merged and absorbed by IMG in accordance with Article 172 of the PRC Company Law and other applicable PRC Laws.

The effectiveness of the Merger is subject to the fulfilment or waiver, as applicable, of a number of Merger Conditions as set out in the Merger Agreement, including the completion of the H Share Offer and the voluntary withdrawal of the listing of the H Shares on the Stock Exchange.

IMG considers that the H Share Offer and the Merger will be beneficial for IMG and its subsidiaries to optimise the corporate structure, enhance management effectiveness and promote business integration and future development of IME and its subsidiaries.

B. THE H SHARE OFFER

1. Consideration for the H Share Offer

The H Share Offer will be made by Cinda International Capital Limited on behalf of IMG on the following basis:

For each H Share HK\$1.80 in cash

The H Share Offer Price was determined after taking into account (i) the unaudited consolidated NAV of IME as at 31 December 2020 as extracted from the unaudited management accounts of the IME Group for the year ended 31 December 2020; (ii) the offer price of the H Shares under the global offering of the H Shares of IME on 30 June 2017 (i.e. HK\$1.60 per H Share); and (iii) the closing price of the H Shares as at the Last Trading Day.

The H Share Offer Price will not be increased and IMG does not reserve the right to increase the H Share Offer Price.

2. Comparisons of value

Trading in the H Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 18 March 2019. The H Share Offer Price offered under the H Share Offer represents:

- (a) a premium of approximately 51.26% over the closing price of HK\$1.19 per H Share as quoted on the Stock Exchange on 15 March 2019 (being the Last Trading Day);
- (b) a premium of approximately 55.17% over HK\$1.16 which is the average closing price per H Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 15 March 2019;
- (c) a premium of approximately 55.17% over HK\$1.16 which is the average closing price per H Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including 15 March 2019;
- (d) a premium of approximately 40.63% over HK\$1.28 which is the average closing price per H Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including 15 March 2019;
- (e) a premium of approximately 30.43% over HK\$1.38 which is the average closing price per H Share as quoted on the Stock Exchange for the 60 consecutive trading days up to and including 15 March 2019;

- (f) a premium of approximately 25.87% over HK\$1.43 which is the average closing price per H Share as quoted on the Stock Exchange over the 90 consecutive trading days up to and including 15 March 2019; and
- (g) a premium of approximately 55.17% to the unaudited consolidated NAV of IME of approximately RMB0.97 per H Share (equivalent to approximately HK\$1.16 per H Share based on the exchange rate of RMB1:HK\$0.84164) as at 31 December 2020 as extracted from the unaudited management accounts of the IME Group for the year ended 31 December 2020.

3. Highest and lowest prices

During the 180 calendar days up to and including 15 March 2019 (being the Last Trading Day), the highest closing price of the H Shares as quoted on the Stock Exchange was HK\$1.66 on 24 January 2019, and the lowest closing price of the H Shares as quoted on the Stock Exchange was HK\$1.11 on 28 September 2018.

4. Consideration

Based on the H Share Offer Price of HK\$1.80 per H Share and 821,547,048 H Shares in issue as at the date of this joint announcement, the maximum value of the H Share Offer (assuming the H Share Offer is accepted in full and there is no change in the share capital of IME) is approximately HK\$1.48 billion. The consideration will be paid in cash.

5. Settlement of consideration

Settlement of consideration in respect of acceptance of the H Share Offer will be made as soon as possible but in any event within seven Business Days of (i) the date of receipt of a complete and valid acceptance in respect of the H Share Offer; or (ii) the Unconditional Date, whichever is later.

6. Confirmation of financial resources in respect of the H Share Offer

IMG intends to satisfy the consideration required for the H Share Offer by a combination of cash from their internal resources and external financing.

Cinda International Capital Limited and Donvex Capital Limited, the Joint Financial Advisers to IMG in respect of the H Share Offer, are satisfied that sufficient financial resources are available to IMG to satisfy its maximum payment obligations upon the full acceptance of the H Share Offer of 821,547,048 H Shares.

7. Conditions of the H Share Offer

The H Share Offer is subject to the fulfilment or waiver, as applicable, of the following conditions:

- (a) the passing of resolutions by the Independent Shareholders by way of poll approving the voluntary withdrawal of the listing of the H Shares on the Stock Exchange at the H Share Class Meeting to be convened for this purpose, provided that:
 - (i) approval is given by at least 75% of the votes attaching to the H Shares held by the Independent Shareholders that are cast either in person or by proxy at the H Share Class Meeting; and
 - (ii) the number of votes cast (by way of poll) against the resolutions is not more than 10% of the votes attaching to all of the H Shares held by the Independent Shareholders;
- (b) minimum valid acceptances of the H Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as IMG may, subject to the Takeovers Code, decide) amounting to at least 90% of the H Shares in issue held by the Independent Shareholders;
- (c) the approvals, registrations or filing procedures from the PRC government and/or regulatory bodies (including Inner Mongolian SASAC and Inner Mongolian SAFE) in relation to the H Share Offer having been obtained or completed and remaining in full force and effect pursuant to the provisions of relevant laws and regulations in the PRC;
- (d) no relevant authorities having granted any order or made any decision that would make the H Share Offer void, unenforceable or illegal, or restrict or prohibit the implementation of, the H Share Offer (other than such orders or decisions that would not have a material adverse effect on the legal ability of IMG to proceed with or consummate the H Share Offer);
- (e) no relevant authorities having imposed any additional material conditions or obligations with respect to, the H Share Offer (other than such orders or decisions that would not have a material adverse effect on the legal ability of IMG to proceed with or consummate the H Share Offer);
- (f) the business licences of IMG and IME remaining in full force and effect;
- (g) the obtaining of approval of the Merger by the requisite votes of Independent Shareholders at the H Share Class Meeting and the IME Shareholders at the Extraordinary General Meeting as described under the section headed “D. Merger by Absorption of IME by IMG — 5. Merger Conditions”; and

- (h) the granting of the waiver by the Executive from the requirements under Rule 2.2(c) of the Takeovers Code.

IMG reserves the right to waive Condition (e) above. IME does not have the right to waive any of the Conditions to the H Share Offer. Apart from Condition (e) above, the other Conditions to the H Share Offer cannot be waived.

As at the date of this joint announcement, IMG has obtained or completed the approvals or filings from or with Inner Mongolian SASAC and Inner Mongolian SAFE in relation to the H Share Offer under Condition (c) above. Therefore, Condition (c) to the H Share Offer has been satisfied.

In addition, the IME Board confirms that as at the date of this joint announcement, no third party consent in relation to the H Share Offer and the Delisting is required pursuant to any agreement to which any member of the IME Group is a party.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, IMG may only invoke any or all of the Conditions set out in this section as a basis for not proceeding with the H Share Offer only if the circumstances which give rise to the right to invoke such Condition are of material significance to IMG in the context of the H Share Offer.

In addition to the Conditions set out above, the H Share Offer is made on the basis that acceptance of the H Share Offer by any person will constitute a warranty by such person or persons to IMG that the H Shares acquired under the H Share Offer are sold by such person or persons free from all third party rights, liens, charges, equities, adverse interests and encumbrances whatsoever and together with all rights attaching thereto as at the date of this joint announcement or subsequently becoming attached thereto, and including the right to receive all dividends (whether final or interim) and other distributions, if any, declared, made or paid on or after the date of this joint announcement.

As at the date of this joint announcement, there were no outstanding options, warrants, derivatives or convertible securities in respect of the securities of IME.

IME does not have any outstanding dividends declared but not yet paid as at the date of this joint announcement, and has no intention to announce, declare or pay any dividend, distribution or other return of capital during the Offer Period.

8. Further terms and general matters relating to the H Share Offer

H Shares

Under the terms of the H Share Offer, the H Shares will be acquired with all rights attached thereto as at the date of this joint announcement or which subsequently become attached thereto, including the right to receive in full all dividends and other distributions, if any, declared, made or paid, on or after the date of this joint announcement, and free from all rights of pre-emption, options, liens, claims, equities, charges, encumbrances and third party rights.

Hong Kong stamp duty

Seller's ad valorem stamp duty at the rate of HK\$1.00 for every HK\$1,000 or part thereof of the consideration arising on acceptance of the H Share Offer will be payable by the IME H Shareholders who accept the H Share Offer. The relevant amount of stamp duty will be deducted from the consideration payable to such IME H Shareholders under the H Share Offer. IMG will bear its own portion of buyer's ad valorem stamp duty at the rate of HK\$1.00 for every HK\$1,000 or part thereof.

Closing date of the H Share Offer

The H Share Offer will initially be open for acceptances for at least 21 calendar days from the date of the Composite Document. Once all of the Conditions have been either satisfied or, waived (if applicable) by IMG, the H Share Offer will be declared unconditional and the H Share Offer will be extended for a subsequent longer period than 14 calendar days normally required by Rule 15.3 of the Takeovers Code pursuant to Note (i) to Rule 2.2 of the Takeovers Code before the H Share Offer is closed in order to allow sufficient time for those H Shareholders who have not initially accepted the H Share Offer to accept the H Share Offer to process the transfer of their H Shares.

No right of compulsory acquisition

IMG has no rights under the laws of the PRC or the IME Articles to compulsorily acquire the H Shares that are not tendered for acceptance pursuant to the H Share Offer. **Accordingly, Independent Shareholders are reminded that if they do not accept the H Share Offer and the H Share Offer subsequently becomes unconditional in all respects, and the H Shares are withdrawn from listing on the Stock Exchange, this will result in the Independent Shareholders holding unlisted H Shares and the liquidity of the H Shares may be severely reduced. In addition, IME will no longer be subject to the Listing Rules and, may or may not continue to be subject to the Takeovers Code after the completion of the H Share Offer depending on whether it remains as a public company in Hong Kong for the purposes of the Takeovers Code thereafter.**

Independent Shareholders should also note that if they do not agree to the terms of H Share Offer, they can vote against the Delisting at the H Share Class Meeting. If more than 10% of the votes attaching to all of the H Shares held by the Independent Shareholders voted against the Delisting, the H Share Offer would not become unconditional and IME would remain listed on the Stock Exchange.

IMG will apply to the Executive for a waiver from the requirements under Rule 2.2(c) of the Takeovers Code.

Completion of the H Share Offer

Pursuant to Rule 15.7 of the Takeovers Code, except with the consent of the Executive, if any of the Conditions is not satisfied within 21 days of the Closing Date or the date when the H Share Offer becomes or is declared unconditional as to acceptances, whichever is the later, the H Share Offer will lapse.

IMG and IME will issue a joint announcement in relation to the extension or lapse of the H Share Offer or the fulfilment (or, if permissible, waiver) of the Conditions in accordance with the Takeovers Code and the Listing Rules. The latest time at which IMG can declare the H Share Offer unconditional as to acceptance is 7:00 p.m. on the 60th day after the posting of the Composite Document (or such later date to which the Executive may consent).

C. INTENTION IN RELATION TO IME

1. Voluntary Withdrawal of Listing of the H Shares

Upon the H Share Offer becoming unconditional, IME will make an application for the voluntary withdrawal of the listing of the H Shares on the Stock Exchange in accordance with Rule 6.12 and Rule 6.15 of the Listing Rules. The IME H Shareholders will be notified by way of an announcement of the dates of the last day for delisting in the H Shares and on which the voluntary withdrawal of the listing of the H Shares on the Stock Exchange will become effective.

Once all of the Conditions have been satisfied, the H Share Offer will be declared unconditional and the H Share Offer will be extended for a subsequent longer period than 14 calendar days normally required by Rule 15.3 of the Takeovers Code pursuant to Note (i) to Rule 2.2 of the Takeovers Code in order to allow sufficient time for those H Shareholders who have not initially accepted the H Share Offer to accept the H Share Offer to process the transfer of their H Shares.

2. Merger by Absorption of IME

Subject to the completion of the H Share Offer, the Delisting and the fulfilment or waiver (if applicable) of other Merger Conditions, the Merger will be implemented and completed, pursuant to which IME will be merged and absorbed into IMG in accordance with the PRC Company Law and other applicable PRC Laws. IME will be de-registered in accordance with the PRC Company Law, the Administrative Regulations of the PRC Governing the Company Registration and relevant legal provisions; and IME will cease to exist as a separate legal entity, which will be merged and absorbed into IMG. As a result of the Merger, the assets and liabilities (together with the rights and obligations attached to such assets), business, employees, qualifications, investment interests and contracts of IME will be assumed by IMG as the surviving corporation. Further details of the Merger Agreement can be referred to in the section headed “D. Merger by Absorption of IME by IMG” below.

D. MERGER BY ABSORPTION OF IME BY IMG

1. Merger Agreement

On 20 April 2021, IMG entered into the Merger Agreement with IME, pursuant to which IME will be merged and absorbed into IMG in accordance with the PRC Company Law and other applicable PRC Laws. Pursuant to the Merger Agreement, after completion of the Delisting, IMG will acquire all Domestic Shares held by IM Sulige Company (a wholly-owned subsidiary of IMG) by way of share transfer or, subject to the approval of the relevant state-owned assets supervisory authority, gratuitous transfer of state-owned equity interest between wholly state-owned enterprises pursuant to applicable PRC Laws. IMG will pay the Merger Price of HK\$1.80 per H Share (which is equivalent to the H Share Offer Price) to the then existing IME H Shareholders (if any), and all H Shares held by the other IME H Shareholders will be withdrawn and cancelled. Upon completion of the aforesaid procedures, IME will become a limited liability company wholly-owned by IMG, after which IME will be merged and absorbed into IMG.

In accordance with the terms and conditions of the Merger Agreement, upon completion of the aforesaid procedures and as a result of the Merger, all of the businesses, assets, qualifications, employees, debts and liabilities, contractual interests and interests in external investment will be assumed by IMG as the surviving corporation and IME Shares will be cancelled. Upon the completion of Merger, the registered capital of IMG shall remain RMB4,890 million.

2. Deregistration of IME

Pursuant to the Merger Agreement, the payment to the Remaining IME H Shareholders will be made within seven Business Days after the Merger Effective Date. After payment had been made to the Remaining IME H Shareholders, the relevant rights attaching to such H Shares shall be deemed as cancelled.

Upon the acquisition by IMG of Domestic Shares held by IM Sulige Company and all H Shares held by the IME H Shareholders, IME will become a wholly-owned subsidiary of IMG.

The effectiveness of the Merger is conditional upon the fulfilment or waiver (if applicable) of a number of Merger Conditions, which shall be fulfilled (or waived, if applicable) on or before 31 December 2021 (or such later date as IMG and IME may agree), otherwise the Merger will lapse. Pursuant to the PRC Laws, the Merger Agreement has become effective upon its execution by the parties and be legally binding on IMG and IME. The transactions contemplated under the Merger Agreement will be completed upon the completion of the deregistration of IME or modification registration of IMG (whichever is later). IME will be de-registered in accordance with the PRC Company Law and the Administrative Regulations of the PRC Governing the Company Registration.

3. Right of the Dissenting IME H Shareholders

According to Article 186 of the IME Articles, any Dissenting IME H Shareholder, who has opposed the Merger Agreement and the Merger contemplated thereunder, will have the right to request IME or other IME Shareholders who have voted for the Merger to acquire their H Shares at a “fair price”. Under such circumstance, the Merger Agreement provides that IMG shall, at the request of IME or such IME Shareholders, assume the relevant obligations which IME or such IME Shareholders who have received such a request may have towards the Dissenting IME H Shareholder(s).

It is a pre-requisite that a Dissenting IME H Shareholder has to be an IME H Shareholder who has registered as a shareholder on the register of members of IME. Therefore, if you decide to exercise your right to request IME or other IME Shareholders who have voted for the Merger Agreement and the Merger contemplated thereunder to acquire your H Shares at a “fair price” as a Dissenting IME H Shareholder and your H Share(s) has/have been lodged with your licensed securities dealer (or other registered dealer in securities or custodian bank) through the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited, you shall instruct your licensed securities dealer (or other registered dealer in securities or custodian bank) to register the H Share(s) in the register of members of IME in your own name (instead of in the name of HKSCC Nominees Limited). The latest time for lodging transfer of H Share(s) from the name of HKSCC Nominees Limited to your own name in order to be entitled to attend and vote at both the Extraordinary General Meeting and the H Share Class Meeting will be announced in the Composite Document. If you are in doubt as to the action you should take, you should consult your licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer (or other registered dealer in securities or custodian bank) for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer (or other registered dealer in securities or custodian bank) as required by them.

The provisions regarding the right of a Dissenting IME H Shareholder to demand IME or the IME Shareholders who have voted for the Merger to acquire its IME H Shares at a “fair price” are contained only in the IME Articles and are not otherwise stipulated in any PRC laws or regulations.

There is no administrative guidance on the substantive as well as procedural rules as to how the “fair price” will be determined under the PRC Laws. Thus, no assurance can be given as to (i) the time required for the process; (ii) any favourable results to be granted to the Dissenting IME H Shareholders; or (iii) the cost may be incurred by the Dissenting IME H Shareholders in such process for determining the “fair price”.

If a Dissenting IME H Shareholder decides to exercise his/her/its right to request IME or other IME Shareholders who have voted for the Merger to acquire their H Shares at a “fair price”, IMG and IME will explain to such Dissenting IME H Shareholder that the Merger Price, which was determined after taking into account (i) the unaudited consolidated NAV of IME as at 31 December 2020 as extracted from the unaudited management accounts of the IME Group for the year ended 31 December 2020; (ii) the offer price of the H Shares under the global offering of the H Shares on 30 June 2017 (i.e. HK\$1.60 per H Share); and (iii) the closing price of the H Shares as at the Last Trading Day, is fair. If the matter cannot be resolved, the Dissenting IME H Shareholder may bring such dispute or claim arising from the determination of the “fair price” to the relevant arbitration body.

Pursuant to Article 201 of the IME Articles, disputes or claims (including the determination of the “fair price”) arise from the rights and obligations set forth in the IME Articles, PRC Company Law and other PRC Laws among IME Shareholders, directors, supervisors, general managers or senior officers of IME should be resolved through arbitration at either the China International Economic and Trade Arbitration Commission or the Hong Kong International Arbitration Centre. Except otherwise required by the applicable laws or regulations, the applicable laws to such disputes or claims should be the laws of the PRC.

As confirmed by the PRC legal advisor to IMG, the IME Articles and the applicable PRC Laws do not provide for a time limit for the Dissenting IME H Shareholders to assert or exercise their right to request IME and/or other IME Shareholders who have voted for the Merger Agreement and the Merger contemplated thereunder to acquire their H Shares at a “fair price”.

The Dissenting IME H Shareholders are entitled to exercise such right starting from the date on which the Merger Agreement and the Merger contemplated thereunder have been approved at the Extraordinary General Meeting and the H Share Class Meeting.

For the avoidance of doubt, if the Merger does not proceed as a result of the Merger Conditions not being fulfilled in full or waived (if applicable) or the Merger Agreement being terminated, the Dissenting IME H Shareholders (if any) shall not be entitled to exercise their right as described above.

Upon the implementation of the Merger, the H Shares, among other IME Shares, will be cancelled. Therefore, the cancellation of the H Shares does not involve the sale and purchase of Hong Kong stock, and in this respect only, no stamp duty will be payable pursuant to the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

For the Dissenting IME H Shareholders who exercise their rights to require acquisition of their H Shares, Hong Kong stamp duty is payable at the rate of 0.1% of the consideration by each of the seller and the buyer. The stamp duty payable will be deducted from the cash to be received by the relevant Dissenting IME H Shareholders who exercise such right.

4. Notification to Creditors

After the completion of the Merger, all the indebtedness and the obligations of both IME and IMG will be assumed by IMG as the surviving corporation. Under the Merger Agreement, IME and IMG agreed that once approval of the Merger at the shareholders' meetings of IME has been obtained, they will notify their respective creditors of the Merger by way of notifications and announcements pursuant to the PRC Company Law and the respective requirements under the IME Articles and the IMG Articles. If any creditor requests for early repayment of the indebtedness or requests for any guarantee in relation to such indebtedness, such request will have to be made within a statutory period. Each of IME and IMG (as the case may be) shall, negotiate with the creditors who make such requests, and/or pay off its indebtedness or provide a guarantee to its creditors for such indebtedness. Upon the expiry of the relevant statutory period, such creditor's right to claim against IME or IMG (as the case may be) with respect to such transactions contemplated under the Merger Agreement shall lapse under the PRC Laws. Upon the completion of the Merger, any creditor's right held by IMG against IME (if any) will be eliminated due to the Merger.

5. Merger Conditions

The Merger will become effective upon the fulfilment (or waiver, as applicable) of the following Merger Conditions:

- (a) the written approval by the holders of the Domestic Shares of IME for the Merger and the Merger Agreement having been obtained;
- (b) the approval of the Merger and the Merger Agreement by more than two-thirds of the votes of the IME Shareholders at the Extraordinary General Meeting having been obtained;
- (c) the passing of resolutions by way of poll approving the Merger and the Merger Agreement at the H Share Class Meeting to be convened for this purpose by the Independent Shareholders, provided that:
 - (i) approval is given by at least 75% of the votes attaching to the H Shares held by the Independent Shareholders that are cast either in person or by proxy at the H Share Class Meeting; and

- (ii) the number of votes cast against the resolutions is no more than 10% of the votes attaching to all H Shares held by the Independent Shareholders at the H Share Class Meeting;
- (d) the statutory and necessary approvals, registrations or filings from or with the applicable PRC and Hong Kong authorities (including but not limited to the Inner Mongolian SASAC and Inner Mongolian SAFE), in relation to the Merger having been obtained and remaining in full force and effect at the time of implementation of the Merger;
- (e) no relevant authorities having granted any order or made any decision that would make the Merger Agreement or the Merger void, unenforceable or illegal, or restrict or prohibit the implementation of the Merger;
- (f) no relevant authorities having imposed any additional material conditions or obligations with respect to the Merger that would have a material adverse effect on IMG or IME to perform the Merger Agreement or to implement the Merger;
- (g) the business licences of IMG and IME remaining in full force and effect; and
- (h) the completion of the H Share Offer, and IME having submitted the application for the Delisting to the Stock Exchange and the application having been approved by the Stock Exchange and such Delisting having become effective pursuant to the Listing Rules.

IMG reserves the right to waive the Merger Condition (f) above. IME does not have the right to waive any of the Merger Conditions. Save as disclosed above, the other Merger Conditions cannot be waived.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, IMG may only invoke any or all of the Merger Conditions set out in this section as a basis for not proceeding with the Merger only if the circumstances which give rise to the right to invoke such Merger Condition are of material significance to IMG in the context of the Merger.

The approvals or filings from or with Inner Mongolian SASAC and Inner Mongolian SAFE under the Merger Condition (d) have been obtained and/or completed as at the date of this joint announcement. The other Merger Conditions shall be fulfilled or waived on or before 31 December 2021 (or such later date as IMG and IME may agree), otherwise the Merger Agreement will lapse automatically unless parties have reached a supplemental agreement in relation to the delay.

The Merger will be implemented under the Merger Agreement upon the fulfilment or waiver (as applicable) of the above Merger Conditions on or before 31 December 2021 (or such later date as IMG and IME may agree).

IMG intends to satisfy the consideration required for the Merger by cash from its internal resources and external financing of IMG.

Cinda International Capital Limited and Donvex Capital Limited, being the Joint Financial Advisers to IMG in respect of the H Share Offer and the Merger, are satisfied that sufficient financial resources are available to IMG to satisfy full payment of the Merger Price to implement the Merger.

E. INFORMATION AND PRINCIPAL BUSINESS OF IME

IME's predecessor, Inner Mongolia Keyi Energy Engineering Co., Ltd., was established in the PRC as a limited liability company by IMG being its sole shareholder. On 31 May 2016, Inner Mongolia Keyi Energy Engineering Co., Ltd. was converted into a joint stock company with limited liability and its name was changed to Inner Mongolia Energy Engineering Co., Ltd. IME became listed on the Main Board of the Stock Exchange on 18 July 2017. IME provides a comprehensive range of solutions, including survey, design and consultancy, construction contracting and maintenance and overhaul services to serve the full life-cycle of power projects and the entire value chain of the power engineering industry.

Shareholding in IME

As at the date of this joint announcement:

- (a) IME has 2,846,860,952 IME Shares in issue, with 2,025,313,904 Domestic Shares and 821,547,048 H Shares;
- (b) IMG and IM Sulige Company (a wholly-owned subsidiary of IMG) own 2,025,313,904 Domestic Shares in aggregate, representing 100% of the Domestic Shares and approximately 71.14% of the total issued share capital of IME; and
- (c) IME H Shareholders are interested in 821,547,048 H Shares, representing approximately 28.86% of the total issued share capital of IME.

Save as disclosed above, none of IMG or the parties acting in concert with it legally or beneficially owns any IME Share. The rights of the holders of the Domestic Shares and the H Shares rank *pari passu* to each other, including voting rights and the right to receive dividend payment, except that payment of dividend will be made in RMB to the holders of the Domestic Shares and in Hong Kong dollars to the IME H Shareholders. As at the date of this joint announcement, there are no outstanding options, warrants, derivatives or convertible securities issued by IME.

The table below sets out the shareholding structure of IME as at the date of this joint announcement and immediately after the completion of the H Share Offer (assuming that the H Share Offer is fully accepted by the IME H Shareholders)

	As at the date of this joint announcement			Immediately after completion of the H Share Offer (assuming the H Share Offer is fully accepted by IME H Shareholders)		
	Number of Domestic Shares	Number of H Shares	Percentage over entire issued share capital of IME (%)	Number of Domestic Shares	Number of H Shares	Percentage over the entire issued share capital of IME (%)
IMG	2,015,187,334	—	70.78	2,025,313,904	821,547,048	100.00
IM Sulige Company	10,126,570	—	0.36	—	—	—
Subtotal of IME Shares held by IMG and parties acting in concert with any of it	2,025,313,904		71.14	2,025,313,904	821,547,048	100.00
IME H Shareholders (i.e. the Independent Shareholders)	—	821,547,048	28.86	—	—	—
Total number of IME Shares	2,025,313,904	821,547,048	100.00	2,025,313,904	821,547,048	100.00

Financial information of IME

References are made to the announcements of IME dated 15 March 2019, 19 March 2019, 29 March 2019, 13 May 2019, 31 May 2019, 14 June 2019, 18 June 2019, 22 July 2019, 13 September 2019, 13 December 2019, 8 January 2020, 13 March 2020, 11 June 2020, 11 September 2020, 11 December 2020 and 11 March 2021 relating to the suspension of trading and delay in the publication of the 2018, 2019 and 2020 annual results announcements and annual reports of IME and the 2019 and 2020 interim results announcements and interim reports of IME.

Set forth below are the key unaudited financial information of IME as extracted from the unaudited management accounts of the IME Group for the years ended 31 December 2018, 2019 and 2020 (the “**Relevant Period**”):

	Year ended 31 December 2018 (RMB <i>in million</i>) (Unaudited)	Year ended 31 December 2019 (RMB <i>in million</i>) (Unaudited)	Year ended 31 December 2020 (RMB <i>in million</i>) (Unaudited)
Revenue	13,302.11	3,794.62	5,231.63
Profit/(loss) before taxation	11.23	(1,160.87)	(335.72)
Profit/(loss) after taxation	4.41	(1,169.95)	(353.53)
	As at 31 December 2018 (RMB <i>in million</i>) (Unaudited)	As at 31 December 2019 (RMB <i>in million</i>) (Unaudited)	As at 31 December 2020 (RMB <i>in million</i>) (Unaudited)
Total assets	17,859.68	15,487.44	15,330.26
Total liabilities	13,712.65	12,372.77	12,555.32
Net assets	4,147.04	3,114.67	2,774.94

References are made to (i) the announcement of IME dated 19 March 2019 in relation to the engagement of PwC to conduct the Forensic Review in relation to certain suspicious events identified by its then auditor (the “Former Auditor”) in the course of auditing process of 2018 financials of the IME Group; and (ii) the March 2020 Announcement in relation to the major findings of PwC in the Forensic Review.

As disclosed in the March 2020 Announcement, (i) the parties involved in the issues under the Forensic Review, including Mr. Lu Dangzhu (IME’s former chairman and executive director), Mr. Liu Ming (the former executive director of a subsidiary of IME) and Mr. Zhang Dong (a third party, together with Mr. Lu Dangzhu and Mr. Liu Ming, the “Three Persons Involved”) were under trial for criminal cases; and (ii) PwC’s judgement in the Forensic Review was limited as it was not able to conduct interviews with the Three Persons Involved as they were under trial for criminal cases or to obtain third party confirmation from key personnel of counterparties of the relevant transactions as they refused to be interviewed.

Despite completion of the Forensic Review, the Former Auditor was of the view that its concerns have not been satisfactorily addressed and hence it resigned with effect from 8 June 2020. In light of the abovementioned major limitations encountered by PwC (which, so far as the IME Directors are aware, have not or could not be resolved) and the audit issues as identified by the Former Auditor, up to the date of this joint announcement, IME has not been able to engage any new auditor to fill the vacancy occasioned by the resignation of the Former Auditor despite reasonable endeavours. Therefore, the audited consolidated financial information of the IME Group for the Relevant Period as required to be published under the Listing Rules have still been outstanding.

The unaudited consolidated financial information of the IME Group for the Relevant Period as extracted from the draft unaudited management accounts of the IME Group (the “Unaudited Financial Information”) has been set out above to keep the IME Shareholders and potential investors of IME abreast of the financial position and performance of the IME Group. The directors of IME confirmed that the Unaudited Financial Information was prepared on the same basis as used in the audited consolidated financial statements of the IME Group for the financial year ended 31 December 2017 (being the last audited financial information published by IME).

The IME Board hereby emphasises that the Unaudited Financial Information has not been finalised and has not been reviewed or audited. The Unaudited Financial Information set out above is only based on the preliminary assessment of the IME Board, and is not based on any other data or information that has been audited or reviewed by the auditor of IME. The IME Board cannot guarantee that the Unaudited Financial Information truly reflects the financial performance and position of the IME Group and such information might be misleading if any potential adjustments have not been taken into account. Accordingly, IME Shareholders and potential investors of IME are advised to exercise caution in placing reliance on the Unaudited Financial Information when dealing in the securities of IME.

Under Rule 10.9 of the Takeovers Code, the Unaudited Financial Information would need to be reported on by IME’s financial advisers and auditors in accordance with Rule 10.9 of the Takeovers Code, and their reports must be included in the next document sent to the IME Shareholders pursuant to Rule 10.4 of the Takeovers Code. IME Shareholders and potential investors of IME should note that the Unaudited Financial Information has not been reported on in accordance with the Takeovers Code and it does not meet the standard required under Rule 10 of the Takeovers Code.

In light of the above, IME has encountered genuine practical difficulties in duly meeting the reporting requirements set out in Rule 10.9 of the Takeovers Code, and has applied for a waiver from the Executive from strict compliance with the reporting requirements under Rule 10.9 of the Takeovers Code.

Interest of directors of IME

Despite the common directorships of Mr. Niu Jirong and Mr. Chao Ketu in both IME and IMG, they are not considered by the IME Board to be materially interested in the H Share Offer, the Delisting and the Merger, and are not required to abstain from voting on the relevant board resolutions of IME pursuant to the IME Articles.

Notwithstanding the above, each of Mr. Niu Jirong and Mr. Chao Ketu has voluntarily abstained from voting at the relevant meeting of the IME Board to avoid any perceived conflict of interests. All the non-executive director (namely Mr. Chen Ming) and independent non-executive directors of IME (namely Mr. Yue Jianhua, Mr. Yao Tongshan and Mr. Mui Chok Wah) have voted to put forward the proposal made by Cinda International Capital Limited on behalf of IMG in relation to the H Share Offer, the Delisting and the Merger to the Independent Shareholders for consideration at the relevant meeting of the IME Board, while having reserved their views regarding such proposal to be given upon receiving and considering the advice from the Independent Financial Adviser.

Other arrangement

As at the date of this joint announcement:

- (a) save for the existing direct and indirect shareholdings of IMG and IM Sulige Company in IME as set out in the section headed “E. Information and Principal Business of IME — Shareholding in IME”, neither IMG nor parties acting in concert with it owns or has control or direction over any voting rights or rights over the shares, options, derivatives, warrants, other securities convertible into shares, or other relevant securities of IME (as defined in Note 4 to Rule 22 of the Takeovers Code);
- (b) neither IME nor parties acting in concert with it has received any irrevocable voting commitment in respect of the H Share Class Meeting and/or the Extraordinary General Meeting and/or any irrevocable commitment to tender into the H Share Offer from any Independent Shareholder;
- (c) there are no convertible securities, warrants or options in respect of the IME Shares held, controlled or directed by IMG or parties acting in concert with it;
- (d) neither IMG nor parties acting in concert with it has entered into any outstanding derivative in respect of the IME Shares;
- (e) save for the proposal made by Cinda International Capital Limited on behalf of IMG in relation to the H Share Offer, there is no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and IMG or any person acting in concert with it in relation to shares of IMG or IME which might be material to the H Share Offer and the Merger;
- (f) there is no agreement or arrangement to which IMG is a party which relates to circumstances in which it may or may not invoke or seek to invoke a condition to the H Share Offer and the Merger; and

- (g) neither IMG nor parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in IME.

There have been no dealings in the IME Shares, options, derivatives, warrants, other securities convertible into IME Shares, or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) by IMG and parties acting in concert with it during the six months prior to the date of the Rule 3.7 Announcement and up to the date of this joint announcement.

There is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (a) any IME Shareholder; and (b)(i) IMG and any person acting in concert with it or (ii) IME, its subsidiaries or associated companies.

F. INFORMATION AND PRINCIPAL BUSINESS OF IMG

IMG is a wholly state-owned company established under PRC Laws on 28 March 2014 with approval from Inner Mongolian SASAC. IMG, as one of the leading energy construction companies in the PRC, owns an integrated business chain providing a full range of service in consultancy, survey, design, general, contracting, construction, equipment installation, commissioning, supervision, operation maintenance, overhauling and engineering in the power industry in the PRC.

G. REASONS FOR AND BENEFITS OF THE H SHARE OFFER, THE DELISTING AND THE MERGER

Trading in the H Shares has been suspended since 18 March 2019. The fulfillment of the resumption conditions and the resumption of trading in the H Shares are highly uncertain. The IME H Shareholders will find it extremely hard to dispose of the H Shares or realise any value in the H Shares in the lack of a stock exchange or public trading platform for the H Shares. The proposal made by Cinda International Capital Limited on behalf of IMG in relation to the H Share Offer provides a possible way for the H Shareholders to unlock the value in the H Shares.

IMG considers that the H Share Offer and the Merger will be beneficial for IMG and its subsidiaries to optimise the corporate structure, enhance management effectiveness and promote business integration and future development of IME and its subsidiaries. IMG also believes that the H Share Offer, the Delisting and the Merger provide a compelling opportunity for H Shareholders to dispose of their H Shares, for the following reasons:

- 1. *Certain and immediate value for the H Shares:*** the H Share Offer provides an attractive opportunity for the IME H Shareholders to dispose of their H Shares expeditiously and receive cash at a price significantly above the market price on 15 March 2019, being the Last Trading Day. Given the trading in the H Shares has been suspended since 18 March 2019, it is impossible for the IME H Shareholders to monetise their H Shares through the Stock Exchange. In accordance with Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended for a continuous period of 18 months. As the trading in the H Shares has been suspended since 18 March 2019, the 18-month period has been expired on 17 September 2020, upon which the Listing Department of the Stock Exchange may recommend the Listing Committee to cancel the listing of the H Shares on the Stock Exchange if IME fails to comply with all the resumption conditions as stipulated by the Stock Exchange. Given the high uncertainty in the fulfillment of the resumption conditions and the resumption of trading in the H Shares, and the limited opportunity for the H Shareholders to realise their value in H Shares if the H Shares were delisted from the Stock Exchange, the H Share Offer offers the IME H Shareholders a compelling opportunity, if they so wish, to realise their investments in IME and invest the monies received in alternative investments with higher liquidity.
- 2. *Attractive premium:*** the H Share Offer Price of HK\$1.80 per H Share represents a premium of approximately 51.26% over the closing price on 15 March 2019, being the Last Trading Day. The H Share Offer Price also represents a premium of approximately 40.63% and 30.43% over the average closing price of approximately HK\$1.28 and approximately HK\$1.38 per H Share on the Stock Exchange for 30 and 60 consecutive trading days up to and including 15 March 2019. In addition, the H Share Offer Price commands a premium of approximately 8.43% over the highest closing price of the H Shares during the 180 calendar days period preceding and including 15 March 2019, being the Last Trading Day while it represents a premium of approximately 55.17% to the unaudited consolidated NAV of IME as at 31 December 2020 as extracted from the unaudited management accounts of the IME Group for the year ended 31 December 2020. Please refer to the section headed “B. The H Share Offer — 2. Comparisons of value” for further details.
- 3. *Avoid holding unlisted shares:*** assuming the H Share Offer becomes unconditional, IME will make an application for the listing of the H Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.12 of the Listing Rules. If the H Shares are delisted from the Stock Exchange, the H Shares will become securities that are not listed or quoted on any stock exchange and the liquidity of the H Shares may be severely reduced.

H. MEETINGS AND DESPATCH OF THE COMPOSITE DOCUMENT

The H Share Class Meeting will be convened for the purpose of passing resolutions by the Independent Shareholders by way of poll to approve the Delisting, the Merger Agreement and the Merger contemplated thereunder, and such approval must be given by at least 75% of the votes attaching to the H Shares held by the Independent Shareholders that are cast either in person or by proxy at the H Share Class Meeting; and the number of votes cast (by way of poll) against the resolutions should not be more than 10% of the votes attaching to all of the H Shares held by the Independent Shareholders.

In addition, pursuant to the IME Articles, the Extraordinary General Meeting will be convened for the purpose of passing resolutions by way of poll to approve the Merger Agreement and the Merger contemplated thereunder, and such approval must be given by more than two-thirds of the votes attaching to the IME Shares held by the IME Shareholders that are cast either in person or by proxy at the Extraordinary General Meeting.

Notices of the H Share Class Meeting and the Extraordinary General Meeting will be sent to the IME H Shareholders together with the Composite Document.

The Composite Document for the H Share Offer containing, inter alia, further details of (a) the H Share Offer; (b) the expected timetable relating to the H Share Offer; (c) the Delisting; (d) the Merger Agreement; (e) the recommendation from the Independent Board Committee with respect to the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder; (f) the advice of the Independent Financial Adviser to the Independent Board Committee; (g) a notice of the H Share Class Meeting to approve the Delisting, the Merger Agreement and the Merger contemplated thereunder; and (h) a notice of the Extraordinary General Meeting to approve the Merger Agreement and the Merger contemplated thereunder will be despatched to the IME H Shareholders within 21 days from the date of this joint announcement or such later date to which the Executive may consent.

I. OVERSEAS IME H SHAREHOLDERS

The making of the H Share Offer to the Overseas IME H Shareholders may be subject to the laws of the relevant jurisdictions. Overseas IME H Shareholders should observe any applicable legal or regulatory requirements. It is the responsibility of the Overseas IME H Shareholders wishing to accept the H Share Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

J. NOTICE TO IME H SHAREHOLDERS IN THE UNITED STATES

The H Share Offer is subject to Hong Kong disclosure and procedural requirements, including with respect to offer timetable, settlement procedures, timing of payments and withdrawal rights, which are different from those applicable to tender offers carried out in the United States. Persons in the United States are urged, before accepting the H Share Offer, to consult their own professional advisers regarding the tax consequences of acceptance of the H Share Offer, whether in relation to United States federal income tax or taxes under applicable state and local tax laws, or foreign tax laws.

IME is established under the laws of the PRC. It may be difficult for the IME H Shareholders in the United States (if any) to enforce their rights and claims arising out of United States federal securities laws, since IME is located in a country other than the United States, some or all of its officers and directors may be residents of a country other than the United States and the assets of IME may be located outside the United States. The IME H Shareholders in the United States (if any) may not be able to sue a non-United States company or its officers or directors in a non-United States court for violations of United States securities laws. It may be difficult for such IME H Shareholders to effect service of process within the United States upon IME or its officers or directors or to enforce against them any judgment of a United States court predicated upon the federal or state securities laws of the United States. In particular, the IME H Shareholders in the United States (if any) should note that IMG reserves the right or through affiliates or nominees or its brokers acting as agents from time to time making purchases of, or arrangements to purchase H Shares outside of the United States whether in open market or by private transaction during the Offer Period other than pursuant to the H Share Offer to the extent permitted by and in accordance with the requirements of the Takeovers Code. Information about such purchases will be reported to the SFC in accordance with the requirements of the Takeovers Code and, to the extent required to be publicly disclosed under the Takeovers Code will be available on the website of the SFC at <http://www.sfc.hk/>.

K. VOLUNTARY WITHDRAWAL OF LISTING OF THE H SHARES

Upon the H Share Offer becoming unconditional, IME will make an application for the voluntary withdrawal of the listing of the H Shares on the Stock Exchange in accordance with Rule 6.12 and Rule 6.15 of the Listing Rules. The IME Shareholders will be notified by way of an announcement of the dates of the last day for dealing in the H Shares and on which the voluntary withdrawal of the listing of the H Shares on the Stock Exchange will become effective.

L. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Mr. Chen Ming (a non-executive director of IME), and Mr. Yue Jianhua, Mr. Yao Tongshan and Mr. Mui Chok Wah (each being an independent non-executive director of IME) have been appointed as members of the Independent Board Committee in respect of the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder. The recommendation of the Independent Board Committee as to whether the H Share Offer, the Delisting and the Merger are or are not fair and reasonable, and as to voting by the Independent Shareholders at the H Share Class Meeting and the Extraordinary General Meeting, will be set out in the Composite Document.

Odysseus Capital Asia Limited has been appointed as the Independent Financial Adviser in accordance with the requirements of Rule 2.1 of the Takeovers Code to advise the Independent Board Committee in connection with the H Share Offer, the Delisting and the Merger and as to voting. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code. The letter of advice from the Independent Financial Adviser as to whether the H Share Offer, the Delisting and the Merger are or are not fair and reasonable, and as to voting by the Independent Shareholders at the H Share Class Meeting and the Extraordinary General Meeting, will be set out in the Composite Document.

M. GENERAL

There have been no dealings in the H Shares by IMG and parties acting in concert with it, during the six months prior to the date of the Rule 3.7 Announcement and up to the date of this joint announcement. Save for the 2,015,187,334 Domestic Shares owned by IMG and 10,126,570 Domestic Shares owned by IM Sulige Company, neither IMG nor any parties acting in concert with it has any holdings in the IME Shares.

N. RESPONSIBILITIES OF STOCKBROKERS, BANKS AND OTHER INTERMEDIARIES

In accordance with Rule 3.8 of the Takeovers Code, associates (having the meaning given to it under the Takeovers Code, including persons holding 5% or more of a class of relevant securities of IME) of IMG and IME are hereby reminded to disclose their dealings in any shares in IME pursuant to the requirements of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

O. CONTINUED SUSPENSION OF TRADING IN THE H SHARES

Trading in the H Shares 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 fulfillment of the resumption conditions.

IME Shareholders and potential investors of IME should exercise caution when dealing in the securities of IME.

WARNING

The H Share Offer is conditional upon the satisfaction or (where applicable) waiver of the Conditions and the Merger is conditional upon the satisfaction or (where applicable) waiver of the Merger Conditions as described in this joint announcement in all aspects. Accordingly, the H Share Offer may or may not become unconditional and the issue of this joint announcement does not imply that the H Share Offer or the Delisting will be completed. As the Merger Conditions (in respect of the Merger) are different from the Conditions (in respect of the H Share Offer), the IME Shareholders and potential investors of IME should be aware that even following the successful completion of the H Share Offer and the Delisting, there is no certainty that the Merger will proceed. IME Shareholders and/or potential investors of IME should therefore exercise caution when dealing in the securities of IME. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

P. DEFINITIONS

In this joint announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code, and “parties acting in concert” shall be construed accordingly
“associate(s)”	has the meaning ascribed thereto in the Takeovers Code
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“Closing Date”	the date to be stated in the Composite Document as the first closing date of the H Share Offer or any subsequent closing date as may be announced by IMG in compliance with the Takeovers Code
“Composite Document”	the composite document to be issued jointly by IMG and IME to the IME Shareholders in accordance with the Takeovers Code and the Listing Rules
“Conditions”	the conditions of the H Share Offer, as set out under the section headed “B. The H Share Offer — 7. Conditions of the H Share Offer” in this joint announcement and “Condition” means any of them
“Delisting”	the voluntary withdrawal of the listing of the H Shares on the Stock Exchange

“Dissenting IME H Shareholder(s)”	any IME H Shareholder, who has opposed the Merger Agreement and the Merger as contemplated thereunder and requested IME and/or other IME Shareholders who have voted for the Merger Agreement and the Merger as contemplated thereunder to purchase his/her/its H Shares pursuant to Article 186 of the IME Articles
“Domestic Share(s)”	ordinary unlisted domestic share(s) with a nominal value of RMB1.00 each in the issued share capital of IME
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Extraordinary General Meeting”	the extraordinary general meeting of the IME Shareholders proposed to be convened and held in respect of the approval of the Merger Agreement and the Merger as contemplated thereunder
“Forensic Review”	the independent forensic review conducted by PwC upon its engagement by IME on 19 March 2019, further details of which is set out in the announcement of IME dated 19 March 2019
“H Share(s)”	ordinary share(s) with a nominal value of RMB1.00 each in the issued share capital of IME which are listed on the Main Board of the Stock Exchange as at the date of this joint announcement
“H Share Class Meeting”	the extraordinary general meeting of the IME H Shareholders to be convened for the purpose of approving the Delisting, the Merger Agreement and the Merger contemplated thereunder
“H Share Offer”	the voluntary conditional offer to be made by Cinda International Capital Limited on behalf of IMG to acquire all of the H Shares
“H Share Offer Price”	the cash offer price of the H Share Offer, being HK\$1.80 per H Share
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IM Sulige Company”	Inner Mongolia Sulige Gas Power Generation Co., Ltd. (內蒙古蘇里格燃氣發電有限責任公司), a limited company established in the PRC and a wholly-owned subsidiary of IMG

“IME”	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 PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange
“IME Articles”	the articles of association of IME
“IME Board”	the board of directors of IME
“IME Group”	IME and its subsidiaries
“IME H Shareholder(s)”	registered holder(s) of H Shares
“IME Shareholders”	the IME H Shareholders, IMG and IM Sulige Company
“IME Share(s)”	the share(s) in the issued share capital of IME, including Domestic Shares and H Shares
“IMG”	Inner Mongolia Energy Engineering (Group) Co., Ltd. (內蒙古能源建設投資(集團)有限公司), a wholly state-owned company incorporated in the PRC under the PRC Laws, which is under the administration of Inner Mongolian SASAC, and the offeror to the H Share Offer
“IMG Articles”	the articles of association of IMG
“IMG Board”	the board of directors of IMG
“IMG Group”	IMG and its subsidiaries
“Independent Board Committee”	the independent committee of the IME Board comprising all of the non-executive director and independent non-executive directors of IME, namely, Mr. Chen Ming, Mr. Yue Jianhua, Mr. Yao Tongshan and Mr. Mui Chok Wah, which is formed to advise the Independent Shareholders in relation to the H Share Offer, the Delisting and the Merger Agreement
“Independent Financial Adviser”	Odysseus Capital Asia Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by IME pursuant to Rule 2.1 of the Takeovers Code to advise the Independent Board Committee in connection with the H Share Offer, the Delisting and the Merger and as to voting at the H Share Class Meeting and the Extraordinary General Meeting
“Independent Shareholder(s)”	the IME H Shareholder(s)

“Inner Mongolian SAFE”	Inner Mongolian Autonomous Region Branch of State Administration of Foreign Exchange
“Inner Mongolian SASAC”	Stated-owned Assets Supervision and Administration Commission of People’s Government of Inner Mongolia Autonomous Region (內蒙古自治區人民政府國有資產監督管理委員會)
“Joint Financial Advisers”	Cinda International Capital Limited, a company incorporated in Hong Kong with limited liability and licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); and Donvex Capital Limited, a company incorporated in Hong Kong with limited liability and licensed to carry on type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the joint financial advisers to IMG
“Last Trading Day”	15 March 2019, being the last full trading day in the H Shares immediately prior to the date of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“March 2020 Announcement”	the announcement of IME dated 13 March 2020 in relation to the major findings of PwC in the Forensic Review
“Merger”	the proposed Merger by absorption of IME by IMG pursuant to the PRC Company Law and other applicable PRC Laws as contemplated under the Merger Agreement
“Merger Agreement”	the agreement entered into between IMG and IME on 20 April 2021 in relation to the Merger
“Merger Conditions”	the conditions in the Merger Agreement as set out in the section headed “D. Merger by Absorption of IME by IMG — 5. Merger Conditions” in this joint announcement, subject to which the Merger will become effective, and “Merger Condition” means any of them
“Merger Effective Date”	the date of which all the Merger Conditions are fulfilled or waived (if applicable)
“Merger Price”	the Merger Price of HK\$1.80 per H Share (which is equivalent to the H Share Offer Price) payable in cash by IMG to the then existing IME H Shareholders as at the Merger Effective Date
“NAV”	net asset value

“Offer Period”	has the meaning ascribed thereto in the Takeovers Code and commencing from 11 September 2020, being the date of the Rule 3.7 Announcement and ending on the lapse or close of the H Share Offer or the lapse of the Merger or the Merger becoming unconditional, whichever is later
“Overseas IME H Shareholder(s)”	IME H Shareholder(s) who are not residents in Hong Kong
“PRC”	the People’s Republic of China, excluding for the purposes of this joint announcement, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“PRC Company Law”	the Company Law of the PRC as amended, supplemented or otherwise modified from time to time
“PRC Laws”	any and all PRC laws, regulations, statutes, rules, decrees, notices, and supreme court’s judicial interpretations as may be in force and publicly available in the PRC from time to time
“PwC”	PricewaterhouseCoopers Management Consulting (Shanghai) Limited
“Remaining IME H Shareholder(s)”	registered holder(s) of H Shares as at the Merger Effective Date
“RMB”	Renminbi, the lawful currency of the PRC
“Rule 3.7 Announcement”	the announcement of IME dated 11 September 2020 issued pursuant to Rule 3.7 of the Takeovers Code in relation to, among other things, the proposed privatisation of IME
“SFC”	the Securities and Futures Commission of Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers published by the SFC

“Unconditional Date” the date on which the H Share Offer becomes or is declared unconditional in all respects

“%” per cent

On behalf of the board of
**Inner Mongolia Energy Engineering
(Group) Co., Ltd.**
內蒙古能源建設投資（集團）有限公司
Niu Jirong
Chairman

On behalf of the board of
**Inner Mongolia Energy Engineering
Co., Ltd.**
內蒙古能源建設投資股份有限公司
Niu Jirong
Chairman

Inner Mongolia, the PRC, 20 April 2021

As at the date of this joint announcement, the IMG Board comprises Mr. Niu Jirong, Mr. Chao Ketu, Ms. Wang Hong, Mr. Zhang Zhong, Mr. Duan Guiying, Mr. Zhang Xiru and Mr. Gao Ruifeng.

The directors of IMG jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to IME Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than that expressed by the IME Board) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the executive directors of IME are Mr. Niu Jirong and Mr. Chao Ketu; the non-executive director of IME is Mr. Chen Ming; and the independent non-executive directors of IME are Mr. Yue Jianhua, Mr. Yao Tongshan and Mr. Mui Chok Wah.

The directors of IME jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to IMG Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than that expressed by the IMG Board) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.