

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the H Share Offer, the Delisting and the Merger, this Composite Document or the accompanying Form of Acceptance or as to the action to be taken, you should consult a licenced securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in IME, you should at once hand this Composite Document and the accompanying Form of Acceptance and forms of proxy to the purchaser or transferee or to the licenced securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to their accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Acceptance.

**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)

COMPOSITE DOCUMENT
(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
(3) PROPOSED MERGER BY ABSORPTION
OF IME BY IMG
(4) NOTICE OF THE EXTRAORDINARY GENERAL MEETING
AND
(5) NOTICE OF THE H SHARE CLASS MEETING
JOINT FINANCIAL ADVISERS TO IMG



信達國際
CINDA INTERNATIONAL

CINDA INTERNATIONAL CAPITAL LIMITED

FINANCIAL ADVISER TO IME



廣發融資(香港)有限公司
GF CAPITAL (HONG KONG) LIMITED

GF CAPITAL (HONG KONG) LIMITED
INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEES



ODYSSEUS CAPITAL ASIA LIMITED



DONVEX CAPITAL LIMITED

Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

This Composite Document is jointly issued by IME and IMG to the IME H Shareholders. A letter from Cinda International Capital Limited containing, among other things, the terms of the H Share Offer and the Merger Agreement is set out on pages 11 to 24 of this Composite Document. A letter from the IME Board is set out on pages 25 to 36 of this Composite Document. A summary of the H Share Offer and the Merger is set out on pages I-1 to II-8 of this Composite Document. A letter from the Takeovers Code Independent Board Committee containing its recommendations to the Independent Shareholders in relation to the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder is set out on pages 37 to 38 of this Composite Document. A letter from the Listing Rules Independent Board Committee containing its recommendations to the Independent Shareholders in relation to the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder is set out on pages 39 to 40 of this Composite Document. A letter from the Independent Financial Adviser containing its advice to each of the Independent Board Committees in relation to the H Share Offer, the Delisting and the Merger Agreement and the Merger contemplated thereunder is set out on pages 41 to 65 of this Composite Document.

The procedures for acceptance and settlement of the H Share Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the H Share Offer should be received by the Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on Friday, 16 July 2021, or such later date and time as IMG may decide and announce and the Executive may approve.

The summary of the terms and important information in relation to the Merger Agreement is set out in Appendix II to this Composite Document.

The Extraordinary General Meeting convened to approve the Merger Agreement and the Merger contemplated thereunder will be held at 10:00 a.m. on Friday, 9 July 2021 and the H Share Class Meeting convened to approve the Delisting, the Merger Agreement and the Merger contemplated thereunder will be held at 10:30 a.m. (or immediately after the conclusion or adjournment of the Extraordinary General Meeting) on Friday, 9 July 2021.

A notice of the Extraordinary General Meeting is set out in Appendix V to this Composite Document and a notice of the H Share Class Meeting is set out in Appendix VI to this Composite Document. A proxy form for each of the Extraordinary General Meeting and the H Share Class Meeting is enclosed with this Composite Document.

Whether or not you are able to attend the Extraordinary General Meeting and/or the H Share Class Meeting or any adjournment thereof in person, you are requested to complete and return the enclosed proxy forms in accordance with the instructions printed thereon to the office address of IME at Room 609, 6th Floor, Harbor Building, 29 Midwest Lane, Ordos East Street, Saihan District, Hohhot, Inner Mongolia Autonomous Region, the PRC or the Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than twenty-four (24) hours before the time appointed for the Extraordinary General Meeting and the H Share Class Meeting.

Completion and return of the proxy form(s) will not preclude you from attending and voting in person at the Extraordinary General Meeting and the H Share Class Meeting or any adjournment thereof, should you so wish. In the event that you attend and vote at any of the Extraordinary General Meeting and the H Share Class Meeting or any adjournment thereof after having deposited the relevant proxy form(s), that proxy form(s) will be deemed to have been revoked.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside of Hong Kong should read the section headed "8. Overseas IME H Shareholders" in Appendix I to this Composite Document before taking any action. 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. The Overseas IME H Shareholders are advised to seek professional advice on deciding whether to accept the H Share Offer. Based on the Register as at the Latest Practicable Date, none of the IME H Shareholders registered as a shareholder on the Register was an Overseas IME H Shareholder. This Composite Document, the accompanying Form(s) of Acceptance and any related documents will be despatched to all IME H Shareholders.

* For identification purpose only

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to changes. Any changes to the timetable will be jointly announced by IMG and IME by way of announcement(s) as soon as possible. Unless otherwise expressly stated, all references to dates and times contained in this Composite Document refer to Hong Kong dates and times.

Despatch date of this Composite Document and commencement of the H Share Offer (*Note 1*) Monday, 31 May 2021

Latest time for lodging transfers of the H Shares in order to be entitled to attend and vote at the EGM and/or the H Share Class Meeting 4:30 p.m. on Tuesday, 8 June 2021

Closure of the Register for the determination of entitlements of the IME Shareholders to attend and vote at the EGM and/or the Independent Shareholders to attend and vote at the H Share Class Meeting (*Note 2*) Wednesday, 9 June 2021 to Friday, 9 July 2021 (both dates inclusive)

Latest time for lodging proxy form(s) in respect of the EGM (*Note 3*) 10:00 a.m. on Thursday, 8 July 2021

Latest time for lodging proxy form(s) in respect of the H Share Class Meeting (*Note 3*) 10:30 a.m. on Thursday, 8 July 2021

EGM 10:00 a.m. on Friday, 9 July 2021

H Share Class Meeting 10:30 a.m. on Friday, 9 July 2021 or immediately after the conclusion or adjournment of the EGM

Announcement of the results of the EGM and the H Share Class Meeting Friday, 9 July 2021

Re-opening of Register Monday, 12 July 2021

Latest time for acceptance of the H Share Offer on the First Closing Date (*Note 4*) 4:00 p.m. on Friday, 16 July 2021

First Closing Date (*Note 5*) Friday, 16 July 2021

Announcement of the results of the H Share Offer on the First Closing Date (*Note 6*) by 7:00 p.m. on Friday, 16 July 2021

Each of IME and IMG notifies their respective creditors by way of notifications and announcements of the Merger, assuming the Merger is approved Tuesday, 20 July 2021

Latest date for posting of remittances for the amounts due under the H Share Offer in respect of valid acceptances received at or before the First Closing Date (assuming the H Share Offer becomes or is declared unconditional in all respects on the First Closing Date) (*Note 7*) Tuesday, 27 July 2021

EXPECTED TIMETABLE

Latest time for the H Share Offer to become or be declared unconditional as to acceptances (if not already unconditional) (<i>Note 8</i>)	7:00 p.m. on Friday, 30 July 2021
Latest date for the notice in writing with respect to the date of close of the H Share Offer to be given to the IME H Shareholders who have not accepted the H Share Offer (assuming the H Share Offer becomes or is declared unconditional in all respects on the First Closing Date and if the Final Closing Date is yet to be announced) (<i>Note 9</i>)	Friday, 30 July 2021
Latest time and date for the H Share Offer remaining open for acceptance (assuming the H Share Offer becomes or is declared unconditional in all respects on the First Closing Date) and closing of the H Share Offer (<i>Note 9</i>)	4:00 p.m. on Friday, 13 August 2021
Final Closing Date (assuming the H Share Offer becomes or is declared unconditional in all respects on the First Closing Date)	Friday, 13 August 2021
Announcement of the results of the H Share Offer on the Final Closing Date	by 7:00 p.m. on Friday, 13 August 2021
Latest date for posting of remittances for the amounts due under the H Share Offer in respect of valid acceptances received at or before the Final Closing Date (assuming the H Share Offer becomes or is declared unconditional in all respects by 7:00 p.m. on Friday, 16 July 2021) (<i>Note 7</i>)	Tuesday, 24 August 2021
Latest time for lodging transfers of the H Shares in order to qualify for the Merger Price (<i>Note 10</i>)	4:30 p.m. on Tuesday, 24 August 2021
Closure of Register for the determination of entitlements of the IME H Shareholders to receive the Merger Price	from Wednesday, 25 August 2021 onwards
Voluntary withdrawal of the listing of the H Shares from the Stock Exchange (<i>Note 11</i>)	9:00 a.m. on Wednesday, 25 August 2021
End of the period during which creditors may request IME and IMG to pay off their respective indebtedness	Friday, 3 September 2021
Expected date of all the Merger Conditions to be fulfilled (or waived, as applicable) and the Merger Effective Date	on or before Friday, 31 December 2021
Latest date for posting of remittances for the amounts due under the Merger Agreement to the existing IME H Shareholders at the Merge Effective Date (<i>Note 13</i>)	on or before Tuesday, 11 January 2022

Notes:

1. The H Share Offer is made on Monday, 31 May 2021, being the date of posting of this Composite Document, and is capable of acceptance from and on that date.
2. Reference is made to the announcement of IME dated 25 May 2021 in relation to, among others, the commencement of book closure period of the Extraordinary General Meeting and

EXPECTED TIMETABLE

the H Share Class Meeting. According to Article 48 of the IME Articles, transfers of the IME Shares may not be entered in the register of shareholders within 30 days prior to the date of a shareholders' general meeting of IME. Since the Extraordinary General Meeting and the H Share Class Meeting will be held on 9 July 2021, the book closure period will commence from Wednesday, 9 June 2021 and end on Friday, 9 July 2021. For the avoidance of doubt, the Register will remain open during the period from Wednesday, 9 June 2021 to Friday, 9 July 2021 (both days inclusive).

3. Proxy form(s) should be duly completed and returned to the office address of IME at Room 609, 6th Floor, Harbor Building, 29 Midwest Lane, Ordos East Street, Saihan District, Hohhot, Inner Mongolia Autonomous Region, the PRC or the Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for IME H Shareholders) as soon as possible and in any event not less than twenty-four (24) hours before the time appointed for the Extraordinary General Meeting and/or the H Share Class Meeting, or any adjournment respectively thereof, and return of the proxy form(s) will not preclude an IME Shareholder from attending and voting in person at the Extraordinary General Meeting, or the H Share Class Meeting, or any adjournment respectively thereof, should he/she/it so wish. In the event that an IME Shareholder attends and votes at the Extraordinary General Meeting and/or the H Share Class Meeting (as applicable) after having deposited the relevant proxy form, that proxy form will be deemed to have been revoked.
4. In order to accept the H Share Offer, the IME H Shareholders are required to submit the duly completed Form of Acceptance to the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before 4:00 p.m. on Friday, 16 July 2021, being the First Closing Date, unless IMG extends the H Share Offer in accordance with the Takeovers Code with the consent of the Executive. In accordance with the notes to Rule 2.2 and Rule 15.3 of the Takeovers Code, where the H Share Offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptance for not less than 28 days thereafter. Beneficial owners of the H Shares who hold their H Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
5. IMG has the right under the Takeovers Code to extend the H Share Offer until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). If IMG decides to extend the H Share Offer, IMG will issue an announcement in relation to any extension of the H Share Offer, which announcement will state either the next closing date or, if the H Share Offer is at that time unconditional as to acceptances, a statement that IMG will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given before the H Share Offer is closed to those IME H Shareholders who have not accepted the H Share Offer. Pursuant to Rule 17 of the Takeovers Code, an acceptor of the H Share Offer shall be entitled to withdraw his/her/its acceptance after 21 days from the First Closing Date if the H Share Offer has not by then become unconditional as to acceptances. However, this entitlement to withdraw shall only be exercisable until such time as the H Share Offer becomes or is declared unconditional as to acceptances.
6. The announcement(s) of the results of the H Share Offer will be jointly issued by IMG and IME and posted on the Stock Exchange's website by 7:00 p.m. on the First Closing Date and the

EXPECTED TIMETABLE

Final Closing Date. Such announcement(s) will comply with the disclosure requirements under Rule 19.1 of the Takeovers Code and will include, among other things, the results of the H Share Offer.

7. Remittances in respect of the H Shares tendered for acceptance and taken up by IMG under the H Share Offer (after, if applicable, deducting the seller's ad valorem stamp duty arising therefrom and, if applicable, the fees payable to the Registrar in respect of lost or unavailable H Share certificates) will be posted to the IME H Shareholders by ordinary post at their own risk as soon as possible, but in any event within seven Business Days (as defined in the Takeovers Code) following the later of (i) the Unconditional Date and (ii) the date of receipt of a duly completed Form of Acceptance by the Registrar in respect of the H Share Offer.
8. In accordance with Rule 15.5 of the Takeovers Code, except with the consent of the Executive, the H Share Offer may not become or be declared unconditional as to acceptances after 7: 00 p.m. on the 60th day after the day this Composite Document is posted. Accordingly, unless the H Share Offer has previously become unconditional as to acceptances, the H Share Offer will lapse on Friday, 30 July 2021 unless extended with the consent of the Executive.
9. In accordance with the notes to Rule 2.2 and Rule 15.3 of the Takeovers Code, where the H Share Offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptance for not less than 28 days thereafter. In such case, at least 14 days' notice in writing must be given before the H Share Offer is closed to the IME H Shareholders who have not accepted the H Share Offer if the announcement to extend the H Share Offer does not state the next closing date. IMG reserves the right to extend the H Share Offer beyond this 28-day period.
10. The IME H Shareholders whose names appear on the Register on the Merger Effective Date shall be entitled to receive the Merger Price under the Merger Agreement. In order to be qualified for receiving the Merger Price under the Merger Agreement, all registration of transfer of the H Shares shall be recorded on the Register not later than Tuesday, 24 August 2021.
11. It is currently expected that the voluntary withdrawal of listing of the H Shares from the Stock Exchange would happen at 9:00 a.m. on Wednesday, 25 August 2021, subject to the H Share Offer becoming unconditional, the satisfaction of any conditions for the Delisting by the Stock Exchange, and receipt of any regulatory approvals required for the Delisting.
12. The Offer Period commenced from 11 September 2020, being the date of the Rule 3.7 Announcement and will end on the lapse or close of the H Share Offer or the lapse of the Merger or the Merger becoming unconditional, whichever is later.
13. Pursuant to the Merger Agreement, the payment in respect of the Merger Price to the Remaining IME H Shareholders will be made within seven Business Days after the Merger Effective Date (i.e. on or before 11 January 2022).

IMPORTANT NOTICES

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 judgement 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 reserve 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>.

NOTICE TO 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 from such overseas IME H Shareholders in such jurisdiction. For further details, please refer to the section headed “8. Overseas IME H Shareholders” in Appendix I to this Composite Document.

Based on the Register as at the Latest Practicable Date, none of the IME H Shareholders registered as a shareholder on the Register is an Overseas IME H Shareholder.

PRECAUTIONARY MEASURES FOR THE MEETINGS

Your attention is also drawn to the precautionary measures that may be implemented by IME at the Extraordinary General Meeting and the H Share Class Meeting to prevent and control the spread of the novel coronavirus (COVID-19) pandemic at the meetings.

Precautionary measures include but are not limited to:

- Compulsory body temperature checks
- Mandatory health declaration
- Mandatory wearing of surgical face masks and maintaining a safe distance between seats
- No provision of refreshments and refreshment packs

Any person who does not comply with the precautionary measures may be denied entry into the meeting venue. Nonetheless, any person who has been denied entry into the meeting venue of the Extraordinary General Meeting and/or the H Share Class Meeting will be able to vote by submitting a voting slip to the scrutineer at the entrance of the venue. **In addition, IME encourages the IME Shareholders to consider appointing the chairman of the Extraordinary General Meeting and/or the H Share Class Meeting as their proxy to vote on the resolution(s) at the Extraordinary General Meeting and/or the H Share Class Meeting as an alternative to attending the meetings in person.** The meetings will be accommodated in separate rooms or partitioned areas of not more than 20 persons each.

DEFINITIONS

In this Composite Document, 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
“Announcement”	the announcement dated 20 April 2021 jointly issued by IMG and IME in relation to, among others, the H Share Offer, the Delisting, the Merge Agreement and the Merger contemplated thereunder
“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
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Cinda International Capital Limited”	Cinda International Capital Limited, a company incorporated in Hong Kong with limited liability and licenced to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, one of the Joint Financial Advisers to IMG and the agent making the H Share Offer on behalf of IMG
“Composite Document”	this composite document jointly issued by IMG and IME to the IME Shareholders in accordance with the Takeovers Code and the Listing Rules
“concert parties”	in respect of a person, persons acting in concert with such a person
“Conditions”	the conditions of the H Share Offer, as set out under the section headed “Conditions of the H Share Offer” in the “Letter from Cinda International Capital Limited” to this Composite Document and “Condition” means any of them
“Delisting”	the voluntary withdrawal of the listing of the H Shares on the Stock Exchange
“Disclosure Period”	the period beginning from 11 March 2020 (which is six months prior to 11 September 2020, being the date of the Rule 3.7 Announcement) and up to the Latest Practicable Date, both dates inclusive
“Dissenting IME H Shareholder(s)”	any IME H Shareholder who 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 their 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
“Donvex Capital Limited”	Donvex Capital Limited, a company incorporated in Hong Kong with limited liability and licenced to carry on type 6 (advising on corporate finance) regulated activity under the SFO, one of the Joint Financial Advisers to IMG

DEFINITIONS

“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the IME Shareholders proposed to be held at Meeting Room 1, 8th Floor, Harbor Building, 29 Midwest Lane, Ordos East Street, Saihan District, Hohhot, Inner Mongolia Autonomous Region, the PRC on Friday, 9 July 2021 at 10:00 a.m., and any adjournment thereof, in respect of the approval of the Merger Agreement and the Merger as contemplated thereunder
“Final Closing Date”	Friday, 13 August 2021, which has assumed that the H Share Offer becomes unconditional in all respects on the First Closing Date and the H Share Offer will be open for acceptance for 28 days after the First Closing Date, in compliance with the Takeovers Code
“First Closing Date”	Friday, 16 July 2021, the first closing date of the H Share Offer as set out in the section headed “Expected Timetable” in this Composite Document, or any subsequent closing date as may be announced by IMG and IME in compliance with the Takeovers Code
“Forensic Review”	the independent forensic review conducted by PwC upon its engagement by IME on 19 March 2019, further details of which are set out in the announcement of IME dated 19 March 2019
“Former Auditor”	Deloitte Touche Tohmatsu, who has resigned as the auditor of the IME Group with effect from 8 June 2020 as set out in the announcement of IME dated 11 June 2020
“Form(s) of Acceptance”	the form(s) of acceptance and transfer in respect of the H Share Offer accompanying this Composite Document
“FY”	financial year
“FY2017 Annual Results Announcement”	the announcement of IME dated 28 March 2018 in relation to the audited annual results of the IME Group for the financial year ended 31 December 2017
“FY2017 Poll Results Announcement”	the announcement of IME dated 21 June 2018 in relation to the poll results of the 2017 annual general meeting of IME
“FY2018 Unaudited Results Announcement”	the announcement of IME dated 13 May 2019 in relation to unaudited consolidated financial information extracted from the draft unaudited management accounts of the IME Group for the year ended 31 December 2018
“H Share Class Meeting”	the class meeting of the IME H Shareholders to be convened at Meeting Room 1, 8th Floor, Harbor Building, 29 Midwest Lane, Ordos East Street, Saihan District, Hohhot, Inner Mongolia Autonomous Region, the PRC on Friday, 9 July 2021 at 10:30 a.m. (or immediately after the conclusion or adjournment of the Extraordinary General Meeting which will be held at the same place and date), and any adjournment thereof, for the purpose of approving the Delisting, the Merger Agreement and the Merger contemplated thereunder

DEFINITIONS

“H Share Offer”	the voluntary conditional offer being made by Cinda International Capital Limited on behalf of IMG to acquire all of the issued H Shares held by the Independent Shareholders
“H Share Offer Price”	the cash offer price of the H Share Offer, being HK\$1.80 per H Share
“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
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“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” or “Company”	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 (as amended by the annual general meeting of 2018 of IME convened on 27 December 2019)
“IME Board”	the board of directors of IME
“IME Group”	IME and its subsidiaries
“IME H Shareholder(s)”	registered holder(s) of H Shares, and, after the Delisting, the registered holder(s) of the then H Shares (as the case may be)
“IME Shareholder(s)”	the IME H Shareholders, IMG and IM Sulige Company
“IME Share(s)” or “Share(s)”	the share(s) in the issued share capital of IME, including Domestic Shares and H Shares
“IMG” or “Offeror”	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
“IMG Articles”	the articles of association of IMG
“IMG Board”	the board of directors of IMG
“IMG Group”	IMG and its subsidiaries
“Independent Board Committees”	together, the Takeovers Code Independent Board Committee and the Listing Rules Independent Board Committee

DEFINITIONS

“Independent Financial Adviser” or “Odysseus Capital Asia Limited”	Odysseus Capital Asia Limited, the independent financial adviser to the Independent Board Committees appointed by IME pursuant to Rule 2.1 of the Takeovers Code and Rule 13.39(6)(b) of the Listing Rules respectively to advise each of the Independent Board Committees in connection with the H Share Offer, the Delisting and the Merger and voting at the H Share Class Meeting and the Extraordinary General Meeting, which is a corporation licenced to carry on type 6 (advising on corporate finance) regulated activity under the SFO
“Independent Shareholder(s)”	the IME H Shareholder(s)
“Inner Mongolian SAFE”	Inner Mongolian Autonomous Region Branch of State Administration of Foreign Exchange (國家外匯管理局內蒙古自治區分局)
“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 and Donvex Capital Limited, the joint financial advisers to IMG
“Last Trading Day”	15 March 2019, being the last full trading day in the H Shares immediately before the trading in the H Shares was suspended
“Last Trading Period”	the period beginning six months prior to 15 March 2019, being the Last Trading Day, and up to the Last Trading Day, both dates inclusive
“Latest Practicable Date”	28 May 2021, being the latest practicable date prior to the issue of this Composite Document for the purpose of ascertaining certain information contained in this Composite Document
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Listing Rules Independent Board Committee”	the independent committee of the IME Board comprising all of the independent non-executive directors of IME, being Mr. YUE Jianhua, Mr. YAO Tongshan and Mr. MUI Chok Wah, which is formed pursuant to the Listing Rules to advise the Independent Shareholders in relation to the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder
“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 “Certain Provisions of the Merger Agreement — 1. Merger

DEFINITIONS

	Conditions” in Appendix II to this Composite Document, subject to which the Merger will become effective, and “Merger Condition” means any of them
“Merger Effective Date”	the date on 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 Remaining IME H Shareholders recorded on the Register 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 resident(s) in Hong Kong
“PRC”	the People’s Republic of China, for the purposes of this Composite Document, excluding Hong Kong, Macau 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 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
“Register”	the H Share register of members of IME
“Registrar”	Computershare Hong Kong Investor Services Limited, the H Share registrar and transfer office of IME
“Relevant Period”	the three financial years of IME ended 31 December 2018, 2019 and 2020 and the three months ended 31 March 2021
“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
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Takeovers Code”	the Code on Takeovers and Mergers published by the SFC
“Takeovers Code Independent Board Committee”	the independent committee of the IME Board comprising all of the non-executive director and the independent non-executive directors of IME, being Mr. CHEN Ming, Mr. YUE Jianhua, Mr. YAO Tongshan and Mr. MUI Chok Wah, which is formed pursuant to the Takeovers Code to advise the Independent Shareholders in relation to the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder
“Unaudited Financial Information”	all unaudited financial information of the IME Group as disclosed in this Composite Document, including 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 and the comparable financial figures between the three months ended 31 March 2020 and the three months ended 31 March 2021, details of which are set out in Appendix III to this Composite Document
“Unconditional Date”	the date on which the H Share Offer becomes or is declared unconditional in all respects
“United States”	the United States of America
“%”	per cent.

** For identification purpose only*

Certain amounts and percentage figures in this Composite Document have been subject to rounding adjustment.

QUESTIONS AND ANSWERS

The following are some of the questions you, as an IME H Shareholder, may have and the answers to those questions. This Composite Document contains important information and you are urged to read this entire Composite Document, including the Appendices, carefully.

1. What is the purpose of this Composite Document?

The purpose of this Composite Document is to provide you with, among others:

- (a) information regarding the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder;
- (b) recommendations by each of the Independent Board Committees to the Independent Shareholders, and the letter of advice from the Independent Financial Adviser to each of the Independent Board Committees, in respect of the H Share Offer, the Merger Agreement and the Merger contemplated thereunder;
- (c) notices of the Extraordinary General Meeting and the H Share Class Meeting, respectively; and
- (d) the accompanying Form of Acceptance in respect of the H Share Offer.

2. How do I accept the H Share Offer?

To accept the H Share Offer, you should complete, sign and submit the accompanying Form of Acceptance to the Registrar on or before 4:00 p.m. on Friday, 16 July 2021, being the First Closing Date, in accordance with the instructions printed thereon.

Details of the procedures for acceptance and settlement of the H Share Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance.

3. What is the latest time to accept the H Share Offer?

The latest time for acceptance of the H Share Offer, before it becomes or be declared unconditional in all respects or lapse without being or becoming unconditional in all respects, is 4:00 p.m. on Friday, 16 July 2021, unless IMG decides to extend the H Share Offer in accordance with the Takeovers Code with the consent of the Executive.

4. What is the purpose of holding the Extraordinary General Meeting and the H Share Class Meeting?

At the Extraordinary General Meeting, the Merger Agreement and the Merger contemplated thereunder will be voted on by the IME Shareholders.

At the H Share Class Meeting, the Delisting, the Merger Agreement and the Merger contemplated thereunder will be voted on by the Independent Shareholders.

5. What are the location, date and time of the Extraordinary General Meeting and the H Share Class Meeting?

The Extraordinary General Meeting will be held at Meeting Room 1, 8th Floor, Harbor Building, 29 Midwest Lane, Ordos East Street, Saihan District, Hohhot, Inner Mongolia Autonomous

QUESTIONS AND ANSWERS

Region, the PRC on Friday, 9 July 2021 at 10:00 a.m. and the H Share Class Meeting will be held at Meeting Room 1, 8th Floor, Harbor Building, 29 Midwest Lane, Ordos East Street, Saihan District, Hohhot, Inner Mongolia Autonomous Region, the PRC on Friday, 9 July 2021 at 10:30 a.m. (or immediately after the conclusion or adjournment of the Extraordinary General Meeting), respectively.

6. What vote is required from the IME Shareholders in order for the Delisting and the Merger to be approved?

The following approvals are required:

- (a) at the Extraordinary General Meeting, the Merger Agreement and the Merger contemplated thereunder must be approved 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; and
- (b) at the H Share Class Meeting, the Delisting, the Merger Agreement and the Merger contemplated thereunder must be approved 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, provided that the number of votes cast against the resolutions is not more than 10% of the votes attaching to all H Shares held by the Independent Shareholders.

7. I am an IME H Shareholder. How do I vote on the Delisting and/or the Merger?

If you are an Independent Shareholder (i.e. an IME H Shareholder), you may vote in person or by proxy at the Extraordinary General Meeting (during which the Merger Agreement and the Merger contemplated thereunder will be voted on) and may also vote in person or by proxy at the H Share Class Meeting (during which the Delisting, the Merger Agreement and the Merger contemplated thereunder will be voted on).

If an IME H Shareholder accepts the H Share Offer before the closure of the Register for the purpose of determining the entitlements of the IME H Shareholders to attend and vote at the Extraordinary General Meeting and the Independent Shareholders to attend and vote at the H Share Class Meeting, such shareholders will still be entitled to attend and vote at the relevant meeting(s).

Whether or not you are able to attend the Extraordinary General Meeting and/or the H Share Class Meeting or any adjournment respectively thereof, you are strongly urged to complete the proxy form(s) which have been despatched to you on Monday, 31 May 2021 in accordance with the instructions printed thereon and return the same to the office address of IME at Room 609, 6th Floor, Harbor Building, 29 Midwest Lane, Ordos East Street, Saihan District, Hohhot, Inner Mongolia Autonomous Region, the PRC or the Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than twenty-four (24) hours before the time appointed for the Extraordinary General Meeting and/or the H Share Class Meeting or any adjournment respectively thereof.

Completion and return of the proxy form will not preclude you from attending and voting in person at the Extraordinary General Meeting and/or the H Share Class Meeting or any adjournment respectively thereof, should you so wish. In the event that you attend and vote at any of the Extraordinary General Meeting and/or the H Share Class Meeting or any adjournment respectively thereof after having deposited the relevant proxy form, that proxy form will be deemed to have been revoked.

QUESTIONS AND ANSWERS

8. How do I vote if my H Shares have been lodged with my securities dealer/ custodian bank through CCASS, or lodged with my investor participant's account maintained with CCASS?

If your H Share(s) has/have been lodged with your licenced securities dealer (or other registered dealer in securities or custodian bank) through CCASS and you intend to vote at the Extraordinary General Meeting and/or the H Share Class Meeting (as applicable) or attend in person, you should instruct your licenced securities dealer (or other registered dealer in securities or custodian bank) to give instructions to HKSCC Nominees Limited on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licenced 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 licenced securities dealer (or other registered dealer in securities or custodian bank) as required by them.

If your H Share(s) has/have been lodged with your investor participant's account maintained with CCASS, you should issue your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.

For the avoidance of doubt, your vote will be invalid if you give voting instructions to the Registrar by yourself directly. Therefore, if your H Share(s) has/have been lodged with your licenced securities dealer (or other registered dealer in securities or custodian bank) through CCASS, or lodged with your investor participant's account maintained with CCASS, you must take actions as mentioned above.

9. What is the position of the Independent Board Committees with regard to the H Share Offer, the Delisting and the Merger?

Both of the Independent Board Committees (i.e. the Takeovers Code Independent Board Committee and the Listing Rules Independent Board Committee), having taken into account the terms of the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder, together with the advice and recommendations from the Independent Financial Adviser, are of the opinion that the terms of the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned. Therefore, both of the Independent Board Committees recommend the Independent Shareholders to (i) accept the H Share Offer; and (ii) vote in favour of the resolutions approving the Delisting (if applicable), the Merger Agreement and the Merger contemplated thereunder at the Extraordinary General Meeting and the H Share Class Meeting. Please refer to and carefully read the "Letter from the Takeovers Code Independent Board Committee" as set out from pages 37 to 38 of this Composite Document, the "Letter from the Listing Rules Independent Board Committee" as set out from pages 39 to 40 of this Composite Document and the "Letter from the Independent Financial Advisor" as set out from pages 41 to 65 of this Composite Document.

10. I am an Overseas H Shareholder. What should I do?

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside of Hong Kong should read the section headed "Notice to Overseas IME H Shareholders" in "Important Notices" and "8. Overseas IME H Shareholders" in Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas IME H Shareholder wishing to accept the H Share Offer to satisfy himself, herself or itself as to full

QUESTIONS AND ANSWERS

observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Overseas IME H Shareholders are advised to seek professional advice on deciding whether or not to accept the H Share Offer.

11. Who should I contact if I have additional questions?

If you have any questions concerning administrative or procedural matters, such as dates, documentation and procedures relating to the H Share Offer, the Delisting and/or the Merger, please call the hotline of the Registrar, Computershare Hong Kong Investor Services Limited, at +852 2862 8555 (between 9:00 a.m. and 6:00 p.m. on Monday to Friday, excluding public holidays in Hong Kong).

You may also direct your questions of an administrative or procedural nature to IME in the following ways:

- by phone: 0471-5202008 (between 9:00 a.m. and 6:00 p.m. on Monday to Friday, excluding public holidays in Hong Kong and in the PRC);
- by fax: 0471-5202004; and
- by email: jrzk@imeec.cn.

For the avoidance of doubt, the above means of communication cannot and will not provide any advice on the merits or risks of the H Share Offer, the Delisting and/or the Merger or give any financial or legal advice. If you are in doubt as to any aspect of this Composite Document or action to be taken, you should consult a licenced securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

LETTER FROM CINDA INTERNATIONAL CAPITAL LIMITED



31 May 2021

To the Independent Shareholders

Dear Sir or Madam,

**(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**

INTRODUCTION

On 20 April 2021, the IMG Board and the IME Board jointly announced that (i) Cinda International Capital Limited, on behalf of IMG, firmly intended to make a voluntary conditional cash offer to acquire all the issued H Shares; and (ii) IME entered into the Merger Agreement with IMG.

The H Share Offer is subject to the fulfilment or waiver, as applicable, of a number of Conditions as set out in this Composite Document, including the approval of the Delisting by the requisite votes of 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.

If the Merger is implemented and completed, IME will be merged and absorbed into 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.

This letter forms part of this Composite Document and sets out certain background information on IMG, explains why IMG is making the H Share Offer and entered into the Merger Agreement and the intention in relation to the IMG Group and the IME Group.

The details of (i) the terms of the H Share Offer are set out in this letter, (ii) the procedures for acceptance of the H Share Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance; (iii) the summary of the terms and important information in relation to the Merger Agreement are set out in Appendix II to this Composite Document; and (iv) the meetings to be convened for approving the Delisting and the Merger Agreement and the Merger contemplated thereunder are set out in the section headed "The Extraordinary General Meeting and the H Share Class Meeting" in the "Letter from the IME Board" in this Composite Document.

Terms defined in this Composite Document have the same meaning when used in this letter.

LETTER FROM CINDA INTERNATIONAL CAPITAL LIMITED

THE H SHARE OFFER

1. Consideration for the H Share Offer

The H Share Offer is being 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 RMB 0.97 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.

LETTER FROM CINDA INTERNATIONAL CAPITAL LIMITED

3. Highest and lowest prices

The H Shares have been suspended from trading on the Stock Exchange from 18 March 2019, and as at the Latest Practicable Date, the H Shares were still suspended from trading on the Stock Exchange. During the Last Trading Period, the highest and lowest closing price per H Share recorded on the Stock Exchange were HK\$1.66 on 24 January 2019 and HK\$1.11 on 28 September 2018, respectively.

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 Latest Practicable Date, 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 following (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 supported by China Cinda (HK) Holdings Company Limited in favour of IMG.

IMG has confirmed that it does not intend that the payment of interest on, repayment of or provision of security for any liability (contingent or otherwise) arising from the above external financing will depend to any significant extent on the business of IME.

Cinda International Capital Limited and Donvex Capital Limited, as the Joint Financial Advisers to IMG 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.

CONDITIONS OF THE H SHARE OFFER

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 Delisting 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;

LETTER FROM CINDA INTERNATIONAL CAPITAL LIMITED

- (b) minimum valid acceptances of the H Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the First 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 the Inner Mongolian SASAC and the 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 “Merger By Absorption of IME by IMG — Merger Conditions” in this letter; 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 the 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 Latest Practicable Date, IMG had obtained or completed the approvals or filings from or with the Inner Mongolian SASAC and the Inner Mongolian SAFE in relation to the H Share Offer under Condition (c) above. Therefore, Condition (c) to the H Share Offer has been fulfilled.

In addition, the IME Board confirms that as at the Latest Practicable Date, no third party consent in relation to the H Share Offer and the Delisting was 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(s) 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

LETTER FROM CINDA INTERNATIONAL CAPITAL LIMITED

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 the Announcement or subsequently becoming attached thereto, 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 the Announcement.

As at the Latest Practicable Date, 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 Latest Practicable Date, and has no intention to announce, declare or pay any dividend, distribution or other return of capital during the Offer Period.

The H Share Offer will be made in compliance with the Takeovers Code, which is administered by the Executive.

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 are not satisfied (or not waived, where applicable) within 21 days of the First 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 this Composite Document (or such later date to which the Executive may consent).

MERGER BY ABSORPTION OF IME BY IMG

The Merger Agreement

On 20 April 2021, IMG and IME entered into the Merger Agreement, 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 Agreement becomes effective upon its execution by the parties, and the parties thereof are bound by the Merger Agreement and are obligated to perform their obligations under the Merger Agreement.

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.

LETTER FROM CINDA INTERNATIONAL CAPITAL LIMITED

In accordance with the terms and conditions of the Merger Agreement and as 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.

For details in relation to the arrangement by which the Dissenting IME H Shareholders could request for acquisition of their delisted H Shares at a “fair price”, please refer to the section headed “Certain Provisions of the Merger Agreement – 4. Right of the Dissenting IME H Shareholder(s)” as set out in Appendix II to this Composite Document.

For details of the Merger Agreement, including but not limited to the major terms of the Merger Agreement, the Merger Conditions, the completion of the Merger Agreement, the payment of Merger Price, the compulsory deregistration and right of the Dissenting IME H Shareholders, please refer to the summary of the terms and important information in relation to the Merger Agreement as set out in Appendix II to this Composite Document.

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 (i.e. on or before 11 January 2022). 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.

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. 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”

LETTER FROM CINDA INTERNATIONAL CAPITAL LIMITED

as a Dissenting IME H Shareholder and your H Share(s) has/have been lodged with your licenced securities dealer (or other registered dealer in securities or custodian bank) through CCASS, you shall instruct your licenced securities dealer (or other registered dealer in securities or custodian bank) to register the H Share(s) in the Register in your own name (instead of in the name of HKSCC Nominees Limited). The latest time for lodging transfers 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 4:30 p.m. on Tuesday, 8 June 2021. If you are in doubt as to the action you should take, you should consult your licenced 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 licenced 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 licenced 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 adviser 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”.

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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.

Notification to Creditors

After the completion of the Merger, all the indebtedness and the obligations of both the 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.

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 requisite votes of the IME Shareholders at the Extraordinary General Meeting having been obtained;

LETTER FROM CINDA INTERNATIONAL CAPITAL LIMITED

- (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 the Inner Mongolian SAFE), in relation to the Merger having been obtained and remaining in full force and effect at the time of the 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 the Inner Mongolian SASAC and the Inner Mongolian SAFE under the Merger Condition (d) have been obtained and/or completed as at the Latest Practicable Date. 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).

WARNING

The 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

LETTER FROM CINDA INTERNATIONAL CAPITAL LIMITED

delisted from the Stock Exchange, this will result in the Independent Shareholders holding securities that are not listed on the Stock Exchange.

If the Merger is implemented under the Merger Agreement, IMG will pay a Merger Price of HK\$1.80 per H Share in cash to the then existing IME H Shareholders recorded on the Register as at the Merger Effective Date, within seven Business Days after the Merger Effective Date (i.e. on or before 11 January 2022). After payment of the Merger Price had been made, the relevant rights attaching to such H Shares shall be deemed as cancelled.

If the Merger is not implemented under the Merger Agreement, IMG will not be obliged to pay the Merger Price to the then existing IME H Shareholders. Under the circumstance that the H Share Offer has become unconditional in all respects and the H Shares have been delisted from the Stock Exchange, the then Independent Shareholders will be holding securities that are not listed on the Stock Exchange.

The 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.

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 above 18-month period has been expired on 17 September 2020, upon which the Listing Division 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. The Independent Shareholders are reminded that (i) the issue of this Composite Document does not imply that the Stock Exchange will not delist IME pursuant to the Listing Rules, and (ii) as at the Latest Practicable Date, IME has not yet fulfilled all resumption conditions. The Stock Exchange has indicated that in the event that the H Share Offer does not become or is not declared to be unconditional, it might proceed with the above delisting procedure against IME and should that occur, the Independent Shareholders will be holding the securities of IME that are not listed on the Stock Exchange.

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 fulfilment 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 H Share Offer provides a possible way for the IME 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 Group to optimise the corporate structure, enhance management effectiveness and promote business integration and future development of IME Group. IMG also believes that the H Share Offer, the Delisting and the

LETTER FROM CINDA INTERNATIONAL CAPITAL LIMITED

Merger provide a compelling opportunity for IME 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 Division 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 fulfilment 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 of HK\$1.19 per H Share 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 the Last Trading Day. In addition, the H Share Offer Price commands a premium of approximately 8.43% over the highest closing price of the H Shares of HK\$1.66 per H Share during the Last Trading Period 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 “The H Share Offer -2. Comparisons of value” in this letter 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.

INTENTION IN RELATION TO IMG AND IME

It is the intention of IMG that it will continue to carry out the current business of IME. 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

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contracting, construction, equipment installation, commissioning, supervision, operation maintenance, overhauling and engineering in the power industry in the PRC. The H Share Offer and the Merger will be beneficial for IMG Group to optimise the corporate structure, enhance management effectiveness and promote business integration and future development of the IME Group.

While IMG does not intend to introduce any major changes to the existing business of IME (including any redeployment of the fixed assets of IME) after completion of the H Share Offer and the Merger, IMG does not rule out the possibility of any changes in the future if and when it considers needed in order to benefit IME.

IMG does not intend to make any significant changes to the continued employment of the employees of IME. Following completion of the Merger, the employment contracts of all employees of IME will continue with IMG as the surviving corporation. IMG and all of its rights, privileges, exemptions and permits will not be affected by the Merger.

Voluntary Withdrawal of Listing of the H Shares and No Right of Compulsory Acquisition

IMG has no right under the PRC Laws or the IME Articles to compulsorily acquire the H Shares that are not tendered for acceptance pursuant to the H Share Offer. IMG has applied to the Executive for, and the Executive has indicated that it will grant, a waiver from the requirements under Rule 2.2(c) of the Takeovers Code, which requires a resolution of the independent shareholders to approve the delisting to be made subject to the offeror(s) being entitled to exercise, and exercising, its/their rights of compulsory requirements.

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 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.

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 period of not less than 28 days, which is a 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.

Accordingly, the 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 delisted from the Stock Exchange, this will result in the Independent Shareholders holding securities that are not listed on the Stock Exchange. In addition, IME may or may not continue to be subject to the Takeovers Code after the completion of the H Share Offer depending on whether IME remains as a public company thereafter.

Independent Shareholders should also note that if they do not agree to the terms of the 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.

LETTER FROM CINDA INTERNATIONAL CAPITAL LIMITED

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 above 18-month period has been expired on 17 September 2020, upon which the Listing Division 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. The Independent Shareholders are reminded that (i) the issue of this Composite Document does not imply that the Stock Exchange will not delist IME pursuant to the Listing Rules, and (ii) as at the Latest Practicable Date, IME has not yet fulfilled all resumption conditions. The Stock Exchange has indicated that in the event that the H Share Offer does not become or is not declared to be unconditional, it might proceed with the above delisting procedure against IME and should that occur, the Independent Shareholders will be holding the securities of IME that are not listed on the Stock Exchange.

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.

CONFIRMATION OF FINANCIAL RESOURCES IN RESPECT OF THE H SHARE OFFER AND THE MERGER

IMG intends to satisfy the consideration required for the H Share Offer and the consideration required for the Merger by a combination of cash from its internal resources and external financing supported by China Cinda (HK) Holdings Company Limited in favour of IMG.

IMG has confirmed that it does not intend that the payment of interest on, repayment of or provision of security for any liability (contingent or otherwise) arising from the above external financing will depend to any significant extent on the business of IME.

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 its maximum payment obligations upon the full acceptance of the H Share Offer and payment of the Merger Price to implement the Merger.

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. As at the Latest Practicable Date, IMG was wholly owned by Inner Mongolian SASAC. As one of the leading energy construction companies in the PRC, IMG 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.

LETTER FROM CINDA INTERNATIONAL CAPITAL LIMITED

ADDITIONAL INFORMATION

In considering what action to take in connection with the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder, you should consider your own tax position and, if you are in any doubt, you should consult your professional advisers.

In making your decision, the Independent Shareholders must rely on their own examination of the terms of the H Share Offer, the Delisting and the Merger Agreement and the Merger contemplated thereunder, including the merits and risks involved. The Independent Shareholders should consult their own professional advisers for professional advice.

You are also urged to read carefully (i) the letter from the IME Board on pages 25 to 36 of this Composite Document; (ii) the letter from the Takeovers Code Independent Board Committee on pages 37 to 38 of this Composite Document; (iii) the letter from the Listing Rules Independent Board Committee on pages 39 to 40 of this Composite Document; (iv) the letter from the Independent Financial Adviser on pages 41 to 65 of this Composite Document; (v) the procedures for acceptance of the H Share Offer as set out in Appendix I to this Composite Document on pages I-1 to I-9 and in the accompanying Form of Acceptance; (vi) the details for meetings to be convened for approving the Delisting and the Merger Agreement as set out in the section headed “The Extraordinary General Meeting and the H Share Class Meeting” in the “Letter from the IME Board” of this Composite Document; and (vii) other information as set out in the appendices to this Composite Document which form part of this Composite Document.

Yours faithfully,

For and on behalf of

Cinda International Capital Limited

Francis Yeung

Maggie Siu

Managing Director

Executive Director

LETTER FROM THE IME BOARD



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)

Executive Directors:

Mr. NIU Jirong
Mr. CHAO Ketu

Non-executive Director:

Mr. CHEN Ming

Independent Non-executive Directors:

Mr. YUE Jianhua
Mr. YAO Tongshan
Mr. MUI Chok Wah

Principal Place of Business in the PRC:

Harbor Building
29 Midwest Lane
Ordos East Street
Saihan District, Hohhot
Inner Mongolia Autonomous Region
The People's Republic of China

Principal Place of Business in Hong Kong:

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

31 May 2021

To the Independent Shareholders

Dear Sir or Madam,

**(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**

INTRODUCTION

Reference is made to the Announcement jointly issued by IMG and IME in relation to the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder.

As mentioned in the Announcement, 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 the Conditions, 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

LETTER FROM THE IME BOARD

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 Delisting.

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things: (i) further information relating to IME, IMG, the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder; (ii) the “Letter from Cinda International Capital Limited” containing details of the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder; (iii) the “Letter from the Takeovers Code Independent Board Committee” containing its recommendations to the Independent Shareholders in respect of the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder; (iv) the “Letter from the Listing Rules Independent Board Committee” containing its recommendations to the Independent Shareholders in respect of the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder; and (v) the “Letter from the Independent Financial Adviser” containing its advice to each of the Independent Board Committees in respect of the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder.

INDEPENDENT BOARD COMMITTEES AND INDEPENDENT FINANCIAL ADVISER

Under Rule 2.1 of the Takeovers Code, a board which receives an offer, or is approached with a view to an offer being made, must, in the interests of shareholders, establish an independent committee of the board to make a recommendation (i) as to whether the offer is, or is not, fair and reasonable; and (ii) as to acceptance or voting.

The Takeovers Code Independent Board Committee comprising all of the non-executive and independent non-executive directors of IME, being Mr. CHEN Ming, Mr. YUE Jianhua, Mr. YAO Tongshan and Mr. MUI Chok Wah, has been formed for the purpose of making recommendations to the Independent Shareholders in respect of the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder.

Under Rule 13.39(6)(a) of the Listing Rules, an issuer shall establish an independent board committee (which shall consist only of independent non-executive directors) to advise shareholders as to whether the terms of the relevant transaction or arrangement are fair and reasonable and whether such a transaction or arrangement is in the interests of the issuer and its shareholders as a whole and to advise shareholders on how to vote, taking into account the recommendations of the independent financial adviser appointed under Rule 13.39(6)(b) of the Listing Rules.

The Listing Rules Independent Board Committee comprising all of the independent non-executive directors of IME, being Mr. YUE Jianhua, Mr. YAO Tongshan and Mr. MUI Chok Wah, has been formed for the purpose of making recommendations to the Independent Shareholders in respect of the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder.

Odysseus Capital Asia Limited has been appointed as the Independent Financial Adviser to each of the Independent Board Committees in respect of the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder and, in particular, as to whether the H Share Offer is fair and reasonable and as to its acceptance, and whether the Delisting and the Merger Agreement and the Merger contemplated thereunder are fair and reasonable and as to voting by the Independent Shareholders at the H Share Class Meeting and the Extraordinary General Meeting. The appointment

LETTER FROM THE IME BOARD

of the Independent Financial Adviser has been approved by each of the Independent Board Committees respectively.

The full texts of the letter from the Takeovers Code Independent Board Committee and the letter from the Listing Rules Independent Board Committee addressed to the Independent Shareholders and the letter from the Independent Financial Adviser addressed to each of the Independent Board Committees are set out in this Composite Document. **You are advised to read all the above letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder.**

THE H SHARE OFFER

Cinda International Capital Limited is making the H Share Offer 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.

Further details of the H Share Offer are set out in the “Letter from Cinda International Capital Limited”, the additional information contained in appendices to this Composite Document and the accompanying Form of Acceptance.

IMG will not increase the H Share Offer Price for the H Share Offer as set out above. Independent Shareholders and potential investors of IME should be aware that, following the making of this statement, IMG does not reserve the right to increase the H Share Offer Price.

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 Delisting 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 First 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;

LETTER FROM THE IME BOARD

- (c) the approvals, registrations or filing procedures from the PRC government and/or regulatory bodies (including the Inner Mongolian SASAC and the 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 “Merger By Absorption of IME By IMG – Merger Conditions” in the “Letter from Cinda International Capital Limited” of this Composite Document; 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 the 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 Latest Practicable Date, IMG had obtained or completed the approvals or filings from or with the Inner Mongolian SASAC and the Inner Mongolian SAFE in relation to the H Share Offer under Condition (c) above. Therefore, Condition (c) above has been fulfilled.

In addition, the IME Board confirms that as at the Latest Practicable Date, no third party consent in relation to the H Share Offer and the Delisting was 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 Latest Practicable Date or subsequently becoming attached thereto, and, including the right to receive all dividends (whether final or interim) and other

LETTER FROM THE IME BOARD

distributions, if any, declared, made or paid on or after the Latest Practicable Date in respect of which the relevant record date for determining entitlement to such dividend or distribution is on or after the completion of the transfer.

As at the Latest Practicable Date, 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 Latest Practicable Date, and has no intention to announce, declare or pay any dividend, distribution or other return of capital during the Offer Period.

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, the 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.**

The 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.

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 above 18-month period has been expired on 17 September 2020, upon which the Listing Division 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. The Independent Shareholders are reminded that (i) the issue of this Composite Document does not imply that the Stock Exchange will not delist IME pursuant to the Listing Rules, and (ii) as at the Latest Practicable Date, IME has not yet fulfilled all resumption conditions. The Stock Exchange has indicated that in the event that the H Share Offer does not become or is not declared to be unconditional, it might proceed with the above delisting procedure against IME and should that occur, the Independent Shareholders will be holding the securities of IME that are not listed on the Stock Exchange.

As at the Latest Practicable Date, IMG has applied to the Executive for, and the Executive has indicated that it will grant, a waiver from the requirements under Rule 2.2(c) of the Takeovers Code, which requires a resolution of the independent shareholders to approve a delisting to be made subject to the offeror(s) being entitled to exercise, and exercising, its/their rights of compulsory acquisition.

LETTER FROM THE IME BOARD

COMPLETION OF THE H SHARE OFFER

Pursuant to Rule 15.5 of the Takeovers Code, except with the consent of the Executive, the H Share Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the day this Composite Document is posted. Accordingly, unless the H Share Offer has previously become unconditional as to acceptances, the H Share Offer will lapse on Friday, 30 July 2021 unless extended with the consent of the Executive.

Pursuant to Rule 15.7 of the Takeovers Code, except with the consent of the Executive, if any of the Conditions are not satisfied (or not waived, where applicable) within 21 days of the First 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 will issue an 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 Friday, 30 July 2021, the 60th day after the posting of this Composite Document (or such later date to which the Executive may consent).

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 Composite Document in all aspects. Accordingly, the H Share Offer may or may not become unconditional and the issue of this Composite Document 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. The IME Shareholders and/or potential investors of IME should therefore exercise caution when dealing in the securities of IME (including the H Shares and any options or rights in respect of them). Persons who are in doubt as to the action they should take should consult their licenced securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

INFORMATION AND PRINCIPAL BUSINESS OF IME

Principal activities

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.

LETTER FROM THE IME BOARD

Financial information

A summary of the financial information of IME as extracted from the unaudited financial statements of the IME Group for the Relevant Period as shown in the unaudited management accounts of the IME Group for the corresponding period is set out in Appendix III to this Composite Document.

Set forth below are the key financial information of the IME Group as extracted from the unaudited management accounts of the IME Group for the Relevant Period:

	Year ended 31 December 2018	Year ended 31 December 2019	Year ended 31 December 2020	Three months ended 31 March 2021
	<i>(RMB in million)</i>	<i>(RMB in million)</i>	<i>(RMB in million)</i>	<i>(RMB in million)</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue	13,302.11	3,794.62	5,231.63	592.82
Profit/(loss) before taxation	11.23	(1,160.87)	(335.72)	(200.23)
Profit/(loss) after taxation	4.41	(1,169.95)	(353.53)	(202.71)
	As at 31 December 2018	As at 31 December 2019	As at 31 December 2020	As at 31 March 2021
	<i>(RMB in million)</i>	<i>(RMB in million)</i>	<i>(RMB in million)</i>	<i>(RMB in million)</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Total assets	17,859.68	15,487.44	15,330.26	14,520.59
Total liabilities	13,712.65	12,372.77	12,555.32	11,925.86
Net assets	4,147.04	3,114.67	2,774.94	2,594.73

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 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 Latest Practicable Date, 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 (i) FY2018, FY2019 and FY2020 as required to be published under the Listing Rules and (ii) the three months ended 31 March 2021 have still been outstanding.

LETTER FROM THE IME BOARD

The key financial information of the IME Group as extracted from the unaudited management accounts of the IME Group for the Relevant Period 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. For further details of the Unaudited Financial Information, please refer to Appendix III to this Composite Document. 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 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 to the Executive for, and the Executive has indicated that it will grant, a waiver from strict compliance with the reporting requirements under Rule 10.9 of the Takeovers Code.

The Independent Shareholders are also reminded to read the "Letter from the Independent Financial Adviser" as set out on pages 41 to 65 of this Composite Document, which contains the advice of the Independent Financial Adviser to each of the Independent Board Committees and the Independent Shareholders in respect of the H Share Offer, the Delisting and the Merger Agreement and the Merger contemplated thereunder and the principal factors considered by it before arriving at its advice and recommendation. It should be noted that since the last published audited financial statements for the financial year ended 31 December 2017 were too outdated to be used by the Independent Financial Adviser to conduct any meaningful analysis, it has therefore based on the Unaudited Financial Information (which the IME Board believes such be able to provide the Independent Shareholders with a broad indication of the IME Group's financial position and performance during the Relevant Period) to conduct its analysis. However, the Independent Shareholders are reminded to exercise caution in placing reliance on the Unaudited Financial Information and are advised to also consider other factors set out in the "Letter from the Independent Financial Adviser" upon which the Independent Financial Adviser draws its opinion and advice.

LETTER FROM THE IME BOARD

Shareholding in IME

As at the Latest Practicable Date:

- (a) IME had 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 were interested in 821,547,048 H Shares, representing approximately 28.86% of the 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 Domestic Shares and 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 IME H Shareholders. As at the Latest Practicable Date, there were no outstanding options, warrants, derivatives or convertible securities issued by IME.

The table below sets out the shareholding structure of IME as at the Latest Practicable Date 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 Latest Practicable Date			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 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

INFORMATION 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.

LETTER FROM THE IME BOARD

INTENTION IN RELATION TO IMG AND IME

Please refer to the section headed “Intention in relation to IMG and IME” in the “Letter from Cinda International Capital Limited” as set out in this Composite Document for detailed information on IMG’s intention on the business and management of the IME Group. The IME Board notes and welcomes such intentions of IMG, including, among others, that IMG does not intend to introduce any major changes to the existing business of IME (including any redeployment of the fixed assets of IME) after completion of the H Share Offer and the Merger and that IMG does not intend to make any significant change to the continued employment of the employees of IME.

Voluntary Withdrawal of Listing of the H Shares

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 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.

Accordingly, the 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 delisted from the Stock Exchange, this will result in the Independent Shareholders holding securities that are not listed on the Stock Exchange. In addition, IME may or may not continue to be subject to the Takeovers Code after the completion of the H Share Offer depending on whether IME remains as a public company thereafter.

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 period of not less than 28 days 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.

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.

For further details of the Merger Agreement, please refer to the section headed “Merger by Absorption of IME by IMG – The Merger Agreement” in the “Letter from Cinda International Capital Limited” and Appendix II to this Composite Document.

CONFLICT OF INTEREST

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

LETTER FROM THE IME BOARD

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. The recommendations of each of the Independent Board Committees in respect of the H Share Offer and as to its acceptance, the Delisting, the Merger Agreement and the Merger contemplated thereunder, after considering the advice from the Independent Financial Adviser, have been set out in the “Letter from the Takeovers Code Independent Board Committee” and the “Letter from the Listing Rules Independent Board Committee” of this Composite Document.

THE EXTRAORDINARY GENERAL MEETING AND THE H SHARE CLASS MEETING

The Extraordinary General Meeting will be convened to approve the Merger Agreement and the Merger contemplated thereunder at 10:00 a.m. on Friday, 9 July 2021 and the H Share Class Meeting will be convened to approve the Delisting, the Merger Agreement and the Merger contemplated thereunder at 10:30 a.m. on Friday, 9 July 2021 (or immediately after the conclusion or adjournment of the Extraordinary General Meeting), both of the Extraordinary General Meeting and the H Share Class Meeting will be held at Meeting Room 1, 8th Floor, Harbor Building, 29 Midwest Lane, Ordos East Street, Saihan District, Hohhot, Inner Mongolia Autonomous Region, the PRC. A notice of the Extraordinary General Meeting is set out in Appendix V to this Composite Document. A notice of the H Share Class Meeting is set out in Appendix VI to this Composite Document. IMG and the parties acting in concert with it will abstain from voting in respect of all such IME Shares in the H Share Class Meeting in accordance with Rule 2.2 of the Takeovers Code.

Whether or not you are able to attend the Extraordinary General Meeting and/or the H Share Class Meeting or any adjournment thereof, you are strongly urged to complete the accompanying proxy form(s) in accordance with the instructions printed thereon and return the same to the office address of IME at Room 609, 6th Floor, Harbor Building, 29 Midwest Lane, Ordos East Street, Saihan District, Hohhot, Inner Mongolia Autonomous Region, the PRC or the Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than twenty-four (24) hours before the time appointed for the Extraordinary General Meeting and the H Share Class Meeting.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting and the H Share Class Meeting or any adjournment thereof, should you so wish. In the event that you attend and vote at any of the Extraordinary General Meeting and the H Share Class Meeting or any adjournment thereof after having deposited the relevant form of proxy, that form of proxy will be deemed to have been revoked.

Voting at the H Share Class Meeting and the Extraordinary General Meeting will be taken by way of poll as required under the Listing Rules and the Takeovers Code.

LETTER FROM THE IME BOARD

RECOMMENDATION

Your attention is drawn to (i) the “Letter from the Takeovers Code Independent Board Committee” as set out on pages 37 to 38 of this Composite Document, which contains the recommendations of the Takeovers Code Independent Board Committee to the Independent Shareholders in respect of the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder, (ii) the “Letter from the Listing Rules Independent Board Committee” as set out on pages 39 to 40 of this Composite Document, which contains the recommendations of the Listing Rules Independent Board Committee to the Independent Shareholders in respect of the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder, and (iii) the “Letter from the Independent Financial Adviser” as set out on pages 41 to 65 of this Composite Document, which contains the advice of the Independent Financial Adviser to each of the Independent Board Committees in respect of the H Share Offer, the Delisting and the Merger Agreement and the Merger contemplated thereunder and the principal factors considered by it before arriving at its advice and recommendation.

ADDITIONAL INFORMATION

The Independent Shareholders are urged to read the aforesaid letters, this Composite Document together with the accompanying Form of Acceptance carefully before taking any action in respect of the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder. Your attention is also drawn to the additional information contained in the appendices to this Composite Document. Finally, in considering what action to take in response to the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder, you should also consider your own tax positions, if any, and in case of doubt, consult your professional advisers.

Yours faithfully,

By order of the IME Board

Inner Mongolia Energy Engineering Co., Ltd.

內蒙古能源建設投資股份有限公司

Niu Jirong

Chairman

LETTER FROM THE TAKEOVERS CODE INDEPENDENT BOARD COMMITTEE



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)

31 May 2021

To the Independent Shareholders

Dear Sir or Madam,

**(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**

INTRODUCTION

We refer to the Composite Document dated 31 May 2021 jointly issued by IMG and IME of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meanings as those defined in the Composite Document.

We have been appointed to form the Takeovers Code Independent Board Committee to consider the terms of the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder and to make a recommendation to the Independent Shareholders as to whether, in our opinion, the terms of the H Share Offer, the Delisting and the Merger Agreement and the Merger contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned, and as to the acceptance of the H Share Offer and the voting of the Delisting, the Merger Agreement and the Merger contemplated thereunder. Odysseus Capital Asia Limited has been appointed with our approval as the Independent Financial Adviser to advise us in this respect. Details of the advices of the Independent Financial Adviser and the principal factors and reasons taken into consideration in arriving at its advice and recommendations are set out in the “Letter from the Independent Financial Adviser” from pages 41 to 65 of the Composite Document.

We also wish to draw your attention to the “Letter from the IME Board”, the “Letter from Cinda International Capital Limited”, the “Letter from the Listing Rules Independent Board Committee” and the additional information set out in the appendices to the Composite Document.

We, being the members of the Takeovers Code Independent Board Committee, have declared that we are independent and do not have any conflict of interest in respect of the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder or any direct or indirect interest therein and are therefore able to consider the terms of the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder and to make recommendations to the Independent Shareholders.

LETTER FROM THE TAKEOVERS CODE INDEPENDENT BOARD COMMITTEE

RECOMMENDATIONS

Having taken into account the terms of the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder, together with the advice and recommendations from the Independent Financial Adviser, we are of the opinion that the terms of the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and therefore we recommend the Independent Shareholders to (i) accept the H Share Offer and (ii) vote in favour of the resolutions approving the Delisting, the Merger Agreement and the Merger contemplated thereunder at the Extraordinary General Meeting and/or the H Share Class Meeting (as the case may be).

Notwithstanding our recommendation, the Independent Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders should consult their own professional advisers for professional advice.

Furthermore, the Independent Shareholders who wish to accept the H Share Offer are recommended to read carefully the procedures for accepting the H Share Offer as detailed in the Composite Document and the accompanying Form of Acceptance.

Yours faithfully,
For and on behalf of
Takeovers Code Independent Board Committee

Mr. CHEN Ming
Non-executive Director

Mr. YUE Jianhua
*Independent
non-executive Director*

Mr. YAO Tongshan
*Independent
non-executive Director*

Mr. MUI Chok Wah
*Independent
non-executive Director*

LETTER FROM THE LISTING RULES INDEPENDENT BOARD COMMITTEE



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)

31 May 2021

To the Independent Shareholders

Dear Sir or Madam,

**(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**

INTRODUCTION

We refer to the Composite Document dated 31 May 2021 jointly issued by IMG and IME of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meanings as those defined in the Composite Document.

We have been appointed to form the Listing Rules Independent Board Committee to consider the terms of the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder and to make a recommendation to the Independent Shareholders as to whether, in our opinion, the terms of the H Share Offer, the Delisting and the Merger Agreement and the Merger contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned, and as to the acceptance of the H Share Offer and the voting of the Delisting, the Merger Agreement and the Merger contemplated thereunder. Odysseus Capital Asia Limited has been appointed with our approval as the Independent Financial Adviser to advise us in this respect. Details of the advices of the Independent Financial Adviser and the principal factors and reasons taken into consideration in arriving at its advice and recommendations are set out in the "Letter from the Independent Financial Adviser" from pages 41 to 65 of the Composite Document.

We also wish to draw your attention to the "Letter from the IME Board", the "Letter from Cinda International Capital Limited", the "Letter from the Takeovers Code Independent Board Committee" and the additional information set out in the appendices to the Composite Document.

We, being the members of the Listing Rules Independent Board Committee, have declared that we are independent and do not have any conflict of interest in respect of the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder or any direct or indirect interest therein and are therefore able to consider the terms of the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder and to make recommendations to the Independent Shareholders.

LETTER FROM THE LISTING RULES INDEPENDENT BOARD COMMITTEE

RECOMMENDATIONS

Having taken into account the terms of the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder, together with the advice and recommendations from the Independent Financial Adviser, we are of the opinion that the terms of the H Share Offer, the Delisting, the Merger Agreement and the Merger contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and therefore we recommend the Independent Shareholders to (i) accept the H Share Offer and (ii) vote in favour of the resolutions approving the Delisting, the Merger Agreement and the Merger contemplated thereunder at the Extraordinary General Meeting and/or the H Share Class Meeting (as the case may be).

Notwithstanding our recommendation, the Independent Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders should consult their own professional advisers for professional advice.

Furthermore, the Independent Shareholders who wish to accept the H Share Offer are recommended to read carefully the procedures for accepting the H Share Offer as detailed in the Composite Document and the accompanying Form of Acceptance.

Yours faithfully,

For and on behalf of

Listing Rules Independent Board Committee

Mr. YUE Jianhua
Independent
non-executive Director

Mr. YAO Tongshan
Independent
non-executive Director

Mr. MUI Chok Wah
Independent
non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Odysseus Capital Asia Limited to the Takeovers Code Independent Board Committee and the Listing Rules Independent Board Committee in relation to the H Share Offer, the Delisting and the Merger (collectively, the “Transaction”), which has been prepared for the purpose of inclusion in the Composite Document.



31 May 2021

To the Independent Board Committees

Dear Sirs,

**(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**

INTRODUCTION

We refer to our appointment and engagement as the Independent Financial Adviser to the Independent Board Committees in respect of the H Share Offer, the Delisting and the Merger (collectively, the “Transaction”), details of which are set out in the Composite Document dated 31 May 2021 jointly issued by IME and IMG in relation to the Transaction, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

The Takeovers Code Independent Board Committee consists of 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). The Listing Rules Independent Board Committee consists of Mr. YUE Jianhua, Mr. YAO Tongshan and Mr. MUI Chok Wah. The Independent Board Committees have been established to make a recommendation to the Independent Shareholders as to whether: (a) the terms of the Transaction are fair and reasonable so far as the Independent Shareholders are concerned; (b) to vote in favour of the Delisting and the Merger Agreement and the Merger contemplated thereunder at the H Share Class Meeting and the Extraordinary General Meeting; and (c) to accept the H Share Offer. The Independent Board Committees have approved our appointment as the Independent Financial Adviser in respect of the Transaction. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committees in such regard.

INDEPENDENCE OF ODYSSEUS CAPITAL ASIA LIMITED

We have been appointed as the Independent Financial Adviser in accordance with the requirements of Rule 2.1 of the Takeovers Code and Rule 13.39(6)(b) of the Listing Rules to advise the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Independent Board Committees in connection with the H Share Offer, the Delisting and the Merger and as to voting in respect of the Delisting and the Merger Agreement and the Merger contemplated thereunder, as well as advising on whether or not the Independent Shareholders should accept the H Share Offer. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committees pursuant to Rule 2.1 of the Takeovers Code and Rule 13.39(6)(b) of the Listing Rules. The letter of advice from the Independent Financial Adviser as to whether (a) the terms of the H Share Offer, the Delisting and the Merger Agreement are fair and reasonable; (b) the Independent Shareholders should vote in favour of the Delisting and the Merger Agreement and the Merger contemplated thereunder at the H Share Class Meeting and the Extraordinary General Meeting; and (c) the Independent Shareholders should accept the H Share Offer, will be set out in the Composite Document.

We are not associated with IMG, IME, their respective substantial shareholders, or any party acting, or presumed to be acting, in concert with any of them and, accordingly, are considered eligible to give independent advice on the Transaction. There was no business relationship between IMG or IME, and us in the past two years. Apart from normal professional fees paid or payable to us in connection with this engagement, no other arrangement exists whereby we will receive any fees or benefits from IMG, IME, their respective substantial shareholders, or any party acting, or presumed to be acting, in concert with any of them.

We will receive a fee from IME for our role as the Independent Financial Adviser to the Independent Board Committees in relation to the Transaction. Apart from the normal professional fee payable to us in connection with this appointment, no arrangements exist whereby we will receive any fees or benefits from IME or any other party to the Transaction, or their respective substantial shareholder(s) or connected person(s), as defined under the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on (i) information and facts in the Composite Document; (ii) information, facts and documents supplied by IME; and (iii) relevant publicly available information. We have assumed all information and facts aforementioned are accurate, authentic and complete at the time they were made and continued to be so as at the Latest Practicable Date. IME will notify the Independent Shareholders of any material changes to information contained or referred to in the Composite Document as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. The Independent Shareholders will be informed as soon as possible when there are any material changes to the information contained or referred to herein as well as changes to our opinion, if any, after the Latest Practicable Date and throughout the Offer Period. We have no reason to doubt the accuracy, authenticity and completeness of such information and facts. Furthermore, we have no reason to suspect the reasonableness of opinions expressed by the directors or management of IME. The directors and management of IME have also confirmed with us that no material information has been withheld or omitted from the information provided and referred to in the Composite Document, which would make any statement therein misleading.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of information contained in the Composite Document so as to provide a reasonable basis for our recommendation. However, we have not carried out any independent investigation and verification of the information provided, as well as business

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

affairs, operations, financial positions or prospects of IMG, IME and any of their respective subsidiaries and associates.

PRINCIPAL TERMS AND CONDITIONS OF THE TRANSACTION

On 20 April 2021, the IMG Board and the IME Board jointly announced that they had entered into the Transaction which includes (i) voluntary conditional offer by Cinda International Capital Limited on behalf of IMG to acquire all of the issued H Shares in IME; (ii) proposed privatisation and voluntary withdrawal of listing of H Shares of IME; and (iii) proposed merger by absorption of IME by IMG.

(a) *Terms of the Transaction*

Under the Transaction:

- (i) Cinda International Capital Limited, on behalf of IMG, makes a voluntary conditional cash offer to acquire all of the issued H Shares in IME in accordance with the Takeovers Code;
- (ii) the H Share Offer Price is HK\$1.80, which will not be increased and IMG does not reserve the right to increase the H Share Offer Price;
- (iii) the H Share Offer is subject to the fulfilment or waiver, as applicable, of a number of Conditions as set out in the 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;
- (iv) 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 of the Listing Rules; and
- (v) 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.

Based on the H Share Offer Price and the number of Domestic Shares and H Shares in issue as at the Latest Practicable Date, the Transaction valued 100% equity interest in IME at approximately HK\$5,124,349,714.

(b) *Consideration of the Transaction*

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 the Composite Document, 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.

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.

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IMG intends to satisfy the consideration required for the H Share Offer by a combination of cash from their internal resources and external financing, which is supported by China Cinda (HK) Holdings Company Limited in favour of IMG. IMG has confirmed that it does not intend to have the payment of interest on, repayment of or provision of security for any liability (contingent or otherwise) arising from the above external financing to depend, to any significant extent, on the business of IME. 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 and payment of the Merger Price to implement the Merger.

(c) *Conditions of the Transaction*

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

- (i) 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:
 - 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
 - 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;
- (ii) minimum valid acceptances of the H Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on Friday, 16 July 2021, being the First 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;
- (iii) 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;
- (iv) 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);
- (v) 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);
- (vi) the business licenses of IMG and IME remaining in full force and effect;
- (vii) 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; and

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

As at the Latest Practicable Date, IMG had obtained or completed the approvals, registrations and filings from or with the Inner Mongolian SASAC and the Inner Mongolian SAFE and other applicable PRC government and/or regulatory bodies in relation to the H Share Offer under Condition (iii) above. Hence, Condition (iii) above has been fulfilled.

In addition, the IME Board confirms that as at the Latest Practicable Date, no third party consent in relation to the H Share Offer and the Delisting was 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(s) 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 the Announcement or subsequently being attached thereto, including the right to receive all dividends (whether final or interim) and other distributions. In accordance with the Letter from Cinda International Capital Limited as set out in the Composite Document, IME does not have any outstanding dividends declared but not yet paid as at the date of the Announcement, and has no intention to announce, declare or pay any dividend, distribution or other return of capital during the Offer Period.

(d) Expected timetable of the Transaction

The indicative timetable for the Transaction is set out under the section “Expected Timetable” to the Composite Document. Further announcement will be made by IMG and IME if there is any change to the timetable.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Transaction, we have taken into account the following principal factors and reasons:

1. Background information 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

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Mongolia Keyi Energy Engineering Co., Ltd., was converted into a joint stock company with limited liability and its names was changed to Inner Mongolia Energy Engineering Co., Ltd. IME became listed on the Main Board of the Stock Exchange since 18 July 2017. IME is a comprehensive power industry solutions provider in China, focusing on power grid and new energy projects. 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.

IME primarily provides services to energy and power companies in Inner Mongolia Autonomous Region and other provinces in the People's Republic of China. IME also provides survey, design and consultancy services overseas, such as in Pakistan, Indonesia, Cambodia, Mongolia, Tajikistan, Kyrgyzstan, Laos, Nigeria, Ethiopia, Ghana and other countries.

IME's business streams include (i) survey, design and consultancy; (ii) construction contracting; (iii) trading; and (iv) power project operations and other business. Both (i) and (ii) cover fossil-fuel power, new energy, wind power, solar power, power transmission and transformation, and non-electricity and others.

2. Latest development of the IME Group

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 Latest Practicable Date, 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 Financial Information has therefore been set out below 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).

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

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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.

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. The Executive has indicated that it will grant the waiver. Our analysis set out under the section “3. Financial information of IME” in this letter is based on the unaudited management accounts provided.

It is emphasised by the IME Board that the Unaudited Financial Information has not been finalised and has not been reviewed or audited. The Unaudited Financial Information set out in the Composite Document 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. Therefore, it is not guaranteed that the Unaudited Financial Information truly reflects the financial performance and position of the IME Group, and the Unaudited Financial Information might be misleading with potential adjustments not taken into account. Independent Shareholders are also reminded that the Unaudited Financial Information has not been reported on in accordance with the Takeovers Code and does not meet the standard required under Rule 10 of the Takeovers Code. Notwithstanding the foregoing, since the last published audited financial statements in the financial year ended 31 December 2017 (“FY2017”) were too outdated to be used to conduct any meaningful analyses, we believe that it is more relevant to use the Unaudited Financial Information in our analysis which should provide Independent Shareholders with a broad indication of the IME Group’s financial position and performance in the past three years. However, Independent Shareholders are reminded to exercise caution in placing reliance on the Unaudited Financial Information and are advised to also consider other factors set out in this letter upon which we draw our opinion and advice.

In addition to the aforementioned, the IME Group is currently engaged in two legal cases of material importance as set out under Appendix IV to the Composite Document. In these two legal cases, the IME Group is a defendant in one case with a potential maximum liability of approximately RMB21,849,353 and the plaintiff in the other case with a potential claim for approximately RMB30,133,845. We would like to draw the attention of the Independent Shareholders that as at the Latest Practicable Date, no decision has been made regarding these two cases from the respective courts as at the Latest Practicable Date. Despite the contingent liabilities of the legal cases being relatively immaterial compared to IME’s cash position as set out in the Unaudited Financial Information below, we are of the view these legal cases would still take up management time and resources before reaching full settlement. Given the uncertainty involved in these litigations, we advise the Independent Shareholders should consider this factor when deciding whether to accept the H Share Offer.

3. Financial information of IME

The following tables set out selective information of the key financial highlights of IME for the financial years ended 31 December 2018, 2019 and 2020 (respectively, “FY2018”, “FY2019” and “FY2020”) as well as the three months ended 31 March 2021, which is defined as the Relevant Period, based on the Unaudited Financial Information. For further details, please refer to Appendix III to the Composite Document.

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As mentioned above, Independent Shareholders are reminded that the analysis on the Unaudited Financial Information merely provides a broad indication of the IME Group's recent financial position and performance and Independent Shareholders are advised to exercise caution in placing reliance on these figures. The Unaudited Financial Information has not been reported on in accordance with the Takeovers Code and does not meet the standard required under Rule 10 of the Takeovers Code.

Selected items from Unaudited Consolidated Statement of Profit or Loss

	FY2018	FY2019	FY2020	For the three months ended 31 March 2021
	<i>(RMB in million)</i> <i>(Unaudited)</i>	<i>(RMB in million)</i> <i>(Unaudited)</i>	<i>(RMB in million)</i> <i>(Unaudited)</i>	<i>(RMB in million)</i> <i>(Unaudited)</i>
Revenue	13,302.11	3,794.62	5,231.63	592.82
Profit/(loss) before taxation	11.23	(1,160.87)	(335.72)	(200.23)
Profit/(loss) after taxation	4.41	(1,169.95)	(353.53)	(202.71)
Profit/(loss) attributable to owners of IME	4.25	(1,170.09)	(353.69)	(202.73)
Profit margin	0.03%	(30.84%)	(6.76%)	(34.19%)

Selected items from the Unaudited Consolidated Statement of Financial Position

	FY2018	FY2019	FY2020	As at 31 March 2021
	<i>(RMB in million)</i> <i>(Unaudited)</i>	<i>(RMB in million)</i> <i>(Unaudited)</i>	<i>(RMB in million)</i> <i>(Unaudited)</i>	<i>(RMB in million)</i> <i>(Unaudited)</i>
Total assets	17,859.68	15,487.44	15,330.26	14,520.59
Cash and cash equivalents	1,907.06	775.30	860.05	738.15
Net debt	6,194.67	6,749.78	6,340.02	6,397.82
Total liabilities	13,712.65	12,372.77	12,555.32	11,925.86
Equity attributable to owners of IME	4,139.37	3,106.96	2,753.26	2,573.04
Gearing ratio	150%	217%	230%	249%

* Profit margin = Profit/(loss) after taxation/Revenue

Net debt = Bank and other borrowings (Current and non-current liabilities) + Finance lease liabilities (Current and non-current liabilities) - Cash and cash equivalents.

Gearing ratio = Net debt/Equity attributable to owners of IME

Relevant numbers are obtained from the Unaudited Financial Information under Appendix III to the Composite Document.

Financial Performance

IME's revenue decreased by 71.5% from RMB13,302.11 million in FY2018 to RMB3,794.62 million in FY2019 and profit attributable to owners of IME dropped substantially from RMB4.25 million in FY2018 to a loss of RMB1,170 million in FY2019. Between FY2018 and FY2019, the decrease in revenue was mainly due to the reduction in installation of coal and photovoltaic related new machines, which was caused by the declining market trend in traditional electric power design and construction. There was also increasingly fierce competition due to the shift of the focus of grid investment towards upgrading and distribution of grid in rural power grid. These

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led to the decline in revenue in IME's survey, design and consultancy, construction contracting, as well as power project operation and other businesses. Therefore, IME made internal adjustment in business structure to optimise its trade chain to develop its trading business as appropriate, which led to the significant decrease in revenue contributed by IME's trading business and directly led to a notable decline in total revenue from FY2018 to FY2019. The decline in cost of sales was mainly caused by a decline in revenue from different segments. In addition, the decrease in the gross profit was mainly due to the downturns of the external power construction market and the increasingly fierce competition as mentioned, thereby leading to the year-by-year increase in the cost-per-revenue ratio of the projects which resulted in the further shrinking of profits. On the other hand, its revenue saw an increase from RMB3,794.62 million in FY2019 to RMB5,231.63 million in FY2020, representing an increase of 37.9% and loss attributable to owners of IME narrowed to RMB353.69 million as there was a remarkable improvement in gross profit margin due to IME's expansions in new business segments related to information technology and environment monitoring. Between FY2019 and FY2020, the increase in revenue was mainly due to IME's notable efforts in expanding the market, increasing the market share inside and outside the PRC and also pushing the designing and implementation progress of key projects. These led to a steady growth in the businesses of survey and design, and contracting construction. Meanwhile, IME also enhanced its investment in new energy area and expanded the business in the areas such as information technology and environmental monitoring, which led to increased revenue from the segment of power project operation and other businesses. The increase in cost of sales was driven by a year-on-year ("YoY") improvement in revenue. These also led to improved gross margins with an improved profitability. The increase in gross profit was mainly attributable to the decrease in subcontracting, external labour fee and labour cost. Regarding the comparison for the three months ended 31 March 2020 and 31 March 2021, the revenue of the IME Group decreased by approximately 14.77% from approximately RMB695.55 million to approximately RMB592.82 million as set out in Appendix III to this Composite Document. The decrease in revenue was mainly due to the less business in contracting construction which was caused by festival holidays and climate, and also the less workload in construction in process compared to that for the previous year as most construction projects had completed and came into settlement stage. The cost of sales decreased accordingly during the same period. As a result of the drop in revenue, loss attributable to owners of IME amounted to RMB202.73 million compared to that of FY2020 of RMB353.69 million, which indicates further deterioration of IME's financial performance.

Financial Position

IME's total assets decreased from RMB17,859.68 million in FY2018 to RMB15,487.44 million in FY2019, representing a YoY decrease of 13.3% which was mainly attributable to the substantial drop in revenue which led to a decline in cash position and trade receivables. Between FY2019 and FY2020, IME's total assets decreased from RMB15,487.44 million to RMB15,330.26 million, with a moderate YoY decrease of 1.0%. IME's total assets decreased from RMB15,330.26 million as of 31 December 2020 to RMB14,520.59 million as of 31 March 2021, representing a decrease of 5.3%. The decrease was mainly attributable to a decline in cash and cash equivalents and trade receivables, as well as IME incurring an operating loss.

IME's cash and cash equivalents overall decreased from RMB1,907.06 million in FY2018 to RMB860.05 million in FY2020, representing a decrease of 54.9%. IME's equity attributable to owners decreased by 24.9% from RMB4,139.37 million in FY2018 to RMB3,106.96 million in FY2019. IME's equity attributable to owners decreased by 11.4% from RMB3,106.96 million in FY2019 to RMB2,753.26 million in FY2020. IME's cash and cash equivalents decreased from RMB860.05

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million as of 31 December 2020 to RMB738.15 million as of 31 March 2021, representing a decrease of 14.2%. The general decline was owing to the substantial decline in revenue over the period.

IME's net debt increased by 9.0% from RMB6,194.67 million to RMB6,749.78 million from FY2018 to FY2019 and then decreased by 6.1% in FY2020 to RMB6,340.02 million. IME's net debt increased slightly from RMB6,340.02 million as of 31 December 2020 to RMB6,397.82 million as of 31 March 2021. Despite the moderate increase in net debts between FY2018 and the three months ended 31 March 2021, IME's gearing ratio increased from 150% to 249% due to the substantial decrease in equity attributable to owners of IME.

In summary, the financial performance and position of IME has been deteriorating from FY2018 to the three months ended 31 March 2021 with declining revenue, profit attributable to owners of IME, profit margin and equity attributable to owners of IME, implying a deterioration in its business performance. IME even started recording a substantial loss in 2019. In addition, IME recorded a decrease in cash and cash equivalents during this period, from RMB1,907.06 million to RMB738.15 million, representing a decrease of 61.3%, highlighting a worsening cash position and declining liquidity. Moreover, IME's equity attributable to owners overall decreased from RMB4,139.37 million in FY2018 to RMB2,573.04 million in the three months ended 31 March 2021, representing a decrease of 37.8%. Lastly, not only did IME's gearing ratio overall increase from FY2018 to the three months ended 31 March 2021, but its gearing ratio had also always remained at a high level at above 150%.

4. Reasons for and benefits of the H Share Offer, the Delisting and the Merger

(a) For IME: Improved future development opportunities without significant changes to existing business and structure of IME.

We concur with the IMG Board that the H Share Offer and the Merger should allow IMG and its subsidiaries to optimise the corporate structure, enhance management effectiveness and promote business integration and future development of IME and its subsidiaries. At the same time, a lot of costs can be saved after completion of the Delisting.

(b) For the H Shareholders: An attractive opportunity to immediately realise their investment at a premium while avoiding the problem of potential illiquidity.

Trading in the Shares has been suspended since 18 March 2019. Based on the latest developments of IME as described in the section headed "2. Latest development of the IME Group" above, the fulfilment of the resumption conditions and the resumption of trading in the H Shares remain highly uncertain. We concur with the IMG Board's views that the H Share Offer would provide an attractive opportunity for the IME H Shareholders to dispose of their H Shares expeditiously and receive certain cash at a price significantly above the market price on 15 March 2019, being the Last Trading Day. Given the trading of the H Shares has been suspended since 18 March 2019, we believe it is highly unlikely 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 above 18-month period has been expired on 17 September 2020, upon which the Listing Division of the Stock Exchange

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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. The Independent Shareholders are reminded that (i) the issue of this Composite Document does not imply that the Stock Exchange will not delist IME pursuant to the Listing Rules, and (ii) as at the Latest Practicable Date, IME has not yet fulfilled all resumption conditions. The Stock Exchange has indicated that in the event that the H Share Offer does not become or is not declared to be unconditional, it might proceed with the above delisting procedure against IME and should that occur, the Independent Shareholders will be holding the securities of IME that are not listed on the Stock Exchange.

Given the high uncertainty in the fulfilment of the resumption conditions by IME 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, we believe are of the view that the H Share Offer offers the IME H Shareholders an attractive opportunity, if they so wish, to realise their investments in IME and invest the monies received in alternative investments with higher liquidity.

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. We are of the opinion that this brings along an attractive premium for the H Shareholders. Further details on the analysis of the H Share Offer are set out below under the section headed “8. Evaluation of the H Share Offer Price” in this letter.

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. The Transaction, therefore, offers a good opportunity for the H Shareholders to avoid holding unlisted shares.

In summary, we believe the H Share Offer, the Merger and the Delisting provide a good chance for IME to enjoy a better future development as far as IME and its Shareholders are concerned while allowing the H Shareholders to realise their investments at a fair and reasonable premium.

5. Industry overview and outlook

The power industry in the PRC has increasingly developed renewable resources including wind, solar and other new energy capacities to secure future energy needs in recent years. In accordance with the 2016 Paris Agreement, China committed to make non-fossil fuel energy 20% of its energy supply by 2030 and to peak carbon dioxide emission by 2030. In September 2020, China President Xi Jinping expanded the commitment in a speech to the United Nations that China targets to achieve carbon neutrality by 2060. China’s power industry is evolving for energy revolution and pollution combat. The power industry has placed heavy emphasis on clean and renewable resources.

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The following table shows the YoY growth of energy consumption and production in the PRC as published by China Electricity Council.

(a) Energy consumption and production

<u>YoY growth</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total Energy Consumption	6.6%	8.5%	4.5%	3.1%
Primary Industry	7.3%	9.8%	4.5%	10.2%
Secondary industry	5.5%	7.2%	3.1%	2.5%
Tertiary Industry	10.7%	12.7%	9.5%	1.9%
Residential	7.8%	10.4%	5.7%	6.9%

Source: China Electricity Council

With reference to the data above, the total energy consumption of the PRC recorded growth of 6.6%, 8.5%, 4.5%, 3.1% in 2017, 2018, 2019 and 2020 respectively. Among which, the energy consumption of the primary industry even experienced a growth of 10.2% in 2020. Energy consumption growth in the secondary industry and tertiary industry slowed down to 2.5% and 1.9% respectively in 2020 due to the effect of COVID-19 pandemic on economic activities. Energy consumption in residential sector experienced a relatively stable growth throughout the years.

<u>YoY growth</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total Energy Production	6.5%	8.4%	4.7%	4.0%
Hydro	1.7%	3.2%	5.7%	4.1%
Thermal	5.2%	7.3%	2.4%	2.5%
Nuclear	16.5%	18.6%	18.2%	5.0%
Wind	26.3%	20.2%	10.9%	15.1%
Solar	75.4%	50.8%	26.5%	16.6%

Source: China Electricity Council

On the production side, the total energy production of the PRC recorded growth of 6.5%, 8.4%, 4.7%, 4.0% in 2017, 2018, 2019 and 2020 respectively. The non-fossil energy power generation including hydro, nuclear, wind and solar power recorded a growth of 31.6% during 2017 and 2020, among which the wind power and solar power generation recorded a growth of 53.2% and 121.6% respectively. The fossil-fuel power generation recorded a growth of 12.7%. Regarding the energy mix, non-fossil energy production slightly increased from 28.9% in 2017 to 32.2% in 2020 while fossil energy production decreased from 71.1% in 2017 to 67.8% in 2020.

During 2017 and 2020, China's power demand and supply achieved generally a balanced situation. Regionally, there was a surplus occurring in the North-eastern and North-western part of China, where the supply was tight in the central part of China.

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(b) Energy Sources Construction

<u>YoY growth</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Installed Capacity (TW)	7.6%	6.5%	5.8%	9.5%
Hydro	2.7%	2.5%	1.1%	3.8%
Thermal	4.3%	3.0%	4.1%	5.0%
Nuclear	6.5%	24.7%	9.1%	2.4%
Wind	10.5%	12.4%	14%	33.3%
Solar	68.7%	33.9%	17.4%	22.1%

Source: China Electricity Council

In 2020, China's installed generating capacity grew by 23.3% since 2017. The average annual growth rate of installed capacity from 2017 to 2020 was 7.4%. Particularly, non-fossil energy installed generating capacity recorded a growth of 22.2% over these years. Among the non-fossil energy installed capacity, wind and solar power installed capacity accounted for the highest growth of 70.7% and 91.7% respectively during 2017 to 2020. The coal-fired installed capacity grew from 1.11 TW in 2017 to 1.25 TW in 2020 representing a 12.6% increase.

By comparing the data of energy production by different energy sources and the installed capacity of different energy sources, it is acknowledged that the growth rate of different energy sources power generation is higher than that of installed capacity, showing that generally there is a gradual improvement of different energy sources utilisation efficiency. Regarding the share of non-fossil fuel installed capacity, it increased from 37.8% in 2017 to 43.2% in 2020. The share of thermal power generation capacity has showed a decreasing trend from 62.2% in 2017 to 56.8% in 2020. By 2020, newly installed wind power capacity with grid connections grew to a record high. Specifically, wind and solar power capacity with grid connections reached 71.67 GW and 48.2 GW respectively according to China Electricity Council.

(c) Energy Engineering Investment

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
RMB billion				
Investment in Power Engineering	823.9	816.1	799.5	994.4
Investment on Power Generation	290.0	278.7	313.9	524.4
Hydro	62.2	70.0	81.4	/
Thermal	85.8	78.6	63.0	/
Nuclear	45.4	44.7	33.5	/
Wind	68.1	64.6	117.1	/
Investment on Power Grid	533.9	537.4	485.9	469.9

Source: China Electricity Council

With reference to the data above, the total investment in power engineering of the PRC reached RMB994.4 billion by the end of 2020, which represented a growth of 20.7% since 2017. Particularly, investment in power generation increased from RMB290 billion to RMB524.4 billion in 2020 representing a growth of 80.8%. Among the investment in power generation, non-fossil energy investment grew at a higher speed with wind, solar and hydro growing by 70.6%, 66.4% and 19.0% respectively in 2020 according to China Electricity Council. In recent years, China has dedicated to investment in power grids showing the favour to distribution network and enhance rural power grids. Rural power grids have been transformed and upgraded. Investment efforts have been continuously made throughout the years with average investment spending in power grids amounting to

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RMB506 billion. In the Guidelines for the Launch of New Round Rural Power Grid Upgrading during the 13th Year Plan period, there is a task outlining “upgrading the power grid in key villages to ensure the supply of power to all electric pump sets on rural flatlands” (《關於「十三五」期間實施新一輪農村電網改造升級工程的意見》) being completed successfully.

(d) Power industry sector outlook

The operation of the power industry has to be aligned with the initiatives outlined in the 13th Five-Year Plan and the 14th Five-Year Plan: (i) to reduce carbon and energy intensity; and (ii) to increase share of non-fossil sources in the energy mix. It is therefore believed that the power industry will be actively developing non-fossil energy generation and optimising energy structure to achieve efficiency of energy conservation and reduction in pollution.

(i) Fossil-fuel power

Fossil-fuel power has made up the majority of the power supply in the country. However, coal has been falling as a percentage of the energy mix in the recent years. During the 13th Five-Year Plan period, the industry’s thermal investment and installed capacity has slowed down. It is expected that thermal power investment and installed capacity will further slowdown to achieve emission reduction and efficiency enhancement in the 14th Five-Year Plan period.

(ii) Wind and Solar power

During the 13th Five-Year Plan period, China’s wind power and photovoltaic investment and newly installed wind power capacity have increased significantly. According to Bloomberg New Energy Finance Report, the power industry has built more than half of the world’s new wind power capacity by the end of 2020. Its onshore and offshore windfarms grew by almost 58 GW last year. The 14th Five-Year Plan period, it pledged to expand the generation scale and size of wind and solar power. China has been dedicated to developing large bases for wind power, ultra-high-voltage electricity (UHV) transmission channels, integration of energy storage for wind and solar power.

(iii) Power grid

During the 13th Five-Year Plan period, power grids investment remained at a relatively high level with average RMB506 billion annual investment. It is expected that investment will be focused on power grid in the 14th Five-Year Plan. Majority of power grid investment was diverted to retrofitting of UHV, distribution network and the rural power grid making the industry competitive because of the low access threshold. The focus will be on the improvement of safety and stability of the power grid.

Summary

Over the years, the power demand has been on the rise by adapting to China’s “New Normal” economic cycle with the effect of the 13th Five-Year Plan period. The power supply and demand generally achieved a balanced situation. The power industry has been making an effort to increase the installed power capacity of non-fossil fuels while reducing the installed generating capacity of fossil fuels. The power industry has been continuously making investment into renewable energy including solar and wind power, power grids to align with the new energy initiative.

The business cycle of the power industry is comparatively longer and the development of the industry is related to the macroeconomic development. We believe that volatility associated with the

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macroeconomic environment will pose a large influence on the electricity demand, which increases the risks faced by the power industry. Although the global economy is gradually recovering from the adverse impacts emerging from the collapse triggered by the COVID-19 pandemic, the recovery is projected to be subdued. The full recovery of the world's economy remains uncertain in the near term as the effects of the mutations of virus and the effectiveness of the vaccines are unknown. Given the consideration of the macro economy, risks associated to the power industry, development trend of service industry and residential electricity consumption, air pollution control, electric power placement and other factors, we are of the view that that the power consumption and production in the PRC will remain moderately stable without spectacular growth in the immediate term. On the back of the unexciting growth in the industry, we believe that the prospect of the IME Group would be affected by the continued increase in market competition as discussed in the section headed "3. Financial information of IME" and therefore we are of the view that the Transaction provides a timely opportunity for the Independent Shareholders to dispose of their H Shares.

6. Information on 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.

IMG and IM Sulige Company (a wholly-owned subsidiary of IMG) own a total of 2,025,313,904 Domestic Shares, which represents 100% of the Domestic Shares and approximately 71.14% of the total issued share capital of IME. To further break down, IMG owns 2,015,187,334 Domestic Shares, representing 70.78% of the total issued share capital of IME, and IM Sulige Company owns 10,126,570 Domestic Shares, representing 0.36% of the total issued share capital of IME.

7. Shareholding structure in IME

As at the Latest Practicable Date:

- (a) IME had 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 were interested in 821,547,048 H Shares, representing approximately 28.86% of the 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 Domestic Shares and 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 IME H Shareholders. As at the Latest Practicable Date, there were no outstanding options, warrants, derivatives or convertible securities issued by IME. Further information regarding the shareholding structure of IME can be referred to the section under the heading "INFORMATION AND PRINCIPAL BUSINESS OF IME – Shareholding in IME" in the "Letter from the IME Board" to the Composite Document.

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8. Evaluation of the H Share Offer Price

(a) Consideration for the H Share Offer

The H Share Offer is being 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.

(b) 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:

- (i) 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);
- (ii) 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;
- (iii) 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;
- (iv) 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;
- (v) 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;
- (vi) 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;
- (vii) 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 on 31 December 2020 as extracted from the unaudited management accounts of the IME Group for the year ended 31 December 2020; and
- (viii) a premium of approximately 8.43% over HK\$1.66 which is the highest ever closing price per H Share as quoted on the Stock Exchange between 18 July 2017, being the first trading day following the listing of the H Shares, and 15 March 2019, being the Last Trading Day.

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(c) Highest and lowest prices

The H Shares have been suspended from trading on the Stock Exchange from 18 March 2019, and are still suspended as at the Latest Practicable Date. During the Last Trading Period, the highest and lowest closing price per H Share recorded on the Stock Exchange were HK\$1.66 on 24 January 2019 and HK\$1.11 on 28 September 2018, respectively. The highest trading price per H Share ever recorded on the Stock Exchange was HK\$1.69 on 14 November 2018, whereas the lowest trading price per H Share was HK\$1.00 on 27 September 2018.

(d) Historical Share price performance

We set out below (i) Chart A, a chart showing the movement of the daily closing price of the Shares and the Hang Seng Index since the listing of the Shares up to the Last Trading Day (the “**Review Period**”); and (ii) Chart B, a chart showing the relative Share price performance against the Hang Seng Index respectively during the Review Period.

Chart A: Historical Share price performance and the Hang Seng Index



Source: HKETnet

Notes:

Dates of results announcements and a summary of IME’s financial performance are set out below:

Date of announcement	Indicated financial performance
1. 29 August 2017	According to the announcement of the FY2017 Interim Results, IME’s revenue decreased approximately 26.33% YoY and profit after taxation increased by approximately 1.25% YoY.
2. 29 March 2018	According to the announcement of the FY2017 Annual Results, IME’s revenue decreased approximately 30.51% YoY and profit after taxation decreased by approximately 9.38% YoY.
3. 30 August 2018	According to the announcement of the FY2018 Interim Results, IME’s revenue decreased approximately 5.64% YoY and profit after taxation decreased by approximately 30.15% YoY.

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According to Chart A, the Hang Seng Index displayed a general upward trend from 26,524 on 18 July 2017 to the period high at 33,154 on 26 January 2018. The Share price did not show any particular trend during this period and eventually decreased moderately from HK\$1.58 on 18 July 2017 to HK\$1.55 on 26 January 2018. Within the period, IME announced the interim results for FY2017 on 29 August 2017 in which IME reported a YoY decrease in revenue of approximately 26.33% and a YoY increase in profit after taxation of approximately 1.25%.

During the period between 27 January 2018 and 7 June 2018, the Hang Seng Index fluctuated between 32,966 and 31,512, while the closing price of the Shares demonstrated relatively higher fluctuations from HK\$1.55 to HK\$1.16 on 20 February 2018 and reached HK\$1.40 at the end of this period. IME announced the annual results for FY2017 on 29 March 2018, in which IME reported a YoY decrease in revenue of approximately 30.51% and a YoY decrease in profit after taxation of approximately 9.38%. Post announcement of the annual results for FY2017, there was a significant rise in the Share price. We are of the view that such increase was not related to the results announcement given the decline of financial performance of the IME Group. To the best of our knowledge, we are not aware of any reason for the increase in the Share price during this period.

From 8 June 2018 to 30 October 2018, the closing of the Hang Seng Index displayed a general downward trend from 30,958 to 24,585 while the closing price of the Shares also dropped from HK\$1.32 to HK\$1.11 on 5 October 2018. It then rebounded to around HK\$1.37 at the end of this period. IME announced the interim results for FY2018 on 30 August 2018, in which IME reported a YoY decrease in revenue of approximately 5.64% and a YoY decrease in profit after taxation of approximately 30.15%.

Since 31 October 2018 and up to the Last Trading Day, the Hang Seng Index showed an upward movement from 24,979 to 29,012 while the Shares experienced a relatively volatile ride. The Share price rose to HK\$1.65 on 19 November 2018 and dropped to around HK\$1.24 and then it reached to a record high of HK\$1.66 on 24 January 2019. It then dropped significantly to HK\$1.19 on the Last Trading Day.

In summary, the Shares demonstrated a general downward movement in the Review Period from the closing price of HK\$1.58 on 18 July 2017 to HK\$1.19 on the Last Trading Day, during which period the trading of the Shares was sluggish and the Share price fluctuated within a relatively narrow range between the record low at HK\$1.11 and the record high at HK\$1.66. It is worth noting that the Share price tumbled rapidly during the last seven weeks prior to the suspension of the Shares from 24 January 2019 at HK\$1.66 to the Last Trading Day at HK\$1.19, which was very close to the record low closing price of the Shares at HK\$1.11. We believe this decline in Share price was related to IME's former chairman and executive director Mr. Lu Dangzhu being under investigation by the supervisory authority as a result of suspected serious duty crimes as announced by IME on 26 February 2019. On the contrary, the H Share Offer Price of HK\$1.80 represents a premium of 8.43% over the highest closing price per H Shares of HK\$1.66 ever recorded since its listing on 18 July 2017.

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Chart B: Relative Share price performance against the Hang Seng Index rebased to 100



Source: HKETnet

Note: The closing prices of the Shares and the Hang Seng Index as of 18 July 2017 have been rebased to 100 for comparison.

According to Chart B above, the Share price performance had underperformed the Hang Seng Index during the Review Period, by approximately 33.20% based on the closing prices of both the Shares and the Hang Seng Index. As illustrated in Chart B, the Share price performance had underperformed the Hang Seng Index almost entirely throughout the Review Period.

In addition, the trading in the H Shares has been suspended since 18 March 2019, which is over 26 months ago as at the Latest Practicable Date. **Independent Shareholders are reminded that, as we discussed under the section headed “4. Reasons for and benefits of the H Share Offer, the Delisting and the Merger”, 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 above 18-month period has been expired on 17 September 2020, upon which the Listing Division 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. The Independent Shareholders are reminded that (i) the issue of this Composite Document does not imply that the Stock Exchange will not delist IME pursuant to the Listing Rules, and (ii) as at the Latest Practicable Date, IME has not yet fulfilled all resumption conditions. The Stock Exchange has indicated that in the event that the H Share Offer does not become or is not declared to be unconditional, it might proceed with the above delisting procedure against IME and should that occur, the Independent Shareholders will be holding the securities of IME that are not listed on the Stock Exchange.** Given the trading in the H Shares has been suspended since 18 March 2019, i.e. well beyond the 18-month grace period, we believe given the high uncertainty in the fulfilment of the resumption conditions by IME and the resumption of trading in the H Shares, the trading of the H Shares is unlikely to resume and there is a considerable possibility that the Stock Exchange would cancel the listing of the H Shares.

In conclusion, we are of the view that the H Share Offer Price is fair and reasonable as far as the Independent Shareholders are concerned as it represents a premium of 8.43% over the highest closing price per H Shares of HK\$1.66 ever recorded since its listing on 18 July 2017, as well as a premium of 6.51% over the highest trading price per H Shares of HK\$1.69 ever recorded on 14 November 2018. Given the gradual deterioration of financial performance of the IME Group and its

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continuous underperformance against the Hang Seng Index, we believe the H Share Offer presents an attractive opportunity for Independent Shareholders to dispose of their H Shares.

(e) Trading volume of the Shares

The table below sets out the average daily trading volume of the Shares and the approximate percentages of the average daily trading volume to both the total issued share capital (being the sum of Domestic Shares and H Shares), and the H Shares on a monthly basis from 18 July 2017 to 15 March 2019 (being the Last Trading Day).

	Average Daily Trading Volume (Shares)	Approximate % of average daily trading volume to total issued share capital	Approximately % of average daily trading volume to the total H Shares
		<i>(Note 1)</i>	<i>(Note 2)</i>
2017			
July	5,733,000	0.2014%	0.6978%
August	312,273	0.0110%	0.0380%
September	119,524	0.0042%	0.0145%
October	59,000	0.0021%	0.0072%
November	288,727	0.0101%	0.0351%
December	186,947	0.0066%	0.0228%
2018			
January	76,455	0.0027%	0.0093%
February	48,111	0.0017%	0.0059%
March	12,286	0.0004%	0.0015%
April	160,421	0.0056%	0.0195%
May	23,429	0.0008%	0.0029%
June	8,200	0.0003%	0.0010%
July	22,476	0.0008%	0.0027%
August	25,565	0.0009%	0.0031%
September	4,737	0.0002%	0.0006%
October	159,143	0.0056%	0.0194%
November	554,455	0.0195%	0.0675%
December	776,000	0.0273%	0.0945%
2019			
January	669,909	0.0235%	0.0815%
February	199,991	0.0070%	0.0243%
March	72,909	0.0026%	0.0089%
Average: During the Review Period	328,483	0.0120%	0.0400%

Source: HKETnet

Notes:

1. *Based on the total outstanding shares as at the end of each month.*
2. *Based on the total H Shares held by the public as at the end of each month.*

With reference to the above table, the average daily trading volume of the Shares in 2017, 2018 and 2019 represented approximately 0.0240%, 0.0054% and 0.0133% of the total outstanding shares respectively, while the average daily trading volume of the Shares in 2017, 2018 and 2019 represented approximately 0.0831%, 0.0188% and 0.0461% of the total H Shares respectively. Overall, during the Review Period, the average daily trading volume of the Shares represented 0.0120% of the total outstanding shares and 0.0400% of total H Shares.

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We believe it is of high difficulty for the Independent Shareholders to sell their holdings in large volume without having large influence on the Share price due to the extremely low liquidity of the Shares during the Review Period as shown in our analysis above. Given the inactive trading volume, the Transaction provides an opportunity for the Independent Shareholders to exit a fixed cash price, which is at a substantial premium of 51.26% over the closing price of HK\$1.19 on the Last Trading Day.

(f) Comparison with other comparable companies

Independent Shareholders are reminded that the following analysis is based on the Unaudited Financial Information, which merely provides a broad indication on the IME Group's recent financial position and performance and Independent Shareholders should exercise caution in placing reliance on this analysis. The Unaudited Financial Information has not been reported on in accordance with the Takeovers Code and does not meet the standard required under Rule 10 of the Takeovers Code.

In evaluating the H Share Offer Price, we have also made reference to the audited historical price to net asset value (“PBR”) and price earnings ratios (“PER”) of an exhaustive list of other comparable listed companies which principally engage in the power generation construction contracting business that were being traded on the Stock Exchange with a market capitalisation between HK\$1 billion and HK\$15 billion as at the Latest Practicable Date based on the calculation as set out in Note (i) below.

Stock Code	Company name	Principal Activities	Year-end date	Market capitalisation (HK\$ million) ⁽ⁱ⁾	Closing Share Price as at the Latest Practicable Date ⁽ⁱⁱ⁾	PBR ⁽ⁱⁱⁱ⁾	PER ^(iv)
579	Beijing Jingneng Clean Energy Co., Limited	Gas power generation, wind power, photovoltaic, hydropower	31 December 2020	14,020	1.70	0.45	5.12
1798	China Datang Corporation Renewable Power Co., Limited	Power generation and electricity sales business	31 December 2020	12,580	1.73	0.38	8.92
451	GCL New Energy Holdings Limited	Energy and printed circuit board business	31 December 2020	4,994	0.237	0.49	N/A
182	Concord New Energy Group Limited	Operating and investment in power plants, provision of power plant operation	31 December 2020	4,434	0.53	0.57	5.54
1713	Sichuan Energy Investment Development Co., Ltd.	Power generation and power engineering construction business	31 December 2020	1,826	1.70	0.54	5.71
295	Kong Sun Holdings Limited	Photovoltaic power generation and electricity sales business	31 December 2020	1,362	0.091	0.24	N/A
	Highest ^(v)					0.57	8.92
	Lowest ^(v)					0.24	5.12
	Average ^(v)					0.45	6.32
1649	IME (H Share Offer Price)			5,124	1.80	1.55 ^(vi)	N/A ^(vii)

Source: annual results announcement and annual reports of the above companies

Notes:

- (i) The market capitalisation of the Comparable Companies and IME are calculated based on their respective closing share prices as at the Latest Practicable Date multiplied by the number of ordinary shares as set out in their respective annual results announcement/annual reports for the year ended 31 December 2020.

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- (ii) *The closing share price of the Comparable Companies and IME are obtained as at the Latest Practicable Date.*
- (iii) *The PBR of the Comparable Companies and IME are calculated based on their respective market capitalisation as at the Latest Practicable Date divided by their respective net assets attributable to the owners of the company as referenced from their respective annual results announcement/annual reports for the year ended 31 December 2020.*
- (iv) *The PER of the Comparable Companies and IME are calculated based on their respective market capitalisation as at the Latest Practicable Date divided by their respective profit attributable to the owners of the company as referenced from their respective annual results announcement/annual reports for the year ended 31 December 2020.*
- (v) *We have discarded the companies with negative earnings per share as their PER are irrelevant for our analysis.*
- (vi) *The implied PBR of the H Share Offer was calculated based on the H Share Offer Price and IME's unaudited net asset value attributable to equity shareholders of IME as at 31 December 2020.*
- (vii) *The implied PER of the H Share Offer was not applicable given IME incurred a loss attributable to equity shareholders of IME in FY2020.*

As shown above, the PER of the comparable listed companies ranges from 5.12 times to 8.92 times with an average of 6.32 times whilst the PER of the H Share Offer Price under the Transaction is not applicable since IME reported a loss based on its 31 December 2020 unaudited consolidated management accounts. The PBR of the comparable listed companies ranges from 0.24 times to 0.57 times with an average of 0.45 times whilst the PBR of the H Share Offer Price under the Transaction is 1.55 times, representing a premium of 244% over the average PBR.

As the implied PBR under the H Share Offer Price of HK\$1.80 per Share represents a premium of 244% over the average PBR of comparable listed companies, we are of the opinion that the H Share Offer Price is fair and reasonable and in the interests of the Independent Shareholders as a whole. **Independent Shareholders are reminded to exercise caution on the Unaudited Financial Information, which is used to calculate the PBR of the IME Group as it merely provides a broad indication on the IME Group's recent financial position and performance and Independent Shareholders should exercise caution in placing reliance on this analysis. Moreover, the Unaudited Financial Information has not been reported on in accordance with the Takeovers Code and does not meet the standard required under Rule 10 of the Takeovers Code.**

(g) Dividend policy

IME has distributed dividends only once since its initial listing on the Stock Exchange. This was announced on 21 June 2018, where a dividend of RMB0.01472 (equivalent to HK\$0.01798) per share was declared to H Shareholders. Based on the financial figures analysed above under the section "3. Financial Information of IME" in this letter, IME has limited growth and declining revenue. Considering the fact that it only paid dividends once since its listing in July 2017 up to the Latest Practicable Date, we believe this provides a very low return to H Shareholders in terms of dividend payout. Moreover, in accordance with the Letter from Cinda International Capital Limited as set out in the Composite Document, IME does not have any outstanding dividends declared but not yet paid as at the Latest Practicable Date, and has no intention to announce, declare or pay any dividend, distribution or other return of capital during the Offer Period.

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In light of the above analysis, we are of the view that the H Share Offer Price and the terms of the H Share Offer are fair and reasonable as far as Independent Shareholders are concerned. Therefore, we advise the Independent Shareholders to accept the H Share Offer.

9. The Delisting

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 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. 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 period of not less than 28 days, which is a 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. Further details of the voluntary withdrawal of listing of the H Shares can be referred to the section under the heading “Voluntary Withdrawal of Listing of the H Shares and No Right of Compulsory Acquisition” in the “Letter from Cinda International Capital Limited” to the Composite Document.

We believe that the above arrangement for the Delisting is fair and reasonable as far as the Independent Shareholders are concerned. Since the H Share Offer is conditional upon the approval of the Delisting and that, as set out above, we are of the view that the H Share Offer Price and the terms of the H Share Offer are fair and reasonable, we therefore advise the Independent Shareholders to vote in favour of the Delisting at the H Share Class Meeting.

10. The Merger

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. 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. As a result of the Merger, the assets and liabilities (together with the rights and obligations attached to such assets), business, employees, qualifications, 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. The H Share Offer is conditional upon the approval of the Merger at the Extraordinary General Meeting and the H Share Class Meeting. Further details of the Merger Agreement and the Merger contemplated thereunder can be referred to the section under the heading “MERGER BY ABSORPTION OF IME BY IMG” in the “Letter from Cinda International Capital Limited” and Appendix II to this Composite Document.

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Based on the analysis of the H Share Offer Price as set out in the section headed “8. Evaluation of the H Share Offer Price” above and the aforementioned terms under the Merger Agreement, we are of the view that the Merger Price is a “fair price” and the merger by absorption of IME by IMG is fair and reasonable as far as the Independent Shareholders are concerned. Therefore, we advise the Independent Shareholders to vote in favour of the Merger at the Extraordinary General Meeting and the H Share Class Meeting.

RECOMMENDATION

In formulating our recommendation towards the Independent Board Committees, we have considered the above principal factors and reasons, in particular, the following:

- (a) as the fulfilment of resumption of listing remains uncertain, the H Share Offer provides an attractive opportunity to H Shareholders to immediately realise their investment at a significant premium of 51.26% compared to the price of the last trading day on 18 March 2019 which was over 26 months ago as at the Latest Practicable Date. The H Share Offer also prevents H Shareholders from holding unlisted Shares. Despite being suspended for such a long time, the usual liquidity of the Shares was quite low before the Last Trading Day even when the Shares were still being traded;
- (b) the financial performance and position of IME based on the Unaudited Financial Information (which merely provides a broad indication of the IME Group’s financial performance and Independent Shareholders should exercise caution in placing reliance on such information) has been deteriorating since FY2018 with declining revenue, profit attributable to owners of IME, profit margin and equity attributable to owners of IME. In addition, IME’s gearing ratio had always remained at high levels since FY2018. Moreover, IME had only declared dividend once in FY2018 since listing and had even started to record a loss starting from FY2019;
- (c) the Shares have underperformed the Hang Seng Index by 33.20% during the Review Period whilst the last closing price before suspension was very close to its record low closing price; and
- (d) the H Share Offer Price represents
 - (i) a premium of approximately 51.26% over the closing price on the Last Trading Day and a premium of approximately 40.63% and 30.43% over the average closing price for 30 and 60 consecutive trading days up to the Last Trading Day;
 - (ii) a premium of 8.43% over the highest closing price per H Shares of HK\$1.66 ever recorded since its listing on 18 July 2017 and a premium of 6.51% over the highest trading price per H Shares of HK\$1.69 ever recorded on 14 November 2018; and
 - (iii) 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 on 31 December 2020 as extracted from the Unaudited Financial Information (which merely provides a broad indication of the IME Group’s financial performance and Independent Shareholders should exercise caution in placing reliance on such information) for the year ended 31 December 2020, which also

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represents a premium of 244% to the average PBR of the comparable listed companies as set out under the section “8. Evaluation of the H Share Offer Price – (f) Comparison with other comparable companies” in this letter. Independent Shareholders are reminded that the above analysis is based on the Unaudited Financial Information, which merely provides a broad indication on the IME Group’s recent financial position and performance and Independent Shareholders should exercise caution in placing reliance on this analysis. The Unaudited Financial Information has not been reported on in accordance with the Takeovers Code and does not meet the standard required under Rule 10 of the Takeovers Code.

Based on the above, we are of the opinion that, the terms of the H Share Offer, the Delisting and the Merger Agreement and the Merger contemplated thereunder are fair and reasonable as far as the Independent Shareholders are concerned and that the Transaction is in the interests of IME and Independent Shareholders as a whole. Accordingly, we advise the Independent Board Committees to recommend the Independent Shareholders to accept the H Share Offer and to vote in favour of the Delisting and the Merger at the Extraordinary General Meeting and the H Share Class Meeting.

Yours faithfully,
For and on behalf of
Odysseus Capital Asia Limited
Joseph Chu
Chief Executive Officer

Note: Mr. Joseph Chu has been a Responsible Officer of Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance since 2003. He has approximately 30 years of experience in various advisory transactions for listed companies in Hong Kong. Mr. Joseph Chu is also a Responsible Officer of Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance.

1. PROCEDURES FOR ACCEPTANCE OF THE H SHARE OFFER**1.1 The H Share Offer**

- (a) To accept the H Share Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the H Share Offer.
- (b) If the H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your H Shares is/are in your name, and you wish to accept the H Share Offer, you must send the accompanying Form of Acceptance duly completed together with the relevant H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by post or by hand, marked "**IME — H Share Offer**" on the envelope, as soon as possible and in any event reach the Registrar no later than 4:00 p.m. on Friday, 16 July 2021, being the First Closing Date, or such later time and/or date as IMG may determine and announce in compliance with the requirements of the Takeovers Code.
- (c) If the H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your H Share(s) is/are in the name of a nominee company or a name other than your own, and you wish to accept the H Share Offer, you must either:
 - (i) lodge your H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the H Share Offer on your behalf and requesting it to deliver the accompanying Form of Acceptance duly completed together with the relevant H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of H Shares in respect of which you intend to accept the H Share Offer to the Registrar in an envelope marked "**IME — H Share Offer**";
 - (ii) arrange for the H Share(s) to be registered in your name through the Registrar and send the accompanying Form of Acceptance duly completed together with the relevant H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar in an envelope marked "**IME — H Share Offer**";
 - (iii) if your H Share(s) have been lodged with your licensed securities dealer (or other registered dealer in securities or custodian bank) through CCASS, instruct your licensed securities dealer (or other registered dealer in securities or custodian bank) to authorise HKSCC Nominees Limited to accept the H Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. 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; or

- (iv) if your H Share(s) has/have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.

For the avoidance of doubt, if you send the accompanying Form of Acceptance to the Registrar by yourself directly, the acceptance of the H Share Offer will be treated as invalid. Therefore, if the H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your IME H Share(s) is/are in the name of a nominee company or a name other than your own, you must take actions as mentioned above.

- (d) If the H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your H Share(s) is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the H Share Offer, the Form of Acceptance should nevertheless be completed and delivered in an envelope marked “**IME — H Share Offer**” to the Registrar together with a letter stating that you have lost one or more of your H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your H Share certificate(s), you should also write to the Registrar for a form of letter of indemnity which, when completed in accordance with the instructions given therein, should be returned to the Registrar. IMG shall have the absolute discretion to decide whether any H Shares in respect of which the H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by IMG.
- (e) If you have lodged transfer(s) of any of your H Shares for registration in your name and have not yet received your H Share certificate(s) and you wish to accept the H Share Offer, you should nevertheless complete and sign the Form of Acceptance and deliver it in an envelope marked “**IME — H Share Offer**” to the Registrar together with the transfer receipt(s) duly signed by you. Such action will be deemed to be an irrevocable instruction and authority to Cinda International Capital Limited and/or IMG and/or any of their respective agent(s) to collect from IME or the Registrar on your behalf the relevant H Share certificate(s) when issued and to deliver such H Share certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such H Share certificate(s), subject to the terms and conditions to the H Share Offer, as if it/they were delivered to the Registrar with the Form of Acceptance.
- (f) Acceptance of the H Share Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on

Friday, 16 July 2021, being the First Closing Date, or such later time and/or date as IMG may determine and announce in compliance with the requirements of the Takeovers Code, and is:

- (i) accompanied by the relevant H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those IME H Share certificate(s) is/are not in your name, such other documents (for example a duly stamped transfer of the relevant H Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant H Share(s); or
 - (ii) from a registered IME H Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to H Share(s) which are not taken into account under another sub-paragraph of this paragraph (f)); or
 - (iii) certified by the Registrar or the Stock Exchange.
- (g) If the Form of Acceptance is executed by a person other than the registered IME H Shareholder, appropriate documentary evidence of authority (for example grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.
- (h) No acknowledgement of receipt for any Form(s) of Acceptance, H Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. ACCEPTANCE PERIOD AND REVISIONS

- (a) The H Share Offer is made on Monday, 31 May 2021, the date of posting of this Composite Document, and is capable of acceptance on and from this date. Unless the H Share Offer has previously been revised or extended with the consent of the Executive, to be valid, the Form of Acceptance must be received by the Registrar by 4:00 p.m. on Friday, 16 July 2021, being the First Closing Date.
- (b) If the H Share Offer is extended, the announcement of such extension will state the next closing date or a statement that the H Share Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given to the IME H Shareholders before the H Share Offer is closed. If the H Share Offer is declared unconditional in all respects, the H Share Offer will be extended and remain open for acceptance for not less than 28 days thereafter.
- (c) If, in the course of the H Share Offer, IMG revises the terms of the H Share Offer, all IME H Shareholders, whether or not they have already accepted the H Share Offer, will benefit under the revised terms. The revised H Share Offer must be kept open for at least 14 days following the date on which the revised offer document is posted.
- (d) If the First Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the First Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date of the H Share Offer so extended.

- (e) The acceptance by or on behalf of an IME H Shareholder in its original and/or any previously revised form, shall be treated as an acceptance of the relevant H Share Offer so extended.
- (f) Any acceptance of the relevant extended H Share Offer and/or any election pursuant thereof shall be irrevocable unless and until the accepting IME H Shareholder of the H Share Offer becomes entitled to withdraw his/her/its acceptance under the section headed “4. Effect of Acceptance of the H Share Offer and Right of Withdrawal” of this Appendix I and duly does so.

3. SETTLEMENT

- (a) 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 following (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.
- (b) In the case of the IME H Shareholders accepting the H Share Offer, each cheque will be despatched by ordinary post to the address specified on the relevant IME H Shareholder’s Form of Acceptance at their own risk.
- (c) No fractions of a cent will be payable and the amount of cash consideration payable to an IME H Shareholder who accepts the H Share Offer will be rounded up to the nearest cent.
- (d) Cheque(s) not presented for payment within six months from the date of issue of the relevant cheques will not be honoured and be of no further effect, and in such circumstances cheque holders should contact IMG for payment.
- (e) Settlement of the consideration to which an IME H Shareholder is entitled under the H Share Offer will be implemented in full accordance with the terms of the H Share Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which IMG may otherwise be, or claim to be, entitled against such IME H Shareholder.

4. EFFECT OF ACCEPTANCE OF THE H SHARE OFFER AND RIGHT OF WITHDRAWAL

- (a) By validly accepting the H Share Offer, the IME H Shareholders will sell to IMG their tendered H Shares free from all options, liens, claims, equities, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attached to them as at the date of the Announcement or which subsequently become attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid, on or after the date of the Announcement.

In addition to the Conditions set out in the “Letter from Cinda International Capital Limited” from pages 11 to 24 of this Composite Document, the H Share Offer is made on the basis that acceptance of the H Share Offer by any IME H Shareholder will constitute a warranty by such IME H Shareholder to IMG that the H Shares acquired under the H Share Offer are fully paid and sold by such IME H Shareholder free from all options, liens, claims, equities, charges, encumbrances, rights of pre-emption and

any other third party rights of any nature and together with all rights attached to them as at the date of the Announcement or which subsequently become attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid, on or after the date of the Announcement.

- (b) The H Share Offer is conditional upon fulfilment of the Conditions set out in the “Letter from Cinda International Capital Limited” from pages 11 to 24 of this Composite Document. Acceptance of the H Share Offer tendered by the IME H Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the following paragraph or in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the H Share Offer shall be entitled to withdraw his/her/its acceptance after 21 days from the First Closing Date if the H Share Offer has not by then become unconditional as to acceptances. An acceptor of the H Share Offer may withdraw his/her/its acceptance by lodging a notice in writing signed by the acceptor (or his/her/its agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar.
- (c) Under Rule 19.2 of the Takeovers Code, if IMG is unable to comply with any of the requirements of making announcements relating to the H Share Offer set out in the section headed “5. Announcements” of this Appendix I, the Executive may require that the IME H Shareholders who have tendered acceptances to the H Share Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.
- (d) Upon the withdrawal of acceptance by an IME H Shareholder, IMG shall (or shall procure), as soon as possible but in any event within 10 days thereof, return by ordinary post, the H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the H Share(s) lodged with the Form of Acceptance to such IME H Shareholder.

5. ANNOUNCEMENTS

- (a) As required under Rule 19 of the Takeovers Code, by 6:00 p.m. on the First Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), IMG must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the H Share Offer. The announcement of the results of the H Share Offer will be jointly issued by IMG and IME and posted on the website of the Stock Exchange by 7:00 p.m. on Friday, 16 July 2021, being the First Closing Date. Such announcement will comply with the disclosure requirements under Rule 19.1 of the Takeovers Code and will include, among other things, the results of the H Share Offer.
- (b) If the H Share Offer is extended, the announcement of such extension will state the next closing date or a statement that the H Share Offer will remain open until further notice. If the H Share Offer is unconditional in all respects, a statement may be made that the H Share Offer will remain open for acceptance for at least 28 days thereafter in accordance with the Takeovers Code.

- (c) The results announcements shall specify the total number of the H Shares and rights over the H Shares:
 - (i) for which acceptances of the H Share Offer have been received;
 - (ii) held, controlled or directed by IMG or its concert parties before the Offer Period; and
 - (iii) acquired or agreed to be acquired during the Offer Period by IMG or its concert parties.
- (d) The results announcements must include details of any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) in IME which IMG or its concert parties has/have borrowed or lent, save for any borrowed H Shares which have been either on-lent or sold.
- (e) The results announcements shall specify the percentages of the relevant classes of share capital of IME, and the percentages of voting rights, represented by these numbers.
- (f) In computing the total number of the H Shares for which acceptances of the H Share Offer have been received, only valid acceptances that are complete and in good order, which have been received by the Registrar by no later than 4:00 p.m. on the First Closing Date, unless the H Share Offer is extended or revised with the consent of the Executive, shall be included.
- (g) If IMG, its concert parties or its advisers make(s) any statement about the level of acceptances or the number or percentage of accepting IME H Shareholders during the Offer Period, then IMG must make an immediate announcement in compliance with Note 2 to Rule 19 of the Takeovers Code.
- (h) As required under the Takeovers Code and the Listing Rules, all announcements in relation to the H Share Offer in respect of which the Executive and the Stock Exchange have confirmed that they have no further comments thereon, must be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

6. NOMINEE REGISTRATION

To ensure the equality of treatment of all IME H Shareholders, registered IME H Shareholders who hold the H Share(s) as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of the H Share(s) whose investments are registered in the names of nominees to accept the H Share Offer, it is essential that they provide instructions of their intentions to the H Share Offer to their respective nominees.

7. POSTING

All documents and remittances to be sent to the IME H Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent, in the case of IME H Shareholders, at their addresses as they appear in the Register, in the case of joint IME H Shareholders, to the IME H Shareholder whose name appears first in the Register. None of IMG, IME, the Joint Financial Advisers, the Independent Financial Adviser, the Registrar or any of their respective directors or agents or any other person involved in the H Share Offer will be responsible for any loss or delay in transmission or any other liability that may arise as a result thereof.

8. OVERSEAS IME H SHAREHOLDERS

- (a) The H Share Offer is in respect of a company incorporated in the PRC and listed in Hong Kong and is therefore subject to the procedure and disclosure requirements of laws, regulations and rules in Hong Kong which may be different from those in other jurisdictions. The ability of the IME H Shareholders who are citizens, residents or nationals of jurisdictions outside of Hong Kong to participate in the H Share Offer may be subject to the laws and regulations of the relevant jurisdictions. 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.
- (b) Any such Overseas IME H Shareholder will be responsible for any such issue, transfer or other taxes by whomsoever payable and IMG, IME, the Joint Financial Advisers and any person acting on their behalf shall be entitled to be fully indemnified and held harmless by such Overseas IME H Shareholder for any such issue, transfer or other taxes as such person may be required to pay.
- (c) Any acceptance by any IME H Shareholder will be deemed to constitute a representation and warranty from such IME H Shareholder to IMG and IME that all local laws and requirements have been complied with and that the H Share Offer can be accepted by such IME H Shareholder lawfully under the laws of the relevant jurisdiction. The IME H Shareholders should consult their professional advisers if in doubt.

9. HONG KONG STAMP DUTY AND TAXATION

- (a) 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 of the consideration payable in respect of acceptances of the H Share Offer and will be responsible to account to the Stamp Office of Hong Kong for all the stamp duty payable for the sale and purchase of the H Shares which are validly tendered for acceptance under the H Share Offer.
- (b) There may be tax implications on the IME H Shareholders in relation to the H Share Offer depending on the individual circumstances of the IME H Shareholders. The IME H Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the H Share Offer. It is emphasised that none of IMG, IME and their ultimate beneficial owners and concert parties, the Joint Financial Advisers, the Independent Financial Adviser, the Registrar or any of their respective directors or professional advisers or any persons involved in the H Share Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance of the H Share Offer.

10. GENERAL

- (a) All communications, notices, the Form of Acceptance, H Share certificate(s), transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the H Share Offer to be delivered by or sent to or from the IME H Shareholders will be delivered by or sent to or from them, or their designated agents, by post at their own risk, and none of IMG, IME, the Joint Financial Advisers, the Independent Financial Adviser, the Registrar or any of their respective directors or agents or any other person involved in the H Share Offer accepts any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Acceptance form part of the terms of the H Share Offer.
- (c) The accidental omission to despatch this Composite Document and/or the Form of Acceptance or any of them to any person to whom the H Share Offer is made will not invalidate the H Share Offer in any way.
- (d) The H Share Offer and all acceptances thereof will be governed by and construed in accordance with the laws of Hong Kong. Execution of a Form of Acceptance by or on behalf of an IME H Shareholder will constitute such IME H Shareholder's agreement that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the H Share Offer.
- (e) Due execution of a Form of Acceptance will constitute an authority to IMG, Cinda International Capital Limited or such person or persons as any of them may direct to complete, amend and execute any document on behalf of the person or persons accepting the H Share Offer and to do any other act that may be necessary or expedient for the purposes of vesting in IMG, or such person or persons as it may direct, the H Share(s) in respect of which such person or persons has/have accepted the H Share Offer.
- (f) The settlement of the consideration to which any IME H Shareholder is entitled under the H Share Offer will be implemented in full in accordance with the terms of the H Share Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which IMG may otherwise be, or claim to be, entitled against such IME H Shareholder.
- (g) Any IME H Shareholders accepting the H Share Offer will be responsible for payment of any transfer or cancellation or other taxes or duties payable in respect of the relevant jurisdiction due by such persons.
- (h) In making their decision, IME H Shareholders must rely on their own examination of the IME Group and the terms of the H Share Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of IMG, IME, the Joint Financial Advisers or their respective professional advisers. The IME H Shareholders should consult their own professional advisers for professional advice.
- (i) The making of the H Share Offer to the Overseas IME H Shareholders may be subject to the laws of the relevant jurisdictions. The 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. Such Overseas IME H Shareholders shall be fully responsible for the payment of any transfer or other taxes and duties due by such Overseas IME H Shareholders in respect of the relevant jurisdictions. The Overseas IME H Shareholders are recommended to seek professional advice on deciding whether or not to accept the H Share Offer.

- (j) This Composite Document and the Form of Acceptance have been prepared for the purposes of compliance with the legislative and regulatory requirements applicable in respect of the H Share Offer in Hong Kong and the operating rules of the Stock Exchange.

11. INTERPRETATION

- (a) A reference in this Composite Document to an IME H Shareholder includes a reference to a person(s) who, by reason of an acquisition or transfer of H Shares, is entitled to execute a Form of Acceptance and in the event of more than one person executing a Form of Acceptance, the provisions of this Composite Document apply to them jointly and severally.
- (b) A reference in this Composite Document and the Form of Acceptance to the H Share Offer shall include any extension thereof.
- (c) A reference in this Composite Document and the Form of Acceptance to the masculine gender includes the feminine and neuter genders, and a reference to the singular includes the plural, and vice versa.

The purpose of this section is to provide a summary of the terms of the Merger Agreement and its related important information to the IME Shareholders. As this is a summary, it may not contain all the information of the Merger Agreement. The Merger Agreement is one of the documents available for inspection as referred to in the section headed “10. Documents Available for Inspection” of Appendix IV to this Composite Document.

INTRODUCTION

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 Remaining IME H Shareholders (if any), and all H Shares held by the Remaining 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 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.

CERTAIN PROVISIONS OF THE MERGER AGREEMENT

1. 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 the 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.

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 Latest Practicable Date. 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).

2. Merger Price and Payment of the Merger Price

IMG will pay a Merger Price of HK\$1.80 per H Share in cash to the Remaining IME H Shareholders recorded on the Register as at the Merger Effective Date, within seven Business Days after the Merger Effective Date (i.e. on or before 11 January 2022).

Pursuant to the Merger Agreement, no further registration of transfer of H Shares shall be recorded on the Register on or after the Merger Effective Date.

Cheques for the Merger Price in respect of the H Shares held by the Remaining IME H Shareholders will be posted to the Remaining IME H Shareholders by ordinary post at their addresses as shown in the Register or, in the case of joint holders, to the address of that joint holder as shown in the Register in respect of the joint holding. All such cheques for the Merger Price in respect of the IME H Shares held by those Remaining IME H Shareholders will be sent at the risk of the persons entitled thereto and neither IMG nor IME will be liable for any loss or delay in transmission.

3. 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 (i.e. on or before 11 January 2022). 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 Remaining 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. Pursuant to the Merger Agreement, IME will be de-registered in accordance with the PRC Company Law and the Administrative Regulations of the PRC Governing the Company Registration.

4. Right of the Dissenting IME H Shareholder(s)

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. 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 CCASS, 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 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 4:30 p.m. on Tuesday, 8 June 2021. 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 the Dissenting IME H Shareholder(s) to demand IME or other IME Shareholders who have voted for the Merger Agreement and the Merger contemplated

thereunder 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.

As confirmed by the PRC legal adviser 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.

Pursuant to Article 201 of 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. According to the PRC Arbitration Law and other applicable PRC Laws, the time limit for bringing disputes or claims to arbitration is three years, counting from the date on which such person becomes aware of, or ought to be aware of, their asserted infringed rights. Unless there is evidence to the contrary, the three-year time limit for the Dissenting IME H Shareholders to bring such dispute or claim arising from the determination of the “fair price” to the relevant arbitration body under the IME’s Articles shall be counted 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.

5. 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.

6. Completion of Transfer of Assets

Upon the completion date of the Merger, all assets owned by IME will be transferred to IMG, and all such assets will be transferred in accordance with the following provisions of the Merger Agreement:

- (a) on the completion date of the Merger, IME shall transfer all assets to IMG unless otherwise agreed in the Merger Agreement;
- (b) in relation to assets of which the effectiveness of transfer of title is conditional on physical delivery, IME shall make delivery of such assets to IMG on the completion date of the Merger or on an earlier date agreed by both parties;
- (c) in relation to the assets of which the effectiveness of transfer of title is conditional on statutory approvals, registrations or filings (if any, including and not limited to land, buildings, constructions, vehicles, registered trademarks, patents and equity interests), IME shall complete the aforesaid relevant procedures and make delivery of such assets to IMG before the completion date of the Merger; and
- (d) on the completion date of the Merger, IME shall deliver to IMG all documents, certificates and materials relating to the assets transferred.

7. Arrangements for Employees

- (a) both IMG and IME agree that, upon completion of the Merger, all employees of IME shall be subsumed into IMG, and the rights and obligations of IME as the employer of such employees shall be assumed by IMG;
- (b) all employees of IME shall enter into employment contracts with IMG, save for exceptional cases, the current employment terms and conditions for those employees shall remain unchanged; and
- (c) both IMG and IME agree that upon signing of the Merger Agreement, each of IMG and IME shall follow their respective internal decision-making procedures provided by the labour union with respect to the arrangement of such employees.

8. Transfer of Business

- (a) both IMG and IME agree that, upon completion of the Merger, all the IME's business and all rights and obligations occurred therefrom shall be subsumed into IMG; and
- (b) for all the outstanding rights and obligations under the contracts to which IME is a party, IMG shall assume such rights and obligation by entering into new or supplementary agreements with relevant counterparties to such contracts.

9. Representations and Warranties***Representations and warranties provided by IMG and IME***

The Merger Agreement contains various representations and warranties provided by IMG and IME to each other in relation to the following:

- (a) each of IMG and IME is duly established and validly existing under the PRC laws and is entitled to enter into the Merger Agreement under the PRC laws;
- (b) each of IMG and IME is authorised and entitled to sign, deliver and execute the Merger Agreement and to perform the obligations contained thereunder; and
- (c) the execution and performance of the Merger Agreement by each of IMG and IME will not breach or violate (i) any applicable laws, administrative regulations, judgements or orders; (ii) its articles of association or business license; or (iii) any terms and conditions of any agreements to which IME or IMG is a party.

Representations and warranties provided by IMG

The Merger Agreement contains various representations and warranties provided by IMG to IME in relation to the following:

- (a) unless otherwise provided by the PRC Laws, where the Merger is subject to the written consents from any third parties, IMG will obtain such consents or terminate relevant contracts under which such consents are required prior to the implementation of the Merger; and
- (b) prior to the Merger Effective Date, IMG shall have sufficient financial resources to pay the consideration, costs and expenses in relation to the Merger.

Representations and warranties provided by IME

The Merger Agreement also contains various representations and warranties provided by IME to IMG in relation to the following:

- (a) the shares of IME and each of its subsidiaries is not subject to any encumbrance, including but not limited to liens, options, pledges, guarantees or third-party rights and litigation, arbitration or lawsuits;
- (b) the registered share capital of IME is 2,846,860,952 shares, comprising 2,025,313,904 Domestic Shares and 821,547,048 H Shares;
- (c) unless otherwise provided by the PRC Laws, where the Merger is subject to the written consents from any third parties, IME will obtain such consents or terminate relevant contracts under which such consents are required prior to the implementation of the Merger;

- (d) all documents and information provided by IME to the Stock Exchange and/or SFC in relation to the Merger are true, complete, not misleading and have no omissions in material respects;
- (e) IME is not aware of any events or changes which would cause material adverse effects on the principal business and the value of significant properties of the IME Group; and
- (f) save as disclosed by IME to IMG, IME is not subject to any ongoing litigation in relation to material penalties and breach of laws and regulations.

10. Transitional Arrangement

IME undertakes that during the transitional period from the date of the Merger Agreement to the completion date of the Merger, unless otherwise provided by applicable laws or approved by IMG, the IME Group shall conduct its ordinary daily operation of business, maintain the current shareholding structure and keep good relations with its customers, suppliers, creditors and other relevant persons. The IME Group shall not conduct in any activities other than in ordinary course of business.

Unless otherwise provided in the Merger Agreement and any applicable laws, or approved by IMG, during the transition period the IME Group shall not:

- (a) amend articles of association or other constitutional documents;
- (b) issue, sell, transfer, mortgage, dispose of the shares or convertible bonds (or the voting rights attached thereto);
- (c) incur any major indebtedness or dispose of any assets (other than those incurred in the ordinary course of business or in accordance with past practices);
- (d) make any investments or guarantees (other than those incurred in the ordinary course of business or in accordance with past practices);
- (e) issue any equity securities such as corporate bonds and warrants;
- (f) provide any major loans or guarantees to third party (other than those made in favour of its group subsidiaries in the ordinary course of business);
- (g) distribute dividends (if any, and except for those declared but not yet paid before the date of the Merger Agreement); and
- (h) make significant adjustment to the remuneration of directors, supervisors and senior management personnel.

11. Termination of the Merger Agreement

The Merger Agreement will be terminated if any of the following occurs on or before the Merger Effective Date:

- (a) any governmental body has issued an order, decree or ruling or taken any other action, which would permanently restrain, prohibit or otherwise disable the Merger and such order, decree, ruling or other action becomes final and non-appealable;
- (b) the Merger Agreement cannot be performed within sixty days due to a force majeure event;

- (c) the Merger Conditions have not been fully satisfied or waived (if applicable) by 31 December 2021 (or such other date as agreed by IME and IMG); or
- (d) the shareholders' approval of the Merger has not been obtained at the Extraordinary General Meeting or the H Class Share Meeting.

In the event that IMG or IME breaches any of its representations, warranties or undertakings under the Merger Agreement or other relevant agreements in relation to the Merger, where such breach has a material impact on the Merger and has not been rectified, the other party may terminate the Merger Agreement unilaterally.

12. Expenses

Unless otherwise provided under the Merger Agreement, each of IMG and IME shall be responsible for its own costs incurred in connection with the Merger Agreement, irrespective of whether the Merger is completed or not.

13. Amendments

Prior to the Merger Effective Date, the Merger Agreement may be amended, modified or supplemented upon written consent by both IMG and IME. However, there should not be any amendments, modifications or supplement in respect of the Merger Price or the paying arrangement thereof.

14. Governing Laws

The Merger Agreement shall be governed by the PRC Laws.

HONG KONG STAMP DUTY AND TAXATION

Upon the implementation of the Merger, the H Shares, among other IME Shares, will be cancelled. Therefore, the cancellation of 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.

There may be tax implications on the IME Shareholders in relation to the Merger depending on the individual circumstances of the IME Shareholders. The IME Shareholders (including the Dissenting IME H Shareholders), whether in Hong Kong or in other jurisdictions, are recommended to consult their professional advisers if they are in any doubt as to the taxation implication of the Merger and, in particular, whether the receipt of Merger Price would make such IME Shareholders (including the Dissenting IME H Shareholders) liable to taxation in the PRC, Hong Kong or in other jurisdictions. It is emphasised that none of IMG, IME and their ultimate beneficial owners and concert parties, the Joint Financial Advisers, the Independent Financial Adviser, the Registrar or any of their respective directors or professional advisers or any persons involved in the Merger accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of the Merger.

1. FINANCIAL SUMMARY

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 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) 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 Latest Practicable Date, 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 (i) FY2018, FY2019 and FY2020 as required to be published under the Listing Rules and (ii) the three months ended 31 March 2021 have still been outstanding.

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 to the Executive for, and the Executive has indicated that it will grant, a waiver from strict compliance with the reporting requirements under Rule 10.9 of the Takeovers Code. As alternative disclosure, IME has included in this Composite Document:-

- (i) the unaudited consolidated financial information of IME Group for FY2018 as extracted from the draft unaudited management accounts of the IME Group for the relevant year, in substantially the form as set out in the FY2018 Unaudited Results Announcement;
- (ii) the unaudited consolidated financial information of IME for FY2019, FY2020 and the three months ended 31 March 2021 as extracted from the draft unaudited management accounts of the IME Group for the relevant financial periods; and
- (iii) the selected unaudited consolidated financial figures of IME for the three months ended 31 March 2020 and 2021 respectively, as extracted from the draft unaudited

management accounts of the IME Group for the relevant period for the primary purpose of illustrating the material change regarding the financial or trading position or outlook of the IME Group,

which is confirmed by the directors of IME be prepared on the same basis as used in the audited consolidated financial statements of 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 in this Appendix III 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.

Summary of Unaudited Consolidated Statement of Profit or Loss

	For the three months ended 31 March	For the year ended 31 December		
	2021	2020	2019	2018
	<i>RMB in million (Unaudited)</i>	<i>RMB in million (Unaudited)</i>	<i>RMB in million (Unaudited)</i>	<i>RMB in million (Unaudited)</i>
Revenue	592.82	5,231.63	3,794.62	13,302.11
Profit/(loss) before tax	(200.23)	(335.72)	(1,160.87)	11.23
Income tax expense	(2.48)	(17.81)	(9.08)	(6.82)
Profit/(loss) for the year	(202.71)	(353.53)	(1,169.95)	4.41
Profit/(loss) for the year attributable to:				
Owners of the Company	(202.73)	(353.69)	(1,170.09)	4.25
Non-controlling interests	0.02	0.16	0.14	0.16
	(202.71)	(353.53)	(1,169.95)	4.41
Earnings per share				
Basic and diluted (RMB)	(0.07)	(0.12)	(0.41)	0.0015

Note: As disclosed in the FY2017 Annual Results Announcement and the FY2017 Poll Results Announcement, IME has proposed (and the IME shareholders have approved) a final dividend of RMB0.01472 (tax inclusive) per share for the financial year ended 31 December 2017. Such dividend was paid on 27 August 2018. Save for the above, there is no dividend distributed to the owners of IME during the Relevant Period.

Summary of Unaudited Consolidated Statement of Financial Position

	As at 31 March	As at 31 December		
	2021	2020	2019	2018
	<i>RMB in million (Unaudited)</i>	<i>RMB in million (Unaudited)</i>	<i>RMB in million (Unaudited)</i>	<i>RMB in million (Unaudited)</i>
Total assets	14,520.59	15,330.26	15,487.44	17,859.68
Total liabilities	11,925.86	12,555.32	12,372.77	13,712.65
	2,594.73	2,774.94	3,114.67	4,147.03
Equity attributable to owners of the Company . . .	2,573.04	2,753.26	3,106.96	4,139.37
Non-controlling interests	21.69	21.68	7.71	7.67
	2,594.73	2,774.94	3,114.67	4,147.03

2. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Set below is the unaudited consolidated financial statements of the IME Group for the Relevant Period:-

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	For the			
	three months ended	For the year ended 31 December		
	31 March	2020	2019	2018
	RMB'000,000 (Unaudited)	RMB'000,000 (Unaudited)	RMB'000,000 (Unaudited)	RMB'000,000 (Unaudited)
Revenue	592.82	5,231.63	3,794.62	13,302.11
Total cost	795.85	5,610.27	4,582.43	13,367.74
Including:				
Operating cost	547.57	4,519.50	3,364.23	12,240.58
Taxes and surcharges	2.21	32.40	29.68	22.50
Selling and distribution expenses	2.42	7.22	7.93	17.88
Administrative expenses	133.34	602.03	753.76	801.24
Research and development expenses	0.00	45.03	50.97	8.89
Finance expenses	110.31	404.09	375.86	266.78
Including: finance expenses	110.70	420.21	415.24	377.66
Finance income	2.91	17.63	55.12	110.88
Net exchange loss	0.00	0.001	0.00	0.00
Other expenses	0.00	0.00	0.00	9.87
Add: Other income	3.62	16.75	2.02	58.72
Investment income/(loss)	0.00	3.98	14.83	6.65
Including: share of profit of joint ventures	0.00	3.92	14.29	6.65
Credit impairment gain/(loss)	0.21	0.59	(38.53)	(30.97)
Impairment gain/(loss) on assets	0.00	(0.16)	(24.74)	0.00
Proceeds/(loss) from asset disposal	0.00	0.71	0.38	0.38
Other gain/(loss)	0.00	0.00	0.00	11.07
Operating profits/(loss)	(199.20)	(356.77)	(833.85)	(19.78)
Add: Non-operating income	0.39	22.79	15.55	36.05
Including: Government grants	0.00	0.51	5.05	0.05
Less: Non-operating expenses	(1.42)	(1.74)	(342.57)	(5.04)
Profit/(loss) before tax	(200.23)	(335.72)	(1,160.87)	11.23
Income tax expense	(2.48)	(17.81)	(9.08)	(6.82)
Profit/(loss) for the year	(202.71)	(353.53)	(1,169.95)	4.41
Profit/(loss) for the year attributable to:				
Owners of the Company	(202.73)	(353.69)	(1,170.09)	4.25
Non-controlling interests	0.02	0.16	0.14	0.16
	(202.71)	(353.53)	(1,169.95)	4.41
Earnings per share				
— Basic and diluted (RMB)	(0.07)	(0.12)	(0.41)	0.0015

APPENDIX III
FINANCIAL INFORMATION OF IME GROUP
UNAUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	For the three months ended 31 March	For the year ended 31 December		
	2021	2020	2019	2018
	<i>RMB'000,000</i> <i>(Unaudited)</i>	<i>RMB'000,000</i> <i>(Unaudited)</i>	<i>RMB'000,000</i> <i>(Unaudited)</i>	<i>RMB'000,000</i> <i>(Unaudited)</i>
Profit / (loss) for the year	(202.71)	(353.53)	(1,169.95)	4.41
Other comprehensive (expense) income, net of income tax:				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
— Remeasurement of defined benefit obligations . . .	0.00	0.00	0.00	(34.57)
— Income tax relating to remeasurement of defined benefit obligations that will not be reclassified to profit or loss	0.00	0.00	0.00	0.62
— Changes in the fair value of other investments in equity instruments	0.00	0.00	0.00	2.72
<i>Other comprehensive income that will be reclassified subsequently to profit or loss:</i>				
— Changes in the fair value of other debt investments	0.00	0.00	0.00	(2.18)
Other comprehensive (expense) income for the period, net of income tax	0.00	0.00	0.00	(33.41)
Total comprehensive (expense) income for the period	(202.71)	(353.53)	(1,169.95)	(29.00)
Total comprehensive income for the year attributable to:				
Owners of the Company	(202.73)	(353.69)	(1,170.09)	(29.16)
Non-controlling interests	0.02	0.16	0.14	0.16
	(202.71)	(353.53)	(1,169.95)	(29.00)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 March	As at 31 December		
	2021	2020	2019	2018
	<i>RMB in million</i> <i>(Unaudited)</i>	<i>RMB in million</i> <i>(Unaudited)</i>	<i>RMB in million</i> <i>(Unaudited)</i>	<i>RMB in million</i> <i>(Unaudited)</i>
NON-CURRENT ASSETS				
Property, plant and equipment	2,196.25	2,238.85	2,260.61	2,970.27
Prepaid lease payments	56.57	56.57	56.57	56.53
Investment properties	7.29	7.43	8.00	8.57
Goodwill	31.63	31.63	31.63	13.25
Intangible assets	281.50	275.31	225.75	131.60
Investments in joint ventures	439.07	452.51	415.31	324.13
Equity instruments at fair value through other comprehensive income	15.12	15.12	15.12	15.12
Deferred tax assets	14.07	14.38	18.16	85.86
Trade receivables / Trade and bills receivable . .	313.21	313.21	313.21	313.21
Construction in progress	262.86	231.83	198.80	0.00
Other non-current assets	266.44	266.71	224.98	238.01
TOTAL NON-CURRENT ASSETS	3,884.01	3,903.55	3,768.14	4,156.55

APPENDIX III
FINANCIAL INFORMATION OF IME GROUP

	As at 31 March	As at 31 December		
	2021	2020	2019	2018
	RMB in million (Unaudited)	RMB in million (Unaudited)	RMB in million (Unaudited)	RMB in million (Unaudited)
CURRENT ASSETS				
Inventories	270.97	234.55	274.84	94.32
Prepaid lease payments	0.00	0.00	0.00	1.34
Properties for sale	0.00	0.00	9.04	9.01
Contract assets	1,054.20	978.76	958.03	842.97
Amounts due from customers for construction contracts				
Trade receivables / Trade and bills receivable . .	4,571.75	5,404.97	5,671.56	6,414.93
Debt instruments at fair value through other comprehensive income	0.00	0.00	0.00	194.08
Prepayments, deposits and other receivables . . .	3,591.74	3,478.87	3,399.52	3,146.59
Pledged bank deposits	261.08	322.01	431.19	1,092.83
Cash and cash equivalents	738.15	860.05	775.30	1,907.06
Other current assets	148.69	147.51	199.82	0.00
TOTAL CURRENT ASSETS	10,636.58	11,426.72	11,719.30	13,703.13
CURRENT LIABILITIES				
Trade and bills payables	8.04	30.09	7.13	3,725.54
Contract liabilities	305.8	359.80	364.09	230.33
Other payables and accruals	3,941.22	4,285.71	3,844.54	1,137.57
Income tax payable	23.87	45.91	36.71	62.85
Bank and other borrowings	4,950.74	4,997.31	5,880.27	5,657.50
Defined benefit obligations	42.45	165.25	130.87	22.55
Dividends payables	31.60	31.60	31.60	29.81
Finance lease liabilities	0.00	0.00	0.00	21.76
TOTAL CURRENT LIABILITIES	9,303.72	9,915.67	10,295.21	10,887.91
NET CURRENT ASSETS	1,332.86	1,511.05	1,424.09	2,815.22
TOTAL ASSETS LESS CURRENT LIABILITIES	5,216.87	5,414.60	5,192.23	6,971.77
NON-CURRENT LIABILITIES				
Bank and other borrowings	1,538.00	1,538.00	963.50	1,744.00
Defined benefit obligations	403.30	403.30	403.30	400.32
Deferred tax liabilities	0.00	0.00	0.00	1.95
Finance lease liabilities	647.23	664.76	681.31	678.47
Deferred income	28.82	28.81	27.71	0.00
Other non-current liabilities	4.79	4.78	1.74	0.00
TOTAL NON-CURRENT LIABILITIES	2,622.14	2,639.65	2,077.56	2,824.74
NET ASSETS	2,594.73	2,774.95	3,114.67	4,147.03
Capital and reserves				
Issued share capital	2,846.86	2,846.86	2,846.86	2,846.86
Reserves	(273.82)	(93.59)	260.10	1,292.51
	2,573.04	2,753.27	3,106.96	4,139.37
Non-controlling interests	21.69	21.68	7.71	7.67
TOTAL EQUITY	2,594.73	2,774.95	3,114.67	4,147.03

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the three	For the year ended 31 December		
	months ended			
	31 March	2020	2019	2018
	RMB in million (Unaudited)	RMB in million (Unaudited)	RMB in million (Unaudited)	RMB in million (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from sales and services	1,144.16	5,097.75	4,521.27	13,429.33
Cash received from taxes refunds	3.00	8.69	5.06	0.00
Other cash receipts related to operating activities	126.09	853.57	792.09	417.83
Total cash inflows from operating activities	1,273.25	5,960.01	5,318.42	13,847.16
Cash paid for goods and services	592.99	3,669.13	4,187.09	13,848.93
Cash paid to and for employees	278.31	721.25	963.76	1,060.00
Cash paid for taxes	34.99	94.32	156.58	139.88
Other cash payments related to operating activities	283.12	762.29	972.70	212.92
Total cash outflows from operating activities	1,189.41	5,246.99	6,280.13	15,261.73
Net cash flows from operating activities	83.84	713.02	(961.71)	(1,414.57)
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash received from investment income	0.00	11.01	0.00	109.58
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	0.02	1.84	0.08	129.54
Dividends received from joint ventures	0.00	0.00	0.00	2.99
Other cash receipts related to investing activities	0.06	6.16	0.00	1,605.16
Total cash inflows from investing activities	0.08	19.01	0.08	1,847.27
Cash paid for fixed assets, intangible assets and other long-term assets	60.62	111.90	72.65	752.79
Cash payments for investments	0.00	44.29	0.00	0.00
Net cash paid for acquiring subsidiaries and other business units	0.00	0.00	42.10	199.65
Other cash payments related to investing activities	0.12	18.63	0.08	1,426.78
Total cash outflows from investing activities	60.74	174.82	114.83	2,379.22
Net cash flows from investing activities	(60.66)	(155.81)	(114.75)	(531.95)
CASH FLOWS FROM FINANCING ACTIVITIES				
Including: cash received by subsidiaries from minority shareholders' investments	0.00	13.80	0.00	0.00
Cash received from borrowings	2,092.00	5,214.35	6,137.59	6,065.40
Cash received from finance lease assets	0.00	0.00	0.00	700.00
Other cash receipts related to other financing activities	2.00	21.97	3.25	584.37
Total cash inflows from financing activities	2,094.00	5,250.12	6,320.84	7,349.77
Cash repayments for debts	1,117.51	5,287.89	6,388.03	6,508.90
Cash payments for finance lease assets	0.00	0.00	69.19	8.14
Cash payments for distribution of dividends, profit and interest expenses	119.55	385.50	324.39	364.61
Other cash payments related to financing activities	1,002.02	49.02	23.22	391.91

	For the three months ended 31 March			
	For the year ended 31 December			
	2021	2020	2019	2018
	<i>RMB in million (Unaudited)</i>	<i>RMB in million (Unaudited)</i>	<i>RMB in million (Unaudited)</i>	<i>RMB in million (Unaudited)</i>
Total cash outflows from financing activities	2,239.08	5,722.41	6,804.83	7,273.56
Net cash flows from financing activities	(145.08)	(472.29)	(483.99)	76.21
Net increase (decrease) in cash and cash equivalents	(121.90)	84.92	(1,560.45)	(1,870.31)
Add: beginning balance of cash and cash equivalents	860.05	775.12	2,335.57	3,777.38
Ending balance of cash and cash equivalents	738.15	860.04	775.12	1,907.07

3. INDEBTEDNESS STATEMENT

As at the close of business on 31 March 2021, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the IME Group had total borrowings and lease obligations of RMB7,120,835,391.81, details of which are as follows:

(a) Bank borrowings

The Group had unsecured and unguaranteed bank borrowings amounting to RMB935,000,000, unsecured but guaranteed bank borrowings amounting to RMB4,697,738,530.37, secured and unguaranteed bank borrowings amounting to RMB164,000,000, and secured and guaranteed bank borrowings amounting to RMB692,000,000.

(b) Lease obligations

The Group has lease liabilities amounting to RMB632,096,861.44.

Save as disclosed above or otherwise mentioned herein, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, as at the close of business of 31 March 2021, the Group did not have any other outstanding debentures issued and outstanding or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, other recognised lease liabilities or lease commitments, any other mortgages and charges, guarantees or other material contingent liabilities.

4. MATERIAL CHANGES

Save as (i) disclosed in the section headed “7. Litigation” in Appendix IV to this Composite Document; and (ii) the items as disclosed below, the directors of IME confirm that there has been no material change in the financial or trading position or outlook of the Group since 31 December 2017, being the date to which the latest published audited consolidated financial statements of the IME Group were made up, up to and including the Latest Practicable Date.

4.1 Material change between 2017 and 2018

Reference is made to the FY2018 Unaudited Results Announcement which has disclosed, among others, the following material change between 2017 and 2018.

Revenue by business segments

Business segment	For the year ended 31 December 2018 (Unaudited)		For the year ended 31 December 2017 (Audited)	
	(RMB in million)		(RMB in million)	
Survey, design and consultancy	480.80	3.61%	784.97	11.55%
Construction contracting	3,397.48	25.54%	5,458.28	80.30%
Trading	8,888.61	66.82%	230.37	3.39%
Power project operation and other businesses	591.04	4.44%	390.36	5.74%
Inter segment elimination ^(Note)	(55.82)	(0.42)%	(66.20)	(0.97)%
Total	13,302.11	100.00%	6,797.78	100.00%

Note:

Inter-segment elimination mainly represents the provision of goods or services among business segments.

Revenue of the IME Group increased by approximately 95.68% from approximately RMB6,797.78 million in 2017 to approximately RMB13,302.11 million in 2018. The increase in revenue was mainly driven by the increase in revenue of trading business and revenue of power project operations and other business of approximately RMB8,658.24 million and RMB200.68 million, respectively, which was partially offset by the decrease in revenue of survey, design and consultancy business and revenue of construction contracting business of approximately RMB304.17 million and RMB2,060.80 million, respectively. The increase in revenue of trading business was primarily due to the growth of the metal trading business driven by the expansion of trading business by IME. The increase in revenue of power project operations and other business was primarily due to the acquisition of three power generation projects by IME at the end of 2017 and in the second half of 2018, respectively, which generated revenue from power generation in 2018. The decrease in revenue of survey, design and consultancy business and construction contracting business were both primarily caused by the decline in business volume resulting from the implementation of the “31 May New Policy” within the photovoltaic industry and the preferential policies pursuant to which more investments were made to distribution network in the western Inner Mongolia market.

Cost of Sales by business segments

Business segment	For the year ended 31 December 2018 (Unaudited)		For the year ended 31 December 2017 (Audited)	
	(RMB in million)		(RMB in million)	
Survey, design and consultancy	304.58	2.49%	240.79	4.58%
Construction contracting	2,757.23	22.53%	4,566.38	86.80%
Trading	8,827.71	72.12%	228.87	4.35%
Power project operation and other businesses	406.88	3.32%	290.86	5.53%
Inter segment elimination	(55.82)	(0.46)%	(66.20)	(1.26)%
Total	12,240.58	100.00%	5,260.70	100.00%

Cost of sales of the IME Group increased by approximately 132.68% from approximately RMB5,260.7 million in 2017 to approximately RMB12,240.58 million in 2018. The reason for the increase in the cost of sales is basically in line with the aforementioned reason for the increase in the revenue.

Gross profit and gross profit ratio by business segments

Business segment	For the year ended 31 December 2018 (Unaudited)		For the year ended 31 December 2017 (Audited)	
	Gross profit	Gross profit ratio	Gross profit	Gross profit ratio
	(RMB in million)	%	(RMB in million)	%
Survey, design and consultancy	176.22	36.65%	544.19	69.33%
Construction contracting	640.25	18.84%	891.9	16.34%
Trading	60.90	0.69%	1.5	0.65%
Power project operation and other businesses	184.16	31.16%	99.5	25.49%
Total	1,061.53	7.98%	1,537.09	22.61%

Gross profit of the IME Group decreased by approximately 30.94% from approximately RMB1,537.09 million in 2017 to approximately RMB1,061.53 million in 2018. The gross profit margin decreased from approximately 22.61% in 2017 to approximately 7.98% in 2018. As the costs of survey, design and consultancy business are mainly fixed labour costs, thus the decline in business volume resulted in the decrease in gross profit margin. Meanwhile, the survey, design and consultancy business with relatively higher gross profit margin saw a decline in its business volume and also in its proportion to the segment revenue, while the metal trading business with relatively lower gross profit margin saw an increase in its business volume and also in its proportion to the segment revenue, which resulted in the decrease in the overall gross profit and gross profit margin.

Finance costs

Finance costs of the IME Group represent interest expenses on bank borrowings and finance lease. Finance costs of the IME Group increased from approximately RMB283.49 million in 2017 to approximately RMB377.66 million in 2018, which was primarily due to the increase in bank borrowings used as working capital, the newly added finance lease and the rise in interest rate of bank borrowings in 2018.

4.2 Material change between 2018 and 2019

Revenue by business segments

Business segment	For the year ended 31 December 2019 (Unaudited)		For the year ended 31 December 2018 (Unaudited)	
	Gross profit	Gross profit ratio	Gross profit	Gross profit ratio
	(RMB in million)	%	(RMB in million)	%
Survey, design and consultancy	225.96	5.95%	480.80	3.61%
Construction contracting	2,705.00	71.29%	3,397.48	25.54%
Trading	358.08	9.44%	8,888.61	66.82%
Power project operation and other businesses	560.33	14.77%	591.04	4.44%
Inter segment elimination^(Note)	(54.75)	-1.44%	(55.82)	-0.42%
Total	3,794.62	100.00%	13,302.11	100.00%

Note:

Inter segment elimination is mainly for the provision of goods or services among the business segments.

The revenue of the IME Group decreased by approximately 71.47% from approximately RMB13,302.11 million in 2018 to approximately RMB3,794.62 million in 2019. The decrease was mainly attributable to the decreases in revenue generated by the survey, design and consultancy business of approximately RMB254.84 million, by the construction contracting business of approximately RMB692.48 million, by the trading business of approximately RMB8,530.53 million, and investment and other businesses of approximately RMB30.71 million.

Under the backdrop of continuing adjustment of energy structure in the PRC, the decrease in revenue was mainly due to the reduction in installation of coal and photovoltaic related new machines, which was caused by the downward market in traditional electric power design and construction with increasing fierce competition due to the shift of the focus of grid investment to upgrading and distribution of grid in rural power grid. Therefore, IME made internal adjustment in business structure to optimize its trade chain to develop its trading business as appropriate.

Cost of Sales by business segments

<u>Business segment</u>	<u>For the year ended 31 December 2019 (Unaudited)</u>		<u>For the year ended 31 December 2018 (Unaudited)</u>	
	<i>(RMB in million)</i>		<i>(RMB in million)</i>	
Survey, design and consultancy	221.26	6.58%	304.58	2.49%
Construction contracting	2,479.76	73.71%	2,757.23	22.53%
Trading	352.20	10.47%	8,827.71	72.12%
Power project operation and other businesses	365.76	10.87%	406.88	3.32%
Inter segment elimination	(54.75)	-1.63%	(55.82)	-0.46%
Total	3,364.23	100.00%	12,240.58	100.00%

The cost of sales of the IME Group decreased by about 72.52% from approximately RMB12,240.58 million in 2018 to approximately RMB3,364.23 million in 2019. The reasons for the decrease in the cost of sales were basically the same as the abovementioned reasons for the decrease in revenue.

Gross profit and gross profit ratio by business segments

<u>Business segment</u>	<u>For the year ended 31 December 2019 (Unaudited)</u>		<u>For the year ended 31 December 2018 (Unaudited)</u>	
	<u>Gross profit</u>	<u>Gross profit ratio</u>	<u>Gross profit</u>	<u>Gross profit ratio</u>
	<i>(RMB in million)</i>	<i>%</i>	<i>(RMB in million)</i>	<i>%</i>
Survey, design and consultancy	4.70	2.08%	176.22	36.65%
Construction contracting	225.24	8.33%	640.25	18.84%
Trading	5.88	1.64%	60.90	0.69%
Power project operation and other businesses	194.57	34.72%	184.16	31.16%
Total	430.39	11.34%	1,061.53	7.98%

The gross profit of the IME Group decreased by approximately 59.46% from approximately RMB1,061.53 million in 2018 to approximately RMB430.39 million in 2019. The gross profit ratio increased from approximately 7.98% in 2018 to approximately 11.34% in 2019.

The decrease in the gross profit was mainly due to the downturns of the external power construction market, the fierce competition, and the year-by-year increase in the cost-per-revenue ratio of the projects, resulting in the further shrinking of the room for profits.

4.3 Material change between 2019 and 2020

Revenue by business segments

Business segment	For the year ended 31 December 2020 (Unaudited)		For the year ended 31 December 2019 (Unaudited)	
	(RMB in million)		(RMB in million)	
Survey, design and consultancy	291.47	5.57%	225.96	5.95%
Construction contracting	4,277.41	81.76%	2,705.00	71.29%
Trading	234.50	4.48%	358.08	9.44%
Power project operation and other businesses	614.71	11.75%	560.33	14.77%
Inter segment elimination ^(Note)	(186.46)	-3.56%	(54.75)	-1.44%
Total	5,231.63	100.00%	3,794.62	100.00%

Note:

Inter segment elimination is mainly for the provision of goods or services among the business segments.

The revenue of the IME Group increased by approximately 37.87% from approximately RMB3,794.62 million in 2019 to approximately RMB5,231.63 million in 2020. The increase was mainly attributable to the increases in revenue generated by the survey, design and consultancy business, the construction contracting business, and power project operation and other businesses of approximately RMB65.51 million, RMB1,572.41 million and RMB54.38 million respectively, and revenue generated by the trading business decreased by approximately RMB123.58 million and inter segment elimination decreased by approximately RMB137.71 million.

The increase in revenue was mainly due to the Company's efforts in expanding the market, increasing the market share inside and outside the region and also pushing the designing and implementation progress of key projects with a steady growth in the businesses of survey and design, and contracting construction. Meanwhile, the Company also enhanced its investment in new energy area and expanded the business in the areas such as information technology and environmental monitoring, which in turn increased its profitability.

Cost of sales by business segments

Business segment	For the year ended 31 December 2020 (Unaudited)		For the year ended 31 December 2019 (Unaudited)	
	(RMB in million)		(RMB in million)	
Survey, design and consultancy	178.13	3.94%	221.26	6.58%
Construction contracting	3,918.84	86.71%	2,479.76	73.71%
Trading	226.88	5.02%	352.20	10.47%
Power project operation and other businesses	347.06	7.68%	365.76	10.87%
Inter segment elimination	(151.41)	-3.35%	(54.75)	-1.63%
Total	4,519.50	100.00%	3,364.23	100.00%

The cost of sales of the IME Group increased by approximately 34.34% from approximately RMB3,364.23 million in 2019 to approximately RMB4,519.50 million in 2020. The reasons for the increase in the cost of sales were basically the same as the abovementioned reasons for the increase in revenue.

Gross profit and gross profit ratio by business segments

Business segment	For the year ended 31 December 2020 (Unaudited)		For the year ended 31 December 2019 (Unaudited)	
	Gross profit <i>(RMB in million)</i>	Gross profit ratio %	Gross profit <i>(RMB in million)</i>	Gross profit ratio %
Survey, design and consultancy	113.34	38.89%	4.70	2.08%
Construction contracting	358.57	8.38%	225.24	8.33%
Trading	7.62	3.25%	5.88	1.64%
Power project operation and other businesses	267.65	43.54%	194.57	34.72%
Inter segment elimination	(35.05)	N/A	0.00	N/A
Total	712.13	13.61%	430.39	11.34%

The gross profit of the Group increased by approximately 65.46% from approximately RMB430.39 million in 2019 to approximately RMB712.13 million in 2020. The gross profit ratio increased from approximately 11.34% in 2019 to approximately 13.61% in 2020. The increase in gross profit was mainly attributable to the decrease in subcontracting, external labour fee and labour cost.

4.4 Material change between 31 March 2020 and 2021

Revenue by business segments

Business segment	For three months ended 31 March 2021 (Unaudited)		For the three months ended 31 March 2020 (Unaudited)	
	<i>(RMB in million)</i>		<i>(RMB in million)</i>	
Survey, design and consultancy	22.67	3.82%	10.51	1.51%
Construction contracting	492.52	83.08%	634.59	91.23%
Trading	0.52	0.09%	17.15	2.47%
Power project operation and other businesses ...	114.98	19.40%	53.89	7.75%
Inter segment elimination ^(Note)	(37.87)	-6.39%	(20.59)	-2.96%
Total	592.82	100.00%	695.55	100.00%

Note:

Inter segment elimination is mainly for the provision of goods or services among the business segments.

The revenue of the Group decreased by approximately 14.77% from approximately RMB695.55 million in January to March 2020 to approximately RMB592.82 million in January to March 2021. The decrease was mainly attributable to the decreases in revenue of approximately RMB142.07 million from the construction contracting business, the decreases in revenue of RMB16.63 million from the trading business and the decrease in revenue of

approximately RMB17.28 million from inter segment elimination respectively, which was offset by the increase of revenue of approximately RMB12.16 million and RMB61.09 million from the survey, design and consultancy business, and investment and other businesses respectively.

The decrease in revenue was mainly due to the less business in contracting construction which was caused by festival holidays and climate, and also the less workload in construction in process compared to that for the previous year as most construction projects had completed and came into settlement stage. The Company optimised its trade chain to develop its trading business as appropriate.

Cost of Sales by business segments

Business segment	For the three months ended 31 March 2021 (Unaudited)		For the three months ended 31 March 2020 (Unaudited)	
	<i>(RMB in million)</i>		<i>(RMB in million)</i>	
Survey, design and consultancy	42.69	7.80%	14.67	2.18%
Construction contracting	465.10	84.84%	623.52	92.63%
Trading	0.09	0.02%	16.89	2.51%
Power project operation and other businesses ...	70.47	12.87%	38.67	5.74%
Inter segment elimination	(30.78)	-5.62%	(20.59)	-3.06%
Total	547.57	100.00%	673.16	100.00%

The cost of sales of the Group decreased by approximately 18.66% from about RMB673.16 million in January to March 2020 to approximately RMB547.57 million in January to March 2021. The reasons for the decrease in the cost of sales were basically the same as the abovementioned reasons for the decrease in revenue.

Gross profit and gross profit ratio by business segments

Business segment	For the three months period ended 31 March 2021 (Unaudited)		For the three months period ended 31 March 2020 (Unaudited)	
	Gross profit	Gross profit ratio	Gross profit	Gross profit ratio
	<i>(RMB in million)</i>	<i>%</i>	<i>(RMB in million)</i>	<i>%</i>
Survey, design and consultancy	(20.02)	-88.31%	(4.16)	-39.53%
Construction contracting	27.42	5.57%	11.07	1.75%
Trading	0.43	82.69%	0.26	1.52%
Power project operation and other businesses	44.51	38.71%	15.22	28.24%
Inter segment elimination	(7.09)	N/A	0.00	N/A
Total	45.25	7.63%	22.39	3.22%

The gross profit of the Group increased by approximately 102.01% from approximately RMB22.40 million in January to March 2020 to approximately RMB45.25 million in January to March 2021. The gross profit ratio increased from approximately 3.22% in January to March 2020 to approximately 7.63% in January to March 2021.

The increase in gross profit was mainly attributable to the substantial increase in the power output of new energy sources as compared to the preceding year, of which the guaranteed electricity volume took a larger proportion of the settled electricity volume. The reason for

negative profit in survey, design and consultancy was that the cost (such as labour cost) continuously incurred despite the less workload for the first quarter.

The IME Board hereby emphasises that the Unaudited Financial Information (which includes all unaudited financial figures as set out in this Appendix III) has not been finalised and has not been reviewed or audited. The Unaudited Financial Information 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, and their reports must be included in the next document sent to the IME Shareholders pursuant to Rule 10.4 of the Takeovers Code. The 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 to the Executive for, and the Executive has indicated that it will grant, a waiver from strict compliance with the reporting requirements under Rule 10.9 of the Takeovers Code.

The Independent Shareholders are also reminded to read the “Letter from the Independent Financial Adviser” as set out on pages 41 to 65 of this Composite Document, which contains the advice of the Independent Financial Adviser to each of the Independent Board Committees and the Independent Shareholders in respect of the H Share Offer, the Delisting and the Merger Agreement and the Merger contemplated thereunder and the principal factors considered by it before arriving at its advice and recommendation. It should be noted that since the last published audited financial statements for the financial year ended 31 December 2017 were too outdated to be used by the Independent Financial Adviser to conduct any meaningful analysis, it has therefore based on the Unaudited Financial Information (which the IME Board believes such be able to provide the Independent Shareholders with a broad indication of the IME Group’s financial position and performance during the Relevant Period) to conduct its analysis. However, the Independent Shareholders are reminded to exercise caution in placing reliance on the Unaudited Financial Information and are advised to also consider other factors set out in the “Letter from the Independent Financial Adviser” upon which the Independent Financial Adviser draws its opinion and advice.

1. RESPONSIBILITY STATEMENT

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

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

2. SHARE CAPITAL OF IME

(a) Authorised and issued share capital

As at the Latest Practicable Date, the authorised and issued share capital of IME were as follows:

<u>Authorised:</u>	<u>RMB</u>
2,025,313,904 Domestic Shares of RMB1.00 each	2,025,313,904.00
821,547,048 H Shares of RMB1.00 each	821,547,048.00
Total	<u>2,846,860,952.00</u>
<u>Issued and fully paid:</u>	<u>RMB</u>
2,025,313,904 Domestic Shares of RMB1.00 each	2,025,313,904.00
821,547,048 H Shares of RMB1.00 each	821,547,048.00
Total	<u>2,846,860,952.00</u>

The rights of the holders of Domestic Shares and 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 IME H Shareholders.

The number of IME Shares in issue at 31 December 2020, being the date to which the latest unaudited consolidated management accounts of IME were made up, was 2,846,860,952, comprising 2,025,313,904 Domestic Shares and 821,547,048 H Shares. IME has not issued any IME Shares since that date until the Latest Practicable Date.

Save for the 2,015,187,334 Domestic Shares directly owned by IMG and the 10,126,570 Domestic Shares directly owned by IM Sulige Company, neither IMG nor parties acting in concert with it owned or had 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) as at the Latest Practicable Date.

As at the Latest Practicable Date, there were no outstanding options, warrants, derivatives or convertible securities in respect of the securities of IME.

(b) Listing

Listing and trading of the H Shares on the Main Board of the Stock Exchange have been suspended with effect from 9:00 a.m. on 18 March 2019. No part of the IME Shares is listed or dealt in, nor is any listing or permission to deal in the IME Shares being or proposed to be sought, on any other stock exchange.

3. MARKET PRICES

Since the H Shares have been suspended from trading on the Stock Exchange from 18 March 2019, and as at the Latest Practicable Date, the H Shares were still suspended from trading on the Stock Exchange, the table below shows the closing prices of the H Shares as quoted on the Stock Exchange (i) on the last trading day of each of the six calendar months leading up to the Last Trading Day (i.e. 15 March 2019), and (ii) on the Last Trading Day.

<u>Date</u>	<u>Closing price per H Share</u> HK\$
28 September 2018	1.110
31 October 2018	1.370
30 November 2018	1.580
31 December 2018	1.380
31 January 2019	1.460
28 February 2019	1.210
15 March 2019 (Last Trading Day)	1.190

The H Shares have been suspended from trading on the Stock Exchange from 18 March 2019, and as at the Latest Practicable Date, the H Shares were still suspended from trading on the Stock Exchange. During the Last Trading Period, 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. DISCLOSURE OF INTERESTS

(a) Interests of the directors, supervisors and chief executives of IME in the securities of IME and the securities of the associated corporations of IME

As at the Latest Practicable Date, none of the directors, supervisors and chief executives of IME had any interests or short positions in the shares, underlying shares and debentures of IME or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to IME and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) to be entered in the register required to be kept pursuant to section 352 of the SFO; or (iii) to be notified to IME and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules; or (iv) to be disclosed under the Takeovers Code.

(b) Interests of substantial shareholders in the securities of IME

As at the Latest Practicable Date, the following persons or entities (other than the directors, supervisors and chief executives of IME) had an interest or a short position in the shares and underlying shares of IME which would fall to be disclosed to IME and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to IME and the Stock Exchange:

Name of IME Shareholders	Capacity/Nature of interests	Class of IME Shares held	Total number of IME Shares held (Note 2)	Approximate percentage of total issued share capital of IME as at the Latest Practicable Date
IMG (Note 1) . .	Beneficial owner and interest of controlled corporation	Domestic Shares	2,025,313,904 (L)	71.14%

Notes:

1. As at the Latest Practicable Date, save for the 2,015,187,334 Domestic Shares directly owned by IMG, 10,126,570 Domestic Shares were indirectly owned by IMG through its wholly-owned subsidiary, IM Sulige Company. Therefore, for the purpose of Part XV of the SFO, IMG was deemed to be interested in a total number of 2,025,313,904 Domestic Shares, representing the 100% of total issued Domestic Shares and approximately 71.14% of total issued share capital of IME.
2. The letter "L" denotes long positions in the shares and underlying shares of IME.

Save as disclosed above, as at the Latest Practicable Date, no other persons or entities (other than the directors, supervisors and the chief executives of IME) had any interests or short positions in the shares or underlying shares of IME which would fall to be disclosed to IME and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to IME and the Stock Exchange.

(c) Interests of IMG and the parties acting in concert with it in the securities of IME

The principal members of parties acting in concert with IMG include IM Sulige Company. As at the Latest Practicable Date, IMG held 2,015,187,334 Domestic Shares, and IM Sulige Company held 10,126,570 Domestic Shares, therefore IMG and parties acting in concert with it (i.e. IM Sulige Company) held an aggregate amount of 2,025,313,904 Domestic Shares, representing the 100% of total issued Domestic Shares and approximately 71.14% of total issued share capital of IME.

Save as disclosed above, as at the Latest Practicable Date, IMG and parties acting in concert with it did not have any other interest in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of IME.

(d) Interests discloseable under Schedule I to the Takeovers Code

As at the Latest Practicable Date,

- (i) IMG owned 2,015,187,334 Domestic Shares, representing approximately 70.78% of the total issued share capital of IME, and IM Sulige Company owned 10,126,570 Domestic

Shares, representing approximately 0.36% of the total issued share capital of IME. Save for the above, neither IMG nor parties acting in concert with it owned or had control or direction over any voting rights or rights over 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) of IME;

- (ii) no directors of IMG were interested in any IME Shares or any convertible securities, warrants, options or derivatives in respect of the shares in IME;
- (iii) no one who owned or controlled shares, convertible securities, warrants, options or derivatives in respect of the shares of IME had irrevocably committed to vote in favour of or against the resolutions at the H Share Class Meeting and/or at the Extraordinary General Meeting (save that IMG and IM Sulige Company intend to vote in favour of the Merger Agreement and the Merger contemplated thereunder at the Extraordinary General Meeting), or to accept or reject the H Share Offer;
- (iv) save for the H Share Offer and the Merger, there was no other 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 IMG or any person acting in concert with it and other persons during the Disclosure Period;
- (v) neither IMG nor parties acting in concert with it had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in IME; and
- (vi) none of IMG, any director of IMG or any parties acting in concert with any of them had dealt for value in any IME Shares, or any convertible securities, warrants, options or derivatives in respect of the securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in IME during the Disclosure Period.

(e) Interests discloseable under Schedule II to the Takeovers Code

Save as disclosed above, as at the Latest Practicable Date:

- (i) IME was not interested in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in IMG;
- (ii) none of the directors of IME was interested in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in IME or IMG, or had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in IME or IMG during the Disclosure Period;
- (iii) none of the subsidiaries of IME, the pension fund of IME or of its subsidiaries, or a person who is presumed to be acting in concert with IME by virtue of class (5) of the definition of “acting in concert” or who is an associate of IME by virtue of class (2) of the definition of “associate” under the Takeovers Code owned or controlled any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in IME, or had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in IME during the Disclosure Period;
- (iv) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with IME or with any person who is presumed to be acting in concert with IME by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” or who is an associate of IME by virtue of classes (2), (3) and (4) of the definition of

“associate” under the Takeovers Code, and none of such persons had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in IME during the Disclosure Period;

- (v) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in IME were managed on a discretionary basis by fund managers connected with IME, and none of them had dealt in any relevant securities in IME during the Disclosure Period;
- (vi) none of the directors of IME held any beneficial shareholdings in IME which would otherwise entitle them to vote at the Extraordinary General Meeting and/or the H Share Class Meeting or to accept or reject the H Share Offer; and
- (vii) none of IME or the directors of IME had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in IME.

(f) Other interests

As at the Latest Practicable Date,

- (i) save for the H Share Offer and the Merger, there was no other agreement, arrangement or understanding between IMG and any other person in relation to the transfer, charge or pledge of the IME Shares to be purchased by IMG or any of its wholly-owned subsidiaries upon completion of the H Share Offer or the Merger;
- (ii) save for the Merger, IMG had no intention to transfer, charge or pledge any securities in IME pursuant to the H Share Offer or the Merger to any other person, or has no agreement, arrangement or understanding with any third party to do so;
- (iii) no benefit had been or would be given to any director of IME as compensation for loss of office or otherwise in connection with the H Share Offer or the Merger;
- (iv) save for the H Share Offer and the Merger, no other agreement, arrangement or understanding, including any compensation arrangement, existed between IMG or any person acting in concert with it and any of the directors of IME, recent directors of IME, IME Shareholders or recent IME Shareholders or any other person which is conditional on or dependent upon the outcome of or otherwise connected with the H Share Offer or the Merger;
- (v) there was no material contract entered into by IMG in which any director of IME has a material personal interest;
- (vi) there was no understanding, arrangement or agreement or special deal with favourable conditions (as defined under Rule 25 of the Takeovers Code) between any IME Shareholders on the one hand, and (i) IMG and/or parties acting in concert with it; or (ii) IME, its subsidiaries or associated companies on the other hand;
- (vii) there was no agreement or arrangement to which IMG is a party which relates to the circumstances in which it may or may not invoke or seek to invoke the pre-condition or a condition to the H Share Offer and the consequence of its doing so; and
- (viii) save for the Conditions contained in the Merger Agreement, there was no other 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 Merger.

5. SERVICE CONTRACTS OF DIRECTORS

As at the Latest Practicable Date, save for the service contracts as set out below, none of the directors of IME had entered into any service agreement or letter of appointment with IME or any of its subsidiaries or associated companies which (i) (including both continuous and fixed-term contracts) had been entered into, or amended within six months before the date of commencement of the Offer Period; (ii) was a continuous contract with a notice period of 12 months or more; (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period; or (iv) was not determinable by IME within one year without payment of compensation (other than statutory compensation).

<u>Name</u>	<u>Commencement of date of service</u>	<u>Expiry date of service contract</u>	<u>Term of Service</u>	<u>Position</u>	<u>Director's fee (per annum)</u>
Mr. Yao Tongshan	11 May 2020	Ends when the term of the first session of the IME Board expires, subject to the retirement by rotation and re-election at the annual general meeting of IME in accordance with the IME Articles	NA	Independent non-executive director	RMB80,000 (before tax)
Mr. Mui Chok Wah	11 May 2020	Ends when the term of the first session of the IME Board expires, subject to the retirement by rotation and re-election at the annual general meeting of IME in accordance with the IME Articles	NA	Independent non-executive director	HK\$192,000 (after tax)

6. MATERIAL CONTRACTS

Within the two years immediately preceding the commencement of the Offer Period, and up to and including the Latest Practicable Date, the following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the IME Group and are or may be material:

- (i) the Merger Agreement;
- (ii) equity cooperation agreement dated 11 November 2019 (the “**Equity Cooperation Agreement**”) entered into between IME with Inner Mongolia Mengdian Huaneng Thermal Power Corporation Ltd. (“**NMHD**”) and Huai Mine West Mine Investment Management Co., Ltd. (“**West Mine**”), pursuant to which, NMHD and IME have agreed that IME, as the transferor, shall transfer 26.91% of equity interest in Inner Mongolia Helin Power Co., Ltd. to West Mine (as the transferee);
- (iii) guarantee agreements (guarantee contract, opinion on approval of guarantee) dated 13 November 2018 entered into between Inner Mongolia Power Construction International Engineering Construction Investment Co., Ltd. (“**International**”

Engineering Company”) (a wholly-owned subsidiary of the Company), as the guarantor, with Baotou Rural Commercial Bank Co., Ltd. (“**BRCB**”), as the creditor, pursuant to which the International Engineering Company shall provide joint and several guarantee for the loan of RMB200 million granted by BRCB to Inner Mongolia Lichuang Photovoltaic Power Co., Ltd (the debtor under the master contract); and

- (iv) an equity acquisition contract dated 31 October 2018 entered into between Inner Mongolia Electric Power Survey & Design Institute Co., Ltd.* (內蒙古電力勘測設計院有限責任公司) (“**IM Survey & Design Institute**”), a wholly-owned subsidiary of IME, and Inner Mongolia Energy Engineering Assets Management Co., Ltd.* (內蒙古能建資產管理有限公司) (“**IM Assets Management**”), an associate of IMG, pursuant to which IM Survey & Design Institute agreed to purchase and IM Assets Management agreed to sell 100% equity interests in Inner Mongolia Huachen New Energy Co., Ltd.* (內蒙古華晨新能源有限責任公司) (an associate of IMG) at a consideration of RMB102,192,700.

7. LITIGATION

As at the Latest Practicable Date, save as disclosed below, neither IME nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and so far as the directors of IME are aware of, no litigation, arbitration or claim of material importance is pending or threatened by or against IME or any of its subsidiaries:

On 24 September 2014, Henan Huaqiang Engineering Labour Service Co., Ltd.* (河南華強工程勞務有限公司) filed a lawsuit against Inner Mongolia No.1 Power Construction Engineering Co., Ltd.* (內蒙古第一電力建設工程有限責任公司) (“**No. 1 Power Construction**”) (a subsidiary of IME) and Henan Sijian Co., Ltd.* (河南四建股份有限公司) to the Intermediate People’s Court of Kaifeng City (the “**Kaifeng Intermediate People’s Court**”) in relation to a construction contract dispute for an amount of RMB 21,849,353. The case was appealed to the High People’s Court of Henan Province (the “**Henan High Court**”) after a first instance judgement was given by the Kaifeng Intermediate People’s Court in 2017. After a re-trial was held at the Kaifeng Intermediate People’s Court as ordered by the Henan High Court, the case was appealed again to the Henan High Court. The appeal trial was held on 16 December 2020 at the Henan High Court. As at the Latest Practicable Date, no decision of the appeal trial has been made by the Henan High Court yet.

In April 2020, No. 1 Power Construction filed a lawsuit against Henan Sijian Co., Ltd.* (河南四建股份有限公司) and Ordos Kangbashi Thermal Power Co., Ltd.* (內蒙古京能康巴什熱電有限公司) to the Intermediate People’s Court of Ordos City (the “**Ordos Intermediate People’s Court**”) in relation to a construction contract dispute for an amount of RMB30,133,844.52. On 10 March 2020, the Ordos Intermediate People’s Court dismissed the claims and an appeal was filed to the High People’s Court of the Inner Mongolia Autonomous Region (the “**Inner Mongolia High Court**”). The Inner Mongolia High Court ordered a re-trial at Ordos Intermediate People’s Court where the re-trial was held on 20 April 2021. As at the Latest Practicable Date, no decision of the re-trial has been made by the Ordos Intermediate People’s Court yet.

8. CONSENTS AND QUALIFICATIONS

The following are the names and qualifications of the experts whose letter, opinions or advice are contained or referred to in this Composite Document:

<u>Name</u>	<u>Qualifications</u>
Cinda International Capital Limited	a joint financial adviser to IMG, which is a company incorporated in Hong Kong with limited liability and licenced to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Donvex Capital Limited	a joint financial adviser to IMG, which is a company incorporated in Hong Kong with limited liability and licenced to carry on type 6 (advising on corporate finance) regulated activity under the SFO
Odysseus Capital Asia Limited	the independent financial adviser to each of the Independent Board Committees appointed to advise each of the Independent Board Committees in connection with the H Share Offer, the Delisting and the Merger pursuant to Rule 2.1 of the Takeovers Code and Rule 13.39(6)(b) of the Listing Rules respectively, which is a corporation licenced to carry on type 6 (advising on corporate finance) regulated activity under the SFO

Each of Cinda International Capital Limited, Donvex Capital Limited and Odysseus Capital Asia Limited has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion therein of its letter/opinions, and the references to its name and opinions in the form and context in which it respectively appears.

9. MISCELLANEOUS

- (a) IMG is a wholly state-owned company established under PRC Laws on 28 March 2014 with approval from Inner Mongolian SASAC. The registered office of IMG is at Harbor Building, 29 Midwest Lane, Ordos East Street, Saihan District, Hohhot, Inner Mongolia Autonomous Region, the PRC. As at the Latest Practicable Date, IMG was directly wholly owned by Inner Mongolian SASAC.
- (b) The directors of IMG are Mr. Niu Jirong, Mr. Chao Ketu, Mr. Duan Guiying, Mr. Zhang Xiru and Mr. Gao Ruifeng.
- (c) Cinda International Capital Limited is one of the Joint Financial Advisers and the offer agent making the Offer for and on behalf of IMG and its registered office is at 45/F., Cosco Tower, 183 Queen's Road Central, Hong Kong.
- (d) Donvex Capital Limited is one of the Joint Financial Advisers and its registered office is at Unit 2502, 25/F, Carpo Commercial Building, 18-20 Lyndhurst Terrace, Central, Hong Kong.
- (e) The principal place of business in the PRC of IME is at Harbor Building, 29 Midwest Lane, Ordos East Street, Saihan District, Hohhot, Inner Mongolia Autonomous Region, the PRC, and the principal place of business in Hong Kong is at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong.

- (f) The Registrar is Computershare Hong Kong Investor Services Limited, which is situated at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (g) Odysseus Capital Asia Limited is the Independent Financial Adviser and its registered office is at Suite 7B, Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong.
- (h) The English text of this Composite Document, the Form of Acceptance and the forms of proxy shall prevail over the Chinese text in the event of inconsistency.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (1) on the website of IME at www.imeec.cn; (2) on the website of the SFC at www.sfc.hk; and (3) at the principal place of business of IME in Hong Kong at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. on any weekday (public holidays excepted) until the Merger has become effective or the date on which the Merger lapses or is withdrawn, whichever is the earliest:

- (a) the IME Articles;
- (b) the IMG Articles;
- (c) the annual report of IME for the year ended 31 December 2017;
- (d) the FY2018 Unaudited Results Announcement;
- (e) the unaudited management accounts of the IME Group for the years ended 31 December 2018, 2019 and 2020, and the three months ended 31 March 2021;
- (f) the Merger Agreement;
- (g) the Letter from Cinda International Capital Limited, the text of which is set out from pages 11 to 24 of this Composite Document;
- (h) the Letter from the IME Board, the text of which is set out from pages 25 to 36 of this Composite Document;
- (i) the Letter from the Takeovers Code Independent Board Committee, the text of which is set out from pages 37 to 38 of this Composite Document;
- (j) the Letter from the Listing Rules Independent Board Committee, the text of which is set out from pages 39 to 40 of this Composite Document;
- (k) the Letter from the Independent Financial Adviser, the text of which is set out from pages 41 to 65 of this Composite Document;
- (l) the material contracts referred to in the section headed "6. Material Contracts" in this Appendix IV;
- (m) the service contract of each of Mr. Yao Tongshan and Mr. Mui Chok Wah as set out in the section headed "5. Service Contracts of Directors" in this Appendix IV;
- (n) the written consents referred to in the section headed "8. Consents and Qualifications" in this Appendix IV; and
- (o) this Composite Document.

** For identification purpose only*



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting (the “**EGM**”) of Inner Mongolia Energy Engineering Co., Ltd. (the “**Company**”) will be held at Meeting Room 1, 8th Floor, Harbor Building, 29 Midwest Lane, Ordos East Street, Saihan District, Hohhot, Inner Mongolia Autonomous Region, the PRC on Friday, 9 July 2021 at 10:00 a.m. to consider and, if thought fit, to pass the following resolution by more than two-thirds of the votes attaching to the shares of the Company held by the shareholders of the Company that are cast either in person or by proxy at the EGM.

Capitalised terms defined in the composite document dated 31 May 2021 jointly issued by the Company and Inner Mongolia Energy Engineering (Group) Co., Ltd.* (內蒙古能源建設投資(集團)有限公司) shall have the same meanings when used herein unless otherwise specified.

SPECIAL RESOLUTION

THAT subject to the passing of this same resolution by the Independent Shareholders at the H Share Class Meeting, as approved by way of poll 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 with the number of votes cast against the resolution by the Independent Shareholders being not more than 10% of the votes attaching to all the H Shares held by the Independent Shareholders:

- (a) the Merger Agreement, the execution of the Merger Agreement by the Company, and the Merger contemplated thereunder be and are hereby approved, ratified and confirmed; and
- (b) the board of directors of the Company, and/or unless the board of directors of the Company determines otherwise, any director of the Company be and is hereby authorised to take such other action and execute such documents or deeds as he/she may consider necessary or desirable for the purpose of implementing the Merger and all other transactions contemplated under the Merger Agreement.

By Order of the Board

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, PRC, 31 May 2021

Notes:

- (1) *Holders of the H Shares who wish to attend and vote at the EGM but have not registered the transfer documents are required to lodge the transfer documents together with the relevant share certificates at the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 8 June 2021.*
- (2) *In order to determine the list of shareholders who have the right to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 9 June 2021 to Friday, 9 July 2021 (both days inclusive) during which period, no transfer of H Shares will be effected. Shareholders whose names appear on the register of members of the Company on Wednesday, 9 June 2021 are entitled to attend and vote at the EGM.*
- (3) *All votes of resolution at the EGM will be taken by poll pursuant to the Listing Rules and the results of the poll will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.imeec.cn) in accordance with the Listing Rules.*
- (4) *Any shareholders entitled to attend and vote at the EGM can appoint one or more proxies to attend and vote at the EGM on his/her/its behalf. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number and type of shares in respect of which each proxy is so appointed.*
- (5) *The IME Shareholders shall appoint their proxies in writing. The form of proxy shall be signed by the shareholder or his/her/its attorney who has been authorised in writing. If the shareholder is a corporation, the form of proxy shall be affixed with the corporation’s seal or signed by its director, or its attorney duly authorised in writing. If the form of proxy is signed by the attorney of the shareholder, the power of attorney or other authorisation document shall be notarised. For the shareholders of the Domestic Shares, the aforementioned documents must be lodged with the office of the IME Board, at Room 609, 6th Floor, Harbor Building, Ordos East Street, Saihan District, Hohhot, Inner Mongolia Autonomous Region, the PRC not less than 24 hours before the time appointed for holding the EGM (which is held at 10:00 a.m. on Friday, 9 July 2021 (Hong Kong time)) or any adjournment thereof, and for the shareholders of the H Shares, the aforementioned documents must be lodged with the Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for holding the EGM (which is held at 10:00 a.m. on Friday, 9 July 2021 (Hong Kong time)) or any adjournment thereof in order for such documents to be valid. Completion and delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.*
- (6) *Whether or not you are able to attend the EGM in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the office address of IME at Room 609, 6th Floor, Harbor Building, 29 Midwest Lane, Ordos East Street, Saihan District, Hohhot, Inner Mongolia Autonomous Region, the PRC or the Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than twenty-four (24) hours before the time appointed for the EGM.*
- (7) *Shareholders shall produce their identification documents when attending the EGM.*

(8) *If a proxy attends the EGM on behalf of a shareholder, he/she should produce his/her identification document and the power of attorney or other documents signed by the appointer or his/her attorney, which specifies the date of its issuance. If a representative of a corporate shareholder attends the EGM, such representative shall produce his/her identification document and the notarised copy of the resolution passed by the board of directors or other authority or other notarised copy of any authorisation documents issued by such corporate shareholder.*

(9) *Shareholders who attend the EGM (in person or by proxy) shall bear their own travelling, accommodation and other expenses.*

(10) *The contact of the Company:*

Address: Inner Mongolia Energy Engineering Co., Ltd.
Room 609, 6th Floor, Harbor Building,
Ordos East Street, Saihan District, Hohhot, Inner Mongolia Autonomous
Region, PRC

Postal Code: 010020

Telephone: +86 471 5202008

Contact Person: Office of the IME Board

Facsimile: +86 471 5202004

(11) *All times refer to Hong Kong local time, except as otherwise stated.*

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

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

** For identification purpose only*



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)

NOTICE OF H SHARE CLASS MEETING

NOTICE IS HEREBY GIVEN that the H Share Class Meeting of Inner Mongolia Energy Engineering Co., Ltd. (the “**Company**”) will be held at Meeting Room 1, 8th Floor, Harbor Building, 29 Midwest Lane, Ordos East Street, Saihan District, Hohhot, Inner Mongolia Autonomous Region, the PRC on Friday, 9 July 2021 at 10:30 a.m. (or immediately after the conclusion or adjournment of the Extraordinary General Meeting which will be held at the same place and date) to consider and, if thought fit, to pass the following resolutions by at least 75% of the votes attaching to the H Shares of the Company held by the Independent Shareholders that are cast by poll either in person or by proxy at the H Share Class Meeting, and with the number of votes cast by poll against the resolutions at the H Share Class Meeting amounting to not more than 10% of all the H Shares of the Company held by the Independent Shareholders.

Capitalised terms defined in the composite document dated 31 May 2021 jointly issued by the Company and Inner Mongolia Energy Engineering (Group) Co., Ltd.* (內蒙古能源建設投資(集團)有限公司) shall have the same meanings when used herein unless otherwise specified:

SPECIAL RESOLUTIONS

1. THAT:

- (a) subject to minimum valid acceptances of the H Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on Friday, 16 July 2021 (i.e. the First 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, the Delisting be and is hereby approved; and
- (b) the board of directors of the Company, and/or unless the board of directors of the Company determines otherwise, any director of the Company be and is hereby authorised to take such other action and execute such documents or deeds as he/she may consider necessary or desirable for the purpose of implementing the Delisting and/or any matter in relation thereto.

2. THAT subject to the passing of this same resolution by the shareholders of the Company in the Extraordinary General Meeting by more than two-thirds of the votes attaching to the shares of the Company held by the shareholders of the Company that are cast either in person or by proxy at the Extraordinary General Meeting:

- (a) the Merger Agreement, the execution of the Merger Agreement by the Company, and the Merger contemplated thereunder be and are hereby approved, ratified and confirmed; and
- (b) the board of directors of the Company, and/or unless the board of directors of the Company determines otherwise, any director of the Company be and is hereby

authorised to take such other action and execute such documents or deeds as he/she may consider necessary or desirable for the purpose of implementing the Merger and all other transactions contemplated under the Merger Agreement.

By Order of the Board
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, PRC, 31 May 2021

Notes:

- (1) *Holders of the H Shares who wish to attend and vote at the H Share Class Meeting but have not registered the transfer documents are required to lodge the transfer documents together with the relevant share certificates at the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 8 June 2021.*
- (2) *In order to determine the list of shareholders who have the right to attend and vote at the H Share Class Meeting, the register of members of the Company will be closed from Wednesday, 9 June 2021 to Friday, 9 July 2021 (both days inclusive) during which period, no transfer of H Shares will be effected. Shareholders whose names appear on the register of members of the Company on Wednesday, 9 June 2021 are entitled to attend and vote at the H Share Class Meeting.*
- (3) *All votes of resolutions at the H Share Class Meeting will be taken by poll pursuant to the Listing Rules and the results of the poll will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.imeec.cn) in accordance with the Listing Rules.*
- (4) *Any shareholders entitled to attend and vote at the H Share Class Meeting can appoint one or more proxies to attend and vote at the H Share Class Meeting on his/her/its behalf. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number and type of shares in respect of which each proxy is so appointed.*
- (5) *Shareholders shall appoint their proxies in writing. The form of proxy shall be signed by the shareholder or his/her/its attorney who has been authorised in writing. If the shareholder is a corporation, the form of proxy shall be affixed with the corporation’s seal or signed by its director, or its attorney duly authorised in writing. If the form of proxy is signed by the attorney of the shareholder, the power of attorney or other authorisation document shall be notarised. The aforementioned documents must be lodged with the Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for holding the H Share Class Meeting (which is held at 10:30 a.m. on Friday, 9 July 2021 (Hong Kong time)) or any adjournment thereof in order for such documents to be valid. Completion and delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.*

- (6) *Whether or not you are able to attend the H Share Class Meeting or any adjournment thereof in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the office address of IME at Room 609, 6th Floor, Harbor Building, 29 Midwest Lane, Ordos East Street, Saihan District, Hohhot, Inner Mongolia Autonomous Region, the PRC or the Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than twenty-four (24) hours before the time appointed for the H Share Class Meeting.*
- (7) *Shareholders shall produce their identification documents when attending the H Share Class Meeting.*
- (8) *If a proxy attends the H Share Class Meeting on behalf of a shareholder, he/she should produce his/her identification document and the power of attorney or other documents signed by the appointer or his/her attorney, which specifies the date of its issuance. If a representative of a corporate shareholder attends the H Share Class Meeting, such representative shall produce his/her identification document and the notarised copy of the resolution passed by the board of directors or other authority or other notarised copy of any authorisation documents issued by such corporate shareholder.*
- (9) *Shareholders who attend the H Share Class Meeting (in person or by proxy) shall bear their own travelling, accommodation and other expenses.*
- (10) *The contact of the Company:*
- | | |
|-----------------|--|
| Address: | Inner Mongolia Energy Engineering Co., Ltd.
Room 609, 6th Floor, Harbor Building,
Ordos East Street, Saihan District, Hohhot, Inner Mongolia Autonomous
Region, PRC |
| Postal Code: | 010020 |
| Telephone: | +86 471 5202008 |
| Contact Person: | Office of the IME Board |
| Facsimile: | +86 471 5202004 |
- (11) *All times refer to Hong Kong local time, except as otherwise stated.*

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

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

** For identification purpose only*